UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of August 2023

Commission File Number: 001-41431

Polestar Automotive Holding UK PLC

Assar Gabrielssons Väg 9
405 31 Göteborg, Sweden
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐

INFORMATION CONTAINED IN THIS REPORT ON FORM 6-K

On August 31, 2023, Polestar Automotive Holding UK PLC ("Polestar") announced its financial results for the second quarter ended June 30, 2023 in a press release that is attached hereto as Exhibit 99.1.

Also attached as exhibits to this Report on Form 6-K are: (i) Polestar's Management's Discussion and Analysis of Financial Conditions and Results of Operations for the Three and Six Months Ended June 30, 2023 and 2022, which is attached as Exhibit 99.2; and (ii) Polestar's Unaudited Condensed Consolidated Financial Statements as of June 30, 2023 and for the Three and Six Months Ended June 30, 2023 and 2022, which are attached as Exhibit 99.3.

The information contained in Exhibit 99.2 and Exhibit 99.3 shall be deemed to be incorporated by reference into Polestar's registration statement on Form S-8 (File No: 333-267146) and registration statement on Form F-3 (File No. 333-266101) and to be a part thereof from the date on which this report is submitted, to the extent not superseded by documents or reports subsequently filed or furnished. Exhibit 99.1 to this Report on Form 6-K shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
99.1	Press Release of Polestar Automotive Holding UK PLC, dated August 31, 2023, titled "Polestar reports results for second quarter, expects continued strong momentum for the rest of the year."
99.2	Management's Discussion and Analysis of Financial Conditions and Results of Operations for the Three and Six Months Ended June 30, 2023 and 2022.
99.3	Unaudited Condensed Consolidated Financial Statements as of June 30, 2023 and for the Three and Six Months Ended June 30, 2023 and 2022.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POLESTAR AUTOMOTIVE HOLDING UK PLC

Date: August 31, 2023

By:	/s/ Thomas Ingenlath
Name:	Thomas Ingenlath
Title:	Chief Executive Officer
By:	/s/ Johan Malmqvist
Name:	Johan Malmqvist
Title:	Chief Financial Officer

Exhibit 99.1

Polestar

Polestar reports results for the second quarter, expects continued strong momentum for the rest of the year

GOTHENBURG, SWEDEN – 31 August 2023. Polestar Automotive Holding UK PLC ("Polestar", Nasdaq: PSNY), the Swedish electric performance car brand, today reports its results for the second quarter of 2023.

Polestar delivered 15,765 vehicles during the second quarter, a growth of 36% compared to last year. With record global deliveries of 27,841 for the first six months, Polestar still expects to deliver 60,000-70,000 vehicles and a gross margin of 4% in 2023.

Thomas Ingenlath, Polestar CEO, comments: "We achieved record volume growth during the second quarter. Deliveries of our significantly upgraded Polestar 2 are now ramping up. With Polestar 4 expected to start production in November and Polestar 3 in the first quarter of next year, we are entering an exciting phase of higher volumes and value from our expanded model range."

The investor update presentation is available on the Polestar investor relations website. Management's Discussion and Analysis of Financial Conditions and Results of Operations and Unaudited Condensed Consolidated Financial Statements, are available on the Polestar investor relations website and will be filed with the SEC.

Polestar management will hold a live audio webcast today, 31 August 2023 at 08:00 EDT (14:00 CEST) to discuss the Company's results and outlook. The live webcast will be available at https://edge.media-server.com/mmc/p/r8r8u37k.

Following the completion of the call, a replay will be available shortly at https://investors.polestar.com/.

Ends.

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About Polestar

Polestar (Nasdaq: PSNY) is the Swedish electric performance car brand determined to improve society by using design and technology to accelerate the shift to sustainable mobility. Headquartered in Gothenburg, Sweden, its cars are available online in 27 markets globally across North America, Europe and Asia Pacific. The company plans to create a truly climate-neutral production car, without offsetting, by 2030.

Polestar 2 launched in 2019 as the electric performance fastback with avant-garde Scandinavian design and up to 350 kW. Polestar 3 launched in late 2022 as the SUV for the electric age – a large high-performance SUV that delivers sports car dynamics with a low stance and spacious interior. Polestar plans to release three more electric performance vehicles through to 2026.

Forward-Looking Statements

Certain statements in this press release ("Press Release") 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 and other financial or operating metrics 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 maintain agreements or partnerships with its strategic partners, such as Volvo Cars, Geely or Xingji Meizu Group, and to develop new agreements or partnerships; (2) Polestar's ability to maintain relationships with its existing suppliers, source new suppliers for its critical components, and complete building out its supply chain, while effectively managing the risks due to such relationships; (3) Polestar's reliance on its partnerships with vehicle charging networks to provide charging solutions for its vehicles and its reliance on strategic partners for servicing its vehicles and their integrated software; (4) Polestar's reliance on its partners, some of which may have limited experience with electric vehicles, to manufacture vehicles at a high volume or develop devices, products, apps or operating systems for Polestar, and to allocate sufficient production capacity or resources to Polestar in order for Polestar to be able to increase its *vehicle production capacities and product offerings; (5) the ability of Polestar to grow and manage growth profitably, maintain relationships with customers and retain its management and key employees; (6) Polestar's estimates of expenses and profitability; (7) increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors; (8) the possibility that Polestar may be adversely affected by other economic, business, and/or competitive factors; (9) 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; (10) changes in regulatory requirements, governmental incentives and fuel and energy prices; (11) the outcome of any legal proceedings that may be instituted against Polestar or others, adverse results from litigation, governmental investigations or audits, or tax-related proceedings or audits; (12) the ability to meet stock exchange listing standards; (13) changes in applicable laws or regulations or governmental incentive programs; (14) Polestar's ability to establish its brand and capture additional market share, and the risks associated with negative press or reputational harm, including from lithium-ion battery cells catching fire or venting smoke; (15) delays in the design, development, manufacture, launch and financing of Polestar's vehicles and other product offerings, and Polestar's reliance on a limited number of vehicle models to generate revenues; (16) Polestar's ability to continuously and rapidly innovate, develop and market new products; (17) risks related to future market adoption of Polestar's offerings; (18) risks related to Polestar's distribution model; (19) the impact of the global COVID-19 pandemic, inflation, interest rate changes, the ongoing conflict between Ukraine and Russia, supply chain disruptions, fuel and energy prices and logistical constraints on Polestar, Polestar's projected results of operations, financial performance or other financial and operational metrics, or on any of the foregoing risks; and (20) 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 Press Release 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.

Management's Discussion and Analysis of Financial Conditions and Results of Operations

The following discussion includes information that is relevant to understanding Polestar's financial condition and results of operations and should be read together with the Unaudited Condensed Consolidated Financial Statements as of June 30, 2023, and for the three and six months ended June 30, 2023, and 2022, included elsewhere in this report. Refer to the Form 20-F filed with the SEC on April 14, 2023, for information related to the year ended December 31, 2022. All amounts presented in this report are shown in thousands of U.S. dollars, except per share data and unless otherwise stated.

Key figures

	June 30, 2023	December 31, 2022
Statement of financial position		
Cash and cash equivalents	1,057,412	973,877
Total assets	4,255,245	3,942,451
Total equity	470,755	133,643
Total liabilities	$(4,726,000)	$(4,076,094)

	For the six months ended June 30, 2023	For the six months ended June 30, 2022	For the year ended December 31, 2022
Statement of loss			
Revenue	1,231,265	1,041,297	2,461,896
Cost of sales	(1,213,654)	(987,881)	(2,342,453)
Gross profit	**$ 17,611**	**$ 53,416**	**$ 119,443**
Operating expenses	(491,362)	(938,596)	(1,405,723)
Operating loss	**$ (473,751)**	**$ (885,180)**	**$ (1,286,280)**
Finance income and expense, net	165,718	389,585	837,275
Income tax expense	(5,002)	(7,139)	(16,784)
Net loss	**$ (313,035)**	**$ (502,734)**	**$ (465,789)**
Statement of cash flows			
Cash used for operating activities	(660,740)	(401,926)	(1,083,423)
Cash used for investing activities	(281,088)	(514,405)	(715,973)
Cash provided by financing activities	1,063,966	1,574,278	2,083,029
Key metrics			
Class A shares outstanding at period end	467,914,248	466,801,222	467,677,673
Class B shares outstanding at period end	1,642,233,575	1,642,233,575	1,642,233,575
Share price at period end[1]	$ 3.82	$ 8.81	$ 5.31
Net loss per share (basic and diluted)	(0.15)	(0.26)	(0.23)
Equity ratio[2]	(11.06)%	(4.69)%	(3.39)%
Global volumes[3]	27,841	21,185	51,491
Volume of external vehicles without repurchase obligations	26,096	19,614	48,531
Volume of external vehicles with repurchase obligations	1,229	730	1,296
Volume of internal vehicles	516	841	1,664
Markets[4]	27	25	27
Locations[5]	150	125	158
Service points[6]	1,129	934	1,116

1 - Represents PSNY share price at period end while publicly traded.
2 - Calculated as total equity divided by total assets.
3 - Represents the sum of total volume of vehicles delivered for (a) external sales of new vehicles without repurchase obligations, (b) external sales of vehicles with repurchase obligations, and (c) internal use vehicles for demonstration and commercial purposes or to be used by Polestar employees (vehicles are owned by Polestar and included in inventory). A vehicle is deemed delivered and included in the volume figure for each category once invoiced and registered to the external or internal counterparty, irrespective of revenue recognition. Revenue is recognized in scenarios (a) and (b) in accordance with IFRS 15, *Revenue from Contracts with Customers*, and IFRS 16, *Leases*, respectively. Revenue is not recognized in scenario (c).
4 - Represents the markets in which Polestar operates.

5 - Represents Polestar Spaces, Polestar Destinations, and Polestar Test Drive Centers.
6 - Represents Volvo Cars service centers to provide access to customer service points worldwide in support of Polestar's international expansion.

Key factors affecting performance

Polestar's continued growth depends on numerous factors and trends. While these factors and trends provide opportunities for Polestar, they also pose risks and challenges as discussed in Item 3.D *"Risk Factors"* in the Form 20-F filed with the SEC on April 14, 2023. The following paragraphs explain the key factors that had a notable impact on Polestar during the six months ended June 30, 2023.

Partnerships with Volvo Cars and Geely

Polestar's relationship with Volvo Cars and Geely has provided it with a unique competitive advantage in its ability to rapidly scale and finance commercialization activities while maintaining an asset light balance sheet. This is achieved primarily through contract manufacturing, supply, and financing agreements with Volvo Cars and Geely. Polestar has utilized Volvo Cars' and Geely's established research and development capabilities to accelerate technological advancements in automotive technology. Additionally, selling and administrative expenses have been positively impacted due to service agreements with Volvo Cars that allow it to attain operational efficiencies in the areas of aftermarket services and maintenance and back-office functions such as information technology, legal, accounting, finance, and human resources.

Utilizing Volvo Cars' Luqiao facility in China has allowed Polestar to ramp production of its Polestar 2 with over 100,000 units produced by December 31, 2022, while simultaneously producing limited edition variants utilizing Polestar's Chengdu facility. Going forward, Polestar 3 is planned to be produced both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina. The Polestar 4 and Polestar 5 are expected to be manufactured at Geely's Hangzhou Bay and Chongqing (currently under construction) facilities in China, respectively. Having access to the global manufacturing footprint of Volvo Cars and Geely has and will continue to provide Polestar flexibility to adjust and optimize its manufacturing plans in response factors such as particular market demand, relative production cost, changing shipping and logistic expenses and the availability of market-specific tax credit schemes.

During the six months ended June 30, 2023, Polestar did not enter into any new agreements with Volvo Cars or Geely. However, Polestar leveraged the 18-month $800,000 credit facility with Volvo Cars that was entered into on November 3, 2022 during the period. Polestar drew down $150,000 on February 23, 2023, March 29, 2023, April 27, 2023, May 9, 2023 and June 12, 2023; leaving $50,000 of principal available to draw upon under the facility as of June 30, 2023. Refer to *Note 11—Related party transactions* in the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for more information.

Premium electric vehicle portfolio

Polestar is developing a premium all-electric vehicle portfolio to address the tastes and preferences of premium vehicle customers, one of the fastest growing segments of the global electric car market. The planned portfolio currently consists of the following models:

- Polestar 2 - a performance fastback;
- Polestar 3 - a performance sport utility vehicle;
- Polestar 4 - a performance sport utility coupe;
- Polestar 5 - a high performance 4-door grand tourer; and
- Polestar 6 - a high performance roadster.

The Polestar 2 has received numerous accolades and positive reviews since its launch in 2019. The limited edition higher specification Polestar 2 variants, the BST 270 and BST 230, which sell at higher price points have also received favorable reviews from customers and the automotive community. Polestar plans to continue offering higher specification variants, sometimes in limited production runs, for its future models, which it expects will further establish its brand within the premium electric segment and allow for pricing variability within certain markets. As a premium electric vehicle company, Polestar does not intend to offer models priced below the Polestar 2.

Innovative automotive technologies and design

Polestar develops electric vehicles and technologies through cutting-edge design and sustainable choices. Polestar has a high-performance, innovation-driven research and development team with a safety heritage rooted in Volvo Cars and in-house competencies at its dedicated research and development facility in Coventry, UK. Internal development programs such as the Polestar 5 and PX2 electric powertrain (previously known as the P10) have advanced Polestar's organic intellectual property. Further, Polestar continues to display ambition to create industry-leading technologies through partnerships with Volvo Cars, Geely, Nvidia, Luminar, and Zenseact, among others. This combination of research and development resources allows Polestar flexibility in determining which technologies to develop in-house versus which to outsource to partners. Polestar believes that continued investments such as these are critical to establishing market share, attracting new customers, and becoming a profitable global electric vehicle company. During the six months ended June 30, 2023, Polestar invested $175,218 in new intellectual property. Refer to *Note 6—Intangible assets and goodwill* in the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for more information.

Direct-to-consumer business model

Polestar operates a direct-to-consumer business model for sales of vehicles, which allows it to create a tailored experience for customers based on their individual preferences. Polestar cultivates this experience through Polestar Spaces where potential customers can experience Polestar vehicles, engage with Polestar specialists, and in certain cases, test drive Polestar vehicles. This serves as important brand awareness and as a sales driver for commercial expansion in key markets. Through these locations, Polestar is able to introduce customers to vehicles and enhance the Polestar experience, from brand introduction and education to vehicle delivery. Additionally, Polestar is able to run a lean sales model via the Polestar App and website, offer a wide service network for aftermarket services and maintenance, and offer competitive pricing and financing for customers. This business model approach has allowed Polestar to achieve rapid expansion in, and capitalization of, the luxury electric vehicle market in Europe with lower overall selling, general, and administrative expenses as compared to a traditional OEM dealer model.

Direct-to-business model

In the U.S. and Canada, Polestar operates a direct-to-business model through which vehicles are sold directly to a network of independent authorized dealers. In these markets, vehicles are displayed and subsequently sold to end retail consumers at Polestar Spaces, which are designed, built, and equipped by dealers in accordance with Polestar's standards. Dealers also diagnose and repair Polestar vehicles at associated service facilities. Vehicles are sold to dealers at wholesale prices and Polestar provides a suggested retail price.

Fleet sales

In addition to Polestar and its subsidiaries' direct-to-consumer and direct-to-business models, vehicles are also sold to various fleet customers (e.g., rental car companies and corporate fleet managers). As an incentive for high-volume purchases, sales to fleet customers often include certain upfront discounts and annual rebates based on the number of vehicles ordered during the year.

Importer markets

Polestar also sells vehicles to various importers in smaller markets around the globe where it does not have sales units (e.g., Hong Kong, New Zealand, Israel, UAE (United Arab Emirates), among others). Polestar's relationships with importers allow it to create a more diversified global footprint and tap potential opportunities which may lead to increased sales.

Earn-out rights and Class C Shares from the reverse recapitalization

On June 23, 2022, Polestar consummated a capital reorganization via the merger with Gores Guggenheim, Inc. ("GGI"), a special purpose acquisition company. Polestar subsequently began trading on the National Association of Securities Dealers Automated Quotations ("Nasdaq") on June 24, 2022, under the ticker symbol PSNY. As part of the merger, Polestar exchanged rights and obligations to the public and private warrant instruments of GGI, resulting in the issuance of similar instruments in the form of Class C-1 Shares and Class C-2 Shares, respectively. Polestar also issued certain rights to earn-out shares to its existing owners. These instruments are accounted for as derivative liabilities under International Accounting Standards ("IAS") 32, *Financial Instruments: Presentation*, and International Financial Reporting Standards ("IFRS") 9, *Financial Instrument*s, that are carried at fair value with subsequent changes in fair value recognized in the Unaudited Condensed Consolidated Statement of Loss and Comprehensive Loss at each reporting date.

As of December 31, 2022 and June 30, 2023, the Class C Shares were valued at $28,000 and $17,250, respectively, resulting in an unrealized gain from the fair-value change of $10,750 during the six months ended June 30, 2023. As of December 31, 2022 and June 30, 2023, the earn-out rights were valued at $598,570 and $365,575, respectively, resulting in an unrealized gain from the fair value change of $232,995 during the six months ended June 30, 2023. The fair values of these derivative financial instruments are volatile and influenced by changes in Polestar's share price, resulting in impacts to Polestar's net income or loss that are not directly related to ongoing operations. Nevertheless, these derivative financial instruments have a notable impact on our overall financial performance each period. Refer to *Note 1—Significant accounting policies and judgements* and *Note 8—Reverse recapitalization* in the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for more information.

Impact of COVID-19, Russo-Ukrainian War, and inflation

In certain instances, Polestar's suppliers and business partners have experienced delays or disruptions from COVID-19, resulting in negative impacts on Polestar. Further, while Polestar does not directly conduct any business with suppliers in Russia or Ukraine, there can be no assurance that all parts of the supply chain are devoid of any exposure to disruptions caused by the Russo-Ukrainian War. Refer to Item 3.D "*Risk Factors*" in the Form 20-F filed with the SEC on April 14, 2023, for information on risks posed by COVID-19 and the Russo-Ukrainian War.

Global economic conditions have caused rising inflationary pressures on prices of components, materials, labor, and equipment used in the production of Polestar vehicles. Particularly, increases in battery prices due to the increased prices of lithium, cobalt, and nickel have contributed to increased cost of goods sold. Additionally, the natural time lag created by the production, shipping, and selling of vehicles has also contributed to a delay in price increases experienced by Polestar. Higher oil prices have also increased freight and distribution costs across all markets. It is uncertain whether these inflationary pressures will persist in the future. Polestar remains vigilant and will continue to closely monitor the effects of COVID-19, the Russo-Ukrainian War, and inflation on its business.

A. Results of operations

Polestar conducts business under one operating segment with commercial operations in North America, Europe, Asia, and various importer markets. Refer to *Note 1—Significant accounting policies and judgements* in the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for more information on the basis of presentation. Refer to *Note 1—Significant accounting policies and judgements* in the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022, that were included the Form 20-F filed with the SEC on April 14, 2023 for more information related to segment reporting.

Comparison of the three and six months ended June 30, 2023, and 2022

The following table summarizes Polestar's historical Unaudited Condensed Consolidated Statement of Loss and Comprehensive Loss for the three and six months ended June 30, 2023, and 2022:

	For the three months ended June 30,		Variance		For the six months ended June 30,		Variance	
	2023	2022	$	%	2023	2022	$	%
Revenue	685,247	589,070	96,177	16	1,231,265	1,041,297	189,968	18
Cost of sales	(686,057)	(528,389)	(157,668)	30	(1,213,654)	(987,881)	(225,773)	23
Gross loss/(profit)	**$ (810)**	**$ 60,681**	**$ (61,491)**	**(101)**	**$ 17,611**	**$ 53,416**	**$ (35,805)**	**(67)**
Selling, general and administrative expense	(259,627)	(234,227)	(25,400)	11	(448,632)	(446,781)	(1,851)	—
Research and development expense	(45,610)	(66,670)	21,060	(32)	(81,311)	(98,755)	17,444	(18)
Other operating income (expense), net	31,697	(14,733)	46,430	(315)	38,581	(20,742)	59,323	(286)
Listing expense	—	(372,318)	372,318	N/A	—	(372,318)	372,318	N/A
Operating loss	**$(274,350)**	**$(627,267)**	**$ 352,917**	**(56)**	**$ (473,751)**	**$ (885,180)**	**$ 411,429**	**(46)**
Finance income	7,037	434	6,603	1,521	12,489	774	11,715	1,514
Finance expense	(64,436)	(38,908)	(25,528)	66	(90,516)	(51,427)	(39,089)	76
Fair value change - Earn-out rights	26,800	418,707	(391,907)	(94)	232,995	418,707	(185,712)	(44)
Fair value change - Class C Shares	3,500	21,531	(18,031)	(84)	10,750	21,531	(10,781)	(50)
Loss before income taxes	**$(301,449)**	**$(225,503)**	**$ (75,946)**	**34**	**$ (308,033)**	**$ (495,595)**	**$ 187,562**	**(38)**
Income tax expense	(2,608)	(2,741)	133	(5)	(5,002)	(7,139)	2,137	(30)
Net loss	**$(304,057)**	**$(228,244)**	**$ (75,813)**	**33**	**$ (313,035)**	**$ (502,734)**	**$ 189,699**	**(38)**

Revenues

Polestar's revenue increased by $96,177, or 16%, from $589,070 for the three months ended June 30, 2022 to $685,247 for the three months ended June 30, 2023. Revenue from related parties increased by $10,401, or 26%, from $39,558 for the three months ended June 30, 2022 to $49,959 for the three months ended June 30, 2023.

Polestar's revenue increased by $189,968, or 18%, from $1,041,297 for the six months ended June 30, 2022 to $1,231,265 for the six months ended June 30, 2023. Revenue from related parties decreased by $10,800, or 13%, from $83,567 for the six months ended June 30, 2022 to $72,767 for the six months ended June 30, 2023.

The following table summarizes the components of revenue and related changes between interim periods:

	For the three months ended June 30,		Variance		For the six months ended June 30,		Variance	
	2023	2022	$	%	2023	2022	$	%
Revenues								
Sales of vehicles	669,241	578,398	90,843	16	1,198,973	1,016,817	182,156	18
Sales of software and performance engineered kits	5,686	6,333	(647)	(10)	12,440	10,862	1,578	15
Sales of carbon credits	532	145	387	267	532	1,313	(781)	(59)
Vehicle leasing revenue	3,287	3,060	227	7	7,493	7,934	(441)	(6)
Other revenue	6,501	1,134	5,367	473	11,827	4,371	7,456	171
Total	**$685,247**	**$589,070**	**$96,177**	**16**	**$1,231,265**	**$1,041,297**	**$189,968**	**18**

Sales of vehicles increased by $90,843, or 16%, from $578,398 for the three months ended June 30, 2022 to $669,241 for the three months ended June 30, 2023. The increase was driven primarily by price increases established in the second half of 2022; increased volumes in certain established markets such as the United Kingdom, Canada, and Sweden; and volume development in new markets, Italy and Spain, as global volumes delivered increased by 4,156 units during the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. These positive impacts on revenue were partially offset by negative impacts from sales channel mix, powertrain mix, and higher discounts. Fleet sales represented 70% of vehicle revenues during the three months ended June 30, 2023 as compared to 32% of vehicle revenues during the three months ended June 30, 2022. Additionally, the long-range single motor powertrain of the Polestar 2 represented 48% of vehicle revenues during the three months ended June 30, 2023 as compared to 35% of vehicle revenues during the three months ended June 30, 2022.

Sales of vehicles increased by $182,156, or 18%, from $1,016,817 for the six months ended June 30, 2022 to $1,198,973 for the six months ended June 30, 2023. The increase was driven primarily by price increases established in the second half of 2022; increased volumes in the United Kingdom, Canada, and Australia; and volume development in new markets, Italy and Spain, as global volumes delivered increased by 6,656 units during the six months ended June 30, 2023 as compared to the six months ended June 30, 2022. These positive impacts on revenue were partially offset by the same negative impacts affecting the three months ended June 30, 2023. Fleet sales represented 67% of vehicle revenues during the six months ended June 30, 2023 as compared to 35% of vehicle revenues during the six months ended June 30, 2022. Additionally, the long-range single motor powertrain of the Polestar 2 represented 45% of vehicle revenues during the six months ended June 30, 2023 as compared to 28% of vehicle revenues during the six months ended June 30, 2022.

Sales of software and performance engineered kits decreased by $647, or 10%, from $6,333 for the three months ended June 30, 2022, to $5,686 for the three months ended June 30, 2023. The decrease is due to a decline in Volvo Cars' sales of Polestar's software and performance engineered kits during the three months ended June 30, 2023 as compared to the three months ended June 30, 2022. Sales of software and performance engineered kits increased by $1,578, or 15%, from $10,862 for the six months ended June 30, 2022, to $12,440 for the six months ended June 30, 2023. The increase is primarily the result of performance software upgrades for the Polestar 2, which were introduced to customers in the United States and Canada in December 2022, and continued sales development of software upgrades for the Polestar 2 in European markets.

Sales of carbon credits increased by $387, or 267%, from $145 for the three months ended June 30, 2022, to $532 for the three months ended June 30, 2023, but decreased by $781, or 59%, from $1,313 for the six months ended June 30, 2022, to $532 for the six months ended June 30, 2023. Overall, sales of carbon credits did not represent a notable portion of Polestar's business during the three and six months ended June 30, 2023, and 2022.

Vehicle leasing revenue increased by $227, or 7%, from $3,060 for the three months ended June 30, 2022, to $3,287 for the three months ended June 30, 2023 but decreased by $441, or 6%, from $7,934 for the six months ended June 30, 2022, to $7,493 for the six months ended June 30, 2023. Overall, vehicle leasing revenue remained relatively consistent during the three and six months ended June 30, 2023, and 2022 as sales of vehicles with repurchase obligations continues to represent a small portion of overall sales volumes.

Other revenue increased by $5,367, or 473%, from $1,134 for the three months ended June 30, 2022, to $6,501 for the three months ended June 30, 2023, and experienced an increase of $7,456, or 171%, from $4,371 for the six months ended June 30, 2022 to $11,827 for the six months ended June 30, 2023. The increases for both comparative periods are driven primarily by sales-based royalties received from Volvo Cars on sales of parts and accessories and sales of parts and accessories to dealers in the United States and Canada. In general, higher revenue on parts and accessories is correlated to higher sales volumes of the Polestar 2. Other revenue for the three and six months ended June 30, 2023 is also positively impacted by sales of P10 prototype engines to related parties for $1,245 which did not occur in the comparative periods.

Cost of sales and gross profit/(loss)

Cost of sales increased by $157,668, or 30%, from $528,389 for the three months ended June 30, 2022 to $686,057 for the three months ended June 30, 2023. Cost of sales increased by $225,773, or 23%, from $987,881 for the six months ended June 30, 2022 to $1,213,654 for the six months ended June 30, 2023. These increases were driven primarily by expanded production and commercialization of the Polestar 2 leading to higher contract manufacturing and warranty costs, inventory impairment, and irregular supplier charges, partially offset by positive impacts from powertrain mix and foreign currency effects.

Gross profit/(loss) changed by $61,491, or 101%, from a gross profit of $60,681 for the three months ended June 30, 2022 to a gross loss of $810 for the three months ended June 30, 2023. The change was primarily driven by higher contract manufacturing costs of $52,438, irregular supplier charges related to batteries and semiconductors of $17,614, and inventory impairment of $10,081, offset primarily by $12,253 from foreign currency transaction effects on contract manufacturing costs.

Gross profit decreased by $35,805, or 67%, from $53,416 for the six months ended June 30, 2022 to $17,611 for the six months ended June 30, 2023. The decrease was primarily due to higher contract manufacturing, warranty, and freight costs of $66,103, irregular supplier charges related to batteries and semiconductors of $17,614, and inventory impairment of $11,795. These negative impacts were offset primarily by $35,922 from price increases established in the second half of 2022, net of higher discounts during the six months ended June 30, 2023, $11,884 from foreign currency translation effects, and $11,000 from foreign currency transaction effects on contract manufacturing costs. Overall, the GBP, EUR, and USD have continued to strengthen against the SEK and CNY, resulting in positive impacts to cost of sales and gross profit.

Selling, general, and administrative expense

Selling, general, and administrative expense increased by $25,400, or 11%, from $234,227 for the three months ended June 30, 2022, to $259,627 for the three months ended June 30, 2023. The increase is primarily due to higher advertising, selling, and promotional activities of $20,719 during the three months ended June 30, 2023 due to the Shanghai Auto Show, Polestar 3 reveal events in the United States, and marketing productions for the Polestar 3 and 4. The Group also incurred higher administrative expenses of $4,181 during the three months ended June 30, 2023, primarily related to increased headcount across global operations.

Selling, general, and administrative expense increased by $1,851 from $446,781 for the six months ended June 30, 2022 to $448,632 for the six months ended June 30, 2023. Overall, selling, general, and administrative expense remaining relatively consistent as advertising, selling, and promotional activities decreased by $16,466 during the six months ended June 30, 2023, offset by higher administrative expenses of $18,317 related to scaling headcount across global operations to meet demands of the growing business.

Research and development expense

Research and development expense decreased by $21,060, or 32%, from $66,670 for the three months ended June 30, 2022, to $45,610 for the three months ended June 30, 2023. Research and development expense decreased by $17,444, or 18%, from $98,755 for the six months ended June 30, 2022 to $81,311 for the six months ended June 30, 2023. These decreases are driven primarily by recognition of sunk costs related to the P10 powertrain, which were incurred in March and June 2022, and lower amortization of intellectual property related to the Polestar 2 during the three and six months ended June 30, 2023 following a revision in the estimated useful life. These decreases were partially offset primarily by an increase in headcount costs as the number of full-time employees was 58% higher during the three and six months ended June 30, 2023 as compared to during the three and six months ended June 30, 2022.

Other operating income (expense), net

Other operating income (expense), net increased by $46,430, or 315%, from an expense of $14,733 for the three months ended June 30, 2022 to an income of $31,697 for the three months ended June 30, 2023. Other operating income (expense), net increased by $59,323, or 286%, from an expense of $20,742 for the six months ended June 30, 2022, to an income of $38,581 for the six months ended June 30, 2023. The changes for the three and six months ended June 30, 2023 are driven by positive foreign exchange effects on working capital.

Finance income

Finance income increased by $6,603 from $434 for the three months ended June 30, 2022 to $7,037 for the three months ended June 30, 2023. Finance income increased by $11,715, from $774 for the six months ended June 30, 2022, to $12,489 for the six months ended June 30, 2023. These increases are due to higher interest income on bank account balances.

Finance expense

Finance expense increased by $25,528, or 66%, from $38,908 for the three months ended June 30, 2022, to $64,436 for the three months ended June 30, 2023. The increase is due to higher interest expense and foreign exchange losses on financial items consisting primarily of bank accounts, financial liabilities, and intercompany loans of $23,801 and $1,727, respectively. Finance expense increased by $39,089, or 76%, from $51,427 for the six months ended June 30, 2022, to $90,516 for the six months ended June 30, 2023. The increase is due to higher interest expense and foreign exchange losses on financial items consisting primarily of bank account balances, financial liabilities, and intercompany loans of $35,023 and $4,066, respectively.

Fair value change—Earn-out rights

The earn-out rights were issued in connection with the capital reorganization that was consummated on June 23, 2022. The gain on the fair value change of the earn-out liability decreased by $391,907, or 94%, from $418,707 for the three months ended June 30, 2022 to $26,800 for the three months ended June 30, 2023. The gain fair value change of earn-out liability decreased by $185,712, or 44% from $418,707 for the six months ended June 30, 2022, to $232,995 for the six months ended June 30, 2023. These decreases are primarily attributable to smaller changes in Polestar's share price during the three and six months ended June 30, 2023 as compared to the three and six months ended June 2022. The share price changed by $2.42 between June 23 and June 30, 2022 while only changing by $0.03 during the three months ended June 30, 2023 and $1.49 during the six months ended June 30, 2023.

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) decreased by $18,031, or 84%, from $21,531 for the three months ended June 30, 2022 to $3,500 for the three months ended June 30, 2023. The gain on the fair value change decreased by $10,781, or 50%, from $21,531 for the six months ended June 30, 2022 to $10,750 for the six months ended June 30, 2023. These decreases are 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 $0.86 between June 23 and June 30, 2022 while only changing by $0.14 during three months ended June 30, 2023 and $0.43 during the six months ended June 30, 2023.

Polestar utilizes a binomial lattice model to calculate the value of the Class C-2 Shares which factors several inputs, including the changes in Polestar's share price, the implied volatility of Class C-1 Shares, and risk-free rate. Between June 23 and June 30, 2022, Polestar's share price decreased by $2.42 from $11.23, the implied volatility increased by 7% from 22.5%, and the risk-free rate decreased by 0.13% from 3.12%. During the three months ended June 30, 2023, Polestar's share price increased by $0.03 from $3.79, the implied volatility decreased by 29% from 123%, and the risk-free rate increased by 0.62%. During the six months ended June 30, 2023, Polestar's share price decreased by $1.49 from $5.31, the implied volatility increased by 5% from 89%, and the risk-free rate increased by 0.26% from 4.01%.

B. Liquidity and capital resources

Polestar continues to finance its operations primarily through the issuance of equity instruments, and various short-term credit facilities, including working capital facilities, term loans with related parties, sale-leaseback arrangements, and extended trade credit with related parties. The principal uses of liquidity and capital are funding operations, market expansion, and investments in Polestar's future vehicles and automotive technologies.

Polestar continues to generate negative operating and investing cash flows as a result of scaling up commercialization efforts globally and capital expenditures for the Polestar 2, Polestar 3, Polestar 4, and Polestar 5 and does not expect to achieve positive cash flow from operations for several years. Managing the company's liquidity profile and funding needs remains one of Management's key priorities. Substantial doubt about Polestar's ability to continue as a going concern persists as the timely realization of financing endeavors is necessary to cover forecasted operating and investing cash outflow. Refer to *Note 1—Significant accounting policies and judgements* in the Unaudited Condensed Consolidated Financial Statements included elsewhere in this report for more information. If Polestar's cash resources are insufficient to finance its future cash requirements, Polestar will need to finance its future cash needs through a combination of public or private equity offerings, debt financings, or other means. To the extent Polestar raises additional capital through the sale of equity or convertible debt securities, the ownership interest of its shareholders may be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the rights of its existing shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting Polestar's ability to take specific actions, such as incurring additional debt, making capital expenditures, or declaring dividends. If Polestar is unable to raise additional funds through equity offerings, debt financings, or other means when needed, it may be required to delay, limit, reduce, or, in the worst case, discontinue research and development and commercialization efforts and may not be able to fund continuing operations.

Management intends to continue to develop Polestar's short-term working capital financing relationships with European and Chinese banking partners, including upsizing current facilities where applicable, while also continuing to explore potential equity or debt offerings.

Comparison of the six months ended June 30, 2023 and 2022

As of June 30, 2023, Polestar had cash and cash equivalents of $1,057,412 as compared to $973,877 as of December 31, 2022. Cash and cash equivalents consist of cash in banks and deposits with an original term of three months or less. Polestar did not have any restricted cash as of June 30, 2023 and December 31, 2022. The following table summarizes Polestar's Unaudited Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2023, and 2022:

	For the six months ended June 30,		Variance
	2023	2022	$
Cash used for operating activities	(660,740)	(401,926)	(258,814)
Cash used for investing activities	(281,088)	(514,405)	233,317
Cash provided by financing activities	1,063,966	1,574,278	(510,312)

Cash used for by operating activities

Cash used for operating activities increased by $258,814 from $401,926 for the six months ended June 30, 2022 to $660,740 for the six months ended June 30, 2023. The increase is primarily attributable to negative changes in working capital during the six months ended June 30, 2023. Cash flow related to inventories changed by $426,308 from positive cash flows of $219,935 for the six months ended June 30, 2022 to negative cash flows of $206,373 for the six months ended June 30, 2023. This change is primarily due to the build-up of model year 2023 and 2024 Polestar 2 inventory in order to meet forecasted demand throughout the remainder of 2023.

During the six months ended June 30, 2022, positive cash flows were primarily the result of strong global demand for the Polestar 2 and delayed production due to COVID-19 lockdowns in eastern China.

Cash provided by changes in trade receivables, prepaid expenses, and other assets increased by $46,674 from $25,698 for the six months ended June 30, 2022 to $72,372 for the six months ended June 30, 2023. This increase is primarily due to a $39,481 decrease in accrued income related parties reflecting higher collections from Volvo Cars in the six months ended June 30, 2023 as compared to the six months ended June 30, 2022.

Cash used for trade payables, accrued expenses, and other liabilities decreased by $8,231 from $162,437 for the six months ended June 30, 2022 to $154,206 for the six months ended June 30, 2023. This change is primarily due to lower settlements of trade payables and other current liabilities to Volvo Cars and Geely related to various services provided to Polestar.

Cash used for investing activities

Cash used for investing activities decreased by $233,317 from $514,405 for the six months ended June 30, 2022 to $281,088 for the six months ended June 30, 2023. The decrease is primarily driven by lower settlements of trade payables with Volvo Cars and Geely for intellectual property related to the Polestar 2, Polestar 3 and Polestar 4, offset by increased spend of $41,324 on property, plant and equipment primarily related to tooling for the Polestar 4.

Cash provided by financing activities

Cash provided by financing activities decreased by $510,312, from $1,574,278 for the six months ended June 30, 2022 to $1,063,966 for the six months ended June 30, 2023. The decrease was primarily due to increased reliance on short-term debt financing and higher repayments during the six months ended June 30, 2023. During the six months ended June 30, 2022, Polestar had a lower amount of short-term debt financing and repayments, but overall financing cash flows were buoyed by $1,416,000 from the reverse recapitalization via the merger with Gores Guggenheim, Inc.

Contractual obligations and commitments

Polestar is a party to contractual obligations to make payments to third parties and related parties in the form of short-term credit facilities, sale-leaseback arrangements, and various other leasing arrangements. Polestar also has certain capital commitments to purchase property, plant and equipment, and intellectual property. The following table summarizes Polestar's estimated future cash expenditures related to contractual obligations and commitments as of June 30, 2023:

		Payments due by period		
Contractual obligations and commitments	**Total**	**Less than 1 year**	**After 1 year**	**After 5 years**
Capital commitments	393,752	339,378	54,374	—
Credit facilities, including sale-leasebacks	1,652,716	1,652,716	—	—
Lease obligations	128,652	28,353	83,314	16,985
Total	**$ 2,175,120**	**$ 2,020,447**	**$ 137,688**	**$16,985**

Critical accounting estimates

Polestar did not have any new accounting estimates applied during the six months that ended June 30, 2023 that are critical to the portrayal of our financial condition and results of operations and that require significant, difficult, subjective, or complex judgements. See the Form 20-F filed with the SEC on April 14, 2023, for critical accounting estimates for the year ended December 31, 2022.

C. Non-GAAP financial measures

Polestar uses both generally accepted accounting principles (i.e., IFRS known as "GAAP") and non-GAAP (i.e., non-IFRS) financial measures to evaluate operating performance, internal comparisons to historical performance, and other strategic and financial decision-making purposes. Polestar believes non-GAAP financial measures are helpful to investors as they provide a 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 understanding 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 include adjusted operating loss, adjusted EBITDA, adjusted net loss, and free cash flow.

Adjusted Operating Loss

Polestar defines adjusted operating loss as an Operating loss, adjusted to exclude listing expense. This measure is reviewed by management and provides a relevant measure for understanding the ongoing operating performance of the business prior to the impact of the non-recurring adjusting item.

Adjusted EBITDA

Adjusted EBITDA is calculated as Net loss, adjusted for listing expense, fair value change of earn-out rights, fair value change of Class C Shares, interest income, interest expense, income tax expense, depreciation, and amortization. Adjusted EBITDA is defined as

EBITDA, adjusted for certain income and expenses which are significant in nature and that management considers not reflective of ongoing operational activities. This measure is reviewed by management and is a relevant measure for understanding the underlying operating results and trends of the business prior to the impact of any adjusting items.

Adjusted Net Loss

Adjusted net loss is calculated as Net loss, adjusted to exclude listing expense, fair value change of earn-out rights, and fair value change of Class C Shares. This measure represents net loss, adjusted for certain income and expenses which are significant in nature and that management considers not reflective of ongoing operational activities. This measure is reviewed by management and is a relevant measure for understanding the underlying performance of Polestar's core business operations.

Free Cash Flow

Free cash flow is calculated as cash used for operating activities, adjusted for cash flows used for tangible assets and intangible assets. This measure is reviewed by management and is a relevant measure for understanding cash sourced from operating activities that is available to repay debts, fund capital expenditures, and spend on other strategic initiatives.

Unaudited Reconciliation of GAAP and Non-GAAP Results

Adjusted Operating Loss

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating loss	(274,350)	(627,267)	(473,751)	(885,180)
Listing expense	—	372,318	—	372,318
Adjusted operating loss	**$(274,350)**	**$(254,949)**	**$(473,751)**	**$(512,862)**

Adjusted EBITDA

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net loss	(304,057)	(228,244)	(313,035)	(502,734)
Listing expense	—	372,318	—	372,318
Fair value change - Earn-out rights	(26,800)	(418,707)	(232,995)	(418,707)
Fair value change - Class C Shares	(3,500)	(21,531)	(10,750)	(21,531)
Interest income	(7,037)	(434)	(12,489)	(774)
Interest expenses	42,570	16,449	71,725	34,381
Income tax expense	2,608	2,741	5,002	7,139
Depreciation and amortization	25,079	33,747	57,074	70,700
Adjusted EBITDA	**$(271,137)**	**$(243,661)**	**$(435,468)**	**$(459,208)**

Adjusted Net Loss

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net loss	(304,057)	(228,244)	(313,035)	(502,734)
Listing expense	—	372,318	—	372,318
Fair value change - Earn-out rights	(26,800)	(418,707)	(232,995)	(418,707)
Fair value change - Class C Shares	(3,500)	(21,531)	(10,750)	(21,531)
Adjusted net loss	$(334,357)	$(296,164)	$(556,780)	$(570,654)

Free Cash Flow

	For the six months ended June 30,	
	2023	2022
Cash used for operating activities	(660,740)	(401,926)
Additions to property, plant and equipment	(42,948)	(1,624)
Additions to intangible assets	(239,850)	(510,301)
Free cash flow	**$(943,538)**	**$(913,851)**

The Polestar Group
Unaudited Condensed Consolidated Financial Statements as of June 30, 2023 and for the Three and Six months ended June 30, 2023 and 2022

INDEX TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

Consolidated Statement of Loss	Note	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Revenue	2	685,247	589,070	1,231,265	1,041,297
Cost of sales		(686,057)	(528,389)	(1,213,654)	(987,881)
Gross profit/(loss)		**(810)**	**60,681**	**17,611**	**53,416**
Selling, general and administrative expense	3	(259,627)	(234,227)	(448,632)	(446,781)
Research and development expense	3	(45,610)	(66,670)	(81,311)	(98,755)
Other operating income (expense), net		31,697	(14,733)	38,581	(20,742)
Listing expense	8	—	(372,318)	—	(372,318)
Operating loss		**(274,350)**	**(627,267)**	**(473,751)**	**(885,180)**
Finance income		7,037	434	12,489	774
Finance expense		(64,436)	(38,908)	(90,516)	(51,427)
Fair value change - Earn-out rights	8	26,800	418,707	232,995	418,707
Fair value change - Class C Shares	8	3,500	21,531	10,750	21,531
Loss before income taxes		**(301,449)**	**(225,503)**	**(308,033)**	**(495,595)**
Income tax expense		(2,608)	(2,741)	(5,002)	(7,139)
Net loss		**(304,057)**	**(228,244)**	**(313,035)**	**(502,734)**
Net loss per share (in U.S. dollars)	5				
Basic and diluted		(0.14)	(0.12)	(0.15)	(0.26)
Consolidated Statement of Comprehensive Loss					
Net loss		**(304,057)**	**(228,244)**	**(313,035)**	**(502,734)**
Other comprehensive income/(loss):					
Items that may be subsequently reclassified to the Consolidated Statement of Loss:					
Exchange rate differences from translation of foreign operations		(27,206)	13,304	(26,735)	10,659
Total other comprehensive income/(loss)		**(27,206)**	**13,304**	**(26,735)**	**10,659**
Total comprehensive loss		**(331,263)**	**(214,940)**	**(339,770)**	**(492,075)**

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Unaudited Condensed Consolidated Statement of Financial Position
(in thousands of U.S. dollars unless otherwise stated)

	Note	June 30, 2023	December 31, 2022
Assets			
Non-current assets			
Intangible assets and goodwill	6	1,466,317	1,396,477
Property, plant, and equipment		254,462	258,048
Vehicles under operating leases	4	103,116	92,198
Other non-current assets		4,575	5,306
Deferred tax asset		17,581	7,755
Other investments	7	2,248	2,333
Total non-current assets		**1,848,299**	**1,762,117**
Current assets			
Cash and cash equivalents		1,057,412	973,877
Trade receivables		196,133	246,107
Trade receivables - related parties	11	90,053	74,996
Accrued income - related parties	11	13,010	49,060
Inventories		867,499	658,559
Current tax assets		8,889	7,184
Assets held for sale	12	53,094	63,224
Other current assets		120,856	107,327
Total current assets		**2,406,946**	**2,180,334**
Total assets		**4,255,245**	**3,942,451**
Equity			
Share capital		(21,167)	(21,165)
Other contributed capital		(3,586,888)	(3,584,232)
Foreign currency translation reserve		39,000	12,265
Accumulated deficit		4,039,810	3,726,775
Total equity	9	**470,755**	**133,643**
Liabilities			
Non-current liabilities			
Non-current contract liabilities	2	(58,267)	(50,252)
Deferred tax liabilities		(458)	(476)
Other non-current provisions		(103,646)	(73,985)
Other non-current liabilities		(50,039)	(14,753)
Earn-out liability	7, 8	(365,575)	(598,570)
Other non-current interest-bearing liabilities	4	(75,793)	(85,556)
Total non-current liabilities		**(653,778)**	**(823,592)**
Current liabilities			
Trade payables		(97,632)	(98,458)
Trade payables - related parties	11	(824,000)	(957,497)
Accrued expenses - related parties	11	(148,041)	(164,902)
Advance payments from customers		(42,847)	(40,869)
Current provisions		(60,208)	(74,907)
Liabilities to credit institutions	10	(1,623,433)	(1,328,752)
Current tax liabilities		(15,767)	(10,617)
Interest-bearing current liabilities	4	(27,658)	(21,545)
Interest-bearing current liabilities - related parties	11	(779,283)	(16,690)
Current contract liabilities	2	(61,642)	(46,217)
Class C Shares liability	7, 8	(17,250)	(28,000)
Other current liabilities		(342,189)	(393,790)
Other current liabilities - related parties	11	(32,272)	(70,258)
Total current liabilities		**(4,072,222)**	**(3,252,502)**
Total liabilities		**(4,726,000)**	**(4,076,094)**
Total equity and liabilities		**(4,255,245)**	**(3,942,451)**

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

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

		For the six months ended June 30,	
	Note	2023	2022
Cash flows from operating activities			
Net loss		(313,035)	(502,734)
Adjustments to reconcile net loss to net cash flows:			
Depreciation and amortization expense		57,074	70,700
Warranties		36,003	—
Inventory impairment		11,795	—
Finance income		(12,489)	(774)
Finance expense		90,516	51,427
Fair value change - Earn-out rights	8	(232,995)	(418,707)
Fair value change - Class C Shares	8	(10,750)	(21,531)
Listing expense		—	372,318
Income tax expense		5,002	7,139
Other non-cash expense (income)		19,252	(17,362)
Change in operating assets and liabilities:			
Inventories		(206,373)	219,935
Contract liabilities	2	24,673	8,008
Trade receivables, prepaid expenses and other assets		72,372	25,698
Trade payables, accrued expenses and other liabilities		(154,206)	(162,437)
Interest received		12,489	775
Interest paid		(48,667)	(34,381)
Taxes paid		(11,401)	—
Cash used for operating activities		**(660,740)**	**(401,926)**
Cash flows from investing activities			
Additions to property, plant and equipment		(42,948)	(1,624)
Additions to intangible assets	6	(239,850)	(510,301)
Additions to other investments		—	(2,480)
Proceeds from the sale of property, plant and equipment		1,710	—
Cash used for investing activities		**(281,088)**	**(514,405)**
Cash flows from financing activities			
Proceeds from short-term borrowings	10, 11	1,671,964	414,916
Principal repayments of short-term borrowings	10, 11	(598,953)	(211,514)
Principal repayments of lease liabilities	4	(9,045)	(6,124)
Proceeds from the issuance of share capital and other contributed capital		—	1,416,000
Transaction costs		—	(39,000)
Cash provided by financing activities		**1,063,966**	**1,574,278**
Effect of foreign exchange rate changes on cash and cash equivalents		(38,603)	(32,987)
Net increase in cash and cash equivalents		**83,535**	**624,960**
Cash and cash equivalents at beginning of period		**973,877**	**756,677**
Cash and cash equivalents at end of period		**1,057,412**	**1,381,637**

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Polestar Automotive Holding UK PLC
Unaudited Condensed 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, 2022		(1,865,909)	(35,231)	16,784	1,761,860	(122,496)
Net loss		—	—	—	502,734	502,734
Other comprehensive income		—	—	(10,659)	—	(10,659)
Total comprehensive loss		**—**	**—**	**(10,659)**	**502,734**	**492,075**
Merger with Gores Guggenheim, Inc.	8					
Changes in the consolidated group		1,846,472	(1,846,472)	—	(1,512)	(1,512)
Issuance of Volvo Cars Preference Shares		(589)	(588,237)	—	—	(588,826)
Issuance to Convertible Note holders		(43)	43	—	—	—
Issuance to PIPE investors		(265)	(249,735)	—	—	(250,000)
Issuance to GGI shareholders		(822)	(521,285)	—	—	(522,107)
Listing expense		—	(372,318)	—	—	(372,318)
Transaction costs		—	38,903	—	—	38,903
Earn-out rights		—	—	—	1,500,638	1,500,638
Equity-settled share-based payment	3	—	(4,342)	—	—	(4,342)
Balance as of June 30, 2022		**(21,156)**	**(3,578,674)**	**6,125**	**3,763,720**	**170,015**
Balance as of January 1, 2023		(21,165)	(3,584,232)	12,265	3,726,775	133,643
Net loss		—	—	—	313,035	313,035
Other comprehensive loss		—	—	26,735	—	26,735
Total comprehensive loss		**—**	**—**	**26,735**	**313,035**	**339,770**
Equity-settled share-based payment	3	(2)	(2,656)	—	—	(2,658)
Balance as of June 30, 2023		**(21,167)**	**(3,586,888)**	**39,000**	**4,039,810**	**470,755**

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

Note 1 - Significant accounting policies and judgements

General information

Polestar Automotive Holding UK PLC (formerly known as Polestar Automotive Holding UK Limited) (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 research and development, manufacturing, branding and marketing, and the commercialization and selling of vehicles, technology solutions, and services related to battery electric vehicles. Polestar Group has a presence in 27 markets across Europe, North America, and Asia. Polestar Group has its management headquarters located at Assar Gabrielssons väg 9, 418 78 Göteborg, Sweden.

As of June 30, 2023, related parties own 88.3% of the Group. Of related party ownership, Snita Holding B.V. owns 48.3%, PSD Investment Limited owns 39.2%, and various other entities own 0.8%. The remaining 11.7% of the Group is owned by external investors.

Basis of preparation

The Unaudited Condensed Consolidated Financial Statements in this interim report of Polestar Group are prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting* ("IAS 34"), as adopted by the International Accounting Standards Board ("IASB"). The Unaudited Condensed 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, as explained in the accounting policies below. For group financial reporting purposes, Polestar Group companies apply the same accounting principles, irrespective of national legislation, as defined in the Group accounting directives. Such accounting principals have been applied consistently for all periods, unless otherwise stated.

This interim report is prepared in the presentation currency, U.S. Dollar ("USD"). All amounts are stated in thousands of USD ("TUSD"), unless otherwise stated.

Periods discussed prior to June 23, 2022 represent the operations of Polestar Automotive Holding Limited and its consolidated subsidiaries.

Going concern

Polestar Group's Unaudited Condensed Consolidated Financial Statements have been prepared on a basis that assumes Polestar Group will continue as a going concern and the ordinary course of business will continue in alignment with Management's 2024-2028 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 substantial doubt about Polestar Group's ability to continue as a going concern. All information available to Management pertaining to the twelve-month period after the issuance date of these Unaudited Condensed Consolidated Financial Statements was used in performing this assessment.

Historically, Polestar Group has financed its operations primarily through short-term working capital loan arrangements with credit institutions (i.e., 12 months or less), contributions from shareholders, credit facilities from related parties, and extended trade credit from related parties. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the three months ended June 30, 2023 and 2022 amounted to $304,057 and $228,244, respectively. Net losses for the six months ended June 30, 2023 and 2022 amounted to $313,035 and $502,734, respectively. Negative operating and investing cash flows for the six months ended June 30, 2023 and 2022 amounted to $941,828 and $916,331, respectively. Management forecasts that Polestar Group will continue to generate negative operating and investing cash flows in the near future, until sustainable commercial operations are achieved. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group.

Management's 2024-2028 business plan indicates that Polestar Group depends on additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, credit facilities from related parties, and executing capital market transactions through offerings of debt and/or equity. The timely realization of these financing endeavors is crucial for Polestar Group's ability to continue as a going concern. If Polestar is unable to obtain financing from these sources or if such financing is not sufficient to cover forecasted operating and investing cash flow needs, Polestar Group will need to seek additional funding through other means (e.g., issuing new shares of equity or issuing bonds). Management has no certainty that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned. Based on these circumstances, Management has determined there is substantial doubt about Polestar Group's ability to continue as a going concern. There are ongoing efforts in place to mitigate the uncertainty. The Unaudited Condensed Consolidated Financial Statements do not include any adjustments to factor for the going concern uncertainty.

Adoption of new and revised standards

In May 2023, the IASB issued amendments to IAS 12, *Income taxes: International Tax Reform – Pillar Two Model Rules*, to clarify the application of IAS 12, *Income Taxes*, to income taxes arising from tax law enacted or substantively enacted to implement the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules (Pillar Two income taxes). The amendments introduce: (i) a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately upon issuance of the amendment, and (ii) disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before the effective date of the Pillar Two model rules, which apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

(in thousands of U.S. dollars unless otherwise stated)

For a detailed assessment of the Group's adoption of other new and revised standards, refer to *Note 1 - Significant accounting policies and judgments* of the Consolidated Financial Statements for Polestar Automotive Holding Limited, as of December 31, 2022, and 2021, and for the three years ended December 31, 2022, that were included in the Form 20-F filed with the United States Securities and Exchange Commission ("SEC") on April 14, 2023. Management has concluded the adoption of new and revised accounting pronouncements has not or will not have a material impact on the Group's Unaudited Condensed Consolidated Financial Statements. The adoptions of accounting pronouncements issued, but not effective, for the six months ended June 30, 2023, will not have a material impact on the Group's Unaudited Condensed Consolidated Financial Statements.

Presentation, basis of consolidation, segment reporting, and foreign currency

For a detailed description of the Group's presentation, basis of consolidation, segment reporting, and foreign currency, including currency risk, refer to *Note 1 - Significant accounting policies and judgements* and *Note 2 - Financial risk management* of the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022, that were included in the Form 20-F filed with the SEC on April 14, 2023. There are no changes for the periods presented in these Unaudited Condensed Consolidated Financial Statements.

The following tables show the breakdown of the Group's revenue from external customers and non-current assets by geographical location where the Polestar company recognizing the revenue is located:

	For the three months ended June 30,		For the six months ended June 30,	
Revenue	**2023**	**2022**	**2023**	**2022**
UK	134,412	67,917	291,584	137,218
USA	122,525	134,393	231,737	214,231
Sweden	107,197	59,334	157,043	155,157
Germany	65,402	59,641	117,399	102,209
Canada	40,056	17,836	63,122	24,169
Netherlands	33,567	30,383	50,483	55,938
Australia	24,448	19,130	48,463	23,032
Belgium	31,837	22,932	47,786	42,707
Norway	13,264	54,853	31,194	116,522
Italy	16,082	—	28,226	—
Denmark	15,809	24,151	28,009	38,928
Finland	11,446	11,716	24,283	19,058
China	10,795	27,491	18,447	31,643
Other regions[1]	58,407	59,293	93,489	80,485
Total	**$685,247**	**$589,070**	**$1,231,265**	**$1,041,297**

1 - Other regions primarily consist of Austria, Korea, Spain and Switzerland in 2023. Other regions primarily consist of Korea, Switzerland and Austria in 2022.

	As of June 30, 2023	As of December 31, 2022
Non-current assets[2]		
Sweden	1,224,294	1,151,920
China	472,782	474,301
Germany	66,112	36,747
United Kingdom	21,860	22,777
USA	10,064	37,752
Other regions[3]	33,358	28,532
Total	**$1,828,470**	**$ 1,752,029**

2 - Non-current assets: excludes Deferred tax asset and Other investments.
3 - Other regions primarily consist of Switzerland, Belgium, Netherlands and Australia in 2023. Other regions primarily consist of Belgium, Switzerland and Australia in 2022.

Restatement of certain comparative period items

Net loss per share for the six months ended June 30, 2022 has been restated to reflect the number of equivalent shares issued by the Parent to the Former Parent in connection with the merger with Gores Guggenheim, Inc. on June 23, 2022. The adjustment is based on the number of shares outstanding on the reporting date multiplied by the exchange ratio of 8.335.

In the Unaudited Condensed Consolidated Statement of Changes in Equity as of June 30, 2022, the lines previously presented as *Merger with Gores Guggenheim Inc.* and *Changes in the consolidated group* amounting to an equity impact of $199,628 have been adjusted to present each individual item related to the merger that impacted equity, resulting in an aggregate restated equity impact of $199,564.

(in thousands of U.S. dollars unless otherwise stated)

Accounting policies

Polestar Group continues to apply the same accounting policies, methods, estimates and judgements as described in *Note 1—Significant accounting policies and judgements* of the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022, that were included in the Form 20-F filed with the SEC on April 14, 2023.

Use of estimates and judgements

The preparation of these Unaudited Condensed Consolidated Financial Statements, in accordance with IAS 34, 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. Actual results could differ materially from those estimates using different assumptions or under different conditions. The Group did not have any events requiring the application of new critical estimates and judgements during the six months ended June 30, 2023.

Earnings 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 and the weighted average number of Class A Shares and Class B Shares outstanding for the effect of dilutive potential ordinary shares ("POSs") outstanding during the period (i.e., Class A Shares and/or Class B Shares that the Group is obligated to issue, or might issue under certain circumstances, in accordance with various contractual arrangements). The Group's POSs are classified based on the nature of their instrument or arrangement and then the earnings per incremental share ("EPIS") is calculated for each class of POS to determine if they are dilutive or anti-dilutive. Anti-dilutive POSs are excluded from the calculation of dilutive earnings per share.

EPIS is calculated as (1) the consequential effect on profit or loss from the assumed conversion of the class of POS (i.e., the numerator adjustment) divided by (2) the weighted average number of outstanding POSs 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	Treasury share[1]
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 Notes	The number of shares issued assuming conversion occurred at the beginning of the reporting period
Convertible Credit Facility with Volvo Cars	If the instrument is converted, the number of shares issued on the date of the conversion

1 - The treasury share method prescribed by IAS 33, *Earnings Per Share* ("IAS 33"), 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.

Fair value measurement

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 fair value through profit and loss ("FVTPL") by reference to Level 2 measurement inputs because an observable price for the Class C-1 Shares, which are almost identical instruments, is available in the active market. Class C Shares are presented in current liabilities within the Unaudited Condensed Consolidated Statement of Financial Position as they can be exercised by the holder at any time. The related liability is measured at fair value, with any changes in fair value recognized in earnings. The fair value of the Class C-2 Shares is determined using a binomial lattice option pricing model in a risk-neutral framework whereby the future prices of the Class A Shares are calculated assuming a geometric Brownian motion ("GBM"). For each future price, the Class C-2 payoff amount is calculated based on the contractual terms of the Class C-2 Shares, including assumptions for optimal early exercise and redemption, and then discounted at the term-matched risk-free rate. The final fair value of the Class C-2 Shares is calculated as the probability-weighted present value over all modeled future payoff amounts. As of June 30, 2023, the fair value of the Class C-2 Shares was determined to equal $3,105 by leveraging the closing price of the Class C-1 Shares on the Nasdaq of $0.69 per share, an implied volatility of 94%, a risk-free rate of 4.27%, a dividend yield of 0%, and a 1,000 time-steps for the binomial lattice option pricing model. Refer to *Note 8—Reverse recapitalization* for more detail on the Class C-2 Shares.

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 right represents a derivative financial instrument that is carried at FVTPL by reference to Level 3 measurement inputs because a quoted or observable price for the instrument or an identical instrument is not available in active markets. The earn-out liability is presented in non-current liabilities within the Unaudited Condensed Consolidated Statement of Financial Position to align with the expected timing of the underlying earn-out payments. The fair value of the earn-out is determined using a Monte Carlo simulation that incorporates a term of 4.48 years, the five earn-out tranches, and the probability of the Class A

(in thousands of U.S. dollars unless otherwise stated)

Shares in ListCo 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 ListCo to the Former Parent. As of June 30, 2023, the fair value of the earn-out was determined to equal $365,575 by leveraging an implied volatility of 75% and a risk-free rate of 4.18%. The implied volatility represents the most significant unobservable input utilized in this Level 3 valuation technique. The calculated fair value would increase (decrease) if the implied volatility were higher (lower). Refer to *Note 8—Reverse recapitalization* for more detail on the Former Parent's earn-out rights.

Valuation methodology for the fair value of RSUs and PSUs granted to employees under the 2022 Omnibus Incentive Plan

The fair value of the RSUs granted April 3, 2023 was determined by reference to the Group's closing share price of $3.79 on the business day immediately preceding the grant date (i.e., $3.79 per RSU). The fair value of PSUs granted was determined by calculating the weighted-average fair value of the 368,732 units linked to market-based vesting conditions and the 1,106,195 units linked to 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 of $3.79 on the business day immediately preceding the grant date (i.e., $3.79 per unit). The units linked to market-based vesting conditions were fair valued using a Monte Carlo simulation in a risk-neutral option pricing framework whereby the future share prices of Polestar's Class A Shares and shares of the peer group over the performance period were calculated assuming a GBM. For each simulation path, the payoff amount of the awards was calculated as the simulated price of the Class A Shares multiplied by the simulated total shareholder return vesting (i.e., the number of awards simulated to vest based on the probability of achievement of certain performance conditions) and then discounted to the grant date at the term-matched risk-free rate. The fair value per unit of the units linked to market-based vesting conditions was determined to be $3.33 by leveraging an implied volatility of 75%, a peer group historical average volatility of 63.5%, a risk-free rate of 3.8%, a simulation term of 2.7 years, a dividend yield of 0%, and 100,000 simulation iterations. As such, the weighted-average fair value per PSU was calculated to be $3.68. Refer to *Note 3 - Share-based payment* for more detail on the 2022 Omnibus Incentive Plan.

Note 2 - 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 as seen in the table below:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Sales of vehicles[1]	669,241	578,398	1,198,973	1,016,817
Sales of software and performance engineered kits	5,686	6,333	12,440	10,862
Sales of carbon credits	532	145	532	1,313
Vehicle leasing revenue	3,287	3,060	7,493	7,934
Other revenue	6,501	1,134	11,827	4,371
Total	**$685,247**	**$589,070**	**$1,231,265**	**$1,041,297**

1 - Revenue related to sales of vehicles are inclusive of extended and connected services recognized over time.

For the three and six months ended June 30, 2023 and 2022, other revenue primarily consisted of license revenue generated from sales-based royalties received from Volvo Cars on sales of parts and accessories for Polestar vehicles and software performance upgrades.

The Group's largest customer that is not a related party accounted for $155,820 (23%) and $271,246 (22%) of revenue, respectively, for the three and six months ended June 30, 2023. For the three and six months ended June 30, 2022, no sole customer, that is not a related party, exceeded 10% of total revenue. Refer to *Note 11—Related party transactions* for further details on revenues from related parties.

Contract liabilities

	Sales generated obligation	Deferred revenue - extended service	Deferred revenue - connected service	Deferred revenue - operating leases & other	Total
Balance as of January 1, 2023	13,069	40,792	30,093	12,515	96,469
Provided for during the period	32,647	15,760	8,466	16,615	73,488
Settled during the period	(26,695)	—	—	—	(26,695)
Released during the period	—	(10,300)	(2,463)	(9,280)	(22,043)
Effect of foreign currency exchange rate differences	(91)	(96)	(1,279)	156	(1,310)
Balance as of June 30, 2023	**$ 18,930**	**$ 46,156**	**$ 34,817**	**$20,006**	**$119,909**
of which current	18,930	22,057	5,216	15,439	61,642
of which non-current	—	24,099	29,601	4,567	58,267

(in thousands of U.S. dollars unless otherwise stated)

As of June 30, 2023, contract liabilities amounted to $119,909, of which $18,930 was related to variable consideration payable to fleet customers in the form of volume related bonuses and $100,979 was related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue.

Note 3 - Share-based payment

As noted in *Note 1 - Significant accounting policies and judgements*, Polestar granted shares to employees under the 2022 Omnibus Plan as part of the Group's employee compensation. Under the 2022 Omnibus Plan, there are three kinds of programs: At-listing Plan, Post-listing Plan, and the Free Share Plan, all of which are equity-settled. For more details on the terms of each program, refer to *Note 7 - Share-based payments* in the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022 that were included in the Form 20-F filed with the SEC on April 14, 2023. The following table illustrates share activity for the six months ended June 30, 2023:

	Number of PSUs	Number of RSUs	Number of Free Shares	Total
Outstanding as of January 1, 2023	858,821	458,620	4,222	1,321,663
Granted	1,474,927	428,840	—	1,903,767
Vested	—	(169,853)	(4,222)	(174,075)
Forfeited	(6,954)	(8,639)	—	(15,593)
Outstanding as of June 30, 2023	**2,326,794**	**708,968**	**—**	**3,035,762**

The following table illustrates total share-based compensation expense for the three and six months ended June 30, 2023 and 2022 by function:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Selling, general and administrative expense	1,430	4,342	2,533	4,342
Research and development expense	69	—	125	—
Total	**$ 1,499**	**$ 4,342**	**$ 2,658**	**$ 4,342**

Marketing consulting services agreement

On March 24, 2022, Polestar granted an equity-settled share-based payment in exchange for marketing services through November 1, 2023. Per the terms of the agreement, 250,000 Class A Shares vested on August 31, 2022. The remaining 250,000 Class A Shares vest over eight equal quarterly installments, with a final vesting date of November 1, 2023. The grant date fair value of the marketing consulting agreement was $5,308 which was determined using the market value of the shares listed on the Nasdaq. Of the 500,000 Class A Shares granted, 375,000 Class A Shares with a fair value of $4,946 were vested as of December 31, 2022. During the three months ended June 30, 2023, 31,250 Class A Shares vested, and the Group incurred a share-based compensation expense of $114. During the six months ended June 30, 2023 62,500 Class A Shares vested, and the Group incurred a share-based compensation expense of $290.

Note 4 - Leases

Polestar Group as Lessee

The following table depicts the changes in the Group's right-of-use assets, which are included within Property, plant, and equipment:

	Buildings and land	Machinery and equipment	Total
Acquisition cost			
Balance as of January 1, 2023	89,609	45,416	135,025
Additions	19,149	—	19,149
Cancellations	(11,020)	—	(11,020)
Effect of foreign currency exchange rate differences	(1,245)	(2,280)	(3,525)
Balance as of June 30, 2023	**$ 96,493**	**$ 43,136**	**$139,629**
Accumulated depreciation			
Balance as of January 1, 2023	(18,934)	(20,768)	(39,702)
Depreciation expense	(8,347)	(2,392)	(10,739)
Effect of foreign currency exchange rate differences	706	1,114	1,820
Balance as of June 30, 2023	**$(26,575)**	**$(22,046)**	**$ (48,621)**
Carrying amount as of June 30, 2023	**$ 69,918**	**$ 21,090**	**$ 91,008**

(in thousands of U.S. dollars unless otherwise stated)

Amounts related to leases recognized in the Unaudited Condensed Consolidated Statement of Loss and Comprehensive Loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Income from sub-leasing right-of-use assets	252	235	527	615
Expense relating to short-term leases	247	343	495	835
Expense relating to leases of low value assets	—	1,899	6	1,911
Interest expense on leases	1,138	1,090	2,166	1,700

The current and non-current portion of the Group's lease liabilities were as follows:

	As of June 30, 2023	As of December 31, 2022
Current lease liability	27,658	21,545
Non-current lease liability	75,793	85,556
Total	**$103,451**	**$ 107,101**

Expected future lease payments to be made to satisfy the Group's lease liabilities are as follows:

	As of June 30, 2023	As of December 31, 2022
Within 1 year	28,353	21,717
Between 1 and 2 years	28,929	24,484
Between 2 and 3 years	23,631	20,739
Between 3 and 4 years	22,140	17,924
Between 4 and 5 years	8,614	5,987
Later than 5 years	16,985	29,613
Total	**$128,652**	**$ 120,464**

For the six months ended June 30, 2023 and 2022, total cash outflows for leases amounted to $11,436 and $6,124, respectively.

Polestar Group as Lessor

As a lessor, revenue recognized from operating leases was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Vehicle leasing revenue	$ 3,287	$ 3,060	$ 7,493	$ 7,934

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, 2023	105,000
Reclassification from inventory	39,877
Reclassification to inventory	(37,585)
Effect of foreign currency exchange rate differences	1,695
Balance as of June 30, 2023	**$108,987**
Accumulated depreciation	
Balance as of January 1, 2023	(12,802)
Depreciation expense	(2,341)
Reclassification to inventory	9,250
Effect of foreign currency exchange rate differences	22
Balance as of June 30, 2023	**$ (5,871)**
Carrying amount as of June 30, 2023	**$103,116**

(in thousands of U.S. dollars unless otherwise stated)

Note 5 - Net loss per share

The following table presents the computation of basic and diluted net loss per share for the three and six months ended June 30, 2023 and 2022:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
	Class A and B Shares		Class A and B Shares	
Net loss attributable to common shareholders	(304,057)	(228,244)	(313,035)	(502,734)
Weighted-average number of common shares outstanding:				
Basic and diluted	2,109,975,806	1,950,335,837	2,109,952,338	1,943,759,914
Net loss per share (in ones):				
Basic and diluted	$ (0.14)	$ (0.12)	$ (0.15)	$ (0.26)

Loss per share for the six months ended June 30, 2022 is retrospectively adjusted to reflect the number of equivalent shares issued by the Parent to the Former Parent, based on the number of shares outstanding on the reporting date multiplied by the exchange ratio of 8.335. For detail on the equity exchange ratio related to the merger with Gores Guggenheim, Inc. (“GGI”), refer to *Note 20 - Equity* in the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022, and for the three years ended December 31, 2022 that were included in the Form 20-F filed with the SEC on April 14, 2023. The following table presents shares that were not included in the calculation of diluted earnings per share as their effects would have been antidilutive for the three and six months ended June 30, 2023 and 2022:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Earn-out Shares	158,177,609	158,177,609	158,177,609	158,177,609
Class C-1 Shares	20,499,965	15,999,965	20,499,965	15,999,965
Class C-2 Shares	4,500,000	9,000,000	4,500,000	9,000,000
PSUs	2,326,794	858,821	2,326,794	858,821
RSUs	708,968	629,303	708,968	629,303
Marketing consulting services agreement	62,500	187,500	62,500	187,500
Total antidilutive shares	**186,275,836**	**184,853,198**	**186,275,836**	**184,853,198**

Note 6 - Intangible assets and goodwill

The following table depicts the split between Polestar Group’s intangible assets, goodwill and trademarks:

	As of June 30, 2023	As of December 31, 2022
Intangible assets	1,419,347	1,347,709
Goodwill and trademarks	46,970	48,768
Total	**$1,466,317**	**$ 1,396,477**

(in thousands of U.S. dollars unless otherwise stated)

Intangible assets were as follows:

	Internally developed IP	Software	Acquired IP	Total
Acquisition cost				
Balance as of January 1, 2023	217,600	1,114	1,569,395	1,788,109
Additions[1]	49,807	—	125,411	175,218
Divestments and disposals	—	—	(353)	(353)
Effect of foreign currency exchange rate differences	(9,332)	(46)	(68,833)	(78,211)
Balance as of June 30, 2023	**$258,075**	**$ 1,068**	**$1,625,620**	**$1,884,763**
Accumulated amortization and impairment				
Balance as of January 1, 2023	(14,856)	(389)	(425,155)	(440,400)
Amortization expense	(340)	(69)	(44,347)	(44,756)
Divestments and disposals	—	—	303	303
Effect of foreign currency exchange rate differences	556	18	18,863	19,437
Balance as of June 30, 2023	**$ (14,640)**	**$ (440)**	**$ (450,336)**	**$ (465,416)**
Carrying amount as of June 30, 2023	**$243,435**	**$ 628**	**$1,175,284**	**$1,419,347**

1 – Of $175,218 in additions for the six months ended June 30, 2023, $53,132 has been settled in cash. These $53,132 are included in the $239,850 cash used for investing activities related to additions to intangible assets, and the remaining $186,718 relates to increases in Trade payables - related parties from prior years which were settled in cash during the six months ended June 30, 2023.

Additions to internally developed IP are primarily related to the Polestar 5 and various other internal programs, such as model year changes, for the six months ended June 30, 2023. Additions of acquired IP during the six months ended June 30, 2023 were primarily related to acquisition of the Polestar 2 and Polestar 3 IP from Volvo Cars. Polestar also acquired IP related to Polestar 4 from Geely.
Refer to *Note 11 - Related party transactions* for further details.

Changes to the carrying amount of goodwill and trademarks during the period were as follows:

	Goodwill	Trademarks	Total
Balance as of January 1, 2023	46,460	2,308	48,768
Effect of foreign currency exchange rate differences	(1,713)	(85)	(1,798)
Balance as of June 30, 2023	**$44,747**	**$ 2,223**	**$46,970**

Note 7 - Financial instruments

The following table shows the carrying amounts of financial assets and liabilities measured at fair value through profit and loss on a recurring basis:

	June 30, 2023				December 31, 2022			
Assets measured at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments	—	—	2,248	2,248	—	—	2,333	2,333
Total assets	**$ —**	**$ —**	**$ 2,248**	**$ 2,248**	**$ —**	**$ —**	**$ 2,333**	**$ 2,333**
Liabilities measured at FVTPL								
Earn-out rights	—	—	365,575	365,575	—	—	598,570	598,570
Class C-1 Shares	14,145	—	—	14,145	17,920	—	—	17,920
Class C-2 Shares	—	3,105	—	3,105	—	10,080	—	10,080
Total liabilities	**$14,145**	**$3,105**	**$365,575**	**$382,825**	**$17,920**	**$10,080**	**$598,570**	**$626,570**

Note 8 - Reverse recapitalization

Polestar underwent a reverse recapitalization through the merger with GGI and related arrangements on June 23, 2022. For more detail on the reverse recapitalization, including the net assets of GGI assumed by the Group and the Class C Shares and Earn-out rights issued in connection with the merger that are accounted for as derivative liabilities in accordance with IAS 32, *Financial Instruments: Presentation* ("IAS 32"), and IFRS 9, *Financial Instruments* ("IFRS 9"), refer to *Note 1 - Significant accounting policies and judgements* and *Note 16 - Reverse recapitalization* in the Consolidated Financial Statements for Polestar Automotive Holding UK PLC, as of December 31, 2022 and 2021, and for the years ended December 31, 2022, that were included in the Form 20-F filed with the SEC on April 14, 2023.

Class C Shares

The Class C-2 Shares are not publicly traded and require a valuation approach leveraging Level 2 inputs. Refer to *Note 1 - Significant accounting policies and judgements* for further details on the valuation methodology utilized to determine the fair value of the Class C-2 Shares. On March 22, 2023, 4,500,000 Class C-2 Shares with a fair value of $3,285 were converted to 4,500,000 Class C-1 Shares with the same fair value following the election by the respective holders of the Class C-2 Shares and approval from the Board of Directors.

(in thousands of U.S. dollars unless otherwise stated)

	As of June 30, 2023		As of December 31, 2022	
	Liability Fair Value	Number Outstanding	Liability Fair Value	Number Outstanding
Class C-1 Shares	14,145	20,499,965	17,920	15,999,965
Class C-2 Shares	3,105	4,500,000	10,080	9,000,000
Total	**17,250**	**24,999,965**	**28,000**	**24,999,965**

	Class C-1 Shares
As of January 1, 2023	17,920
Class C-2 Shares converted to Class C-1 Shares	3,285
Changes in fair value measurement	(7,060)
As of June 30, 2023	**$ 14,145**

	Class C-2 Shares
As of January 1, 2023	10,080
Class C-2 Shares converted to Class C-1 Shares	(3,285)
Changes in fair value measurement	(3,690)
As of June 30, 2023	**$ 3,105**

The fair value change for the Class C Shares was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Fair value change - Class C-1 Shares	2,870	13,760	3,775	13,760
Fair value change - Class C-2 Shares	630	7,771	6,975	7,771
Fair value change - Class C Shares	**$ 3,500**	**$ 21,531**	**$ 10,750**	**$ 21,531**

Earn-out rights

Refer to *Note 1 - Significant accounting policies and judgements* for further details on the valuation methodology utilized to determine the fair value of the earn-out.

	Earn-out rights
As of January 1, 2023	598,570
Changes in fair value measurement	(232,995)
As of June 30, 2023	**$ 365,575**

The fair value change for the Earn-out rights was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Fair value change - Earn-out rights	$ 26,800	$ 418,707	$232,995	$ 418,707

Note 9 - Equity

Changes in the Group’s equity during the six months ended June 30, 2023 were as follows:

	Class A Shares	Class B Shares	Share capital	Other contributed capital
Balance as of January 1, 2023	467,677,673	1,642,233,575	(21,165)	(3,584,232)
Equity-settled share-based payment	236,575	—	(2)	(2,656)
Balance as of June 30, 2023	**467,914,248**	**1,642,233,575**	**$ (21,167)**	**$(3,586,888)**

The following instruments of the Parent were issued and outstanding in the form of American depositary shares as of June 30, 2023:

- 467,914,248 Class A Shares with a par value of $0.01, of which 221,357,712 were owned by related parties;
- 1,642,233,575 Class B Shares with a par value of $0.01, of which all were owned by related parties;
- 20,499,965 Class C-1 Shares with a par value of $0.10;

(in thousands of U.S. dollars unless otherwise stated)

- 4,500,000 Class C-2 Shares with a par value of $0.10; and
- 50,000 Redeemable Preferred Shares with a par value of GBP 1.00.

As of June 30, 2023, there were an additional 4,532,085,752 Class A Shares and 135,133,164 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. Holders of Class A Shares in Parent are entitled to one vote per share and holders of Class B Shares in 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 Parent. Additionally, holders of GBP Redeemable Preferred Shares in Parent have no voting rights. Any dividends or other distributions paid by Parent shall be issued to holders of outstanding Class A Shares and Class B Shares in Parent. Holders of Class C Shares and GBP Redeemable Preferred Shares in Parent are not entitled to participate in any dividends or other distributions. Refer to *Note 8 - Reverse recapitalization* for additional information on the Class C Shares which are accounted for as derivative financial liabilities in accordance with IAS 32 and IFRS 9.

Note 10 - Liabilities to credit institutions

The carrying amount of Polestar Group's liabilities to credit institutions as of June 30, 2023 and December 31, 2022 were as follows:

Liabilities to credit institutions	As of June 30, 2023	As of December 31, 2022
Working capital loans from banks	1,562,847	1,300,108
Floorplan facilities	43,820	16,925
Sale-leaseback facilities	16,766	11,719
Total	**$1,623,433**	**$ 1,328,752**

The Group had the following working capital loans outstanding as of June 30, 2023:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	Amount in USD (thousands)
CNY	August 2022 - August 2023	Unsecured	12-month LPR[1] plus 0.05%, settled quarterly	716,000	98,626
USD	August 2022 - August 2023	Unsecured[2]	3-month LPR plus 2.3%, settled quarterly	147,000	147,000
USD	September 2022 - September 2023	Unsecured[2]	3-month LPR plus 2.3%, settled quarterly	255,000	255,000
USD	September 2022 - September 2023	Secured[3]	4.48% per annum, settled quarterly	133,000	133,000
USD	September 2022 - September 2023	Unsecured[2]	3-month SOFR[4] plus 2.4%, settled quarterly	100,000	100,000
USD	December 2022 - December 2023	Unsecured[2]	7.5% per annum, settled quarterly	200,000	200,000
EUR	February 2023 - February 2024	Secured[5]	3-month EURIBOR[6] plus 2.3% and an arrangement fee of 0.15%	382,312	417,312
USD	March 2023 - March 2024	Unsecured[2]	7.35% per annum, settled quarterly	100,000	100,000
CNY	March 2023 - March 2024	Unsecured[2]	12-month LPR plus 0.05%, settled quarterly	260,000	35,814
CNY	April 2023 - April 2024	Unsecured[2]	12-month LPR plus 0.05%, settled quarterly	11,430	1,575
CNY	May 2023 - May 2024	Unsecured[2]	12-month LPR plus 0.45%, settled quarterly	231,000	31,819
CNY	June 2023 - June 2024	Unsecured[2]	12-month LPR plus 1.3%, settled monthly	310,000	42,701
Total					**$ 1,562,847**

1 - People's Bank of China ("PBOC") Loan Prime Rate ("LPR").
2 - Letters of keep well from both Volvo Cars and Geely.
3 - Secured by Geely, including letters of keep well from both Volvo Cars and Geely.
4 - Secured Overnight Financing Rate ("SOFR").
5 - New vehicle inventory purchased via this facility is pledged as security until repaid. This facility has a repayment period of 90 days and includes a covenant tied to the Group's financial performance.
6 - Euro Interbank Offered Rate ("EURIBOR").

(in thousands of U.S. dollars unless otherwise stated)

Floorplan facilities

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 are partially secured by the underlying assets on a market-by-market basis. As of June 30, 2023 and December 31, 2022, the aggregate amounts outstanding under these arrangements were $73,103 and $33,615, respectively.

The Group maintains one such facility with the related party Volvo Cars that is presented separately in Interest-bearing current liabilities - related parties within the Unaudited Condensed Consolidated Statement of Financial Position. Of the amounts above, the aggregate amounts outstanding as of June 30, 2023 and December 31, 2022 due to related parties were $29,283 and $16,690, respectively. Refer to *Note 11 - Related party transactions* for further details.

Sale-leaseback facilities

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 June 30, 2023 and December 31, 2022, the aggregate amount outstanding under these arrangements was $16,766 and $11,719, respectively.

Since the contracts identified above are short term with a duration of twelve months or less, the carrying amount of the contracts is deemed to be a reasonable approximation of their fair value. The Group's risk management policies related to debt instruments are further detailed in *Note 2 - Financial risk management* of the Consolidated Financial Statements, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022 that were included in the Form 20-F filed with the SEC on April 14, 2023. There are no changes in terms of risk management policies for the periods presented in these Unaudited Condensed Consolidated Financial Statements.

Note 11 - Related party transactions

For a detailed description of the Group's related parties and related party transactions, refer to *Note 25 - Related party transactions* of the Consolidated Financial Statements, as of December 31, 2022 and 2021, and for the three years ended December 31, 2022, that were included in the Form 20-F filed with the SEC on April 14, 2023. There are no changes to the Group's related parties for the periods presented in these Unaudited Condensed Consolidated Financial Statements. Related party activity during the six months ended June 30, 2023 and 2022 and balances as of June 30, 2023 and December 31, 2022 are presented below.

Financing

In May 2021, the Group entered into a working capital credit facility with Volvo Cars and subsequently drew down on the facility, which has a maturity of one year. As of June 30, 2023, $29,283 of this financing arrangement remained outstanding, which is included in Interest-bearing current liabilities - related parties on the Unaudited Condensed Consolidated Statement of Financial Position. Refer to *Note 10 - Liabilities to credit institutions* for further details.

Convertible Credit Facility with Volvo Cars

On November 3, 2022 the Group entered into a credit facility agreement with Volvo Cars for $800,000, terminating in May 2024. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest will be calculated at the floating six-month SOFR rate plus 4.9% per annum. Prior to May 2024, 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. Under IAS 32 and IFRS 9, 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. Additionally, the economics of Volvo Cars' conversion right are not clearly and closely related to that of the host debt instrument because the principal value of Volvo Cars' conversion right depends on whether or not the Group conducts a qualified equity offering to investors at a market discount. As such, the financial liability related to Volvo Cars' conversion right is carried at fair value with subsequent changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss at each reporting date. As of June 30, 2023, the Group had principal draws of $750,000 outstanding under the facility and the fair value of the financial liability related to Volvo Cars' conversion right was $0.

Sale of goods, services and other

The total revenue recognized for each related party was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Volvo Cars	34,403	20,931	49,768	44,452
Volvofinans Bank AB	14,311	18,627	21,754	39,115
Geely	1,245	—	1,245	—
Total	**$49,959**	**$39,558**	**$ 72,767**	**$ 83,567**

For the three months ended June 30, 2023 and 2022, revenue from related parties was $49,959 (7.29%) and $39,558 (6.72%) of total revenue, respectively. For the six months ended June 30, 2023 and 2022, revenue from related parties was $72,767 (5.91%) and $83,567 (8.03%) of total revenue, respectively.

(in thousands of U.S. dollars unless otherwise stated)

Purchases of goods, services and other

The total purchases of goods, services and other for each related party were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Volvo Cars	598,959	232,448	1,241,837	752,493
Volvofinans Bank AB	227	64	312	334
Geely	46,447	24,914	91,736	106,862
Total	**$645,633**	**$257,426**	**$1,333,885**	**$859,689**

Cost of R&D and intellectual property

Polestar Group entered into agreements with Volvo Cars and Geely regarding the development of technology leveraged in the development of the Polestar 2, Polestar 3, and Polestar 4. In 2020, the Group entered into similar agreements with Volvo Cars to acquire technology leveraged in the development of the Polestar 1, Polestar 2, and Polestar 3. 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 June 30, 2023 was $1,175,284, of which acquisitions attributable to 2023 were $125,411. As of December 31, 2022, the recognized asset associated with these agreements was $1,144,240, of which acquisitions attributable to 2022 were $218,031.

Amounts due to related parties

Amounts due to related parties were as follows:

Trade payables - related parties, accrued expenses, other current liabilities and interest-bearing current liabilities to related parties	As of June 30, 2023	As of December 31, 2022
Volvo Cars	1,691,224	1,136,746
Geely	91,231	71,212
Volvofinans Bank AB	1,141	1,389
Total	**$1,783,596**	**$ 1,209,347**

In addition to current liabilities to related parties, Polestar had non-current lease liabilities to related parties amounting to $35,041 as of June 30, 2023 and $27,123 as of December 31, 2022 included in Other non-current interest-bearing liabilities.

The Group's interest expense from related party liabilities was as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expense - related parties	$17,755	$12,248	$ 25,948	$ 24,275

Amounts due from related parties

Amounts due from related parties were as follows:

Trade receivables - related parties and accrued income - related parties	As of June 30, 2023	As of December 31, 2022
Volvo Cars	97,340	120,302
Geely	1,340	3,751
Volvofinans Bank AB	4,383	3
Total	**$103,063**	**$ 124,056**

Note 12 - Assets held for sale

In December 2022, the Group committed to a plan to sell, to a related party, the Chengdu manufacturing plant held by its subsidiary, Polestar New Energy Vehicle Co. Ltd., that was previously used to manufacture the Polestar 1 and special edition Polestar 2 BST 270. Accordingly, the Chengdu plant and certain related assets are presented as a disposal group held for sale. Polestar has initiated selling efforts and expects to close the sale by July 31, 2023. The assets related to the Chengdu Plant that have been classified as held for sale have a net value of $53,094. The cumulative expense related to exchange rate differences from translation of the disposal group that are included in other comprehensive income amount to $4,260. Prior to December 2022, the Group did not hold any assets classified as held for sale.

(in thousands of U.S. dollars unless otherwise stated)

As of June 30, 2023, the disposal group was stated at the Group's carrying value and was comprised of the following:

Property, plant and equipment	53,080
Other current assets	14
Assets held for sale	**$53,094**

Note 13 - Commitments and contingencies

Commitments

As of June 30, 2023, commitments to acquire PPE and intangible assets were $143,961 and $148,802, respectively. As of December 31, 2022, commitments to acquire PPE and intangible assets were $179,690 and $216,572, respectively. These commitments are contractual obligations to invest in PPE and intangible assets for the production of upcoming vehicle models Polestar 3 and Polestar 4. For the production of Polestar 3 and Polestar 2, contract manufacturing agreements are yet to be signed that define the upcoming investment commitments in Volvo Cars Charleston plant and Geely's Chongqing plant respectively.

Contingencies

In the normal course of business, the Group 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.

Note 14 - Subsequent events

Management has evaluated events subsequent to June 30, 2023 and through August 31, 2023, the date these Unaudited Condensed Consolidated Financial Statements were authorized for issuance by the Board of Directors. The following events which occurred subsequent to June 30, 2023 merited disclosure in these Unaudited Condensed Consolidated Financial Statements. Management determined that no adjustments were required to the figures presented as a result of these events.

On July 7, 2023, the Group drew down the remaining $50,000 of the $800,000 aggregate principal amount under its 18-month credit facility with Volvo Cars that was secured on November 3, 2022. Refer to *Note 11 - Related party transactions* for further details on the facility with Volvo Cars.

On August 1, 2023, the Group completed the sale of the Chengdu manufacturing plant held by its subsidiary, Polestar New Energy Vehicle Co. Ltd., to Zhejiang Geely Property Investment Holding Co. Ltd. The total consideration received from the sale of the plant was $71,043.

On August 24, 2023, the Group entered into a 12-month working capital loan for $320,000 with a bank in China. This loans carries interest at the 12-month Secured Overnight Financing Rate plus 0.9% and is secured by Geely. This loan benefits from letters of comfort from Volvo Cars and Geely.

On August 24, 2023, the Group entered into an unsecured 12-month working capital loan for $82,000 with a bank in China. This loans carries interest at the 12-month Secured Overnight Financing Rate plus 1.1%. This loan benefits from letters of comfort from Volvo Cars and Geely.

On August 30, 2023, the Group entered into an unsecured 12-month working capital loan for $402,000 with a bank in China. This loans carries interest at the 3-month Secured Overnight Financing Rate plus 2.3%. This loan benefits from letters of comfort from Volvo Cars and Geely.