PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

Polestar's audited Consolidated Financial Statements are included in this Report beginning at page F-1.

ITEM 19. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Description	Incorporated by Reference Schedule Form	Exhibit	Filing Date
1.1*	Articles of Association of Polestar Automotive Holding UK PLC, as currently in effect.			
2.1	ADS Deposit Agreement—Class A ADSs.	F-6EF	(a)	August 26, 2022
2.2	Form of Class A American Depositary Receipt.	F-4/A	4.2	May 23, 2022
2.3	ADS Deposit Agreement—Class C-1 ADSs.	8-K**	4.1, Exhibit B	June 27, 2022
2.4	Form of Class C-1 American Depositary Receipt.	F-4/A	4.4	May 23, 2022
2.5	ADS Deposit Agreement—Class C-2 ADSs.	8-K**	4.1, Exhibit B	June 27, 2022
2.6	Form of Class C-2 American Depositary Receipt.	F-4/A	4.6	May 23, 2022
2.7	Warrant Agreement, dated March 22, 2021, by and between Gores Guggenheim, Inc., Computershare Inc. and Computershare Trust Company, N.A. (incorporated by reference to Annex C-1 to the proxy statement/ prospectus used in connection with the Business Combination).	F-4/A	4.9	May 23, 2022
2.8	Amendment to Warrant Agreement, dated April 7, 2022, by and between Gores Guggenheim, Inc., Computershare Inc. and Computershare Trust Company, N.A. (incorporated by reference to Annex C-2 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	4.10	May 23, 2022
2.9	Specimen Warrant Certificate (included as Exhibit A to Annex C-1 to the proxy statement/prospectus) (incorporated by reference to Annex C-1 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	4.11	May 23, 2022
2.10	Class C Warrant Amendment, dated June 23, 2022, by and between Gores Guggenheim, Inc., Computershare Inc. and Computershare Trust Company, N.A.	8-K**	4.1	June 27, 2022
2.11	Amendment No. 1 to ADS Deposit Agreement	F-6 POS	99(A)(1)	11/14/2025
2.12	Amendment No. 1 to Class C-1 Deposit Agreement	F-6 POS	99(A)(1)	11/14/2025
2.13	Amendment No. 1 to Class C-2 Deposit Agreement	F-6 POS	99(A)(1)	11/14/2025

2.14*	Description of Securities.			
4.1##	Business Combination Agreement, dated as of September 27, 2021, by and among Gores Guggenheim, Inc., Polestar Automotive Holding Limited, Polestar Automotive (Singapore) Pte. Ltd., Polestar Holding AB, Inc., Polestar Automotive Holding UK Limited and PAH UK Merger Sub Inc. (incorporated by reference to Annex A-1 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	2.1	May 23, 2022
4.2##	Amendment No. 1 to the Business Combination Agreement, dated as of December 17, 2021, by and among Gores Guggenheim, Inc., Polestar Automotive Holding Limited, Polestar Automotive (Singapore) Pte. Ltd., Polestar Holding AB, Inc., Polestar Automotive Holding UK Limited and PAH UK Merger Sub Inc.	8-K**	2.1	December 17, 2021
4.3##	Amendment No. 2 to the Business Combination Agreement, dated as of March 24, 2022, by and among Gores Guggenheim, Inc., Polestar Automotive Holding Limited, Polestar Automotive (Singapore) Pte. Ltd., Polestar Holding AB, Inc., Polestar Automotive Holding UK Limited and PAH UK Merger Sub Inc.	8-K**	2.1	March 25, 2022
4.4	Amendment No. 3 to the Business Combination Agreement, dated as of April 21, 2022, by and among Gores Guggenheim, Inc., Polestar Automotive Holding Limited, Polestar Automotive (Singapore) Pte. Ltd., Polestar Holding AB, Inc., Polestar Automotive Holding UK Limited and PAH UK Merger Sub Inc.	8-K**	2.1	April 21, 2022
4.5	Form of Subscription Agreement (incorporated by reference to Annex F to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	10.1	May 23, 2022
4.6	Registration Rights Agreement, dated as of September 27, 2021, by and among Polestar Automotive Holding UK Limited, Gores Guggenheim Sponsor LLC, Randall Bort, Elizabeth Marcellino and Nancy Tellem, Polestar Automotive Holding Limited and certain of its shareholders (incorporated by reference to Annex G-1 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	10.4	May 23, 2022
4.7+	Form of Director & Officer Indemnity Agreement.	F-4/A	10.5	May 23, 2022
4.8+	Polestar Automotive Holding UK PLC 2022 Omnibus Incentive Plan.	S-8	99.1	August 29, 2022
4.9+	Polestar Automotive Holding UK PLC 2022 Employee Stock Purchase Plan.	S-8	99.2	August 29, 2022
4.10	Framework Assignment and License Agreement, dated as of October 31, 2018, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.8	May 23, 2022

4.11†	Car Model Assignment and License Agreement, dated as of October 31, 2018, between Volvo Car Corporation and Polestar Performance AB, as supplemented by the Side Letter, dated as of October 31, 2018, between Volvo Car Corporation, Polestar Performance AB and Polestar New Energy Vehicle Co. Ltd., as amended by the Amendment Agreement to the Car Model Assignment and License Agreement, dated as of May 5, 2021, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.9	May 23, 2022
4.12†	Car Model Assignment and License Agreement, dated as of October 31, 2018, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd, as supplemented by the Side Letter, dated as of October 31, 2018, between Volvo Car Corporation, Polestar Performance AB and Polestar New Energy Vehicle Co. Ltd., as supplemented by the Supplement to Car Model Assignment and License Agreement, dated as of September 23, 2019, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd., as amended by the Amendment Agreement to the Car Model Assignment and License Agreement, dated as of June 2020, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd., as amended by the Novation Agreement, dated as of December 8, 2020, by and among Polestar New Energy Vehicle Co., Ltd., Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation.	F-4/A	10.12	May 23, 2022
4.13†	Change Management Agreement, dated as of June 12, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.16	May 23, 2022
4.14†	License, License Assignment and Service Agreement, dated as of February 15, 2021, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.28	May 23, 2022
4.15†	License and License Assignment Agreement, dated as of February 15, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.	F-4/A	10.29	May 23, 2022
4.16†	Unique Vendor Tooling Agreement, dated as of December 23, 2021, by and among Polestar Automotive China Distribution Co., Ltd. and Ningbo Geely Automobile Research & Development Co., Ltd.	F-4/A	10.30	May 23, 2022
4.17†	Car Model Manufacturing Agreement, dated as of November 28, 2018, between First Automobile Branch of Zhejiang Haoqing Automobile Manufacturing Co., Ltd. and Polestar New Energy Vehicle Co. Ltd., as amended by the Novation Agreement, dated as of July 7, 2021, between Polestar New Energy Vehicle Co., Ltd., Polestar Automotive China Distribution (Taizhou) Co., Ltd. and First Automobile Branch of Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	F-4/A	10.31	May 23, 2022

4.18†	Car Model Manufacturing Agreement, dated as of November 26, 2018, between Asia Euro Automobile Manufacturing (Taizhou) Co., Ltd. and Polestar Performance AB., as supplemented by the Supplement Car Manufacturing Agreement, dated as of May 2021, between Polestar Performance AB and Asia Euro Manufacturing (Taizhou) Co. Ltd., as amended by the Amendment Car Model Manufacturing Agreement, dated as of July 7, 2021, between Polestar Performance AB and Asia Euro Automobile Manufacturing (Taizhou) Co. Ltd.	F-4/A	10.32	May 23, 2022
4.19†	License, License Assignment and Service Agreement, dated as of June 30, 2019, between Volvo Car Corporation and Polestar Performance AB, as supplemented by Side Letter, dated as of June 30, 2019, between Volvo Car Corporation, Volvo Cars (China) Investment Co., Ltd., Polestar Performance AB and Polestar New Energy Vehicle Co. Ltd., as amended by the Amendment Agreement to the License, License Assignment and Service Agreement, dated as of December 19, 2019, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.33	May 23, 2022
4.20†	License Agreement, dated as of June 30, 2019, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd., as supplemented by the Side Letter, dated as of June 30, 2019, between Polestar Performance AB, Polestar New Energy Vehicle Co., Ltd., Volvo Car Corporation and Volvo Cars (China) Investment Co. Ltd., as amended by the Novation Agreement, dated as of December 8, 2020, by and among Polestar New Energy Vehicle Co., Ltd., Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation.	F-4/A	10.34	May 23, 2022
4.21†	Service Agreement, dated as of June 30, 2019, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd., as supplemented by Side Letter, dated as of June 30, 2019, between Volvo Car Corporation, Volvo Cars (China) Investment Co., Ltd., Polestar Performance AB and Polestar New Energy Vehicle Co. Ltd., as amended by the Novation Agreement, dated as of December 8, 2020, by and among Polestar New Energy Vehicle Co., Ltd., Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation.	F-4/A	10.35	May 23, 2022
4.22†	License Agreement, dated as of December 23, 2020, between Polestar Performance AB and Volvo Car Corporation.	F-4/A	10.42	May 23, 2022
4.23†	Service Agreement, dated as of September 4, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.50	May 23, 2022
4.24†	Service Agreement, dated as of September 4, 2020, between Polestar Performance AB and Volvo Bil i Göteborg AB.	F-4/A	10.52	May 23, 2022
4.25†	License Agreement, dated as of December 6, 2020, between Volvo Car Corporation and Polestar Performance AB, as amended by the Amendment Agreement, dated as of June 30, 2021, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.53	May 23, 2022

4.26†	Service Agreement, dated as of December 6, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.54	May 23, 2022
4.27†	Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.55	May 23, 2022
4.28†	Parts Supply and License Agreement Polestar Aftermarket Parts and Accessories (CHINA), dated as of November 22, 2021, between Polestar Automotive China Distribution Co., Ltd and Volvo Car Distribution (Shanghai) Co., Ltd.	F-4/A	10.58	May 23, 2022
4.29†	Technology License Agreement, dated as of December 30, 2021, between Zhejiang Zeekr Automobile Research and Development Co., Ltd. and Polestar Performance AB.	F-4/A	10.65	May 23, 2022
4.30†	Service Agreement, dated as of December 28, 2021, between Ningbo Geely Automobile Research & Development Co., Ltd and Polestar Performance AB.	F-4/A	10.66	May 23, 2022
4.31†	Tooling and Equipment Agreement, dated as of December 10, 2021, by and among Polestar Automotive China Distribution Co., Ltd. and Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd.	F-4/A	10.67	May 23, 2022
4.32†	Technology License Agreement, effective as of March 4, 2022, between Zhejiang Liankong Technologies Co., Ltd and Polestar Automotive Distribution China Co., Ltd.	F-4/A	10.68	May 23, 2022
4.33†	Technology License Agreement, dated as of December 10, 2021, between Zhejiang Zeekr Automobile Research and Development Co., Ltd and Polestar Automotive Distribution China Co., Ltd.	F-4/A	10.69	May 23, 2022
4.34†	Technology License Agreement, effective as of March 4, 2022, between Zhejiang Liankong Technologies Co., Ltd and Polestar Performance AB.	F-4/A	10.70	May 23, 2022
4.35	Registration Rights Agreement Amendment No. 1, dated December 17, 2021, by and among Polestar Automotive Holding UK Limited, Gores Guggenheim Sponsor LLC, Randall Bort, Elizabeth Marcellino and Nancy Tellem, Polestar Automotive Holding Limited and certain of its shareholders (incorporated by reference to Annex G-2 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	10.74	December 17, 2021
4.36†	Parts Supply and License Agreement, effective as of January 1, 2020, by and between Polestar Performance AB and Volvo Car Corporation.	F-4/A	10.76	May 23, 2022

4.37	Acknowledgement Agreement to the Shareholders Agreement, dated September 27, 2021, by and among Volvo Car Corporation, Snita Holding B.V., PSD Investment Limited, PSINV AB, GLY New Mobility 1. LP, Northpole GLY 1 LP, Chongqing Liangjiang, Zibo Financial Holding Group Co., Ltd., Zibo High-Tech Industrial Investment Co., Ltd., Polestar Automotive Holding Limited and Polestar Automotive Holding UK Limited (incorporated by reference to Annex M-1 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	10.77	May 23, 2022
4.38	Form of Amendment to Acknowledgement Agreement to the Shareholders Agreement, by and among Volvo Car Corporation, Snita Holding B.V., Zhejiang Geely Holding Group Co., Ltd., PSD Investment Limited, PSINV AB, GLY New Mobility 1. LP, Northpole GLY 1 LP, Chongqing Liangjiang, Zibo Financial Holding Group Co., Ltd., Zibo High-Tech Industrial Investment Co., Ltd., Polestar Automotive Holding Limited and Polestar Automotive Holding UK Limited (incorporated by reference to Annex M-2 to the proxy statement/prospectus used in connection with the Business Combination).	F-4/A	10.78	May 23, 2022
4.39†	New, Used and Demonstrator Funding Agreement, dated June 14, 2021, by and among Volvo Car Financial Services UK Limited and Polestar Automotive UK Limited.	F-4/A	10.79	May 23, 2022
4.40†	Service Agreement, effective as of January 28, 2022, by and between Volvo Cars USA LLC and Polestar Automotive USA Inc.	F-4/A	10.80	May 23, 2022
4.41†	Finance Cooperation Agreement, dated May 28, 2021, by and between Volvo Car Financial Services UK Limited and Polestar Automotive UK Limited.	F-4/A	10.81	May 23, 2022
4.42†	Corporate Guarantee and Indemnity Relating to Polestar Automotive UK Limited, dated June 14, 2021, by and between Polestar Performance AB and Volvo Car Financial Services UK Limited.	F-4/A	10.82	May 23, 2022
4.43	Amendment No. 2 to Registration Rights Agreement, dated March 24, 2022, by and among Polestar Automotive Holding UK Limited, Gores Guggenheim Sponsor LLC, Randall Bort, Elizabeth Marcellino and Nancy Tellem, Polestar Automotive Holding Limited and certain of its shareholders.	8-K**	10.2	March 25, 2022
4.44†	Finance Cooperation Agreement, dated as of June 1, 2021, between Polestar Automotive China Distribution Co., Ltd and Genius Auto Finance Co., Ltd.	F-4/A	10.86	May 23, 2022
4.45†	Framework Agreement on Import & Export Polestar Vehicles, dated as of June 21, 2022, by and between Volvo Car Corporation and Polestar Performance AB.	20-F	4.91	June 29, 2022
4.46†	Form of Letter of Appointment as Non-Executive Director of Polestar Automotive Holding UK PLC.	20-F	4.94	June 29, 2022

4.47†	Research and Development Frame Agreement, dated as of July 5, 2022, by and between Polestar Performance AB and China Euro Vehicle Technology AB.	F-1/A	10.91	August 18, 2022
4.48†	Service Agreement, dated as of July 4, 2022, between Zhongjia Automobile Manufacturing (Chengdu) and Polestar Automotive China Distribution Co. Ltd.	F-1/A	10.92	August 18, 2022
4.49†	Service Agreement, executed as of September 27, 2022, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.93	April 14, 2023
4.50†	Framework Service Agreement, dated as of December 23, 2022, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.95	April 14, 2023
4.51†	Amendment Agreement No. 1 to the Polestar 2 Model Year Program License, License Assignment and Service Agreement, dated as of December 13, 2022, between Volvo Car Corporation and Polestar Automotive China Distribution Co Ltd.	20-F	4.96	April 14, 2023
4.52†	Change Management Agreement, dated as of December 31, 2022, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.97	April 14, 2023
4.53	Term Loan Facility, dated November 3, 2022, by and between Polestar Automotive Holding UK PLC, as borrower, and Snita Holding B.V., as original lender and agent.	6-K	10.1	November 3, 2022
4.54†	Amendment and Restatement Agreement to Trade Finance Facility Agreement, dated February 26, 2023, as amended by Amendment Letter, dated August 21, 2024, between Polestar Performance AB, as Borrower and Obligors' Agent, Standard Charter Bank, as Agent, and Standard Chartered Bank, as Security Agent.	20-F	4.100	April 14, 2023
4.55†	Amendment Agreement No. 1, dated September 22, 2022, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.101	April 14, 2023
4.56†	Service Agreement, effective as of January 1, 2021, between Polestar Automotive (Chongqing) Co. Ltd. and Asia Europe New Energy Vehicle (Chongqing) Co., Ltd	20-F	4.103	August 14, 2023
4.57†	Asset Transfer Agreement, effective as of December 26, 2023, between Polestar Automotive China Distribution Co., Ltd and Chengdu Jisu New Energy Vehicle Co., Ltd.	20-F	4.106	August 14, 2023
4.58†	Technology License Agreement, dated as of September 28, 2023, between Zhejiang Liankong Technologies Co., Ltd and Polestar Performance AB	20-F	4.107	August 14, 2023
4.59†	Contract for the Transfer of 100% of the Shares of Polestar New Energy Vehicle Co., Ltd., dated July 5, 2023, by and among Polestar (China) Group Co., Ltd., Zhejiang Geely Property Investment Holding Co. Ltd., and Polestar New Energy Vehicle Co., Ltd.	20-F	4.108	August 14, 2023

4.60†	Manufacturing and Vehicle Supply Agreement (Domestic), dated July 24, 2023, between Polestar Automotive China Distribution Co., Ltd., Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd., and Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory.	20-F	4.109	August 14, 2023
4.61†	Manufacturing and Vehicle Supply Agreement (Export), dated July 17, 2023, between Polestar Performance AB, Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd., Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory, and Shanghai Global Trading Corporation.	20-F	4.110	August 14, 2023
4.62†	Service Agreement, dated as of November 29, 2023, between Zhejiang ZEEKR Automobile Research & Development Co., Ltd and Polestar Performance AB	20-F	4.112	August 14, 2023
4.63†	Amendment No. 1, dated July 16, 2024, to the Change Management Agreement, effective as of January 1, 2022, between Polestar Performance AB and Volvo Car Corporation	20-F	4.119	August 14, 2023
4.64†	VP, TT and PP Vehicle Supply Agreement (China), dated February 1, 2024, between Polestar Automotive China Distribution Co., Ltd., Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd., and Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory.	20-F/A	4.124	August 15, 2023
4.65†	TT and PP Vehicle Supply Agreement (Export), dated as of February 19, 2024, between Polestar Performance AB, Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd, Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory, and Shanghai Global Trading Corporation.	20-F/A	4.125	August 15, 2023
4.66†	Amendment Agreement No 1 of VP, TT and PP Vehicle Supply Agreement (China), dated April 11, 2024, between Polestar Automotive China Distribution Co., Ltd., Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd., and Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory.	20-F/A	4.126	August 15, 2023
4.67†	Framework Agreement, dated as of November 9, 2023, between Polestar Performance AB, Geely Auto Group Co., LTD and Renault Korea Motors Co. Ltd	20-F	4.131	August 14, 2023
4.68†	Outsourcing Framework Agreement, dated as of January 11, 2024, between Polestar Performance AB and Volvo Car Corporation.	20-F/A	4.134	August 15, 2023
4.69†	Manufacturing Agreement, dated as of January 12, 2024, between Polestar Automotive China Distribution Co., Ltd, Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd., and Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch Zhejiang Haoqing.	20-F/A	4.135	August 15, 2023
4.70†	Manufacturing Agreement, dated as of January 8, 2024, between Polestar Performance AB and Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd.	20-F/A	4.136	August 15, 2023

4.71†	Launch Vehicle Supply Agreement, effective as of May 17, 2023, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.137	August 14, 2023
4.72†	Payment Agreement, dated March 29, 2023, between Volvo Car Corporation and Polestar Performance AB	20-F	4.138	August 14, 2023
4.73†	Amendment Agreement No 1 to Service Agreement PS2 Model Year Support, dated as of March 22, 2023, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.	20-F	4.139	August 14, 2023
4.74†	Amendment Agreement No 1 to Service Agreement PS2 Model Year Support, dated as of March 22, 2023, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd.	20-F	4.14	August 14, 2023
4.75†	Amendment Agreement No. 2 to the Polestar 2 Model Year Program License, License Assignment and Service Agreement, dated as of January 5, 2024, between Polestar Performance AB and Volvo Car Corporation.	20-F/A	4.141	August 15, 2023
4.76†	Launch Vehicle Supply Agreement, dated as of May 5, 2023, between Volvo Cars China Technology Centre Co., Ltd and Polestar Automotive China Distribution Co., Ltd	20-F	4.142	August 14, 2023
4.77†	User Right Agreement, effective March 3, 2024, between Polestar Automotive China Distribution Co., Ltd, Chengdu Jisu New Energy Vehicle Co., Ltd., and Zhongjia Automobile Manufacturing (Chengdu), Co., Ltd.	20-F	4.143	August 14, 2023
4.78†	Restated Framework Assignment and License Agreement, dated as of June 1, 2023, between Volvo Car Corporation and Polestar Automotive China Distribution Co., Ltd., amended by the Amendment Agreement, dated as of October 3, 2023, by and among Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation	20-F/A	4.144	August 15, 2023
4.79†	Restated Car Model Assignment and License Agreement, dated as of June 31, 2023, between Volvo Car Corporation and Polestar Automotive China Distribution Co., Ltd, amended by the Amendment Agreement, dated as of October 3, 2023, by and among Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation	20-F/A	4.145	August 15, 2023
4.80†	Launch Vehicle Supply Agreement, dated as of July 10, 2023, between Polestar Performance AB and Volvo Car Corporation.	20-F	4.148	August 14, 2023
4.81†	Payment Agreement, dated July 6, 2023, between Volvo Car Corporation and Polestar Performance AB	20-F	4.150	August 14, 2023
4.82†	Amendment Agreement No. 2, dated October 3, 2023, related to the License, License Assignment and Service Agreement, dated as of April 13, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd., and amended by Amendment Agreement No. 1, dated December 13, 2022	20-F	4.152	August 14, 2023

4.83†	Amendment Agreement No. 1, dated as of October 3, 2023, to the Restated Framework Assignment and License Agreement, dated as of June 1, 2023, and the Restated Car Model Assignment and License Agreement, dated as of June 31, 2023, by and among Polestar Automotive China Distribution Co., Ltd. and Volvo Car Corporation	20-F	4.153	August 14, 2023
4.84†	Amendment Agreement No. 1, dated December 27, 2023, related to the Framework Service Agreement, dated as of December 23, 2022, between Polestar Performance AB and Volvo Car Corporation	20-F	4.155	August 14, 2023
4.85†	Amendment Agreement No. 1, dated February 19, 2024, related to the Service Agreement, dated as of December 6, 2020, between Volvo Car Corporation and Polestar Performance AB	20-F/A	4.156	August 15, 2023
4.86†	Service Agreement, dated as of April 3, 2024, between Polestar Performance AB and Volvo Car Corporation	20-F/A	4.157	August 15, 2023
4.87†	Partner Agreement, dated June 4, 2024, between Polestar Automotive Sweden AB and Volvo Car Retail AB	20-F/A	4.158	August 15, 2023
4.88†	Service Agreement, dated as of May 16, 2024, between Polestar Performance AB and Asia Euro Automobile Manufacturing (Taizhou) Co., Ltd.	20-F/A	4.159	August 15, 2023
4.89	Facility Agreement, dated November 8, 2023, by and between Polestar Automotive Holding UK PLC, as borrower, and Geely Sweden Automotive Investment AB, as original lender and agent.	6-K	10.1	November 8, 2023
4.90	Amendment Letter, dated November 8, 2023, by and between Polestar Automotive Holding UK PLC, as borrower, and Snita Holding B.V., as original lender and agent.	6-K	10.2	November 8, 2023
4.91†	Amendment No. 3 to the Registration Rights Agreement, dated as of April 26, 2023, between Polestar Automotive Holding UK PLC, Zibo High-Tech Industrial Investment Co., Ltd., Zibo Financial Holding Group Co., Ltd, Chongqing Liangjiang, Northpole GLY 1 LP, GLP New Mobility 1. LP, Snita Holding B.V., PSD Investment Limited, and Gores Guggenheim Sponsor LLC	20-F	4.164	August 14, 2023
4.92	Facilities Agreement, by and among Polestar Automotive Holding UK PLC, Standard Chartered Bank and the Original Lenders named therein, dated February 22, 2024	6-K	10.1	February 28, 2024
4.93†	Amendment Agreement No. 1, dated May 16, 2024, to the Service Agreement, executed as of September 27, 2022, between Volvo Car Corporation and Polestar Performance AB	20-F/A	4.167	August 15, 2023
4.94†	Amendment Agreement No. 1, dated May 23, 2024, to the Service Agreement, dated as of November 29, 2023, between Zhejiang ZEEKR Automobile Research & Development Co., Ltd and Polestar Performance AB	20-F/A	4.168	August 15, 2023

4.95†	Spare Part Supply Agreement, dated June 26, 2024, between Polestar Performance AB and Lynk & Co Automobile Sales Co., Ltd.	20-F/A	4.169	August 15, 2023
4.96†	Variation Agreement, dated May 20, 2024, between Volvo Car Financial Services UK Limited and Polestar Automotive UK Limited.	20-F/A	4.170	August 15, 2023
4.97†	Commitment Letter, dated July 26, 2024, between Polestar Performance AB, Volvo Car Distribution (Shanghai) Co., Ltd, and Lynk & Co Automobile Sales Co., Ltd.	20-F/A	4.171	August 15, 2023
4.98†	Variation Agreement, dated June 14, 2021, between Volvo Car Financial Services UK Limited and Polestar Automotive UK Limited.	20-F	4.172	August 14, 2023
4.99†	Variation Letter, dated December 5, 2023, between Volvo Car Financial Services UK Limited and Polestar Automotive UK Limited.	20-F	4.173	August 14, 2023
4.100†	Service Agreement, dated July 23, 2024, between Zhejiang Geely Automobile Engineering Technology Development Co., Ltd. and Polestar Performance AB.	20-F	4.150	May 9, 2025
4.101†	Amended Agreement No. 1, dated August 14, 2024, to Service Agreement, dated as of December 28, 2021, between Ningbo Geely Automobile Research & Development Co., Ltd and Polestar Performance AB.	20-F	4.151	May 9, 2025
4.102†	Amendment Agreement No. 2, dated August 30, 2024, related to the Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.152	May 9, 2025
4.103†	Amendment Agreement No.1, dated August 30, 2024, related to the Polestar Engineered License Agreement, executed as of December 23, 2020, between Volvo Car Corporation and Polestar Performance AB	20-F	4.153	May 9, 2025
4.104†	Amendment Agreement No. 1, dated September 5, 2024, related to the Service Agreement, effective as of January 28, 2021, by and between Volvo Cars USA LLC and Polestar Automotive USA Inc.	20-F	4.154	May 9, 2025
4.105†	Manufacturing Agreement, dated as of September 6, 2024, and as amended by Amendment No 1 dated February 10, 2025, between Polestar Performance AB and Volvo Car US LLC.	20-F	4.155	May 9, 2025
4.106†	Supplement Agreement 1, dated October 1, 2024, to Manufacturing Agreement, dated as of July 24, 2023, between Polestar Automotive China Distribution Co., Ltd. Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd and Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory.	20-F	4.156	May 9, 2025
4.107†	Supplement Agreement 1, dated October 8, 2024, to Manufacturing Agreement, dated as of July 17, 2023, between Polestar Performance AB, Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd, Zhejiang Geely Automobile Co., Ltd. Ningbo Hangzhou Bay Factory and Shanghai Global Trading Corporation.	20-F	4.157	May 9, 2025

4.108†	Supplement Agreement 1, dated December 23, 2024, to Service Agreement, dated as of December 28, 2021, dated December 23, 2024 between Ningbo Geely Automobile Research & Development Co., Ltd and Polestar Performance AB.	20-F	4.159	May 9, 2025
4.109†	Amendment Agreement No.2, dated December 24, 2024, relating to the License, License Assignment and Service Agreement, dated June 30, 2019, between Volvo Car Corporation and Polestar Performance AB.	20-F	4.160	May 9, 2025
4.110†	Agreement, dated January 15, 2025, between Volvo Personvagnar AB and Polestar Performance AB.	20-F	4.161	May 9, 2025
4.111†	Amendment Agreement No. 1, dated February 10, 2025, to Manufacturing Agreement, dated as of September 6, 2024, between Polestar Performance AB and Volvo Car US LLC.	20-F	4.162	May 9, 2025
4.112†	Service Agreement, dated February 11, 2025, between Zhejiang Geely Automobile Engineering Technology Development Co., Ltd. and Polestar Performance AB.	20-F	4.163	May 9, 2025
4.113†	User Right Agreement, dated March 20, 2025, between Polestar Performance AB, the owner, and Volvo US LLC.	20-F	4.164	May 9, 2025
4.114†	User Right Agreement, dated March 21, 2025, between Polestar Automotive USA Inc., the owner, and Volvo US LLC.	20-F	4.165	May 9, 2025
4.115	Amendment Letter, dated August 21, 2024, by and between Polestar Automotive Holding UK PLC, as borrower, and Snita Holding B.V., as original lender and agent.	6-K	10.1	August 21, 2024
4.116†	User Right Agreement, dated March 23, 2025, between Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd and Polestar Automotive China Distribution Co Ltd	20-F	4.167	May 9, 2025
4.117†+	Employment Agreement, dated August 19, 2024 by and between Polestar Automotive Holding UK PLC, and Michael Lohscheller	20-F	4.168	May 9, 2025
4.118†+	Employment Agreement, dated July 2, 2024 by and between Polestar Automotive Holding UK PLC, and Jean-Francois Mady	20-F	4.169	May 9, 2025
4.119†+	Employment Agreement, dated October 11, 2023, by and between Polestar Automotive Holding UK PLC, and Jonas Engström	20-F	4.170	May 9, 2025
4.120*†	Framework Purchasing Agreement, dated March 11, 2025, between Polestar Performance AB and Ecarx (Hubei) Tech Co, Ltd			
4.121*†	Change Framework Agreement, dated June 13, 2025, between Polestar Performance AB and Zhejiang Geely Automotive Engineering Technology Development Co., Ltd			

4.122	Securities Purchase Agreement, dated June 16, 2025, between PSD Investment Limited and the Polestar Automotive Holding UK PLC	6-K	10.1	June 16, 2025
4.123	PSD Registration Rights Agreement, dated July 23, 2025, between PSD Investment Limited and the Polestar Automotive Holding UK PLC	6-K	10.1	July 23, 2025
4.124*†	License, License Assignment and Service Agreement, dated August 19, 2025, between Volvo Car Corporation and Polestar Performance AB			
4.125*†	Concept Phase Study Agreement, dated August 19, 2025 between Polestar Performance AB and Volvo Personvagnar			
4.126*†	Sales and Purchase Agreement, dated August 25, 2025, between Polestar Automotive China Distribution Co., Ltd, the seller, and Zhejiang Geely Industry Investment Holdings Co., Ltd.			
4.127*†	Amendment Agreement No.3, dated August 28, 2025, related to the Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB,			
4.128*†	Amendment Agreement No.2, dated September 11, 2025, related to the Service Agreement, effective as of January 28, 2022 and the Amendment Agreement No.1, dated September 5, 2024, by and between Volvo Cars USA LLC and Polestar Automotive USA Inc.			
4.129*†	Undertaking, dated October 27, 2025 between Zhejiang Geely Holding Group Co., Ltd, Renault Korea Co., Ltd and Polestar Performance AB			
4.130*†	Amendment Agreement No. 2, dated November 19, 2025, related to the Framework Service Agreement, dated December 23, 2022 and Amendment Agreement No. 1, dated December 27, 2023, between Polestar Performance AB and Volvo Car Corporation			
4.131*†	Change Agreement for Model Year, dated December 4, 2025, under the terms of Change Framework Agreement, dated June 13 2025, between Polestar Performance AB and Zhejiang Geely Automotive Engineering Technology Development Co., Ltd			
4.132	Conversion Agreement, dated December 19, 2025, between Polestar Automotive Holding UK PLC and Geely Sweden Automotive Investment AB	6-K	99.3	December 19, 2025
4.133*†	Agreement, dated December 24, 2025, between Volvo Personvagnar AB and Polestar Performance AB			
4.134*†	Performance Software Agreement, dated December 24, 2025, between Polestar Performance AB and Volvo Car Corporation AB			
4.135*†	Sales and Purchase Agreement, dated December 26, 2025, between Polestar Automotive China Distribution Co., Ltd. and Zheijang Jidi Technology Co., Ltd.			

4.136*†	Change Agreement, dated as of December 26, 2025, under the terms of Change Framework Agreement, dated as of June 13 2025,between Polestar Performance AB and Zhejiang Geely Automotive Engineering Technology Development Co., Ltd,
4.137*†	Service Agreement, dated as of January 12, 2026, between Zhejiang Geely Automobile Engineering Technology Development Co., Ltd. and Polestar Performance AB
4.138*†	Change Agreement, dated February 2, 2026, under the terms of Change Framework Agreement, dated as of June 13 2025, between Polestar Performance AB and Zhejiang Geely Automotive Engineering Technology Development Co., Ltd
4.139*†	Manufacturing and Vehicle Supply Agreement, dated February 6, 2026, between Polestar Performance AB and Asia Europe New Energy Vehicle Manufacturing (Chongqing)Co., Ltd, Zhejiang Geely Automotive Co., Ltd., Wuhan Branch and Shanghai Global Trading Corporation
4.140*†	Amendment Agreement No.2, dated February 24, 2026, related to the Service Agreement, executed as of September 27, 2022, between Volvo Car Corporation and Polestar Performance AB, and amended by Amendment Agreement No.1, dated May 16, 2024
4.141*†	Service Agreement, dated March 24, 2026, between Volvo Personvagnar AB and Polestar Performance AB
4.142*†	Amendment Agreement No.2, dated March 29, 2026, related to the a Manufacturing Agreement, executed as of September 6, 2024, between Volvo Car USA LLC and Polestar Performance AB
4.143*†	Footprint Consolidation Agreement, dated March 31, 2026 between Volvo Car Corporation and Polestar Performance AB
4.144*†	Amendment Agreement, dated March 31, 2026 between Volvo Car USA LLC and Polestar Performance AB
4.145*†	Amendment Agreement No. 3, dated March 31, 2026, between Volvo Car Corporation and Polestar performance AB
4.146*†	Amendment Agreement No. 2, dated March 31, 2026, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.
4.147*†	User Right Agreement, dated April 10, 2026, between Zhejiang Geely Industry Investment Holdings Co., Ltd and Polestar Automotive China Distribution Co Ltd.
4.148*†	User Right Agreement, dated April 10, 2026, between Zhejiang Jidi Technology Co., Ltd. and Polestar Automotive China Distribution Co Ltd that governs the right for Polestar Automotive China Distribution Co Ltd.

4.149*†	Conversion Agreement, dated March 31, 2026, between Snita Holding B.V. and Polestar Automotive Holding UK PLC			
4.150*	Amendment Letter, dated March 31, 2026, between Snita Holding B.V. and Polestar Automotive Holding UK PLC			
8.1*	Subsidiaries of Polestar Automotive Holding UK PLC			
11.1*	Insider Trading Policy			
12.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
12.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			
13.1***	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
13.2***	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			
15.1*	Consent of Deloitte AB, independent registered accounting firm to Polestar Automotive Holding UK PLC.			
16.1*	Letter from Deloitte AB regarding change in registrant's certifying accountant			
97.1	Compensation Clawback Policy	20-F	97.1	August 14, 2024
101. INS*	Inline XBRL Instance Document.			
101. SCH*	Inline XBRL Taxonomy Extension Schema Document.			
101. CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101. DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101. LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.			
101. PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104*	Cover Page Interactive Data Filed (embedded within the Inline XBRL document).			

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* Filed herewith.
** Form 8-K was originally filed by Gores Guggenheim, Inc., which became a subsidiary of Polestar in connection with the Business Combination.
*** Furnished herewith.
\+ Indicates management contract or compensatory plan.
† Certain confidential information (indicated by brackets and asterisks) has been omitted from this exhibit because it is both (i) not material and (ii) the type of information that the registrant treats as private or confidential.
\## Certain schedules and similar attachments to the exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5).

SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Report on its behalf.

April 17, 2026.

POLESTAR AUTOMOTIVE HOLDING UK PLC

By:	/s/ Michael Lohscheller
Name:	Michael Lohscheller
Title:	Chief Executive Officer

By:	/s/ Jean-François Mady
Name:	Jean-François Mady
Title:	Chief Financial Officer

Polestar Automotive Holding UK PLC

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

Polestar Automotive Holding UK PLC
Consolidated Financial Statements for the Years Ended December 31, 2025, 2024 and 2023

Report Of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Polestar Automotive Holding UK PLC

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Polestar Automotive Holding UK PLC (the "Company") as of December 31, 2025 and 2024, the related consolidated statements of loss and comprehensive loss, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 17, 2026 expressed an adverse opinion on the Company’s internal control over financial reporting because of material weaknesses.

Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company requires additional financing to support operating and development activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgement. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Inventories — Refer to Notes 2 and 19 in the financial statements

Critical Audit Matter Description

The Company's inventories include new, used, and internal vehicles that are valued at the lower of cost or net realizable value.

We identified the valuation of inventories as a critical audit matter because of the high degree of auditor judgement involved in estimating the selling price of inventories and increased extent of effort required when performing audit procedures to evaluate the reasonableness of net realizable value of inventory.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the valuation of inventory included, but were not limited to:

- We evaluated the reasonableness of the Company’s methodology, key assumptions, and judgements used to estimate the net realizable value of inventory by undertaking the following:
    - We benchmarked selling prices to observable data to evaluate the impact of the significant assumptions of the net realizable value within the inventories to the carrying value.
    - We performed inquiries with the personnel responsible for sales forecasting to evaluate the reasonableness of the product demand forecasts.
    - We made inquiries of various personnel in the Company including finance and operations personnel, about the expected timing of the introduction of campaigns including the extent of discounts.

- ◦ We performed substantive analytical procedures on the discount rates and selling expenses included in the net realizable value calculation to evaluate the reasonableness of management's estimates.
- ◦ We tested the mathematical accuracy of management's calculations of net realizable value.

Intangible assets and goodwill, Property plant and equipment - Impairment of Internal Development Projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) CGU - Refer to Note 2 to the financial statements

Critical Audit Matter Description

At the end of each reporting period, property, plant and equipment and intangible assets with finite useful lives are assessed for indications of impairment and are tested for impairment when an impairment indicator is determined to exist. The Company's evaluation for impairment involves the comparison of the recoverable amount of each applicable cash generating unit ("CGU"), to its carrying value, in line with International Accounting Standard 36 Impairment of Assets. An impairment loss is recognized if the recoverable amount is lower than the carrying value. The recoverable amount is determined based on the higher of value in use (VIU) and fair value less costs to dispose (FVLCD). The company recorded an impairment of $167 million relating to the Internal Development Projects CGU during the period.

Management's value in use analysis is based on the 2026-2030 business plan. We identified the impairment of the Internal Development Projects CGU as a critical audit matter because of the significant estimates and assumptions management made in the value in use calculation related to future pricing and manufacturing costs. Auditing the significant estimate and assumptions required a high degree of auditor judgement and increased audit effort, including the need to involve our valuation specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of property, plant and equipment and intangible assets with finite useful lives included, but were not limited to:

- We assessed the key assumptions used in calculating VIU, including future pricing and manufacturing costs, by:
  - ◦ Comparing the assumptions used in the forecasts to the Company's historical trends in forecasted pricing per car and manufacturing costs,
  - ◦ Comparing forecasted pricing and manufacturing costs assumptions to preliminary recorded results from subsequent periods, and
  - ◦ Comparing forecasted manufacturing cost assumptions to executed agreements.
- With the assistance of our valuation specialists, we tested the underlying source information and the mathematical accuracy of the calculations.
- We evaluated the Company's sensitivity analysis by comparing it to our own sensitivity analysis to assess the disclosures around assumptions that were most sensitive to a reasonably possible change that could cause the carrying amount to exceed its recoverable amount for the cash generating unit.

/s/Deloitte AB

Gothenburg, Sweden

April 17, 2026

We have served as the Company's auditor since 2021.

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

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

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

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

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

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

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

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

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

		For the year ended December 31,		
	Note	2025	2024[1]	2023[1]
Cash flows from operating activities				
Net loss		(2,357,231)	(2,049,897)	(1,181,875)
Adjustments to reconcile net loss to net cash flows:				
Depreciation and amortization	6, 12, 15, 16	52,724	55,719	115,445
Warranty provisions	22	89,480	34,710	66,158
Impairment of inventory (NRV)	19	155,958	89,744	146,550
Impairment of property, plant, and equipment, vehicles under operating leases, and intangible assets, net of reversals	6, 12, 15, 16	1,049,851	622,092	339,568
Finance income	11	(8,996)	(23,879)	(32,329)
Finance expense	11	385,190	341,182	213,242
Fair value change - Earn-out rights and Class C Shares	17	(23,391)	(129,124)	(465,168)
Income tax benefit	13	(3,692)	(9,166)	(9,452)
Share of losses in associates	10	49,145	4,970	43,304
Gain on sale of asset grouping		—	—	(16,334)
Net losses on derecognition and disposal of property, plant and equipment and intangible assets	15, 16	31,433	5,606	10,892
Litigation provisions, net of insurance	22	3,344	(2,345)	25,676
Other provisions	22	73,566	13,426	19,890
Exchange rate (income) loss, net		(65,753)	62,386	(10,449)
Other non-cash expense and income		38,337	20,339	(8,945)
Changes in operating assets and liabilities:				
Inventories	19	292,229	(255,370)	(358,392)
Contract liabilities	4	1,587	(32,286)	77,424
Trade and other receivables, prepaid expenses, and other assets	18, 20, 27	(134,054)	85,022	(156,860)
Trade payables, accrued expenses, and other liabilities	23, 24, 27	(170,203)	464,887	(488,842)
Restricted deposits	20	(25,433)	(9,412)	—
Interest received		9,135	21,120	32,280
Interest paid		(336,972)	(292,770)	(220,147)
Taxes paid		(21,243)	(8,163)	(35,477)
Cash used for operating activities		**(914,989)**	**(991,209)**	**(1,893,841)**
Cash flows from investing activities				
Additions to property, plant, and equipment	16, 27	(158,713)	(147,894)	(137,400)
Additions to intangible assets	15, 27	(296,079)	(209,101)	(435,584)
Additions to investment in associates	10	(63,700)	(34,300)	—
Additions to other non-current assets	20	(7,203)	(21,300)	—
Proceeds from sale of property, plant and equipment	16	5,017	33	1,779
Proceeds from sale of asset grouping		—	—	153,586
Cash used for investing activities		**(520,678)**	**(412,562)**	**(417,619)**
Cash flows from financing activities				
Changes in restricted deposits		—	—	(1,906)
Proceeds from short-term loans and borrowings	26, 27	4,154,620	3,411,263	3,273,888
Proceeds from long-term loans and borrowings	26, 27	191,322	938,474	1,381,738
Repayments of loans and borrowings	26, 27	(3,117,438)	(2,889,899)	(2,553,008)
Proceeds from equity issuance		498,343	—	—
Proceeds from related party capital contribution		—	—	25,565
Repayments of lease liabilities	12	(33,752)	(35,646)	(21,916)

Cash provided by financing activities	**1,693,095**	**1,424,192**	**2,104,361**
Effect of foreign exchange rate changes on cash and cash equivalents	162,635	(49,448)	1,486
Net increase (decrease) in cash and cash equivalents	**420,063**	**(29,027)**	**(205,613)**
Cash and cash equivalents at the beginning of the period	**739,237**	**768,264**	**973,877**
Cash and cash equivalents at the end of the period	**1,159,300**	**739,237**	**768,264**

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

Note 1 - Basis of preparation

General information

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

Basis of accounting

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

Presentation of the Consolidated Financial Statements

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

Functional and presentation currency

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

Going concern

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

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

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

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

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

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

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

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

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

Use of estimates and judgements

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

- **Going Concern** – Refer to *Note 1 - Basis of preparation.*
    - *Judgements:* Management applies significant judgement in assessing the Group's ability to continue as a going concern, including evaluating forecast liquidity, access to financing, compliance with debt covenants, and the impact of macroeconomic and market conditions. These assessments require consideration of future business performance, funding arrangements, and the timing of expected cash flows. Changes in these assumptions could have a material impact on the Group's ability to continue as a going concern.

- **Revenue** – Polestar primarily generates revenue via its sales of vehicles, sales of carbon credits, sales of licenses and royalties, vehicle leasing, and sales of software and performance engineered kits. Refer to *Note 4 - Revenue*.
    - *Judgements*: Polestar uses significant judgement in determining when to recognize revenue related to vehicle sales and sales of carbon credits. Judgements are made to determine when control of a vehicle passes to the customer and the nature and timing of the satisfaction of other vehicle related performance obligations (i.e., revenue recognition over time versus a point in time). Judgements are made to determine when Polestar satisfies its performance obligations related to the transfer of its carbon credits since the legal and regulatory criteria for transfer and enforceable rights to consideration differ between programs and jurisdictions. This requires assessing, for each significant arrangement, whether Polestar has met all substantive conditions for the credits to be transferred and for consideration to be retained (for example, verification or certification milestones, counterparty approvals or cancellation rights). If these judgements were to change, the timing of revenue recognition for carbon credits could shift between reporting periods
    - *Assumptions and estimates*: Significant estimates and assumptions relate to Polestar's determination of the stand-alone selling price of vehicles and other performance obligations and to calculating residual value guarantees. Polestar considers internal cost and pricing data, supported by vehicle sales data from prior years to determine the stand-alone selling price. In providing residual value guarantees, Polestar makes estimates regarding the future residual values on certain vehicles, considering variables like recent car auction values, future price deteriorations, and repair and reconditioning costs. In estimating variable consideration, including residual value guarantees, the Group applies either the expected value method or the most likely amount method depending on the characteristics of the arrangement. These estimates are developed using a combination of internal historical data, observable market data (including third-party vehicle values), and forward-looking assumptions regarding market demand and pricing trends. Where relevant, the Group applies a portfolio approach to similar contracts with consistent characteristics. The resulting estimate is subject to the constraint such that revenue is recognized only to the extent that it is highly probable that a significant reversal will not occur when the underlying uncertainty is resolved.
- **Intangible assets** – Polestar purchases intellectual property ("IP") which is capitalized into intangible assets. Polestar primarily purchases IP for use in vehicle production and development. Refer to *Note 15 - Intangible assets and goodwill*.
    - *Judgements*: Significant judgements include determining the useful life (based on forecast production volumes). Determining the useful life requires management to assess the expected period over which specific IP will generate economic benefits in a fast-evolving EV technology environment.
    - *Assumptions and estimates*: Polestar uses the units of production method to calculate amortization of intangible assets related to vehicle production. Assumptions of the units over which amortization is taken relate to the number of vehicle produced over the production lifecycle. Therefore, assumptions of useful life correlate to units produced. These estimates require Polestar to predict the units, over which these IP assets will generate future economic benefit via their use in vehicle production.
- **Property, plant and equipment** – Polestar purchases and constructs items of property, plant and equipment ("PPE"). Refer to *Note 16 - Property, plant and equipment*.
    - *Judgements*: Significant judgements include determining the useful life and reviewing the assets for impairment, because these require assessing the period over which production and other assets will be used in a rapidly changing EV manufacturing footprint and identifying indicators that those assets may not be recoverable as originally planned. Different conclusions on useful lives or impairment indicators could change the timing and amount of depreciation expense and any impairment charges recognized in profit or loss.
    - *Assumptions and estimates*: Polestar uses either the straight-line or units of production method, depending on the nature and use of the asset, to depreciate its PPE. Assumptions of the useful life over which depreciation is taken relate to the vehicle production lifecycle. These estimates require Polestar to predict the time period, or units, over which these assets will generate future economic benefit.
- **Impairment of PPE, intangible assets and goodwill** – Polestar conducts routine evaluations of its PPE, intangible assets, and goodwill for evidence of impairment indicators. Refer to *Note 2 - Material accounting policies and use of significant judgements and estimates - Material accounting policies - Impairment*.
    - *Judgements*: Polestar uses significant judgement to determine the number of Cash Generating Units ("CGU"), and the composition of each CGU. CGUs are identified as the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. In applying this principle, management considers the interdependence of the vehicle platforms it uses, and the IP behind them, production assets, and supporting infrastructure, as well as the interdependence of the cash flows generated from the sale of the vehicles and how these cash flows are monitored internally. Given the integrated nature of Polestar's operations, including shared platforms, manufacturing processes, and centralized decision-making, judgement is required to determine the appropriate level at which independent cash inflows can be identified.
    - *Assumptions and estimates*: Polestar uses estimates to determine the recoverable amount of each CGU. Estimating the recoverable amount requires the forecasting of future cash flows. Key estimates in forecasting future cash flows are volumes, pricing, manufacturing costs, and the weighted average cost of capital ("WACC") as the discount factor used. These assumptions are subject to change in the future and there is a significant risk that these changes may result in a material adjustment to the carrying amount of PPE, intangible assets and goodwill within the next financial year. In particular, for the Internal Development Projects CGU (including Polestar 5), a key assumption relates to forecast revenue growth following launch. The impairment model assumes significant revenue growth in the initial years following launch in the second half of 2026, with

revenue forecast to increase by 309% over the first three years before stabilizing in the later years of the forecast period. This growth profile underpins the expected timing of cash flow breakeven and is subject to estimation uncertainty, including assumptions regarding market adoption, pricing and competitive dynamics. Changes in this assumption could have a material impact on the recoverable amount of the CGU.

- **Net realizable value (impairment of inventory)** – Polestar conducts routine evaluations of its inventories to ensure that the carrying value of inventories does not exceed net realizable value ("NRV"). Refer to *Note 19 - Inventories*.
    - *Assumptions and estimates*: Estimates of selling price and related costs to sell are based on management's assessment of internal and external market data, including observable pricing trends, expected market conditions in each geography, and other factors that could impact achievable selling prices. These assumptions are subject to change in the future and there is a significant risk that these changes may result in a material adjustment to the carrying amount of inventory within the next financial year.
- **Valuation of tax loss carryforwards** – Polestar recognizes deferred tax assets including those arising from tax loss carryforwards, only to the extent that it is probable that future taxable profit will be available to be utilized. Refer to *Note 13 - Income tax benefit*.
    - *Assumptions and estimates*: Estimates relate to the level of future taxable income and the timing of the recovery of deferred tax assets. Polestar must consider future business performance, tax planning strategies, and the economic environment in different tax jurisdictions.
- **Valuation of Earn-out rights** – The contingent Earn-out rights are derivative financial instruments that are carried at fair value through profit and loss. Quoted or observable prices for these financial instruments are not available in active markets, requiring Polestar to estimate the fair value of the instruments each period utilizing certain valuation techniques. The resulting valuation is categorized as Level 3 in the fair value hierarchy as it uses a significant Level 3 input. Refer to *Note 3 - Financial risk management*.
    - *Assumptions and estimates*: Polestar estimates the fair value of the Earn-out rights each period utilizing a Monte Carlo valuation model which incorporates various market inputs and a significant unobservable input - the volatility of Polestar's ADS'.
- **Manufacturing with related parties** – Polestar manufactures its vehicles via contract manufacturing agreements with its related parties Volvo Car Group ("Volvo Cars") and Zhejiang Geely Holding Group Company Limited ("Geely"). Manufacturing and manufacturing-related agreements either independently, or together, create rights and obligations for Polestar. Refer to *Note 28 - Related party transactions.*
    - *Judgements*: Polestar uses significant judgement in assessing its manufacturing and manufacturing-related agreements with Volvo Cars and Geely to determine whether they contain a lease, a executory supply arrangement or give rise to separate assets and/or liabilities (for example, prepayments, onerous contracts or embedded financing), and hence how they are recognized in the statement of financial position and profit or loss.
    - *Assumptions and estimates*: Polestar estimates the value of the asset and/or liability arising from a single manufacturing agreement or group of manufacturing agreements, including variable consideration linked to production volumes and pricing, minimum volume or capacity commitments and, where relevant, discounting of future cash flows using an appropriate discount rate. Polestar primarily considers contractual commitments to (i) pay or receive cash or some other asset and the timing of such cash movements; and (ii) the right to use an asset and the time period over which this right exists.

Material accounting policies

Adoption of new and revised IFRS accounting standards

Effects of new and revised accounting standards

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

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

New and revised IFRS accounting standards issued but not yet effective

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

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

Basis of consolidation

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

Cash and cash equivalents

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

Restricted deposits

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

Government grants

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

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

Revenue recognition

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

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

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

Sales of vehicles

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

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

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

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

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

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

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

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

Sale of parts and accessories

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

Sales of carbon credits

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

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

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

Vehicle leasing revenue

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

Sales of software and performance engineered kits

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

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

Asset-based financing

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

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

Cost of sales

Cost of sales consist of the inventory costs of the vehicles sold in the period and other costs directly related to Polestar's revenue generating activities. Inventory costs are purchase costs, conversion costs, and other costs incurred in bringing the vehicles to their present location and condition. These costs primarily consist of contract manufacturing costs for vehicle production, depreciation of

Polestar owned PPE and right-of-use ("ROU") assets used in the manufacture of its vehicles, amortization of intangible assets required for vehicle manufacture, warehousing and transportation costs for inventory and customs duties.

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

Employee benefits

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

Short-term employee benefits

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

Post-employment benefits

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

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

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

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

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

Termination benefits

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

Share-based payments

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

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

Leases

Polestar as lessee

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

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

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

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

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

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

Sales leaseback transactions

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

Polestar as lessor - buy-backs

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

Finance income and expense

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

Foreign currency

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

Income tax benefit

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

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

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

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

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

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

Losses per share

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

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

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

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

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

Intangible assets and goodwill

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

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

Manufacturing engineering

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

Acquired IP

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

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

Internally developed IP

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

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

Amortization of acquired and internally developed IP

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

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

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

Software

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

Trademarks

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

Goodwill

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

Property plant and equipment

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

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

Machinery and equipment

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

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

Polestar applies the following useful lives to PPE in use:

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

Assets under construction

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

Impairment

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

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

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

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

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

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

Impairment for the year ended December 31, 2025

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

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

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

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

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

Impairment for the year ended December 31, 2024

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

Impairment for the year ended December 31, 2023

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

Equity method investments

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

Under the equity method of accounting, at the date of acquisition, the investment is recorded at cost and the Group's proportionate share of the unconsolidated associate's net income or loss, adjusted to eliminate intercompany gains and losses, is included in Profit or Loss.

The carrying amount of the Group's investment is adjusted to recognize its share of realized profit or loss. If Polestar's share of realized losses exceeds the carrying amount of its investment, the investment balance will be written down to not less than zero. In future periods, if Polestar's share of associate earnings returns to positive, the earnings will be netted against all previously unrecognized losses, providing recognized earnings.

Polestar eliminates its unrealized profit from downstream inventory transactions against the carrying amount of its investment. If the unrealized profit exceeds the balance of the investment, Polestar will reduce the carrying amount of its investment to zero. Any remaining portion of Polestar's share of unrealized profit will not be eliminated.

Polestar conducts routine evaluations of its investment to determine if there are any indicators of impairment present and if there is subsequently objective evidence that the investment is impaired and will recognize an impairment loss when there is a decline in value below carrying value that is other than temporary.

As of December 31, 2025 and 2024, Polestar had an equity method investment in Polestar Times Technology (Nanjing) Co., Ltd, with a carrying amount of zero.

Financial instruments

Financial instruments are any form of contract that gives rise to a financial asset in one company and a financial liability or equity instrument in another company. Financial assets and liabilities are presented separately in the Consolidated Statement of Financial Position except where there is a legally enforceable right to offset the recognized amounts and there is an intention of settling them on a net basis, to realize the assets and settle the liabilities simultaneously.

Financial assets

Financial assets on the Consolidated Statement of Financial Position consist of cash and cash equivalents, trade receivables and other receivables, other current and non-current assets, and restricted deposits.

A financial asset or a portion of a financial asset is derecognized when the asset is settled or when substantially all significant contractual rights linked to the asset have been transferred to a third party. Where Polestar Group concludes that all significant risks and benefits have not been transferred, the portion of the financial assets corresponding to Polestar Group's continuous involvement continues to be recognized.

Financial liabilities

Financial liabilities in the Consolidated Statement of Financial Position encompass current and non-current loans and borrowings, lease liabilities, accrued expenses, trade payables, current and non-current liabilities related to repurchase commitments within other liabilities, current and non-current refund liabilities within other liabilities, and derivative liabilities (i.e., Earn-out liability and Class C Shares liability).

A financial liability or a portion of a financial liability is derecognized when the obligation in the contract has been fulfilled, cancelled, expired, or substantially all significant contractual obligations linked to the liability have been transferred to a third party. Where Polestar Group concludes that all significant obligations have not been transferred, the portion of the financial liability corresponding to Polestar Group's continuous involvement continues to be recognized.

Classification of financial assets

Financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets is based on the business model in which these instruments are held and their contractual cash flow characteristics. Assessments of the contractual cash flow characteristics are made on an instrument-by-instrument basis. Polestar Group applies one business model for managing financial instruments. Generally, interest and non-interest bearing financial assets are held to collect contractual cash flows and carried at amortized cost. Investments, other than those accounted for under the equity method, are carried at FVTPL.

Classification of financial liabilities

Financial liabilities are classified at amortized cost unless they are held for trading or designated as classified at FVTPL by IFRS 9, *Financial Instruments* ("IFRS 9"), such as derivative liabilities, financial guarantee contracts, commitments to provide loans at below-market interest rates, and contingent consideration recognized in a business combination. Generally, interest and non-interest bearing financial liabilities are carried at amortized cost as Polestar does not hold financial liabilities for trading. Polestar's derivative liabilities related to the Earn-out rights and Class C Shares are carried at FVTPL. Refer to *Note 17 - Financial instruments* for additional information on the Earn-out rights and the Class C Shares.

Initial recognition

Financial assets and liabilities are recognized on the Consolidated Statement of Financial Position on the date when Polestar Group becomes party to the contractual terms and conditions (i.e., the transaction date). Financial assets are initially recognized at the price that would be received when selling an asset in an orderly transaction between market participants at the measurement date (i.e., fair value), plus transaction costs directly attributable to the acquisition of the financial asset, except for those financial assets carried at fair value through the Consolidated Statement of Loss and Comprehensive Loss. Financial liabilities are initially recognized at the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent measurement

Financial instruments carried at FVTPL consist of financial assets and liabilities with cash flows other than those of principal and interest on the nominal amount outstanding. Changes in fair value of these instruments are recognized in Profit or Loss as finance income or finance expense.

Financial instruments carried at amortized cost are non-derivative financial instruments with contractual cash flows that consist solely of payments of principal and interest on the nominal amount outstanding. These financial instruments are subsequently carried at amortized cost using the effective interest method. Gains and losses are recognized in the Consolidated Statement of Loss and Comprehensive Loss when financial instruments carried at amortized cost are impaired, modified, extinguished, or derecognized. Interest effects on the application of the effective interest method are also recognized in the Consolidated Statement of Loss and Comprehensive Loss as well as effects from foreign currency translation.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit loss associated with financial assets measured at amortized cost. The Group uses the simplified approach for estimating the provision for expected credit losses ("ECL"), which requires expected lifetime losses to be recognized from the initial recognition of the receivable. The expected lifetime loss is calculated using a provision matrix which considers historical credit loss experience, current and forward-looking information, including macroeconomic conditions and other factors affecting expected collectability. The ECL provision is reevaluated at each reporting date.

When an ECL is calculated, and if it is material, it is recognized in an allowance account which decreases the amount of trade receivables. The amount of the expected credit loss will be recognized as an expense in the Consolidated Statement of Loss and Comprehensive Loss.

Trade receivables factoring

In situations where Polestar Group enters into an arrangement to sell trade receivables to a third party (i.e., a factor) at a discount, the sale is accounted for in accordance with IFRS 9. Polestar Group evaluates whether these transactions are with or without recourse and applies the derecognition criteria in IFRS 9 to determine if substantially all the risks and rewards of the trade receivables have been transferred to the factor.

For arrangements without recourse, where substantially all risks and rewards have been transferred in exchange for cash, the trade receivables are derecognized. For arrangements with recourse, where substantially all risks and rewards have not been transferred, the trade receivables are not derecognized, and the cash received from the purchaser is accounted for as secured borrowing.

Cash flows from factoring without recourse of trade receivables are classified as cash flows from operating activities in the Consolidated Statement of Cash Flows while cash flows from factoring with recourse are classified as cash flows from financing activities.

Fair value measurement

Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required, or permitted, to be either recorded or disclosed at fair value, the Group considers the principal or most advantageous market in which it would operate, and it also considers assumptions that market participants would use when pricing the asset or liability.

A three-tiered hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. This hierarchy requires that the Group use observable market data, when available, and minimize the use of unobservable inputs when determining fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable, market-based inputs, other than quoted prices included within Level 1, in active markets for similar assets or liabilities.

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Polestar Group's assessment of the significance of a particular input to the fair value measurements requires judgement and may affect the valuation of the assets and liabilities being measured and their classification within the fair value hierarchy.

Valuation methodology for the fair value of the financial liability related to the Class C-2 Shares

The Class C-2 Shares represents a derivative financial instrument that is carried at FVTPL using a fair value measurement categorized as Level 2 in the fair value hierarchy based on the observable price for the Class C-1 Shares, which are almost identical instruments, traded in an active market. Class C-1 and C-2 Shares ("Class C Shares") are presented in current liabilities within the Consolidated Statement of Financial Position as they can be exercised by the holder at any time.

Valuation methodology for the fair value of the financial liability related to the Former Parent's contingent Earn-out rights

The Former Parent's contingent Earn-out rights represent a derivative financial instrument that is carried at FVTPL using a fair value measurement categorized as Level 3 in the fair value hierarchy. The Earn-out liability is presented in non-current liabilities within the Consolidated Statement of Financial Position to align with the expected timing of any underlying earn-out payments in December 2028. The fair value of the earn-out is determined using a Monte Carlo simulation that incorporates the term, the five earn-out tranches, and the probability of the Parent's Class A Shares reaching certain daily volume weighted average prices during the earn-out period resulting in the issuance of each tranche of Class A Shares and Class B Shares in Parent to the Former Parent. Refer to *Note 17 - Financial instruments* for more detail on the Former Parent's Earn-out rights.

Valuation methodology for the fair value of shares granted to employees

Fair values of RSUs and RSAs granted under the At-listing plan, One-time retention bonus plan, Employee Stock Purchase Plan and Special Retention Plan were determined using the Group's share price at the grant date or, where relevant, the closing share price of the business day following the grant date. Shares granted under the Post-listing plan were measured using either the Group's share price in case of RSUs (for non-market-based conditions) or a Monte Carlo simulation model for PSUs (for market-based conditions).

Refer to *Note 9 - Share-based payment* for a complete listing of all grants, including grant dates, fair value per award and measurement basis.

Inventories

Inventories in Polestar Group includes new, used, and internal vehicles. Internal vehicles are those used by employees or the Group for demonstration, test drive, and various other operating purposes that will be sold as used vehicles. Most internal vehicles are utilized for a period of one year or less prior to sale. Inventories are measured at the lower of cost and NRV and consist primarily of finished goods as of December 31, 2025 and 2024. NRV is calculated as the selling price in the ordinary course of business less estimated costs of completion and selling costs. The cost of inventory primarily includes costs of purchase and costs of conversion. Costs of purchase includes contract manufacturing price and costs incurred in bringing the inventory to its present location and condition, including, but not limited to, costs such as freight and customs duties. Costs of conversion include costs directly related to variable production overheads, including but not limited to, depreciation and amortization on a units of production basis related to certain ROU lease assets utilized in production, machinery and equipment utilized in production, and intellectual property dedicated to our individual vehicle platforms. For groups of similar products, a group valuation methodology is applied to determine the NRV.

Equity

Distributed group contributions to the owners, along with the related tax effect, are recorded in equity in accordance with the principles for shareholder's contributions. If any unconditional shareholder's contributions are received from related party owners, they are recognized in equity.

Currency translation reserve

The currency translation reserve comprises exchange rate differences resulting from the translation of financial reports of foreign operations that have prepared their financial reports in a currency other than Polestar Group's reporting currency.

Accumulated deficit

Accumulated deficit comprises net loss for the year and preceding years less any profits distributed. Accumulated deficit also includes the effects of business combinations under common control within Polestar Group.

Provisions and contingent liabilities

Provisions are recognized on the Consolidated Statement of Financial Position when a legal or constructive obligation exists as a result of a past event, if it is deemed more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are regularly reviewed and adjusted as further information becomes available or circumstances change. If the effect of the time value of money is material, non-current provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate reflecting current market assessments of the time value of money. The unwinding of the discount is expensed as incurred and recognized in the Consolidated Statement of Loss and Comprehensive Loss. The discount rate does not reflect such risks that are taken into consideration in the estimated future cash flow. Revisions to estimated cash flows (both amount and likelihood) are allocated as operating cost. Changes to present value due to the passage of time and revisions of discount rates to reflect prevailing current market conditions are recognized as a borrowing cost.

Warranty provisions

The Group issues various types of product warranties, under which it generally guarantees the performance of products delivered and services rendered for a certain period of time. Estimated warranty costs include contractual warranty costs, warranty campaign (i.e., recall) costs, and warranty cover in excess of contractual warranties or campaigns. Warranty cover in excess of contractual warranties or campaigns occurs when Polestar Group provides a customer warranty type assistance, above and beyond the stated nature of the contract. This type of warranty cover is normal practice in maintaining a strong business relationship with the customer; the Group accordingly includes the estimate of this provision in total estimated warranty costs. In the future, the Group, may at various times initiate a recall if any products or vehicle components, including any systems or parts sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations.

All warranty provisions are recognized at the time of the sale of vehicles. The initial calculations of the warranty provisions are based on historical warranty statistics, considering factors like known quality improvements and costs for remedying defaults. The warranty provisions are subsequently adjusted if recalls for specific quality problems are made. On a periodic basis, the provisions are adjusted to reflect the latest available data such as actual spend and exchange rates. Warranty reimbursements from suppliers are recognized as separate assets. Such refunds from suppliers decrease Polestar Group's warranty costs and are recognized to the extent these are considered to be virtually certain, based on historical experience or agreements entered into with suppliers.

Employee benefits provisions

Employee benefits provisions comprise estimated costs related to short-term incentive programs, long-term incentive programs, and post-employment benefit programs. Estimates for these provisions primarily give consideration to employment agreements and regular internal determinations made by the Board's compensation committee regarding cash-based incentives for employees. Refer to the *Employee benefits* section elsewhere in this footnote for additional discussion on the Group's incentive and post-employment benefits programs.

Litigation provisions

Litigation provisions comprise estimated costs for advisors, settlements, and other legal costs associated with lawsuits under which the Group is a defendant or in circumstances where the Group has indemnified other parties subject to a lawsuit. Estimates for these provisions give consideration to advice from advisors, precedents set by outcomes from lawsuits of similar nature, legal budgets, and internal assessments of trial timing and risk. Refer to *Note 22 - Provisions* for additional detail of individual litigation provisions for circumstances where the Group's exposure is deemed material.

Other provisions

Other provisions primarily comprise estimated costs for taxes and other miscellaneous items. Estimates for these provisions give consideration to historical trends, various other risks, and specific agreements related to recoveries provided by suppliers which cannot be allocated to any other class of provision.

Contingent liabilities

When a possible obligation does not meet the criteria for recognition as a liability, it may be disclosed as a contingent liability. These possible obligations derived from past events and their existence will be confirmed only when one, or several, uncertain future events, which are not entirely within the Group's control, take place or fail to take place. A contingent liability could also exist for a present obligation, due to a past event, where an outflow of resources is less than likely or when the amount of the obligation cannot be reliably measured.

Borrowing costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and are therefore part of the cost of that asset. In accordance with IAS 23 and IAS 16, borrowing costs related to assets under construction have been capitalized. These borrowing costs relate to special vendor tools and special type bound tooling, which have deferred payment terms.

Voluntary re-presentation from previous years

In order to improve the clarity and consistency of the presentation of the Group's financial position and profit and loss, during the current reporting period, the Group has altered the presentation of certain financial statement line items in the Consolidated Statement of Financial Position and Consolidated Statement of Loss and Comprehensive Loss. The presentation of the comparative information has been adjusted accordingly to ensure consistency with the current period's presentation. The alterations primarily relate to the aggregation of related party and non-related party balances of the same nature and changes in nomenclature of the line items.

Consolidated Statement of Financial Position

Presented below is the impact on the financial statement line items of the changes as of December 31, 2024.

		As of December 31, 2024		
	Ref.	As previously reported	Impact of presentation	As revised
Assets				
Non-current assets				
Intangible assets and goodwill		1,040,849	—	1,040,849
Property, plant and equipment		537,743	—	537,743
Vehicles under operating leases		56,137	—	56,137
Other assets[1]		39,740	—	39,740
Deferred tax assets		81,554	—	81,554
Total non-current assets		**1,756,023**	**—**	**1,756,023**
Current assets				
Cash and cash equivalents		739,237	—	739,237
Trade receivables and other receivables[2]	(a)+(b)	152,405	80,683	233,088

Trade receivables - related parties	(a)	37,844	(37,844)	—
Accrued income - related parties	(b)	42,839	(42,839)	—
Inventories		1,079,361	—	1,079,361
Current tax assets		5,021	—	5,021
Other assets[3]	(c)	238,907	2,713	241,620
Other current assets - related parties	(c)	2,713	(2,713)	—
Total current assets		**2,298,327**	**—**	**2,298,327**
Total assets		**4,054,350**	**—**	**4,054,350**
Equity				
Share capital		(21,169)	—	(21,169)
Other contributed capital		(3,625,027)	—	(3,625,027)
Foreign currency translation reserve		63,152	—	63,152
Accumulated deficit		6,911,604	—	6,911,604
Total equity		**3,328,560**	**—**	**3,328,560**
Liabilities				
Non-current liabilities				
Contract liabilities[4]		(61,002)	—	(61,002)
Deferred tax liabilities		(630)	—	(630)
Provisions[5]		(94,757)	—	(94,757)
Other non-current liabilities[6]		(71,398)	—	(71,398)
Earn-out liability		(28,778)	—	(28,778)
Loans and borrowings[7]	(d)+(e)	(927,235)	(1,353,827)	(2,281,062)
Lease liabilities[8]	(d)	(47,918)	(56,431)	(104,349)
Other non-current interest-bearing liabilities - related parties	(e)	(1,410,258)	1,410,258	—
Total non-current liabilities		**(2,641,976)**	**—**	**(2,641,976)**
Current liabilities				
Trade payables	(f)	(103,368)	(790,546)	(893,914)
Trade payables - related parties	(f)	(790,546)	790,546	—
Accrued expenses - related parties	(g)+(h)	(279,686)	279,686	—
Accrued expenses[9]	(g)+(i)	—	(519,760)	(519,760)
Advance payments from customers		(17,344)	—	(17,344)
Provisions[10]		(72,769)	—	(72,769)
Loans and borrowings[11]	(h)+(j)+(l)	(2,512,394)	(145,445)	(2,657,839)
Current tax liabilities		(28,872)	—	(28,872)
Lease liabilities[12]	(m)	(13,923)	(16,999)	(30,922)
Interest-bearing current liabilities - related parties	(l)+(m)	(100,662)	100,662	—
Contract liabilities[13]		(37,649)	—	(37,649)
Class C Shares liability		(3,500)	—	(3,500)
Other liabilities[14]	(i)+(j)-(k)	(740,577)	262,212	(478,365)
Other current liabilities - related parties	(k)	(39,644)	39,644	—
Total current liabilities		**(4,740,934)**	**—**	**(4,740,934)**
Total liabilities		**(7,382,910)**	**—**	**(7,382,910)**
Total equity and liabilities		**(4,054,350)**	**—**	**(4,054,350)**

1 - Previously presented as "Other non-current assets".
2 - Previously presented as "Trade receivables".
3 - Previously presented as "Other current assets".
4 - Previously presented as "Non-current contract liabilities".
5 - Previously presented as "Other non-current provisions".
6 - Previously presented as "Other non-current liabilities".
7 - Previously presented as "Non-current liabilities to credit institutions".
8 - Previously presented as "Other non-current interest-bearing liabilities".
9 - New line created to present the accrued expenses to related parties and non-related parties.
10 - Previously presented as "Current provisions".

11 - Previously presented as "Current liabilities to credit institutions".
12 - Previously presented as "Interest-bearing current liabilities".
13 - Previously presented as "Current contract liabilities".
14 - Previously presented as "Other current liabilities".

The breakdown of the aggregated reclassifications references above are shown in the following table:

			Classification	
Ref.	**Nature**	**Amount**	**From**	**To**
(g)	Accrued expenses	236,548	Accrued expenses - related parties	Accrued expenses
(h)	Accumulated interest	43,138	Accrued expenses - related parties	Loans and borrowings
(i)	Accrued expenses	283,212	Other current liabilities	Accrued expenses
(j)	Accumulated interest	18,644	Other current liabilities	Loans and borrowings
(k)	Other liabilities	39,644	Other current liabilities - related parties	Other liabilities
(l)	Floorplan and PS3 tooling loan	83,663	Interest-bearing current liabilities - related parties	Loans and borrowings
(m)	Lease	16,999	Interest-bearing current liabilities - related parties	Lease liabilities

Related parties

The Group has reclassified the related party balances that were previously presented as separate line items in the Consolidated Statement of Financial Position. These balances are now presented within the respective line items that correspond to the nature of the underlying transactions. The impacted lines were: trade receivables and other receivables (references (a) and (b)), other assets (reference (c)), lease liabilities (references (d) and (m)), trade payables (reference (f)), accrued expenses (reference (g)), loans and borrowings (references (e) and (l)) and other liabilities (references (e) and (k)).

Interest on loans and borrowings

The Group has reclassified the accumulated interest payable on its financial liabilities to be presented within the loans and borrowings line item in the Consolidated Statement of Financial Position.

Presenting accrued interest together with loans and borrowings provides a clearer and more faithful representation of the total obligation, since the carrying amount of a loan measured at amortized cost naturally includes accrued interest under IFRS 9. Grouping these amounts also avoids unnecessary dispersion of related information and prevents users from misinterpreting the interest as a separate liability. In addition, it enhances comparability across entities, aligns the presentation with the substance of the transaction as encouraged by IAS 1, and facilitates users' assessment of leverage, liquidity, and covenant compliance by showing the full amount of indebtedness in a single line item.

This reclassification was therefore made to enhance the transparency and consistency of Polestar's financial reporting, providing stakeholders with a clearer understanding of the Group's financing obligations.

Accrued expenses

The Group created a new line item in the Consolidated Statement of Financial Position presentation called "Accrued expenses", that consolidates all the accrued expenses (related parties and non-related parties) that were previously presented in multiple line items (refer to the breakdown table above).

Consolidated Statement of Loss

The Group has made the following alterations to presentation for the years ended December 31, 2024 and 2023:

	Ref.	For the year ended December 31, 2024 As previously reported	Impact of presentation changes	As revised
Revenue		2,034,261	—	2,034,261
Cost of sales		(2,910,428)	—	(2,910,428)
Impairment expense, net of reversals	(a)	—	(622,092)	(622,092)
Other cost of sales		—	(2,288,336)	(2,288,336)
Gross loss		**(876,167)**	**—**	**(876,167)**
Selling, general, and administrative expense		(890,703)	—	(890,703)
Research and development expense		(38,350)	—	(38,350)
Other operating income (expense), net	(b)	(8,091)	8,091	—
Other operating income	(b)	—	59,432	59,432
Other operating expense	(b)	—	(23,818)	(23,818)
Foreign exchange gains (losses) on operating activities, net	(b)	—	(43,705)	(43,705)
Operating loss		**(1,813,311)**	**—**	**(1,813,311)**
Finance income		23,879	—	23,879
Finance expense	(c)	(393,785)	52,603	(341,182)
Foreign exchange gains (losses) on financial activities, net	(c)	—	(52,603)	(52,603)
Fair value change - Earn-out rights		126,624	(126,624)	—
Fair value change - Class C Shares		2,500	(2,500)	—
Fair value change - Class C Shares and Earn-out rights	(d)	—	129,124	129,124
Share of losses in associates		(4,970)	—	(4,970)
Loss before income taxes		**(2,059,063)**	**—**	**(2,059,063)**
Income tax benefit		9,166	—	9,166
Net loss		**(2,049,897)**	**—**	**(2,049,897)**

		For the year ended December 31, 2023		
	Ref.	As previously reported	Impact of presentation changes	As revised
Revenue		2,368,085	—	2,368,085
Cost of sales		(2,778,222)	—	(2,778,222)
Impairment expense, net of reversals	(a)	—	(339,568)	(339,568)
Other cost of sales		—	(2,438,654)	(2,438,654)
Gross loss		**(410,137)**	**—**	**(410,137)**
Selling, general, and administrative expense		(944,177)	—	(944,177)
Research and development expense		(157,280)	—	(157,280)
Other operating income (expense), net	(b)	42,080	(42,080)	—
Other operating income	(b)	—	62,937	62,937
Other operating expense	(b)	—	(58,323)	(58,323)
Foreign exchange gains (losses) on operating activities, net	(b)	—	37,466	37,466
Operating loss		**(1,469,514)**	**—**	**(1,469,514)**
Finance income	(c)	69,565	(37,236)	32,329
Finance expense		(213,242)	—	(213,242)
Foreign exchange gains (losses) on financial activities, net	(c)	—	37,236	37,236
Fair value change - Earn-out rights		443,168	(443,168)	—
Fair value change - Class C Shares		22,000	(22,000)	—
Fair value change - Class C Shares and Earn-out rights	(d)	—	465,168	465,168
Share of losses in associates		(43,304)	—	(43,304)
Loss before income taxes		**(1,191,327)**	**—**	**(1,191,327)**
Income tax benefit		9,452	—	9,452
Net loss		**(1,181,875)**	**—**	**(1,181,875)**

There were no modifications in the net loss of the years ended December 31, 2024 and 2023, therefore, no changes in the basic and diluted loss per share.

Cost of sales (a)

The CGU impairment was segregated in a subtotal from the cost of sales line as this is a material amount of a distinct nature.

Operational results (b)

The other income and expense were previously presented net, and the revised change presents the other operating income, other operating expense and the foreign exchange results separately. This breakdown improves transparency, allowing the reader to clearly distinguish income, expense, and currency impacts from the Company's operating results.

Financial results (c)

Foreign exchange results were segregated in the revised consolidated profit and loss to provide a clearer view of financial gains and losses from currency fluctuations.

Results of fair value changes (d)

The lines of fair value changes from Earn-out rights and Class C Shares were previously disclosed separately. Given their nature and materiality, those lines were aggregated in one line item, called "Fair value changes - Earn-out rights and Class C shares".

The comparative years ended December 31, 2024 and 2023 in the Consolidated Statement of Loss and Comprehensive Loss have been presented considering the changes described above.

Note 3 - Financial risk management

As a result of its business and the global nature of its operations, Polestar Group is exposed to credit risk, liquidity risk, market risk from changes in foreign currency exchange rates and interest rate risk, and other risk.

Credit risk

Polestar Group is exposed to counterparty credit risks if, for example, contractual partners or fleet customers are unable or only partially able to meet their contractual obligations. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness, as well as concentration risks. The Group defines default as the inability to collect receivables once all reasonable means of collection have been unsuccessful and the expectation of recovering contractual cash flows on the receivables is not probable.

Financial credit risk

Financial credit risk on financial transactions is the risk that Polestar Group will incur losses as a result of non-payment by counterparties related to the Group's bank accounts, bank deposits, derivative transactions, and other liquid assets. In order to minimize financial credit risk, Polestar Group has adopted a policy of dealing with only well-established international banks or other major participants in the financial markets as counterparties. Further, Polestar Group also considers the credit risk assessment of its counterparties by the capital markets and places priority on institutions with high creditworthiness and balanced risk diversification. The credit rating of financial counterparties used during the years ended December 31, 2025 and 2024 were in the range of BBB- to A+, Baa3 to Aa2 and BB+ to AA-, using S&P, Moody's and Fitch long-term ratings, respectively.

Assets that potentially subject the Group to concentrations of credit risk primarily consist of cash and cash equivalents, marketable securities, restricted deposits, and trade receivables that are all invested in major financial institutions with high credit ratings. Generally, these assets may be redeemed upon demand and, therefore, bear low risk. Risks associated with the Group's trade receivables are further specified below in *Operational credit risk*.

Operational credit risk

Operational credit risk arises from trade receivables. It refers to the risk that a counterparty will default on its contractual obligations which would, in turn, result in financial loss to the Group. Trade receivables at Polestar Group mostly consist of receivables resulting from the global sales of vehicles and technology. The credit risk from trade receivables encompasses the default risk of customers. Management evaluates for concentrations of credit risk at the customer level based on the outstanding trade receivables balance of each respective customer account. As of December 31, 2025, there is no single customer contributing more than 10% of the Group's total trade receivables, and, as of December 31, 2024, one unrelated party accounted for $20,937 (11.0%) of the Group's total trade receivables. Historically, the Group has not incurred any losses from these customers and does not have any contractual right to off-set its payables and receivables.

The table below shows Polestar's different categories of customers when considering sales of vehicles along with their respective risk mitigation, as of December 31, 2025:

Customer	Nature of risk mitigation
End customers who pay up-front for vehicles	All credit risk related to these customers is eliminated due to the nature of the payment.
Fleet customers	Credit risk reviews are performed prior to entering into related sales agreements. Depending on the creditworthiness of its customers, Polestar Group may establish credit limits to reduce credit risks.
Dealers and importers	The title to Polestar vehicles remains with Polestar until the invoice is paid in full, which is generally on the invoice date or the day after (i.e., payment is received before the vehicle ships and credit risk is thereby mitigated).
Financial service providers	Polestar sells vehicles to financial service providers, who then form separate contractual relationships with end customers. To reduce the risk related to such financial service providers, Polestar has selected a few credible financing providers in each market. Credit risk reviews, establishment of credit limits, and selection of credible financial service providers must be strictly followed and monitored, globally.
Third-party financing for retail sales	Polestar sells vehicles to third party Financial service providers (not selected partners to Polestar as described above), who then form separate contractual relationship with end customers. To reduce the risk to such third-party financial service providers, Polestar perform an review including credit risk review of any new third party Financial service provider before its being added and approved in Polestar systems or processes.

The maximum amount of credit risk exposure is the carrying amount of trade receivables. See *Note 17 - Financial instruments* for further details.

Liquidity risk

Liquidity risk is the risk that Polestar Group is unable to meet ongoing financial obligations on time, including the contractual payments on its loans and borrowings which are both short-term and long-term in nature. Polestar Group needs to have adequate cash and cash equivalents and other liquid assets on hand to ensure the Group can meet its short-term financing obligations and other working capital needs.

As of December 31, 2025 and 2024, the Group held cash and cash equivalents of $1,159,300 and $739,237, respectively, that were available for managing liquidity risk. The contractual maturities of financial liabilities within 12 months exceed the Group's cash and cash equivalents and short-term financial assets as of December 31, 2025. The Group manages the liquidity gap through a combination of re-financings / roll-overs of its short-term and long-term financing arrangements with credit institutions and related parties as they fall due (refer to *Note 26 - Loans and borrowings* and *Note 28 - Related party transactions* for further details) and obtaining additional funding from one of, or a combination of, new short-term working capital loan arrangements, long-term loan arrangements, loans with related parties, and debt or equity capital market transactions. Polestar may also delay payments on its related party trade payables, allowing additional liquidity to remain available for other working capital and financial needs. Delays in trade payables usually incur 'interest for late payment' and may result in further collections actions by the supplier - refer to *Note 28 - Related party transactions* for additional information on trade payables with related parties. The Group's short-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations. Refer to Going Concern in *Note 1 - Basis of preparation* for further details on Polestar's liquidity risk, the actions taken to address this and assumptions and judgments related to future plans.

There are recurring meetings of key stakeholders who engage in discussions related to Polestar's current and forecasted liquidity position to determine Polestar Group's short-term and long-term funding needs. Management has established a liquidity risk management framework for management of the Group's short and long-term funding and liquidity management requirements. The Group prepares long-term planning in order to mitigate funding and re-financing risks. Depending on liquidity needs, Polestar Group will enter into financing and debt agreements and/or lending agreements. All draws on loans are evaluated against future liquidity needs and investment plans.

Foreign currency exchange risk

The global nature of Polestar Group's business exposes the Group's cash flows to risks arising from fluctuations in currency exchange rates. Changes in currency exchange rates have a direct impact on Polestar Group's operating income, finance income, finance expense, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. Group management continually assesses Polestar's exposure to exchange rate risks and may choose to take mitigating action (such as entering into economic hedges) if it judges this to be necessary, however there are no predetermined limits or predefined mitigating actions for the management of this risk.

Foreign currency exchange risk arises from commercial transactions and settlement of recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Such currency effects (i.e., foreign exchange gains and losses) are recorded in Profit or Loss. The Group measures its currency exposure risk based on the net position of the material financial instruments (cash and cash equivalents, trade receivables, trade payables and loans and borrowings) in each relevant foreign currency. The table below shows the Group's exposure to each currency pair, being the first currency the one in which the transaction was registered and the second one the functional currency of the entity in which the transaction was registered:

	Group's net exposure
As of December 31, 2025	
CNY/SEK	(1,015,010)
USD/SEK	817,780
CNY/USD	(762,560)
EUR/USD	(574,760)
As of December 31, 2024	
CNY/SEK	(995,910)
USD/SEK	502,270
EUR/USD	(351,410)
EUR/SEK	(290,970)

The following table illustrates the estimated impact of a 10% change in the foreign exchange rates as of December 31, 2025 and 2024 for net asset balances which could be impacted by movements in foreign exchange rates:

	Impact on loss before income taxes
As of December 31, 2025	
CNY/SEK exchange rate - increase/decrease 10%	101,501
USD/SEK exchange rate - increase/decrease 10%	81,778
CNY/USD exchange rate - increase/decrease 10%	76,256
EUR/USD exchange rate - increase/decrease 10%	57,476
As of December 31, 2024[1]	
CNY/SEK exchange rate – increase/decrease 10%	99,591
USD/SEK exchange rate – increase/decrease 10%	50,227
EUR/USD exchange rate – increase/decrease 10%	35,141
EUR/SEK exchange rate – increase/decrease 10%	29,097

1 - The comparative disclosures above for the year ended December 31, 2024 have been corrected for computational errors.

The Group's overall transaction currency exposure is reduced by natural hedging, which consists of the currency exposures of the business operations of different entities partially offsetting each other at the Group level. These natural hedges eliminate the need for hedging to the extent of the matched exposures.

Other market risk

The Group is exposed to market risk on its Class C Shares and Earn-out rights. These instruments are measured at fair value through profit or loss. The Class C-1 Shares are publicly traded on the Nasdaq. The Class C-2 Shares and Earn-out rights are not publicly traded and require Level 2 and Level 3 fair value measurements, respectively. Refer to *Note 1 - Basis of preparation* for further details on the Class C Shares, Earn-out rights, and related valuation methodologies. The following table illustrates the estimated impact of a 10% change in volatility on the Earn-out rights:

	Impact on loss before income taxes
As of December 31, 2025	
Earn-out liability - increase 10%	4,436
Earn-out liability - decrease 10%	(2,140)
As of December 31, 2024	
Earn-out liability - increase 10%	9,185
Earn-out liability - decrease 10%	(14,225)

Interest rate risk

Polestar Group's main interest rate risk arises from current and non-current loans and borrowings with variable rates, which exposes the Group to cash flow interest rate risk. As of December 31, 2025 and 2024, the nominal amount of loans with floating rates within the following captions are as follows:

	As of December 31,	
	2025	2024
Loans with variable rates		
Current loans and borrowings	1,723,962	2,167,369
Non-current loans and borrowings	2,232,309	2,186,307

Management closely monitors the effects of changes in the interest rates on the Group's interest rate risk exposures, but the Group currently does not take any measures to hedge interest rate risks. Interest rate risk associated with the Group's current loans and borrowings is limited given their short-term duration; a majority of the Group's risk comes from its non-current loans and borrowings.

The table below shows the estimated effect on profit or loss and equity of a parallel shift of the interest rate curves up or down by 1 percentage point on loans and borrowings with floating interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The calculation considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss, and the fixed rate element of interest rate caps. The analysis is performed on the same basis for 2025 and 2024.

	Impact on loss before income taxes
As of December 31, 2025	
SOFR - increase/decrease 1%	25,848
EURIBOR - increase/decrease 1%	5,358
Other floating rates - increase/decrease 1%	1,089
As of December 31, 2024	
SOFR - increase/decrease 1%	20,029
EURIBOR - increase/decrease 1%	3,464
LPR - increase/decrease 1%	929
Other floating rates - increase/decrease 1%	39

Capital management

Safeguarding the Group's ability to continue as a going concern, driving growth to provide future returns for shareholders, and maintaining an optimal capital structure to reduce the cost of capital are Polestar Group's primary objectives when managing capital and implementing related capital management strategies. As a Company which is quickly scaling, Polestar's treasury department regularly evaluates the cash needs of the Company and enters into debt arrangements with banks in Europe, China, and with related parties. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt, or enter into short term debt and financing arrangements to increase cash on hand, with an ultimate goal of striking a balance between capital generated through debt versus equity. Polestar's capital is summarized as follows:

	As of December 31,	
	2025	2024[1]
Share capital and other contributed capital	4,161,275	3,646,196
Current loans and borrowings	3,860,675	2,657,839
Non-current loans and borrowings	2,499,230	2,281,062
Total capital	**10,521,180**	**8,585,097**

1 - The current and non-current loans and borrowings as of December 31, 2024 figures and descriptions were adjusted in accordance with stated in *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates).*

As of December 31, 2025, Polestar's main sources of debt are short-term working capital loans which are entered into with credit institutions, long-term working capital loans which are entered into with credit institutions, and long-term related party loans. These obligations are reflected within current and non-current loans and borrowings on the Consolidated Statement of Financial Position.

Note 4 - Revenue

Polestar Group disaggregates revenue by major category based on the primary economic factors that may impact the nature, amount, timing, and uncertainty of revenue and cash flows from these customer contracts.

Revenue allocated to category

	For the year ended December 31,		
	2025	2024	2023
Sales of vehicles[1]	2,805,635	1,975,864	2,313,124
Sales of carbon credits	192,386	10,918	1,452
Sales of licenses and royalties	32,374	11,851	12,125
Vehicle leasing revenue	12,396	17,175	17,421
Sales of software and performance engineered kits	10,055	15,344	18,994
Other revenue	5,263	3,109	4,969
Total	**3,058,109**	**2,034,261**	**2,368,085**

1 - Revenue related to sales of vehicles is inclusive of (1) sales of accessories recognized at a point in time and (2) extended and connected services recognized over time.

For the years ended December 31, 2025, 2024, and 2023, other revenue primarily consisted of software performance upgrades and sale of technology to other related parties.

Timing of revenue recognition of Sales of vehicles

	For the year ended December 31,		
	2025	2024	2023
Revenue recognized at the point of delivery	2,764,908	1,943,508	2,289,780
Revenue recognized over contract period	40,727	32,356	23,344
Total	**2,805,635**	**1,975,864**	**2,313,124**

Refund liabilities

For the years ended December 31, 2025, 2024, and 2023, the Group reduced revenue by $231,487, $305,086, and $119,832 for amounts related to variable consideration due to customers or service providers incentivizing contracts with customers, primarily in the form of volume related bonuses or discounts and residual value guarantees. Accruals related to refund liabilities are presented in current and non-current other liabilities. For further information, refer to *Note 25 - Other liabilities*.

Contract liabilities

Contract liabilities comprise deferred revenues related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue, and are presented as follows:

	Deferred revenue - extended service	Deferred revenue - connected service	Deferred revenue - operating leases & other	Total
Balance as of January 1, 2025	**47,091**	**43,742**	**7,818**	**98,651**
Provided for during the year	38,423	18,322	7,956	64,701

Released during the year	(29,550)	(10,910)	(12,488)	(52,948)
Translation differences and other	(5,821)	8,628	63	2,870
Balance as of December 31, 2025	**50,143**	**59,782**	**3,349**	**113,274**
of which current	18,935	15,037	3,211	37,183
of which non-current	31,208	44,745	138	76,091
Balance as of January 1, 2024	**47,505**	**39,565**	**50,962**	**138,032**
Provided for during the year	27,295	14,567	5,795	47,657
Released during the year	(25,672)	(6,656)	(48,406)	(80,734)
Translation differences and other	(2,037)	(3,734)	(533)	(6,304)
Balance as of December 31, 2024	**47,091**	**43,742**	**7,818**	**98,651**
of which current	23,649	7,348	6,652	37,649
of which non-current	23,442	36,394	1,166	61,002

The contract liabilities amounted are related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue. The revenue recognized during the year ended December 31, 2025 related to contract liabilities outstanding as of January 1, 2025 was $37,649. Revenue recognized during the year ended December 31, 2025 related to performance obligations satisfied during the year ended December 31, 2024 was $21,858. Revenue recognized during the year ended December 31, 2024 related to contract liabilities outstanding as of January 1, 2024 was $74,879. Revenue recognized during the year ended December 31, 2023 related to contract liabilities outstanding as of January 1, 2023 was $31,298.

During the year ended December 31, 2025, the Group collected consideration and recognized revenue related to vehicles sold to Polestar Times Technology of $21,858 related to vehicles delivered during the year ended December 31, 2024. During the year ended December 31, 2024, the recognized revenue related to sales of vehicles of $31,298 pertained to vehicles delivered during the year ended December 31, 2023. During the year ended December 31, 2023, no revenue was recognized related to performance obligations fully or partially satisfied in prior periods. For more information on the sales of vehicles to Polestar Times Technology, see *Note 10 - Investment in associates*.

Note 5 - Geographic information

Polestar Group determined it has one reportable segment as the chief operating decision maker ("CODM") assesses financial information and the performance of the business on a consolidated basis. The Group manages its business as a single operating segment, which is the business of commercializing and selling battery electric vehicles and related technologies. All substantial decisions regarding allocation of resources as well as the assessment of performance is based on the Group as a whole.

Polestar Group uses the "management approach" in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Group's CODM to allocate resources and assess performance as the source for determining the Group's reportable segments. Polestar Group's CODM has been identified as the Chief Executive Officer ("CEO") as he assesses the performance of the Group and has the function and sole ability to make overall decisions related to the allocation of the Group's resources. Polestar Group allocates resources and assesses financial performance on a consolidated basis.

The following table show the breakdown of Polestar Group's revenue from external customers by geographical location where the Polestar company recognizing the revenue is located:

	For the year ended December 31,		
	2025	**2024**	**2023**
United Kingdom	784,301	401,790	529,372
Sweden	632,670	353,590	272,891
Germany	227,115	156,361	242,923
Norway	195,218	112,958	92,688
United States	173,446	219,888	388,080
Belgium	151,980	123,254	111,829
Netherlands	145,712	99,848	98,351
Korea	128,338	32,279	59,809
Australia	105,174	61,691	103,288
Denmark	98,841	91,375	95,234
Finland	76,312	46,215	45,567
Switzerland	64,336	43,259	42,611
Canada	59,447	77,023	129,209
Spain	43,923	29,501	21,594

China	43,748	74,373	26,216
Austria	37,333	35,583	33,898
Italy	31,167	16,988	35,244
Portugal	28,028	15,372	12,497
Other countries[1]	31,020	42,913	26,784
Total	**3,058,109**	**2,034,261**	**2,368,085**

1 - Other countries primarily consist of Luxembourg, France, Ireland and Singapore for the year ended December 31, 2025, Luxembourg, Ireland and Singapore for the year ended December 31, 2024, and Ireland, Luxembourg and Singapore for the year ended December 31, 2023.

The non-current assets (consisting of PPE, vehicles under operating leases, and intangibles and goodwill), by geographical location are presented below.

	As of December 31,	
	2025	**2024**
Non-current assets[1]		
Sweden	534,387	1,015,649
China	273,945	417,070
Korea	109,934	257
USA	68,854	84,211
United Kingdom	43,383	63,738
Germany	32,140	11,837
Other countries[2]	31,211	41,967
Total	**1,093,854**	**1,634,729**

1 - Excludes *Deferred tax assets* and *Other assets*.

2 - Primarily consist of Australia, Switzerland and Belgium as of December 31, 2025 and Australia, Belgium and Netherlands as of December 31, 2024.

Note 6 - Expenses by nature

The following table illustrates the Group's expenses for major functions by nature:

	For the year ended December 31, 2025			
	Cost of sales	**Selling, general and administrative expense**	**Research and development expense**	**Total**
Inventory costs	2,914,511	—	—	2,914,511
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	1,049,851	—	—	1,049,851
Advertising, selling, and promotion costs	—	245,673	—	245,673
Professional services and consultant costs	—	199,548	29,219	228,767
Employee benefit costs	5,396	204,883	13,744	224,023
Warranties and costs associated with settling contract liabilities	148,700	—	—	148,700
Sales agent costs	—	123,385	—	123,385
Depreciation and amortization expense	17,633	23,397	11,694	52,724
Derecognition of IP assets	—	—	23,080	23,080
Maintenance and insurance service costs	—	19,212	—	19,212
Other costs	5,928	40,360	(101)	46,187
Total	**4,142,019**	**856,458**	**77,636**	**5,076,113**

	For the year ended December 31, 2024			
	Cost of sales	Selling, general and administrative expense	Research and development expense	Total
Inventory costs	2,202,061	—	—	2,202,061
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	622,092	—	—	622,092
Advertising, selling, and promotion costs	—	301,199	—	301,199
Professional services and consultant costs	—	256,683	26,714	283,397
Employee benefit costs	7,983	198,053	3,112	209,148
Warranties and costs associated with settling contract liabilities	68,264	951	—	69,215
Sales agent costs	—	58,009	—	58,009
Depreciation and amortization expense	13,006	32,864	9,849	55,719
Maintenance and insurance service costs	—	17,910	—	17,910
Other costs	(2,978)	25,034	(1,325)	20,731
Total	**2,910,428**	**890,703**	**38,350**	**3,839,481**

	For the year ended December 31, 2023			
	Cost of sales	Selling, general and administrative expense	Research and development expense	Total
Inventory costs	2,330,807	(410)	—	2,330,397
Advertising, selling, and promotion costs	—	236,675	16,058	252,733
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	339,592	(24)	—	339,568
Professional services and consultant costs	—	380,230	10,733	390,963
Employee benefit costs	43,207	191,922	527	235,656
Depreciation and amortization expense	16,019	24,315	75,111	115,445
Warranties and costs associated with settling contract liabilities	89,922	1,626	—	91,548
Sales agent costs	—	53,570	—	53,570
Maintenance and insurance service costs	—	21,844	—	21,844
Other costs	(41,325)	34,429	54,851	47,955
Total	**2,778,222**	**944,177**	**157,280**	**3,879,679**

Note 7 - Other operating income and expense

	For the year ended December 31,		
	2025	2024[1]	2023[1]
Other operating income			
Transition services to Polestar Times Technology	15,499	26,944	—
Sale of carbon credits	18,616	—	5,628
Sales of plant operation services to a related party	666	10,100	25,202
Reduction of litigation provision, net of insurance	—	2,345	—
Gain on asset grouping sold to a related party[2]	—	—	16,334
Other operating income	17,632	20,043	15,773
Total other operating income	**52,413**	**59,432**	**62,937**
Other operating expense			
Restructuring costs[3]	(67,559)	—	—
Property tax and other state and local tax expenses	(2,296)	(1,248)	(669)
Transition services from Polestar Times Technology	(1,130)	(8,939)	(27,630)
Litigation expense, net of insurance	—	—	(25,676)
Other operating expenses	(16,825)	(13,631)	(4,348)
Total other operating expense	**(87,810)**	**(23,818)**	**(58,323)**

1 - The amounts for December 31, 2024 and 2023 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - In December 2022, the Group committed to a plan to sell its Chengdu manufacturing plant, held by its subsidiary Polestar New Energy Vehicle Co. LTD. ("BSNEV"), to Geely. The plant was previously used to manufacture the Polestar 1 and the special edition Polestar 2 BST 270. Accordingly, the Chengdu plant and certain related assets, including an intercompany receivable that Geely agreed to assume as part of the transaction, were classified as a disposal group held for sale. The sale was completed on August 1, 2023. On disposal, the Group reclassified cumulative foreign exchange losses of $6,636 from equity to profit or loss within the gain on disposal and derecognized the disposal group, resulting in a total gain of $16,334.

3 - The restructuring costs are primarily related to asset impairment and write-offs and severance costs.

Note 8 - Employee benefits

The total employee benefits costs for the Group, including key management personnel (Group's Executive Management Team and managing directors), during the periods presented, were as follows:

	For the year ended December 31,		
	2025	2024	2023
Wages, salaries, and other short-term employee benefits	156,595	116,804	157,011
Social security and other social benefits	55,916	49,828	44,255
Post-employment benefits	29,398	26,948	29,523
Share-based compensation	9,149	9,841	4,867
Termination benefits	4,233	5,727	—
Total employee benefits	**255,291**	**209,148**	**235,656**

Post-employment benefits primarily reflects those related to defined contribution plans for the years ended December 31, 2025, 2024, and 2023, inclusive of costs related to the ITP 2. Expenses related to defined contribution plans amounted to $20,726, $19,888 and $21,125 for the years ended December 31, 2025, 2024, and 2023, respectively.

During the year ended December 31, 2025, Polestar registered $31,268 of employee expenses as part of the restructuring initiatives that impacted the R&D and Procurement departments in the UK, China and Sweden, as well as manufacturing in China. For more information, see *Note 7 - Other operating income and expense*.

The following table discloses total costs related to employee benefits for the Group's Executive Management Team and managing directors at the Group's sales units:

	For the year ended December 31,		
	2025	2024	2023
Termination benefits	4,232	5,727	—
Short-term employee benefits	8,794	5,711	6,205
Share-based compensation	1,436	1,430	1,829
Post-employment benefits	712	656	907
Total benefits to key management personnel only	**15,174**	**13,524**	**8,941**

The Executive Management Team ("EMT") consists of the Group's CEO, CFO and COO for each reporting period and has the authority and responsibility for planning, directing, and controlling the Polestar Group's activities. The CEO has the ultimate authority for approval of actions proposed by each member of the EMT.

The average monthly number of persons employed by the Group (including key management personnel) for the periods presented were as follows:

	For the year ended December 31,		
	2025	2024	2023
Sales and marketing	736	707	796
R&D, design, and digital	274	656	756
Manufacturing	17	18	19
Management, administration, and others	521	550	651
Total average monthly headcount of the Group	**1,548**	**1,931**	**2,222**

Note 9 - Share-based payment

Polestar offers several equity-settled share-based arrangements to the EMT, other key management personnel and employees as part of the Group's employee compensation. Under the Omnibus Incentive Plan, the Group granted equity settled share-based payments to the EMT, and other key management members in the At-Listing Plan and Long Term Incentive Plan and to other key management members in the One-time Retention Bonus Plan. The Group also granted equity settled share-based payments to eligible members under the Employee Stock Purchase Plan and Share Based Retention Program.

As of December 31, 2025, the outstanding plans are as follows:

Plan	Instrument type	Participants
At-Listing Plan	Restricted Share Units ("RSUs")	All executives and other key management members
Long Term Incentive Plan	Performance Share Units ("PSUs") and RSUs	EMT and other key management members
One-time Retention Bonus Plan	RSUs	Eligible employees
Employee Stock Purchase Plan	Restricted Stock Award ("RSAs")	Eligible employees
Share Based Retention Program	RSUs	Eligible employees

At-Listing Plan

The RSUs under this plan were granted on September 9, 2022 with the vesting commencement date of June 24, 2022. Out of the granted RSUs, 33% of the RSUs vested on October 3, 2022, 33% vested on June 24, 2023, and the final 34% of RSUs vested on June 24, 2024. In order for the RSUs to vest, the employee must remain employed with Polestar at the vesting date. The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $6.72 on the grant date.

Long Term Incentive Plan

The Long Term Incentive Plan was also formerly known as Post-Listing Plan. Under this plan, the EMT, are eligible to receive PSUs and other key management members are eligible to receive RSUs and PSUs. The following table outlines the key terms of PSUs and RSUs granted under the plan:

Plan year	Grant date	Vesting period	Vesting commencement	Final vesting date
2022	September 09, 2022	3-year cliff	June 24, 2022	June 24, 2025
2023	April 03, 2023	3-year cliff	January 01, 2023	April 03, 2026
2024	April 05, 2024	3-year cliff	January 01, 2024	June 01, 2027
2025	January 20, 2025	3-year cliff	January 01, 2025	January 20, 2028

The fair value of the RSUs granted under these plans are determined by reference to the Group's closing share price on the grant date or the closing share price on the business day immediately preceding the grant date as shown in the following table:

	2022	2023	2024	2025
Valuation model	Market price at grant date	Market price on business day immediately preceding grant date	Market price on business day immediately preceding grant date	Market price on business day immediately preceding grant date
Fair value per instrument	$6.72	$3.79	$1.53	$1.09

In order for the participants to receive PSUs, the Group must achieve the pre-established performance targets, based on market and non-market performance conditions, including targets related to financial performance, value creation and ESG, and the employee must remain employed with Polestar at the vesting date.

The fair value of the PSUs granted are determined by calculating the weighted-average fair value of units linked to market-based and non-market based vesting conditions.

The units linked to non-market-based vesting conditions were fair valued by reference to the Group's closing share price on the grant date or the closing share price on the business day immediately preceding the grant date as shown in the following table:

	2022	2023	2024	2025
Valuation model	Market price at grant date	Market price on business day immediately preceding grant date	Market price on business day immediately preceding grant date	Market price on business day immediately preceding grant date
Fair value per instrument	$6.72	$3.79	$1.53	$1.09

The units linked to market-based vesting conditions were measured using a Monte Carlo simulation. The key assumptions and inputs considered for the valuation have been mentioned in the below table:

Assumptions	2022	2023	2024	2025
Beginning of performance period	January 1, 2022	January 1, 2023	January 1, 2024	January 1, 2025
End of performance period	December 31, 2024	December 31, 2025	December 31, 2026	December 31, 2027
Expected term	2.3 years	2.7 years	2.7 years	2.9 years
Risk free rate	3.5%	3.8%	4.5%	4.3%
Dividend yield	—%	—%	—%	—%
Company's volatility	70.0%	75.0%	75.0%	84.0%
No of simulation iterations	100,000	100,000	100,000	50,000
Weighted average fair value per PSU	$7.02	$3.68	$1.57	$1.19

One-time Retention Bonus Plan

On March 6, 2024, Polestar introduced a one-time share-based retention program, pursuant to which all eligible employees have the right to receive a number of RSUs corresponding to their bonus entitlement and the fulfillment of the KPIs for the 2023 respective program. Under this program, Polestar granted RSUs on June 3, 2024, with an 11-month vesting period ended on May 3, 2025.The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $0.81 on the grant date.

Employee Stock Purchase Plan

Under this recurring annual plan, all permanent employees who meet the eligibility criteria, excluding executive directors, are eligible to receive RSAs. The employee stock purchase plan is an equity-settled share-matching program. Each annual plan spans 24 months, with employees contributing through 12 monthly net salary deductions to purchase shares in the first year, followed by a 12-month holding period. Polestar matches each acquired share with one additional share in the form of an RSA. For the Share Matching Program 1, the RSAs begin vesting upon the purchase of shares, with full vesting completed at the end of the holding period on January 15, 2026. For the Share Matching Program 2, the RSAs begin vesting upon the purchase of shares, with full vesting completed at the end of the holding period on January 15, 2027. To receive the matching RSAs, employees must retain the acquired shares and remain employed until the vesting date. During 2025, the total number of RSAs granted during the year under Share Matching Program 1 was 20,327 with a weighted-average grant date fair value of $1.04 and the total number of RSAs granted under Share Matching Program 2 was 2,358 with a weighted-average grant date fair value of $0.64.

Share Based Retention Program

On April 1, 2025, Polestar introduced a recognition program for some employees who provided services to the Company during 2024. Under this program, Polestar granted RSUs on April 1, 2025 to certain employees. which RSUs will vest April 1, 2026, subject to the employee remaining employed with Polestar at the vesting date. The fair value of the RSUs granted under this plan is determined by reference to the Group's closing share price of $1.14 on the grant date.

Movement in outstanding share plans

The following table illustrates share activity adjusted for ADS Ratio Change (figures are presented in ones) for the years ended December 31, 2025 and 2024. Refer to *Note 21 - Equity* for further details on the ADS Ratio Change.

	At-Listing Plan	Long Term Incentive Plan		One-time Retention Bonus Plan	Employee Stock Purchase Plan	Share Based Retention Program	Total
	RSUs	RSUs	PSUs	RSUs	RSAs	RSUs	All shares
Outstanding as of January 1, 2024	**5,097**	**20,306**	**65,703**	**—**	**—**	**—**	**91,106**
Granted during the year	—	45,162	111,776	333,481	29,228	—	519,647
Forfeited during the year	(289)	(11,379)	(52,842)	(30,032)	(306)	—	(94,848)
Vested during year	(4,808)	—	—	—	—	—	(4,808)
Outstanding as of December 31, 2024	**—**	**54,089**	**124,637**	**303,449**	**28,922**	**—**	**511,097**
Granted during the year	—	131,733	224,561	—	22,685	29,222	408,201
Forfeited during the year	—	(18,228)	(38,508)	(9,136)	(23,584)	(1,588)	(91,044)
Vested during year	—	(2,979)	(13,366)	(297,170)	—	—	(313,515)
Outstanding as of December 31, 2025	**—**	**164,615**	**297,324**	**(2,857)**	**28,023**	**27,634**	**514,739**

The following table illustrates total share-based compensation expense, all of which was equity settled, for the years ended December 31, 2025, 2024, and 2023:

	For the year ended December 31,		
	2025	2024	2023
Selling, general and administrative expense	7,431	7,257	5,131
Research and development expense	1,711	2,584	262
Total	**9,142**	**9,841**	**5,393**

Note 10 - Investment in associates

On June 19, 2023, Polestar entered into a strategic agreement with the technology company, Xingji Meizu, a limited liability company and subsidiary of DreamSmart Technology Pte. Ltd. ("DreamSmart"), to combine Polestar's design and performance capabilities with Xingji Meizu's software and consumer electronics expertise for the purpose of expanding the commercial operations and sale of Polestar vehicles in China. Xingji Meizu and DreamSmart are related parties. This agreement resulted in the establishment of Polestar Times Technology (Nanjing) Co., Ltd. ("Polestar Times Technology") which is not publicly listed and was accounted for by Polestar using the equity method. Polestar Times Technology selected Nanjing as its final province of registration in 2024.

On April 10, 2025, Polestar entered into an agreement with Xingji Meizu to terminate commercial operations of its investment in Polestar Times Technology and to transfer the distribution rights related to Polestar-branded vehicles in China back to Polestar. As part of the agreement, Polestar Times Technology will continue certain non-commercial operations while winding down commercial activities. Polestar Times Technology will take sole responsibility for settlement of any outstanding financial obligations and remaining liabilities against its business partners, suppliers, and external investors. The agreement also includes the transfer of certain assets from Polestar Times Technology back to Polestar on an arms-length terms in order for Polestar to resume exclusive control of commercial operations, including sales, customer service, and distribution activities, in China. As part of the termination of the commercial operations and in accordance with the original shareholder agreement, Polestar completed all remaining capital contributions in the total amount of $54,092 to Polestar Times Technology during 2025, and, as of December 31, 2025, Polestar had fulfilled all capital contribution commitments under the original strategic agreement in the total amount of $98.0 million. and maintains 46.2% ownership of Polestar Times Technology.

As of December 31, 2024, Polestar owned 46.2% of Polestar Times Technology and remaining 48.1% and 5.7% was owned by Xingji Meizu and the Nanjing Investor, respectively. Polestar and Xingji Meizu held 40% and 60%, respectively, of the voting interests in Polestar Times Technology by virtue of their board seats and associated rights.

In the event of the dissolution of Polestar Times Technology and if Polestar Times Technology's assets are insufficient to meet its debt obligations, shareholders who have not fully made their required capital contributions and other shareholders existing at the time of establishment of the company, may be held jointly responsible for the remaining debts, limited to the value of their unpaid contributions.

Transition services and corporate services

Polestar provided transition and corporate services to Polestar Times Technology in connection with its start-up and subsequent operations in China, including legal, finance, tax, human resources, and other administrative and support services. These services were governed by a Corporate Service Agreement ("SLA Agreement") signed on September 3, 2024, which provided for the continuation of certain services through July 31, 2025.

During the year ended December 31, 2025, Polestar recognized $1,130 in expenses associated with providing corporate services to Polestar Times Technology which are presented in other operating expense in the Consolidated Statement of Loss and Comprehensive Loss. During the year ended December 31, 2025, Polestar collected full outstanding consideration from Polestar Times Technology for services provided to Polestar Times Technology during the year ended December 31, 2024 and December 31, 2025, and recognized $15,499 in income which are presented in other operating income in the Consolidated Statement of Loss and Comprehensive Loss.

During the year ended December 31, 2024, Polestar collected consideration from Polestar Times Technology and recognized around $23,400 in income associated with transition and corporate services provided to Polestar Times Technology during the year ended December 31, 2023 which are presented in other operating income in the Consolidated Statement of Loss and Comprehensive Loss. Polestar also collected consideration from Polestar Times Technology and recognized $3,544 in income associated with corporate services provided to Polestar Times Technology during the year ended December 31, 2024.

Sales of vehicles

Polestar entered into vehicle sale and purchase agreements with Polestar Times Technology in prior years for the sale and delivery of Polestar vehicles. Due to Polestar Times Technology's limited liquidity, the probability of collecting consideration under these agreements was historically assessed as remote, accordingly, revenue was not recognized at the time of delivery and was recognized if and when payment was received. Title and physical possession of the vehicles were transferred to Polestar Times Technology upon delivery without encumbrance, resulting in full recognition of inventory costs in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss; offset only by an adjustment for the equity method elimination of downstream sales.

During the year ended December 31, 2025, Polestar did not sell new vehicles to Polestar Times Technology. During the year ended December 31, 2025, Polestar collected full consideration from Polestar Times Technology for vehicles sold during the year ended December 31, 2024.

During the year ended December 31, 2025, the Group collected consideration and recognized revenue of $21,858 related to vehicles delivered during the year ended December 31, 2024. During the year ended December 31, 2024, the Group collected consideration and recognized revenue related to sales of vehicles for $69,478 of which $31,298 pertained to vehicles delivered during the year ended December 31, 2023 and $38,180 pertained to vehicles delivered during the year ended December 31, 2024. As of December 31, 2024, the Group remained unpaid for 416 vehicles delivered to Polestar Times Technology during the year ended December 31, 2024, totaling $15,981 of unrecognized revenue.

Brand licensing

On November 15, 2023, Polestar licensed the use of the Polestar branding to Polestar Times Technology for use in its commercial operations in China in exchange for an annual royalty equal to 2% of Polestar Times Technology's net revenue each year. For the year ended December 31, 2025, $1,200 royalty revenue was recognized from Polestar Times Technology. For the year ended December 31, 2024, no royalty revenue was recognized from Polestar Times Technology.

Sale of operating assets

On November 28, 2023, Polestar agreed to assign certain lease agreements and sell other related assets to Polestar Times Technology for their fair value of $8,159. These assets were ultimately transferred in September 2024 and November 2024. As of December 31, 2025, full payment has been received from Polestar Times Technology.

The following table summarizes the activity related to Polestar's investment in Polestar Times Technology:

Balance as of January 1, 2024	—
Investment in Polestar Times Technology	14,508
Elimination of effects of downstream sales	(9,538)
Recognized share of losses in Polestar Times Technology	(4,970)
Balance as of December 31, 2024	—
Investment in Polestar Times Technology	54,092
Elimination of effects of downstream sales	(4,947)
Recognized share of losses in Polestar Times Technology	(49,145)
Balance as of December 31, 2025	—

The following table summarizes the activity related to Polestar's unrecognized losses in Polestar Times Technology:

Unrecognized balance as of January 1, 2024	**(1,407)**
Additional unrecognized share of losses in Polestar Technology	(64,581)
Unrecognized balance as of January 1, 2025	**(65,988)**
Recognized share of losses in Polestar Times Technology	49,145
Additional unrecognized share of losses in Polestar Technology	(9,180)
Unrecognized balance as of December 31, 2025	**(26,023)**

The following table provides summarized financial information from Polestar Times Technology's financial statements and a reconciliation to the carrying amount of Polestar's investment for years ended December 31, 2025 and 2024:

During the year ended December 31, 2025, Polestar did not make any additional investments.

	As of December 31,	
	2025	2024
Polestar's percentage ownership interest	46.2%	46.2%
Non-current assets	—	46,918
Current assets	22,599	48,501
Non-current liabilities	—	(20,007)
Current liabilities	(47,020)	(175,538)
Net liabilities	**(24,421)**	**(100,126)**
Less: capital reserves	(30,156)	(30,156)
Less: share capital attributable to Xingji Meizu	49	(16,641)
Adjusted net liabilities	**(54,528)**	**(146,923)**
The Group's share of net liabilities	(25,192)	(67,878)
Elimination of effects of downstream sales in inventory	1,390	2,578
Elimination of effects of downstream sales in long-term assets	(1,971)	1,789
Unrecognized losses in Polestar Times Technology	26,024	64,581
Other reconciling items	(251)	(1,070)
Carrying amount of the Group's investment in Polestar Times Technology	**—**	**—**

	For the year ended December 31,	
	2025	2024
Revenue	9,497	53,248
Net loss	(22,279)	(150,864)
Other comprehensive loss	2,408	320
Total comprehensive loss	(19,871)	(150,544)
The Group's share of losses in Polestar Times Technology	**(9,180)**	**(69,551)**

Note 11 - Finance income and expense

The following table details the Group's finance income and expense:

	For the year ended December 31,		
Finance income	**2025**	**2024[1]**	**2023[1]**
Interest income on bank deposits	7,640	21,093	32,280
Other finance income	1,356	2,786	49
Total finance income	**8,996**	**23,879**	**32,329**
Finance expense			
Interest expense on credit facilities and financing obligations	(238,916)	(187,151)	(116,190)
Interest expense on related party, trade payables and financing liabilities[2]	(131,723)	(140,838)	(84,480)
Interest expense related to lease liabilities	(4,587)	(7,423)	(5,008)
Loss on debt modification - related party convertible instrument[3]	—	(2,761)	(7,553)
Other finance expenses	(9,964)	(3,009)	(11)
Total finance expenses	**(385,190)**	**(341,182)**	**(213,242)**

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

2 - Comprised of interest on overdue trade payables balances and interest on related party borrowings for the years ended December 31, 2025, 2024, and 2023, interest expense to related parties.

3 - Relates to loss incurred on Polestar's modification of its related party convertible instrument with Volvo Cars for the years ended December 31, 2024 and 2023. For further details, refer to *Note 26 - Loans and borrowings*.

Note 12 - Leases

Polestar Group as lessee

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

	For the year ended December 31,	
	2025	2024
Current lease liabilities	13,855	13,923
Current lease liabilities - related parties	23,355	16,999
Non-current lease liabilities	44,048	47,918
Non-current lease liabilities - related parties	49,466	56,431
Total	**130,724**	**135,271**

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

	For the year ended December 31,	
	2025	2024
Within 1 year	38,512	35,129
Between 1 and 2 years	26,995	37,128
Between 2 and 3 years	19,661	19,865
Between 3 and 4 years	18,446	17,179
Between 4 and 5 years	16,340	15,832
Later than 5 years	33,739	38,862
Total	**153,693**	**163,995**

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

	For the year ended December 31,		
	2025	2024	2023
Income from sub-leasing right-of-use assets	3,130	2,391	1,729
Interest expense on leases	(4,587)	(7,423)	(5,008)
Expense relating to short-term leases	(839)	(637)	(888)
Expense relating to lease of low value assets	(24)	(8)	(5)

For the years ended December 31, 2025, 2024, and 2023, total cash outflows related to leases, inclusive of interest paid, amounted to $34,615, $43,069, and $26,924, respectively.

The Group's right-of-use assets from leases, buildings and manufacturing production equipment are presented in *Note 16 - Property, plant and equipment*.

Polestar Group as lessor

For the majority of the Group's operating lease contracts as a lessor, vehicles are paid for upfront by the customer at contract inception and repurchased by Polestar at the end of the lease term.

The following table depicts the changes in the Group's vehicles under operating leases:

	Vehicles under operating leases
Acquisition cost	
Balance as of January 1, 2024	**141,448**
Reclassification from inventories	73,795
Reclassification to inventories	(83,246)
Effect of foreign currency exchange rate differences	(7,925)
Balance as of December 31, 2024	**124,072**
Reclassification from inventories	184,029
Reclassification to inventories	(213,020)
Effect of foreign currency exchange rate differences	11,219
Balance as of December 31, 2025	**106,300**
Accumulated depreciation & impairment	

Balance as of January 1, 2024	**(71,225)**
Reclassification to inventory	15,431
Depreciation expense	(12,958)
Impairment loss	(737)
Effect of foreign currency exchange rate differences	1,554
Balance as of December 31, 2024	**(67,935)**
Reclassification to inventory	78,215
Depreciation expense	(17,705)
Impairment loss reversals, net	1,387
Effect of foreign currency exchange rate differences	273
Balance as of December 31, 2025	**(5,765)**
Carrying amount as of December 31, 2024	**56,137**
Carrying amount as of December 31, 2025	**100,535**

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

	For the year ended December 31,		
	2025	**2024**	**2023**
Vehicle leasing revenue	12,396	17,175	17,421

Note 13 - Income tax benefit

Income tax benefit recognized in the Consolidated Statement of Loss and Comprehensive Loss is as follows:

	For the year ended December 31,		
	2025	**2024**	**2023**
Current income tax for the year	(9,261)	(35,585)	(13,725)
Deferred taxes	3,013	42,581	38,810
Withholding taxes	(1,995)	2,170	(15,633)
Other taxes[1]	11,935	—	—
Total	**3,692**	**9,166**	**9,452**

1 - Other taxes consist of compensation for group relief in the UK, for which compensation was made by Polestar Automotive UK Ltd to Polestar Automotive Holding UK PLC during the year ended December 31, 2025. $4,646, $4,758 and $2,531 are related to compensation for the years ended December 31,2025, 2024, and 2023, respectively.

Information regarding current year income tax benefit based on the applicable UK rates are as follows:

	For the year ended December 31,		
	2025	**2024**	**2023**
Loss before tax for the year	(2,360,923)	(2,059,063)	(1,191,327)
Tax according to the applicable tax rate[1]	590,231	514,766	280,200
Effect of different tax rates in other countries	(129,492)	(76,738)	(25,817)
Operating income/costs, non taxable[2]	100,957	(50,039)	19,924
Withholding tax	(1,995)	2,170	(15,634)
Not recognized tax losses carried forward	(266,812)	(276,790)	(209,739)
Non-recognition of deferred tax assets on other temporary differences	(281,780)	(104,779)	(40,585)
Recognition of deferred taxes previously not recognized	(13,561)	1,228	124
Current tax related to previous year	6,144	(652)	979
Total	**3,692**	**9,166**	**9,452**

1 - The UK rates were 25.0%, 25.0% and 23.5% for the years ended December 31, 2025, 2024, and 2023, respectively.

2 - As of December 31, 2025, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $3,872. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $58,591. Other non-deductible items net, including non-taxable income were $155,676.

As of December 31, 2024, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $35,115. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $49,513. Other nondeductible items net, including non-taxable income were $35,641.

As of December 31, 2023, main non-taxable income attributable to the fair value changes of the Earn-out rights, corresponding tax $104,233. Within the Group, there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $15,300. Other nondeductible items net, including non-taxable income, were $69,009.

Deferred taxes

The composition of recognized deferred tax assets and liabilities is as follows:

	As of December 31,	
	2025	**2024**
Right-of use assets	19,634	31,361
Inventory	10,472	27,209
Provisions for residual value risks	23,456	17,295
Warranty	10,391	12,584
Accruals	20,001	10,759
Tax losses carried forward	22,602	8,340
Tangible assets	10,156	6,309
Other temporary differences	2,157	1,404
Recognized value of deferred tax assets	**118,869**	**115,261**
Netting of asset and liability tax positions	(26,524)	(33,707)
Deferred tax assets	**92,345**	**81,554**
Lease liability	13,864	27,024
Accruals	(315)	5,374
Inventory	4,817	1,491
Intangible assets	536	448
Tangible assets	8,158	—
Other temporary differences	41	—
Recognized value of deferred tax liabilities	**27,101**	**34,337**
Netting of asset and liability tax position	(26,524)	(33,707)
Deferred tax liability	**577**	**630**

All changes in deferred tax assets and liabilities have been reported in the Consolidated Statement of Loss and Comprehensive Loss for the years ended December 31, 2025, 2024, and 2023 respectively. Deferred taxes have been calculated by applying the tax rate per jurisdiction.

The Group recognizes deferred tax assets to the extent that the Group believes that the likelihood of recognition is probable. In making such a determination, the Group considers reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies and the results of recent operations.

The deferred tax assets recognized on tax losses carried forward in the current and prior years are primarily attributable to the Group's sales units (the legal entities established in the jurisdictions in which the Group sells Polestar cars) and to Polestar Automotive Holding UK PLC. The Group's transfer pricing model (TP model) is structured such that, by the end of the fiscal year, taxable profits will be generated in the majority of the sales units subject to the TP model, regardless of the Group's consolidated operating results. Polestar Automotive Holding UK PLC is not a sales unit and is not expected to generate taxable profits in the near term. However, its tax losses can be transferred by way of group relief to its indirectly wholly-owned subsidiary, Polestar Automotive UK Ltd, that is a sales unit and in a taxable profit position. With this structure in place, it is probable that future taxable profits are available against which deductible temporary differences can be utilized.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. As of December 31, 2025 and 2024, the Group made the judgement that there is not sufficient, objectively verifiable evidence available which would demonstrate that it is more likely than not that the Group would be able to realize all deferred tax assets in the future. This resulted in deferred tax assets on tax loss carryforwards not being recognized amounting to $1,486,833 and $1,044,029, respectively.

Tax loss carryforwards

Tax loss carryforwards through the year of expiration are as follows:

	As of December 31,	
	2025	2024
2026	174,334	2,425
2027	108,272	165,344
2028	136,576	103,696
2029	342,913	143,178
2030	48,193	311,913
2031 onwards	6,316,762	4,229,307
Tax loss carryforwards	**7,127,050**	**4,955,863**

The increase in tax losses available for carryforward are mainly attributable to losses incurred as a consequence of the Group scaling its research and development expense to meet the demands of the growing business. As of December 31, 2025, the Group had unused tax losses of $7,127,050. For $7,035,592 of the amount, no deferred tax asset has been recognized due to unpredictability of future profit streams in Sweden and China.

As of December 31, 2025 and 2024, tax losses in Sweden of $6,184,311 and $4,031,242 respectively, have an indefinite carryforward period. As of December 31, 2025 and 2024, tax losses in China of $851,281 and $885,091, respectively, have a five-year carryforward period.

In addition to the losses referred to above, the Group also had deferred tax assets arising on other temporary differences of $854,371 and $574,087 as of December 31, 2025 and 2024, respectively, where no deferred tax assets have been recognized.

Pillar Two

The Pillar Two legislation has been enacted or substantively enacted in several of the jurisdictions in which the Polestar Group operates. The legislation is effective for the Group's financial year beginning January 1, 2024. The Group is in scope of the enacted or substantively enacted legislation and has performed an assessment of the Group's potential exposure to Pillar Two income taxes for the current year ending on December 31, 2025.

The assessment of the exposure to Pillar Two income taxes is based on the Group's Consolidated Financial Statements for the current year. Based on the assessment performed, the transitional safe harbor relief applies for most jurisdictions, with the exception of Denmark, Ireland, Luxembourg, Portugal and Spain. The full effective tax rate ("ETR") calculation for Spain results in an ETR lower than 15%. For the remaining four jurisdictions, the ETR calculation results in an ETR above 15%.

The Group's Pillar Two income tax expense relates to profits earned in Spain, totaling $2.

The Group has determined that the Pillar Two income tax – which it is required to pay under Pillar Two legislation – is an income tax in scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting. Any Pillar Two income taxes are accounted for as current taxes.

Note 14 - Net loss per share

For the years ended December 31, 2025, 2024, and 2023, potentially dilutive instruments issued were unvested equity-settled payments discussed in *Note 9 - Share-based payment.* These financial instruments were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. Dilutive net loss per share was the same as basic net loss per share for all periods presented.

On December 9, 2025, Polestar's Class A, Class B, Class C-1 and Class C-2 ADS's ratio changed from the current ADS ratio of one (1) ADS to one (1) ordinary share to the underlying ADS Ratio of one (1) ADS to thirty (30) ordinary shares. There was no change to the Company's Class A, Class B, Class-1 or Class C-2 ordinary shares, therefore, the shares used in the net loss per share calculations have not been impacted by the change in the ratio of ADSs to ordinary shares to 1:30. For further information, refer to *Note 21 - Equity.*

The following table presents the computation of basic and diluted net loss per share for the years ended December 31, 2025, 2024, and 2023:

	For the year ended December 31,		
	2025	2024	2023
Class A and B Common Shares			
Net loss attributable to shareholders of the parent entity	(2,357,231)	(2,049,897)	(1,181,875)
Weighted-average number of common shares outstanding:			
Basic and diluted	2,775,125	2,110,355	2,110,210
Net loss per share (in ones):			
Basic and diluted	(0.85)	(0.97)	(0.56)

The following table presents shares that were not included in the calculation of diluted loss per share as their effects would have been antidilutive for the years ended December 31, 2025, 2024, and 2023. The PSUs, RSUs and RSAs used in the antidilutive effect calculation, have been impacted by the 1:30 ADS Ratio Change.

	For the year ended December 31,		
	2025	**2024**	**2023**
Earn-out Shares	5,272,587	5,272,587	5,272,587
Class C-1 Shares	20,499,965	20,499,965	20,499,965
Class C-2 Shares	4,500,000	4,500,000	4,500,000
PSUs	297,324	124,637	65,703
RSUs	189,392	357,538	25,402
RSAs	28,022	28,922	—
Total antidilutive shares	**30,787,290**	**30,783,649**	**30,363,657**

Note 15 - Intangible assets and goodwill

The changes in Polestar Group's intangible assets, goodwill and trademarks are as follows:

	Internally developed IP	Software	Acquired IP	Goodwill	Trademarks	Total
Acquisition cost						
Balance as of January 1, 2024	**310,450**	**11,380**	**1,836,487**	**48,061**	**2,387**	**2,208,765**
Additions[1]	178,487	2,592	116,301	—	—	297,380
Derecognition due to program changes	—	(984)	—	—	—	(984)
Effect of foreign currency exchange differences	(33,908)	(1,323)	(141,668)	(4,268)	(212)	(181,379)
Balance as of December 31, 2024	**455,029**	**11,665**	**1,811,120**	**43,793**	**2,175**	**2,323,782**
Additions[1]	131,876	3,136	215,721	—	—	350,733
Derecognition	(2,288)	—	(20,792)	—	—	(23,080)
Effect of foreign currency exchange differences	98,028	2,376	305,533	8,593	427	414,957
Balance as of December 31, 2025	**682,645**	**17,177**	**2,311,582**	**52,386**	**2,602**	**3,066,392**
Accumulated amortization and impairment						
Balance as of January 1, 2024	**(18,789)**	**(1,548)**	**(769,721)**	**—**	**—**	**(790,058)**
Amortization expense	—	(2,055)	(6,310)	—	—	(8,365)
Amortization expense capitalized into inventory	(1,581)	—	(49,592)	—	—	(51,173)
Impairment loss[2]	(313,868)	(1,029)	(161,963)	—	—	(476,860)
Effect of foreign currency exchange rate differences	1,750	252	41,521	—	—	43,523
Balance as of December 31, 2024	**(332,488)**	**(4,380)**	**(946,065)**	**—**	**—**	**(1,282,933)**
Amortization expense	—	(2,185)	(6,709)	—	—	(8,894)
Amortization capitalized into inventory	(3,599)	—	(78,434)	—	—	(82,033)
Impairment loss[2]	(136,408)	(117)	(668,449)	—	—	(804,974)
Effect of foreign currency exchange differences	(64,395)	(816)	(122,021)	—	—	(187,232)
Balance as of December 31, 2025	**(536,890)**	**(7,498)**	**(1,821,678)**	**—**	**—**	**(2,366,066)**
Carrying amount as of December 31, 2024	**122,541**	**7,285**	**865,055**	**43,793**	**2,175**	**1,040,849**
Carrying amount as of December 31, 2025	**145,755**	**9,679**	**489,904**	**52,386**	**2,602**	**700,326**

1 - Of $350,733 in additions for the full year ended December 31, 2025, $224,876 has been settled in cash. These $224,876 are included in the $296,079 cash used for investing activities related to additions to intangible assets, and the remaining $71,203 relates to decreases in trade payables with related parties from prior years which were settled in cash during the full year ended December 31, 2025.
Of $297,380 in additions for the full year ended December 31, 2024, $157,373 has been settled in cash. These $157,373 are included in the $209,101 cash used for investing activities related to additions to intangible assets, and the remaining $51,728 relates to decreases in trade payables with related parties from prior years which were settled in cash during the full year ended December 31, 2024.

2 - For the year ended December 31, 2025, the impairment loss of $804,974 is part of the total CGU impairment in 2025. For further information, refer to *Note 2 - Material accounting policies and use of significant judgements and estimates.*

For the year ended December 31, 2024, Polestar 3 CGU and IDP CGUs were assessed for impairment, and impairment losses amounting to $476,860 were recognized related to Intellectual property, where 100% of the amount was recognized within cost of sales.

For the year ended December 31, 2025, additions to internally developed IP are primarily related to Polestar 5 and various other internal programs, such as model year changes. Additions of acquired IP during the year ended December 31, 2025 were primarily related to acquisitions of Polestar 3 IP from Volvo Cars and Polestar 4 IP from Geely. Polestar also acquired IP related to model year changes of the Polestar 2 from Volvo Cars. Refer to *Note 28 - Related party transactions* for further details.

Note 16 - Property, plant and equipment

Right-of-use assets

As a lessee, Polestar Group primarily leases buildings and manufacturing production equipment. The Group also has short-term and low value leases related to the leasing of temporary spaces and small IT equipment, respectively. The lease term for land and buildings is generally 2- 15 years. The lease term for machinery and equipment is generally 2- 6 years.

The table below shows the changes to the carrying amount of tangible assets and right-of-use that comprises property, plant and equipment:

	Tangible assets			Right-of-use assets		
	Buildings and land	Machinery and equipment [4]	Assets under construction	Buildings and land	Machinery and equipment	Total
Acquisition cost						
Balance at January 1, 2024	**8,916**	**180,945**	**251,638**	**122,613**	**49,832**	**613,944**
Additions[1]	5,133	66,874	171,439	32,184	37,894	313,524
Divestments and disposals	(4,525)	(2,567)	(651)	—	—	(7,743)
Reclassifications	1,963	250,630	(252,593)	—	—	—
Cancellations	—	—	—	(39,609)	(2,100)	(41,709)
Remeasurement	—	—	—	—	(713)	(713)
Effect of foreign currency exchange differences	(621)	(19,720)	(3,637)	(6,463)	(1,838)	(32,279)
Balance as of December 31, 2024	**10,866**	**476,162**	**166,196**	**108,725**	**83,075**	**845,024**
Additions[1]	302	4,973	83,573	10,787	6,039	105,674
Divestments and disposals	(2,730)	(12,561)	(2,338)	—	—	(17,629)
Reclassifications	200	118,339	(118,539)	—	—	—
Cancellations	—	—	—	(20,438)	(3,162)	(23,600)
Remeasurement	—	—	—	—	(1,911)	(1,911)
Effect of foreign currency exchange differences	811	20,286	16,104	13,121	9,002	59,324
Balance as of December 31, 2025	**9,449**	**607,199**	**144,996**	**112,195**	**93,043**	**966,882**
Depreciation and impairment						
Balance at January 1, 2024	**(2,709)**	**(61,174)**	**(579)**	**(34,291)**	**(39,152)**	**(137,905)**
Depreciation expense	(3,542)	(4,531)	—	(24,780)	(1,543)	(34,396)
Depreciation capitalized into inventory	—	(15,042)	—	—	(845)	(15,887)
Divestments and disposals	1,858	1,230	—	—	—	3,088
Depreciation expense employee benefits[3]	—	—	—	—	(2,070)	(2,070)
Cancellations	—	—	—	18,385	1,013	19,398
Impairment loss[2]	—	(65,222)	(72,121)	—	(7,152)	(144,495)
Effect of foreign currency exchange differences	239	1,856	—	2,517	374	4,986
Balance as of December 31, 2024	**(4,154)**	**(142,883)**	**(72,700)**	**(38,169)**	**(49,375)**	**(307,281)**
Depreciation expense	(1,822)	(5,668)	—	(17,620)	(1,016)	(26,126)
Depreciation capitalized into inventory	—	(29,327)	—	—	(2,670)	(31,997)
Divestments and disposals	1,132	3,127	—	—	—	4,259
Depreciation expense employee benefits[3]	—	—	—	—	(3,728)	(3,728)
Cancellations	—	—	—	15,197	2,669	17,866
Impairment loss[2]	—	(230,770)	(32,592)	(12,948)	(33,216)	(309,526)
Effect of foreign currency exchange differences	(221)	(6,816)	(3,281)	(5,193)	(1,845)	(17,356)
Balance as of December 31, 2025	**(5,065)**	**(412,337)**	**(108,573)**	**(58,733)**	**(89,181)**	**(673,889)**
Carrying amount at December 31, 2024	**6,712**	**333,279**	**93,496**	**70,556**	33,700	537,743
Carrying amount at December 31, 2025	**4,384**	**194,862**	**36,423**	**53,462**	3,862	292,993

1 - Of $105,674 in additions for the year ended December 31, 2025, $81,047 has been settled in cash. In the Consolidated Statement of Cash Flows, the amount of $81,047 is included as investing activities in the $158,713 of additions to property, plant and equipment, and the remaining $77,666 relates to additions in trade payables with related parties from prior years which were settled in cash during the year ended December 31, 2025. Of $313,524 in additions for the year ended December 31, 2024, $128,960 has been settled in cash. In the Consolidated Statement of Cash Flows, the amount of $128,960 is included as investing activities in the $147,894 of additions to property, plant and equipment, and the remaining $18,934 relates to additions in trade payables with related parties from prior years which were settled in cash during the year ended December 31, 2024.

2 - From the total impairment loss of $309,526 for the year ended December 31, 2025, $287,771 is part of the total CGU impairment registered in 2025, $25,197 is related to impairment of certain PPE as result from the restructuring initiatives recognized in other research and development expense, offset by $3,442 primarily related to reversals from prior periods. For the year ended December 31, 2024, the Polestar 3 CGU and IDP CGU were assessed for impairment, and impairment losses amounting to $144,495 were recognized in cost of sales.

3 - Related to Polestar's company car scheme to its employees.

4 - Balance includes tooling which has been legally sold in structured borrowing transactions - refer to *Note 26 - Loans and borrowings* - 'Borrowing collateralized with tooling' for details of these financing transactions and the amounts due under them.

The borrowing costs capitalized for assets under construction the years ended December 31, 2025 and 2024 were $2,138 and $10,629, respectively. The capitalization rate used to determine the amount of capitalized borrowing costs was 5.3% and 6.2% for the years ended December 31, 2025 and 2024, respectively.

Note 17 - Financial instruments

Fair value disclosure for financial instruments measured at amortized cost

The following table shows the carrying amounts of financial assets and liabilities measured at amortized cost. The carrying amount of these financial assets and liabilities approximate their fair value.

	As of December 31, 2025		As of December 31, 2024[1]	
	Current	**Non-Current**	**Current**	**Non-Current**
Financial assets				
Cash and cash equivalents	1,159,300	—	739,237	—
Trade receivables and other receivables	341,881	—	233,088	—
Restricted deposits[2]	19,188	38,934	—	31,011
Other financial assets[3]	49,079	14,340	12,013	5,917
Total financial assets measured at amortized cost	**1,569,448**	**53,274**	**984,338**	**36,928**
Financial liabilities				
Loans and borrowings	(3,860,675)	(2,499,230)	(2,657,839)	(2,281,062)
Trade payables	(1,107,162)	—	(893,914)	—
Accrued expenses[4]	(424,152)	—	(519,384)	—
Refund liabilities[5]	(167,642)	(30,875)	(100,844)	(52,287)
Lease liabilities	(37,210)	(93,514)	(30,922)	(104,349)
Liabilities related to repurchase commitments[5]	(124,633)	(722)	(106,401)	(11,017)
Advance payments from customers	(16,062)	—	(17,344)	—
Other financial liabilities[5]	(11,582)	—	(150,143)	(8,094)
Total financial liabilities measured at amortized cost	**(5,749,118)**	**(2,624,341)**	**(4,476,791)**	**(2,456,809)**

1 - Certain figures and descriptions from 2024 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)*.

2 - Restricted deposits comprise amounts held as collateral under banking and regulatory arrangements. These balances primarily secure residual value obligations in connection with vehicle lease programs and bank guarantees issued in favor of customs and environmental authorities, and are not available for general use until the related obligations are settled or the guarantees are released. For further details, see *Note 20 - Other assets*.

3 - Amounts are being presented in *Note 20 - Other assets*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

4 - Amounts presented in *Note 24 - Accrued expenses*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

5 - Amounts are being presented *Note 25 - Other liabilities*. The amounts presented in this table represent a portion of the total amounts disclosed in the referenced footnote.

Total interest income arising on financial assets measured at amortized cost related to cash and cash equivalents and, for the years ended December 31, 2025, 2024, and 2023, amounted to $7,640, $21,093, and $32,280, respectively. Total interest expense arising on financial liabilities measured at amortized cost related mainly to loans and borrowings, lease liabilities, trade payables and other financing and obligations including related parties and, for the years ended December 31, 2025, 2024 and 2023, amounted to $375,226, $335,412 and $205,677, respectively.

The following table shows the maturities for the Group's non-derivative financial assets and liabilities as of December 31, 2025 and 2024:

	As of December 31, 2025			
	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Cash and cash equivalents	1,159,300	—	—	1,159,300
Trade receivables and other receivables	341,881	—	—	341,881
Restricted deposits	19,188	38,934	—	58,122
Other financial assets	49,079	11,482	2,858	63,419
Total financial assets measured at amortized cost	**1,569,448**	**50,416**	**2,858**	**1,622,722**
Financial liabilities				
Loans and borrowings	(3,860,675)	(2,499,230)	—	(6,359,905)
Trade payables	(1,107,162)	—	—	(1,107,162)
Accrued expenses	(424,152)	—	—	(424,152)
Refund liabilities	(167,642)	(30,875)	—	(198,517)
Lease liabilities	(37,210)	(67,621)	(25,893)	(130,724)
Liabilities related to repurchase commitments	(124,633)	(722)	—	(125,355)
Advance payments from customers	(16,062)	—	—	(16,062)
Other financial liabilities	(11,582)	—	—	(11,582)
Total financial liabilities measured at amortized cost	**(5,749,118)**	**(2,598,448)**	**(25,893)**	**(8,373,459)**

	As of December 31, 2024[1]			
	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Cash and cash equivalents	739,237	—	—	739,237
Trade receivables and other receivables	233,088	—	—	233,088
Restricted deposits	—	31,011	—	31,011
Other financial assets	12,013	3,659	2,258	17,930
Total financial assets measured at amortized cost	**984,338**	**34,670**	**2,258**	**1,021,266**
Financial liabilities				
Loans and borrowings	(2,657,839)	(2,273,647)	(7,415)	(4,938,901)
Trade payables	(893,914)	—	—	(893,914)
Accrued expenses	(519,384)	—	—	(519,384)
Refund liabilities	(100,844)	(52,287)	—	(153,131)
Lease liabilities	(30,922)	(53,488)	(50,861)	(135,271)
Liabilities related to repurchase commitments	(106,401)	(11,017)	—	(117,418)
Advance payments from customers	(17,344)	—	—	(17,344)
Other financial liabilities	(150,143)	(8,094)	—	(158,237)
Total financial liabilities measured at amortized cost	**(4,476,791)**	**(2,398,533)**	**(58,276)**	**(6,933,600)**

1 - Certain figures and descriptions from 2024 were re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates)*.

Fair value disclosure for financial instruments measured through profit and loss

Polestar's material financial instruments measured at FVTPL are its derivative financial liabilities for the Class C Shares and Earn-out rights. For the years ended December 31, 2025, 2024, and 2023, Polestar recognized $23,391, $129,124 and $465,168 in gains for these financial instruments measured at FVTPL, respectively.

The following table shows the carrying amounts of financial liabilities measured at FVTPL on a recurring basis.

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
As of December 31, 2025				—
Earn-out rights	—	—	3,579	3,579
Class C-1 Shares	4,353	—	—	4,353
Class C-2 Shares	—	955	—	955
Total	**4,353**	**955**	**3,579**	**8,887**
As of December 31, 2024				
Earn-out rights	—	—	28,778	28,778
Class C-1 Shares	2,870	—	—	2,870
Class C-2 Shares	—	630	—	630
Total	**2,870**	**630**	**28,778**	**32,278**

Maturities are not provided for the Group's derivative liabilities related to the Class C Shares and the Earn-out rights that were assumed as part of the merger with Gores Guggenheim, Inc. ("GGI") on June 23, 2022. The derivative liabilities related to the Class C Shares can be either cash or equity settled, depending on certain circumstances that may occur in the future. The derivative liability related to the Earn-out rights can only be equity settled and therefore will not have a cash flow impact on the Group.

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 in the years ended December 31, 2025 and 2024.

Class C Shares

On the Closing of the Business Combination Agreement ("BCA") in 2022, Public Warrants and Private Warrants in GGI that were issued and are outstanding immediately prior to the Closing were exchanged for Class C-1 Shares and Class C-2 Shares in Parent.

Under IAS 32, the Class C Shares failed to meet the definition of equity because they could result in the issuance of a variable number of Class A Shares in the Parent in the case of a cashless basis exercise. Additionally, in the case of a redemption or conversion, the Group would be required to either pay cash or issue a variable number of shares to the holders of the Class C Shares. Instead, the Class C Shares meet the definition of derivative liabilities that are carried at fair value with subsequent changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss at each reporting date.

The Class C-1 Shares are publicly traded on the Nasdaq (i.e., Level 1 input). The Class C-2 Shares are not publicly traded and require a Level 2 valuation approach, based on the publicly traded price of the Class C-1 shares.

The table that follows shows the changes in the fair value of the Class C Shares in the periods presented:

	Class C-1 Shares	Class C-2 Shares
As of January 1, 2024	**4,920**	**1,080**
Change in fair value measurement	(2,050)	(450)
As of December 31, 2024	**2,870**	**630**
Class C-2 Shares converted to Class C-1 Shares	—	—
Change in fair value measurement	1,483	325
As of December 31, 2025	**4,353**	**955**

Earn-out rights

On the Closing of the BCA, the Former Parent was issued a contingent right to receive earn-outs of up to 802,621 Class A Shares and 4,469,966 Class B Shares in Parent, issuable in five tranches that each comprise 160,524 Class A Shares and 893,993 Class B Shares in Parent (all share quantities are adjusted for the ADS Ratio Change dated December 9, 2025). Each tranche is issuable once the daily volume weighted average price of Class A Shares in Parent meets specific price hurdles for 20 trading days out of any 30 day trading period beginning after December 23, 2022 and ending on December 23, 2028.

If the daily volume weighted average price of Class A Shares in Parent triggers a higher price tranche prior to triggering a lower price tranche, all tranches below the tranche triggered are also triggered for (e.g., if tranche 5 is triggered, tranches 1 through 4 are also triggered). Additionally, in the event there is a change of control of the Group (i.e., there is a change in greater than 50% equity ownership of the Group) all five tranches are automatically triggered for issuance. The Former Parent's contingent right to the earn-out tranches that are not triggered for issuance by December 23, 2028 will expire immediately.

Under IAS 32 the contingent Earn-out rights failed to meet the definition of equity because it could result in the issuance of a variable number of Class A Shares and Class B Shares in Parent and the triggering events are subject to price hurdles (i.e., a market condition) that are outside of the control of the Group. Instead, it meets definition of a derivative liability that is carried at fair value with subsequent changes in fair value recognized in Profit or Loss at each reporting date, therefore, the contingent Earn-out rights require a valuation approach leveraging Level 3 inputs. Refer to *Note 2 - Material accounting policies and use of significant judgements and estimates* for further details on the valuation methodology utilized to determine the fair value of the Earn-out rights.

The following table presents the variables considered in the Monte Carlo valuation and the earn-out fair value:

	As of December 31,	
	2025	**2024**
Number of earn-out tranches[1]	5	5
Term in years	1.98	2.98
Volatility	90 %	85 %
Risk-free rate	3.4 %	4.0 %

1 - The daily volume weighted average price per share of Class A Shares in Parent that is required to trigger each tranche is $390.0 for tranche 1, $465.0 for tranche 2, $540.0 for tranche 3, $615.0 for tranche 4 and $690.0 for tranche 5. This price threshold has been adjusted for ADS Ratio Change dated December 9, 2025.

The volatility represents the most significant unobservable input utilized in this Level 3 valuation technique. Refer to *Note 3 - Financial risk management* for the analysis of the increase/decrease in the volatility and the impact they would result in its fair value.

The table that follows shows the changes in the fair value of the Earn-out rights in the periods presented:

	Earn-out rights
As of January 1, 2024	**155,402**
Change in fair value measurement	(126,624)
As of December 31, 2024	**28,778**
Change in fair value measurement	(25,199)
As of December 31, 2025	**3,579**

Note 18 - Trade receivables and other receivables

Trade receivables from contracts with customers represent sales transactions, conducted via sales units, within the markets in which the Group operates. The average credit term to finance service providers and fleet customers is two weeks. For the related parties revenues, refer to the *Sale of goods, services and other* section of *Note 28 - Related party transactions* for further information.

The following table details the aging analysis of the trade receivables:

	Not overdue	**1-30 days overdue**	**30-90 days overdue**	**More than 90 days overdue**	**Total**
As of December 31, 2025					
Trade receivables - external	63,337	65,362	13,530	1,855	144,084
Trade receivables - related parties	116,258	20,358	19,164	42,017	197,797
Net trade receivables	**179,595**	**85,720**	**32,694**	**43,872**	**341,881**
As of December 31, 2024[1]					
Trade receivables - external	94,490	47,393	7,482	3,040	152,405
Trade receivables - related parties	56,740	1,051	99	22,793	80,683
Net trade receivables	**151,230**	**48,444**	**7,581**	**25,833**	**233,088**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

Management determines that a receivable is written off once reasonable means of collection have been unsuccessful and the Group has no reasonable expectations of recovering the entire contractual cash flows, or a portion thereof. As of December 31, 2025, the Group wrote off $4,457 of receivables. As of December 31, 2024, the Group has written off a de minimis amount of receivables. Refer to *Note 28 - Related party transactions* for further information.

The receivables with related parties comprise sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines.

Further information on credit risks for trade receivables is included in *Note 3 - Financial risk management*.

Note 19 - Inventories

The Group's inventory primarily consisted of vehicles as follows:

	As of December 31,	
	2025	**2024**
Finished goods and goods for resale	1,024,942	1,191,047
Provision for impairment	(171,863)	(111,686)
Total	**853,079**	**1,079,361**

Inventory costs recognized during the years ended December 31, 2025, 2024 and 2023 amounted to $2,914,511, $2,112,317 and $2,183,847, respectively, and were included in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

For the years ended December 31, 2025, 2024, and 2023, write-downs of inventories to net realizable value amounted to $155,958, $89,744 and $146,550 respectively. The write-downs were recognized in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

The write-downs of inventories to net realizable value include significant judgement for the estimated market price (i.e., selling price of inventories less estimated costs of completion and estimated costs necessary to make the sales). Changing estimated market price could result in an increase or decrease to the write-downs recognized. For the year ended December 31, 2025, a 1% increase or decrease in estimated market price would result in a decrease of $3,393 or increase of $3,251 to the impairment loss, respectively; a 3% increase or decrease in estimated market price (which management believes to be a reasonably possible change) would result in a decrease of $11,228 or an increase of $9,388 to the impairment loss, respectively.

Inventories can be pledged as security for liabilities. Refer to *Note 26 - Loans and borrowings* for further details.

Note 20 - Other assets

Other current and non-current assets for the Group were as follows:

	As of December 31,	
	2025	**2024[1]**
Current		
Value added tax receivables	128,481	148,405
Other current receivables[2]	73,368	32,417
Accrued income[3]	55,041	—
Prepaid expenses[4]	30,071	40,800
Restricted deposits[5]	19,188	—
Insurance recovery assets	8,071	8,886
Advances to suppliers	6,240	8,399
Amounts due from related parties[6]	2,834	2,713
Total current	**323,294**	**241,620**
Non-current		
Restricted deposits[5]	38,934	31,011
Other interest bearing receivables	827	2,664
Other non-interest bearing receivables	15,182	6,065
Total non-current	**54,943**	**39,740**
Total other assets	**378,237**	**281,360**

1 - The current other assets was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - Other current receivables consisted primarily of accruals for future value added tax ("VAT") receivables where Polestar recognizes an asset for a future VAT receivable when it sells a vehicle under a repurchase commitment.

3 - As of December 31, 2025, accrued income consists of carbon credits.

4 - As of December 31, 2025 and 2024, prepaid expenses consisted primarily of prepaid insurance, selling expenses, and software license expenses.

5 - For the years ended December 31, 2025 and 2024, the Group held restricted deposit balances primarily related to borrowing covenants, leases and residual value guarantee contracts.

6 - The amounts due from related parties include transactions related to the sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines. For further information, see *Note 28 - Related party transactions*.

Note 21 - Equity

Changes in the Group's equity during the years ended December 31, 2025 and 2024 were as follows:

	Quantity		In US$ (thousands)	
	Class A Shares	**Class B Shares**	**Share capital**	**Other contributed capital**
Balance as of January 1, 2024	**467,976,748**	**1,642,233,575**	**(21,168)**	**(3,615,187)**

Conversion of Class B to Class A (1:1)	1,592,341,000	(1,592,341,000)	—	—
Equity-settled share-based payment	144,249	—	(1)	(9,840)
Balance as of December 31, 2024	**2,060,461,997**	**49,892,575**	**(21,169)**	**(3,625,027)**
Balance as of January 1, 2025	**2,060,461,997**	**49,892,575**	**(21,169)**	**(3,625,027)**
Equity issuance - June PIPE	210,476,190	(20,000,000)	(1,905)	(197,766)
Related party capital contribution	—	—	—	(23,835)
Equity-settled share-based payment	8,937,392	—	(89)	(9,053)
Equity issuance - December PIPE	465,356,760	—	(4,654)	(277,777)
Balance as of December 31, 2025	**2,745,232,339**	**29,892,575**	**(27,817)**	**(4,133,458)**

The following instruments of the Parent were issued and outstanding as of December 31, 2025 and 2024, and are presented in quantity:

	As of December 31,	
	2025	2024
Outstanding shares		
Class A Shares with a par value of $0.01	2,745,232,339	2,060,461,997
of which were owned by related parties	1,885,066,989	1,675,841,017
Class B Shares with a par value of $0.01	29,892,575	49,892,575
of which were owned by related parties	29,892,575	49,892,575
Class C-1 Shares with a par value of $0.10	20,499,965	20,499,965
Class C-2 Shares with a par value of $0.10	4,500,000	4,500,000
Redeemable Preferred Shares with a par value of GBP 1.00.	50,000	50,000

Holders of Class A Shares in Parent are entitled to one vote per share and holders of Class B Shares in the Parent are entitled to ten votes per share. Holders of Class C Shares in Parent are entitled to one vote per share for certain matters, but have no voting rights with respect to general matters voted on by holders of Class A Shares and Class B Shares in the Parent. Additionally, holders of GBP Redeemable Preferred Shares in the Parent have no voting rights. Any dividends or other distributions paid by the Parent shall only be issued to holders of outstanding Class A Shares and Class B Shares in the Parent. Holders of Class C Shares and GBP Redeemable Preferred Shares in the Parent are not entitled to participate in any dividends or other distributions. Refer to *Note 17 - Financial instruments* for additional information on the Class C Shares which are accounted for as derivative financial liabilities in accordance with IAS 32 and IFRS 9.

As of December 31, 2025, there were an additional 2,254,767,661 Class A Shares and 1,747,474,164 Class B Shares with par values of $0.01 authorized for issuance. No additional Class C Shares or Redeemable Preferred Shares were authorized for issuance.

Equity issuances - PIPE

On June 16, 2025, Polestar entered into a Securities Purchase Agreement pursuant to which Polestar agreed to sell 190,476,190 newly issued Class A ADS to PSD Investment Limited ("PSD") for an aggregate subscription amount of $200.0 million through a PIPE at a price of $1.05 per Class A ADS, which represented the volume weighted average closing sale price for the previous five consecutive trading days prior to signing. As permitted under the agreement, PSD opted to prepay the subscription amount. Prior to closing of the PIPE and delivery of the new Class A ADS, PSD converted 20,000,000 of its Class B ADS into Class A ADS in order to keep the overall voting power of its Polestar shareholdings below 50%. This conversion was effected on July 22, 2025, and the PIPE was closed on July 23, 2025.

On December 19, 2025, Polestar entered into Securities Purchase Agreements pursuant to which Polestar agreed to sell a total of 15,511,892 newly issued Class A ADS to third party investors for an aggregate subscription amount of $300.0 million at a price of $19.34 per Class A ADS. In parallel to this transaction, entities controlled by Polestar Group's ultimate controlling shareholder (related parties) entered into put option arrangements with the third party investors which allow the relevant investor to sell the Class A ADSs acquired from Polestar to the related parties during an exercise period at the end of the term of the put option at a pre-determined price to the extent the investor has not disposed of such Class A ADSs before then. Polestar is not party to these contracts and has no obligation under them. However, these contracts were necessary to enable the transaction to close with the terms that it did, including a price per share above the market price at that date, and, therefore, Polestar indirectly benefited from them. Polestar concluded that the related parties were acting as its shareholders by making these arrangements for its benefit and therefore accounted for this support as a capital contribution with a fair value of $202.7 million. The transactions closed on December 23, 2025.

ADS Ratio Change

On December 9, 2025, Polestar's Class A, Class B, Class C-1 and Class C-2 ADS's ratio changed from the current ADS Ratio of one (1) ADS to one (1) ordinary share, to the new underlying ADS Ratio of one (1) ADS to thirty (30) ordinary shares. There was no change to the Company's Class A, Class B, Class C-1 or Class C-2 ordinary shares.

Note 22 - Provisions

Changes in the Group's current and non-current provisions were as follows:

	Warranties	Employee benefits	Litigation	Other[1]	Total
Balance as of January 1, 2025	**128,591**	**902**	**27,135**	**10,898**	**167,526**
Additions	108,340	9,879	3,927	61,917	184,063
Utilization	(72,649)	(7,255)	(1,480)	(17,906)	(99,290)
Reversals	(19,310)	1,905	(583)	(135)	(18,123)
Unwinding of discount and effect in changes due to discount rate	450	—	—	—	450
Effect of foreign currency exchange differences	16,671	985	—	2,045	19,701
Balance as of December 31, 2025	**162,093**	**6,416**	**28,999**	**56,819**	**254,327**
of which current	49,805	6,416	28,999	35,571	120,791
of which non-current	112,288	—	—	21,248	133,536
Balance as of January 1, 2024	**144,693**	**3,222**	**35,676**	**8,762**	**192,353**
Additions	71,821	259	—	13,562	85,642
Utilization	(41,579)	(1,154)	(5,082)	(11,012)	(58,827)
Reversals	(40,186)	(215)	(3,459)	(180)	(44,040)
Unwinding of discount and effect in changes due to discount rate	3,075	—	—	—	3,075
Effect of foreign currency exchange differences	(9,233)	(1,210)	—	(234)	(10,677)
Balance as of December 31, 2024	**128,591**	**902**	**27,135**	**10,898**	**167,526**
of which current	36,640	902	27,135	8,092	72,769
of which non-current	91,951	—	—	2,806	94,757

1 - As of December 31, 2025, the total amount of $56,819 includes an amount of $6,726 related to restructuring provision and $16,581 related to end-of-life battery recycling responsibilities.

Warranty provision arises from contractual warranty costs, warranty campaigns (including recalls), and warranty coverage provided in excess of contractual terms. Other provisions primarily relate to investor remunerations, support costs, and payroll-related commitments.

The cash outflow for the non-current portion of warranty provisions is primarily expected through 2037, and the non-current portion of other provisions is primarily expected through 2050.

Litigation

Per the terms of the BCA governing the merger with GGI on June 23, 2022, Polestar is obligated to indemnify directors, officers, and employees of GGI for six years following the closing of the merger. In August 2023, former public stakeholders of GGI filed a legal claim against certain directors, officers, and employees of GGI; alleging certain misconduct by these individuals with respect to their duties to GGI's stakeholders during and prior to GGI's merger with Polestar. As of December 31, 2025 and 2024, Polestar maintains a provision for $25,362 and $27,135, respectively, relating to its indemnification obligation towards the defendants, which is based on estimates of future expenditure, including related legal costs. Polestar's directors and officers insurance policy applies to the legal claim and provides coverage for up to $10,000 of costs after $5,000 has been paid by Polestar. However, as of December 31, 2025 and 2024, only $8,071 and $8,886, respectively, has been recognized and included in other assets on the Consolidated Statement of Financial Position as a virtually certain recovery. As the outcome of the litigation includes inherent uncertainty, the final expenditure may not be known until there is a final and unappealable judgment.

Polestar's estimates of its obligation could change in the future if new facts and circumstances arise as the legal proceedings continue to develop.

Note 23 - Trade payables

The current trade payables balances for the Group were as follows:

	As of December 31,	
	2025	2024[1]
Trade payables - external	115,161	103,368
Trade payables - related parties[2]	992,001	790,546
Total	**1,107,162**	**893,914**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).

2 - The amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions*.

Note 24 - Accrued expenses

	As of December 31,	
	2025	**2024**[1]
Accrued expenses - external	170,438	283,212
Accrued expenses - related parties[2]	254,139	236,548
Total	**424,577**	**519,760**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).
2 - The amounts due to related parties mainly comprise transactions from agreements associated with purchases of intangible assets and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions*.

Note 25 - Other liabilities

Other current and non-current liabilities for the Group were as follows:

	Current		Non-current	
	As of December 31,		As of December 31,	
	2025	**2024**[1]	**2025**	**2024**
VAT liabilities	162,081	115,501	—	—
Refund liabilities	167,642	100,844	30,875	52,287
Liabilities related to repurchase commitments	124,633	106,401	722	11,017
Personnel related liabilities[2]	47,870	31,757	—	—
Liabilities related to assets under construction	46,466	62,896	—	—
Amounts due to related parties[3]	11,582	39,644	—	—
Other liabilities	26,763	21,322	5,631	8,094
Total	**587,037**	**478,365**	**37,228**	**71,398**

1 - The amount for December 31, 2024 was re-presented (see *Voluntary re-presentation from previous year* in *Note 2 - Material accounting policies and use of significant judgements and estimates*).
2 - Consist of wages, salaries, and other benefits payable.
3- The amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. For further information, see *Note 28 - Related party transactions*.

Note 26 - Loans and borrowings

The loans and borrowings balance as of December 31, 2024 was re-presented in accordance with the changes stated in *Voluntary re-presentation from previous year* in these Consolidated Financial Statements. For further details, see *Note 2 - Material accounting policies and use of significant judgements and estimates*.

The changes and carrying amounts of Polestar Group's loans and borrowings as of December 31, 2025 and 2024 were as follows:

	Working capital loans from banks	Convertible instruments[1]	Club Loan[2]	Borrowing collateralized with tooling[3]	Market RCFs[4]	Total
Balance as of January 1, 2025	**2,427,194**	**1,300,406**	**933,175**	**124,878**	**153,248**	**4,938,901**
New borrowings	3,447,330	300,000	—	222,681	375,931	4,345,942
Payments	(2,704,901)	—	—	(23,497)	(389,040)	(3,117,438)
Transaction costs and amortization	1,220	(1,663)	3,993	—	(772)	2,778
Interest on loans	111	23,232	15,667	488	54	39,552
Effect of foreign currency exchange differences	79,632	—	46,005	9,146	15,387	150,170
Balance as of December 31, 2025	**3,250,586**	**1,621,975**	**998,840**	**333,696**	**154,808**	**6,359,905**
of which current	3,250,586	366,001	21,604	67,676	154,808	3,860,675
of which non-current	—	1,255,974	977,236	266,020	—	2,499,230
Balance as of January 1, 2024	**1,923,755**	**1,250,000**	**—**	**131,737**	**147,787**	**3,453,279**
New borrowings	3,074,640	4,876	950,632	6,412	336,622	4,373,182
Payments	(2,560,208)	—	—	(7,178)	(322,513)	(2,889,899)
Transaction costs and amortization	—	—	(9,072)	—	—	(9,072)
Debt modification	—	2,761	—	(2,478)	—	283
Interest on loans	12,431	42,769	5,937	—	642	61,779
Effect of foreign currency exchange differences	(23,424)	—	(14,322)	(3,615)	(9,290)	(50,651)
Balance as of December 31, 2024	**2,427,194**	**1,300,406**	**933,175**	**124,878**	**153,248**	**4,938,901**
of which current	2,427,194	42,769	5,940	28,688	153,248	2,657,839
of which non-current	—	1,257,637	927,235	96,190	—	2,281,062

1 - Borrowing with related parties, previously referred to "Credit facilities".

2 - The Club Loan was previously referred to as "Syndicated loans from banks".

3 - Borrowing with related parties, previously named as "PS3 tooling".

4 - The Market Revolving Credit Facilities ("Market RCFs") were previously referred to as "Floorplan" and "Sale-leaseback facilities".

Working capital loans from banks

The terms and conditions of current working capital loans outstanding as of December 31, 2025 are as follows:

Working capital loan	Currency	Term	Interest rate	Nominal amount in respective currency	Principal carrying value in TUSD[8]
Secured bank loan[1]	USD	Sep, 2024-2026	SOFR[5]+1.00%	100,000	100,000
Secured bank loan[1]	USD	Dec, 2024-2026	SOFR[5]+1.00%	125,000	125,000
Secured bank loan[1]	USD	Feb, 2025 - Jan, 2026	SOFR[7]+1.00%	50,000	50,000
Secured bank loan[1]	USD	Mar, 2025 - Jan, 2026	SOFR[7]+1.70%	300,000	300,000
Secured bank loan[1]	USD	Mar, 2025 - Jan, 2026	SOFR[7]+1.70%	100,000	100,000
Secured bank loan[1]	USD	Jun, 2025 - Jan, 2026	SOFR[7]+1.70%	50,000	50,000
Secured bank loan[1]	USD	Jun, 2025 - Jan, 2026	SOFR[7]+1.00%	50,000	50,000
Unsecured bank loan[2]	CNY	Mar, 2025-2026	4.00% p.a.	255,000	36,485
Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	5,000	715
Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	156,000	22,320
Unsecured bank loan[2]	CNY	Jun, 2025-2026	3.85% p.a.	170,000	24,323
Unsecured bank loan[2]	CNY	Sep, 2025-2026	3.85% p.a.	55,000	7,869
Unsecured bank loan[2]	CNY	Sep, 2025-2026	3.85% p.a.	7,700	1,098
Unsecured bank loan[2]	CNY	Sep, 2025 - Mar, 2026	3.85% p.a.	37,300	5,341
Unsecured bank loan[2]	CNY	Mar, 2025-2026	3.65% p.a.	800,000	114,463
Secured bank loan[1]	CNY	Aug, 2025-2026	2.40% p.a.	1,100,000	157,387
Unsecured bank loan[2]	CNY	Dec, 2025-2026	4.50% p.a.	2,000,000	286,158
Secured bank loan[1]	CNY	Dec, 2025-2026	4.50% p.a.	1,000,000	143,079
Secured bank loan[1]	USD	Mar, 2025-2026	5.45% p.a.	210,000	210,000
Unsecured bank loan[2]	USD	Jun, 2025-2026	7.30% p.a.	300,000	300,000
Secured bank loan[1]	CNY	Aug, 2025-2026	2.40% p.a.	976,000	139,645
Secured bank loan[1]	USD	Sep, 2025-2026	3.82% p.a.	320,000	320,000
Unsecured bank loan[2]	USD	Sep, 2025-2026	3.82% p.a.	82,000	82,000
Unsecured bank loan[2]	USD	Dec, 2025-2026	3.68% p.a.	118,000	118,000
Secured bank loan[4]	EUR	Mar, 2025-2026	EURIBOR[6]+2.50%	150,000	175,950
Secured bank loan[1]	USD	Sep, 2025 - Mar, 2026	SOFR[8]+1.00%	150,000	150,000
Secured bank loan[1]	USD	Sep, 2025 - Mar, 2026	SOFR[8]+1.00%	150,000	150,000
Secured bank loan[1]	EUR	Oct, 2025 - Jan, 2026	EURIBOR[6]+2.30%	3,500	4,090
Secured bank loan[1]	EUR	Oct, 2025 - Jan, 2026	EURIBOR[6]+2.30%	12,200	14,121
Total					**3,238,044**

1 - Secured by Geely.

2 - Letter of comfort from Geely.

3 - 3-month Euro Interbank Offered Rate ("EURIBOR").

4 - Letter of keep well from Geely.

5 - 12-month Term Secured Overnight Financing Rate ("SOFR").

6 - 1-month Term Secured Overnight Financing Rate ("SOFR").

7 - 6-month Term Secured Overnight Financing Rate ("SOFR").

8 - Excludes interest on loans.

Some of Polestar's loan facilities in China are subject to covenant requirements, including, but not limited to, a 300% liability-to-asset ratio of any single borrowing entity within the Group. Additionally, one specific loan facility requires Polestar to reach a retail sales volume of 30,000 units in the first half of 2026, otherwise allowing the lender to claim repayment from Polestar of 25% of the outstanding amount of the loan per month thereafter. As of December 31, 2025, Polestar was not in breach of its Chinese loan covenants.

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

The terms and conditions of current working capital loans outstanding as of December 31, 2024 were as follows:

Working capital loan	Currency	Term	Interest rate	Nominal amount in respective currency	Principal carrying value in TUSD[8]
Unsecured[6]	CNY	Mar, 2024-2025	LPR[3]+1.05%	177,000	24,249
Unsecured[6]	CNY	Apr, 2024-2025	LPR[3]+0.35%	473,000	64,802
Unsecured[6]	CNY	May, 2024-2025	LPR[3]+0.35%	88,000	12,056
Unsecured[6]	CNY	Jun, 2024-2025	LPR[3]+0.85%	231,000	31,647
Unsecured[6]	USD	Aug, 2024-2025	7.8% p.a.	196,000	196,000
Secured[1]	USD	Aug, 2024-2025	SOFR[5]+0.55%	320,000	320,000
Unsecured[6]	USD	Aug, 2024-2025	SOFR[5]+0.55%	82,000	82,000
Secured[1]	USD	Aug, 2024-2025	SOFR[5]+1.15%	100,000	100,000
Secured[1]	USD	Sep, 2024-Mar, 2025	6.9% p.a.	100,000	100,000
Unsecured[6]	USD	Sep, 2024-Jun, 2025	7.8% p.a.	104,000	104,000
Unsecured[6]	CNY	Sep, 2024-2025	LPR[3]+0.45%	39,000	5,343
Secured[1]	USD	Sep, 2024-2025	SOFR[5]+1.15%	100,000	100,000
Secured[1]	USD	Sep, 2024-2025	SOFR[5]+1.10%	100,000	100,000
Secured[2]	EUR	Oct, 2024-Feb, 2025	EURIBOR[4]+2.3%	361,886	375,548
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	25,000	25,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	50,000	50,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	50,000	50,000
Secured[1]	USD	Dec, 2024-Jan, 2025	SOFR[7]+1.00%	25,000	25,000
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	41,650	41,650
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	58,350	58,350
Unsecured[6]	USD	Dec, 2024-2025	SOFR[5]+0.30%	11,200	11,200
Unsecured[6]	CNY	Dec, 2024-2025	LPR[3]+1.40%	2,000,000	274,000
Secured[1]	CNY	Dec, 2024-2025	LPR[3]+1.40%	1,000,000	137,000
Unsecured[6]	CNY	Dec, 2024-2025	LPR[3]+0.90%	14,000	1,918
Secured[1]	USD	Dec, 2024-2025	SOFR[5]+1.10%	125,000	125,000
Total					**2,414,763**

1 - Secured by Geely.

2 - Vehicle inventory purchased via this facility was pledged as security until repayment.

3 - 12-month People's Bank of China Loan Prime Rate ("LPR").

4 - 3-month Euro Interbank Offered Rate ("EURIBOR").

5 - 12-month Term Secured Overnight Financing Rate ("SOFR").

6 - Letter of comfort from Geely.

7 - 1-month Term Secured Overnight Financing Rate ("SOFR").

8 - Excludes interest on loans.

Convertible instruments

Credit facility agreement with Volvo Cars

On November 3, 2022 the Group entered into a credit facility agreement with the related party Volvo Cars originally providing available credit of up to $800,000 and terminating on May 3, 2024. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest is calculated at the floating six-month SOFR rate plus 4.97% per annum. Prior to maturity, if the Group announces an offering of shares with a proposed capital raise of at least $350,000 and no fewer than five institutional investors participate in the offering, Volvo Cars has the right to convert the principal amount of any outstanding loans into the same class of shares and at the same price per share as received by the participating institutional investors.

Volvo Cars' conversion right meets the definition of an embedded derivative financial liability that is required to be bifurcated from the host debt instrument and accounted for separately because it could result in the issuance of a variable number of Class A Shares in the Parent at a price that was not fixed at the inception of the agreement and the economics of Volvo Cars' conversion right are not clearly and closely related to that of the host debt instrument. As such, the financial liability related to Volvo Cars' conversion right is carried at fair value with subsequent changes recognized in the Profit or Loss at each reporting date.

Subsequently, the credit facility agreement was amended. Below are the amendments to the credit facility, leading the Group to recalculate the carrying amount of the liability as the present value of the modified contractual cash flows and to recognize modification losses within finance expense during the years ended December 31, 2024 and 2023.

Amendment	Date	Modification loss
(i) Increase the overall credit capacity to $1,000,000 (ii) Termination date extended to June 30, 2027	November 8, 2023	(7,553)
Termination date extended to December 29, 2028	August 21, 2024	(2,761)

As of December 31, 2025 and 2024, the Group had principal draws of $1,000,000 and $1,000,000 outstanding under the facility and the fair value of the financial liability related to Volvo Cars' conversion right was $0 and $0.

Credit facility agreements with Geely

On November 8, 2023, the Group entered into a credit facility agreement with the related party Geely providing available credit of $250,000 with an interest rate of SOFR plus 4.97% per year; terminating on June 30, 2027 (the "2023 Geely Facility"). Other than the amount of credit available, the credit facility agreement with Geely maintains terms that are materially aligned with the original credit facility agreement with Volvo Cars, including the conversion option. As of December 31, 2025 and 2024, the Group had principal draws of $250,000 and $250,000 outstanding under the facility and the fair value of the financial liability related to Geely's conversion right was $0 and $0.

On December 19, 2025, Geely signed a conversion agreement under which it agreed to convert approximately $300,000 of principal and accrued interest of the 2023 Geely Facility at a conversion price of $19.34 (nineteen dollars and thirty four cents) per ADS. The closing of this conversion is subject to a number of conditions precedents including approval of certain aspects of the transaction by regulatory authorities and certain lenders. If these conditions precedents are not met, the conversion agreement has no further force or effect and the original terms of the credit facility agreement apply. The conversion agreement represents a significant modification of the original credit facility agreement and, therefore, the original loan was considered settled by the issuance of a new financial instrument - no gain or loss was recognized. The new financial instrument is a compound financial instrument which was recognized at fair value. The full fair value was allocated to the liability component and, therefore, no value was allocated to the equity component.

On December 16, 2025, the Group entered into a subordinated credit facility agreement with a Geely entity (related party) providing available credit of $600,000 available through March 31, 2026 in up to two drawdowns of $300,000 each (the "2025 Geely Facility"). On the same date, Polestar made a drawdown of $300,000 on this facility with an interest rate of SOFR plus 3.0% per year; maturing on June 17, 2026. Any further drawdown requires the consent of the lender. The subordinated credit facility includes a conversion option which allows the lender, at any time prior to repayment, to convert all or a portion of the outstanding amount into Polestar's shares or ADSs at a conversion price based on the average closing price of the five preceding trading days. This conversion option does not meet the definition of an embedded derivative and, therefore, is not required to be bifurcated from the host debt instrument and accounted for separately.

Club Loan

The Group has the following non-current syndicated loans from banks (the Club Loan) outstanding as of December 31, 2025:

				As of December 31, 2025		As of December 31, 2024	
Club loan	Currency	Term	Interest rate	Nominal amount in respective currency	Principal carrying value in TUSD[3]	Nominal amount in respective currency	Principal carrying value in TUSD[3]
Unsecured syndicated bank loan	USD	Feb, 2024-2027	SOFR[1]+3.35%	583,500	580,208	583,500	577,785
Unsecured syndicated bank loan	EUR	Feb, 2024-2027	EURIBOR[2]+ 2.85%	340,000	397,028	340,000	349,450
Total					**977,236**		**927,235**

1 - 6-month Term SOFR.

2 - 6-month EURIBOR.

3 - Excludes interest on loans.

The Club Loan is secured by interest reserve accounts pledges with an aggregate of three months interest deposited, Keepwell deed from Geely, and Letter of Comfort from Volvo Cars and PSD. The Club Loan bear interest based on Term SOFR or EURIBOR. Polestar may select an Interest Period of 1, 3 or 6 months, or any other period agreed between Polestar, the agent and all lenders in relation to the relevant loan.

The Club Loan is subject to covenant requirements including, but not limited to, a defined minimum annual revenue, a defined range for Polestar's debt-to-asset ratio (calculated on a quarterly basis), minimum quarterly cash levels of €400.0 million and maximum quarterly financial indebtedness of $5,500.0 million.

During 2025, Standard Chartered Bank and the syndicated lenders agreed to amend the debt-to-asset ratio range to be from 0.85:1 to 1.40:1 for the fourth quarter of 2025 and to amend the minimum revenue covenant for 2025 from $7,144.9 million to $3,000.0 million. The outcome of the debt-to-asset ratio for Q4 2025 and revenue for 2025 were 1.37:1 and $3,058.1 million, respectively and, therefore, as a result of these changes, Polestar was not in default related to the syndicated loan as of December 31, 2025. The debt ratio covenant will continue to be tested in the quarters thereafter. On March 31, 2026, the debt-to-asset ratio range for all testing dates for the year 2026 were amended. For further information, see *Note 26 - Loans and borrowings*.

Polestar's TFF (presented under *Working capital loans from banks*) is subject to certain covenant requirements and shares the same minimum quarterly cash covenant as the syndicated Club Loan. As of December 31, 2025, Polestar was not in breach of these covenants.

Borrowing collateralized with tooling

PS3 Tooling and Equipment

On December 8, 2023, Polestar and Geely entered into an asset transfer agreement which, when considered together with certain other agreements not signed until after December 31, 2023, was designed to provide financing to Polestar in exchange for Polestar transferring legal ownership of certain Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 (the "PS3 Tooling and Equipment") to Geely. The agreements were as follows:

- Polestar and Geely entered into an asset transfer agreement on December 8, 2023 under which Geely agreed to purchase the PS3 Tooling and Equipment for $156,056. The PS3 Tooling and Equipment sold to Geely included (1) tooling and equipment at certain vendors' premises and (2) unique type bound tooling and equipment located in Volvo Cars' plant. The purchase price was comprised of (1) Polestar's book value of the PS3 Tooling and Equipment equal to $149,470 (the "Base") and (2) an estimate of the cost to Polestar for future changes or modifications to the PS3 Tooling and Equipment equal to $6,586 (the "Cap"). The amount of the Cap not utilized by Polestar must be repaid by Polestar to Geely at the end of the useful life of the PS3. During and at the end of the useful life of the PS3, Polestar has the right to repurchase the PS3 Tooling and Equipment at Geely's book value. In the event the user right agreement (discussed below) is terminated, Polestar is obligated to repurchase the PS3 Tooling and Equipment at the amount not reimbursed to Geely under the user right agreement.
- Polestar, Geely, and Volvo Cars were committed to enter into a user right agreement under which Geely will grant Volvo Cars the right to use to PS3 Tooling and Equipment to manufacture the PS3 for Polestar in exchange for an annual user right fee from Volvo Cars equal to the Base divided by the estimated useful life of the PS3 (i.e., 6 years). In the event Polestar utilizes the Cap in the future, the numerator of the annual user right fee calculation will be adjusted by Geely to add the amount of the Cap utilized by Polestar. The user right fee does not carry interest or a mark-up.
- Polestar and Volvo Cars were committed to enter into a manufacturing agreement under which Volvo Cars will manufacture the PS3 in its plant in Chengdu, China. Per the pricing terms of the manufacturing agreement, Polestar will repay Volvo Cars for the annual user right fee paid to Geely in the piece price of each PS3 purchased (i.e., the annual user right fee divided by the annual manufacturing volume of PS3s).

In accounting for the asset transfer agreement, the Group applied the guidance in IFRS 15, IFRS 16, and IFRS 9. Under IFRS 15 and IFRS 16, the transfer of the PS3 Tooling and Equipment failed to meet the definition of a sale because the PS3 Tooling and Equipment is (1) unique to Polestar and the manufacturing of the PS3, (2) Polestar maintains a right to repurchase the PS3 Tooling and Equipment during and at the end of the useful life of the PS3, and (3) Polestar has a contingent obligation to repurchase the PS3 Tooling and Equipment at a value equal to Geely's purchase price less the total amount of the user right fee paid to Geely in the event the user right agreement is terminated. Further, since Polestar is required to (1) pay Volvo Cars in PS3 piece price for the annual user right fee Volvo Cars is required to pay Geely and (2) pay Geely at the end of the useful life of the PS3 for any unused amount of the Cap, the agreements together form a failed sale and lease-back transaction. In accordance with IFRS 16, the PS3 Tooling and Equipment was not derecognized from PPE and Polestar's obligation to repay the purchase price from Geely was accounted for under IFRS 9. Per the terms of the agreement, Polestar's long-term obligation to repay Geely through Volvo Cars does not include any interest or mark-up (i.e., the amount borrowed is the exact amount which will be repaid). This transfer of proceeds from Geely did not factor for the time-value of money (e.g., in a manner similar to a discount on a bond that a third party investor would require), so the transaction was not at arm's length in accordance with IAS 24, *Related Party Disclosures* ("IAS 24"), resulting in a portion of the purchase price from Geely being accounted for as a capital contribution instead of a financial liability. Accordingly, Polestar's obligation to Geely was recognized at the present value of $131,737, determined utilizing an estimated market interest rate in China of 5.2%, and the difference between the present value of Polestar's obligation and the purchase price from Geely of $25,565 was recognized as a component of other contributed capital.

On March 1, 2024, Polestar extended the production lifecycle of the PS3 from six years to seven years. As the duration of the PS3 Tooling and Equipment financing instrument follows the production lifecycle of the vehicle, the length of the repayment period also extended from six years to seven years resulting in a $2,478 gain. The carrying value of the PS3 Tooling and Equipment financing instrument was $112,843 and $124,878 as of December 31, 2025 and 2024, respectively.

PS4 Tooling and Equipment

In August 2025, Polestar and Geely entered into an asset transfer agreement under which Geely agreed to purchase unique tooling used in the production of the PS4 for $75,700. Although legal title and associated risks transferred to Geely, the tooling was not physically moved, is unique to Polestar and cannot be repurposed or used by Geely or any other party without Polestar's intellectual property and operational involvement.

In substance, Polestar retains control over the tooling, as Geely does not obtain the ability to direct the use of, or derive economic benefits from, the assets other than through providing access back to Polestar. Based on this, the transaction does not meet the criteria for a sale under IFRS 15, as control of the tooling has not transferred. Furthermore, although the arrangement involves legal title transfer, no leaseback agreement (written or otherwise) has been entered into with Geely. As such, the transaction is not accounted for as a sale and leaseback under IFRS 16. Accordingly, the tooling remains recognized in Polestar's property, plant and equipment. The cash received is accounted for as a financing liability, initially measured at fair value using a market interest rate, with any excess over fair value recognized as a capital contribution in equity. As of December 31, 2025, the carrying value of the PS4 Tooling and Equipment financing instrument was $68,974.

PS5 Tooling and Equipment

In December 2025, Polestar and Geely entered into an asset transfer agreement for unique vendor tooling related to PS5 production, for $148,000. As with the PS4 arrangement, the ownership and title were transferred to Geely, the tooling was not physically moved and is specialized for PS5 production.

In substance, Polestar retains control over the tooling, as Geely cannot derive economic benefit except by leasing it back to Polestar. As of December 31, 2025, no leaseback agreement had been executed between the parties. Accordingly, the transaction does not meet the criteria for a sale under IFRS 15, as control of the tooling has not transferred to Geely, and the tooling remains recognized in Polestar's property, plant and equipment. The cash received recognized as a financing liability initially measured at fair value using a market interest rate, with any excess over fair value recognized as a capital contribution in equity. As of December 31, 2025, the carrying value of this financing instrument was $151,879.

Market RCFs

In the ordinary course of business, Polestar, on a market by market basis, enters into multiple low value credit facilities with various financial service providers to fund operations related to vehicle sales. These facilities provide access to credit with the option to renew as mutually determined by Polestar Group and the financial service provider. The facilities take different legal forms on a market-by-market basis but are generally partially or fully secured by vehicles. As of December 31, 2025 and 2024, the amount outstanding under these arrangements due to third parties was $83,283 and $89,744, respectively, with maturities up to December 2026.

In May 2021, the Group entered into a revolving credit facility with the related party Volvo Cars Financial Services UK. The revolving credit facility is renewed each 12-month period and is denominated in GBP. Interest is calculated at the floating Bank of England ("BoE") base rate plus 2-2.5%, settled monthly. The facility is partially secured by the underlying assets. As of December 31, 2025 and 2024, $65,625 and $55,344 of this financing arrangement remained outstanding, respectively.

Polestar has also entered into contracts to sell vehicles and then lease such vehicles back for a period of up to twelve months. At the end of the leaseback period, Polestar is obligated to repurchase the vehicles. Accordingly, the consideration received for these transactions was recorded as a financing transaction. As of December 31, 2025 and 2024, the aggregate amount outstanding under these arrangements was $5,900 and $8,160, respectively.

Note 27 - Supplemental cash flow information

The Group's non-cash investing and financing activities were as follows:

	Year ended December 31		
Non-cash investing and financing activities	**2025**	**2024**	**2023**
Purchases of intangible assets in trade payables - related parties and accrued expenses - related parties	175,495	140,007	129,019
Initial recognition of ROU assets and lease liabilities	16,826	70,078	54,569
Transaction fees related to equity issuance	16,241	—	—
Purchases of property, plant and equipment in trade payables	7,801	114,486	96,011
Initial recognition of investment in associates	—	9,608	29,400

Changes in the Group's current and non-current liabilities arising from financing activities were as follows:

	Loans and borrowings	**Convertible liabilities**	**Other financing liabilities**	**Earn-out rights and Class C Shares liabilities**	**Lease liabilities**	**Total**
Balance as of January 1, 2024	**2,036,755**	**1,274,899**	**176,614**	**161,402**	**127,248**	**3,776,918**
of which outstanding principal	2,026,665	1,257,194	176,614	—	—	3,460,473
of which accrued interest	10,090	17,705	—	—	—	27,795
Changes from other items						
Proceeds from short-term borrowings	3,273,142	—	138,121	—	—	3,411,263
Proceeds from long-term borrowings	938,474	—	—	—	—	938,474
Repayments of borrowings	(2,755,562)	—	(134,337)	—	—	(2,889,899)
Repayments of lease liabilities	—	—	—	—	(35,646)	(35,646)
Total changes from financing cash flows	**1,456,054**	**—**	**3,784**	**—**	**(35,646)**	**1,424,192**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	70,078	70,078
Cancellation of lease liabilities	—	—	—	—	(21,151)	(21,151)
Interest expense[1]	174,480	127,032	6,689	—	7,423	315,624
Interest paid	(165,642)	(104,285)	—	—	(7,423)	(277,350)

Amortization of loan fees	3,086	—	—	—	—	3,086
Total changes from other items	**11,924**	**22,747**	**6,689**	**—**	**48,927**	**90,287**
Changes from effects of foreign exchange rates	(46,461)	—	(4,387)	—	(5,258)	(56,106)
Adjustment for revised cash flow estimate	—	—	(2,478)	—	—	(2,478)
Loss on debt modification	—	2,761	—	—	—	2,761
Changes from effects of fair value measurement	—	—	—	(129,124)	—	(129,124)
Changes from interest on fair value measurement	—	—	—	—	—	—
Balance as of December 31, 2024	**3,458,272**	**1,300,407**	**180,222**	**32,278**	**135,271**	**5,106,450**
of which outstanding principal	3,439,629	1,257,637	179,853	—	—	4,877,119
of which accrued interest	18,643	42,770	369	—	—	61,782
Balance as of January 1, 2025	**3,458,272**	**1,300,407**	**180,222**	**32,278**	**135,271**	**5,106,450**
Changes from financing cash flows						
Proceeds from short-term borrowings	3,656,665	300,000	197,955	—	—	4,154,620
Proceeds from long-term borrowings	—	—	191,322	—	—	191,322
Repayments of borrowings	(2,933,506)	—	(183,932)	—	—	(3,117,438)
Repayments of lease liabilities	—	—	—	—	(33,752)	(33,752)
Total changes from financing cash flows	**723,159**	**300,000**	**205,345**	**—**	**(33,752)**	**1,194,752**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	16,826	16,826
Cancellation of lease liabilities	—	—	—	—	(5,734)	(5,734)
Interest expense[1]	228,943	114,752	489	—	4,587	348,771
Interest paid	(213,310)	(93,183)	—	—	(4,587)	(311,080)
Amortization of loan fees	5,214	—	—	—	—	5,214
Total changes from other items	**20,847**	**21,569**	**489**	**—**	**11,092**	**53,997**
Changes from effects of foreign exchange rates	135,957	—	13,633	—	18,112	167,702
Changes from effects of fair value measurement	—	—	—	(23,391)	—	(23,391)
Balance as of December 31, 2025	**4,338,235**	**1,621,976**	**399,689**	**8,887**	**130,723**	**6,499,510**
of which outstanding principal	4,303,763	1,555,975	399,319	—	—	6,259,057
of which accrued interest	34,472	66,001	370	—	—	100,843

1 - Other financial liabilities includes the imputed interest expense related to the PS3 Tooling and Equipment financing instrument. The full amount of all repayments of the PS3 Tooling and Equipment financing instrument are presented as *Repayments of borrowings*.

Note 28 - Related party transactions

Related parties are as follows:

- A person, or a close family member of such person, that has control, joint control or significant influence over a Polestar entity. Due to the Group's ownership structure, Li Shufu is the person who effectively controls the Group and its entities.
- A person who is a member of the key management of the Group, or a close family member of such person. Key management of the Group includes EMT (consisting of the CEO, the CFO, and the COO) and managing directors.
- A legal entity, controlled by a person mentioned in either of the previous two bullets, that can exercise significant influence over the Group.
- A legal entity that is a parent company, subsidiary, joint venture, associate or other company where Li Shufu owns 10% or greater interest in the voting power of the company; or
- A legal entity whose key management personnel provide services to an entity within the Group.

Prior to the merger with GGI, Polestar Group existed as a joint venture between Geely and Volvo Cars. Geely is primarily owned and operated by Li Shufu. Geely, through a combination of wholly owned and partially owned entities, owns a controlling number of equity interests in Volvo Cars. Therefore, Li Shufu, as a controlling equity interest holder in Geely, effectively controls Geely and Volvo Cars. All transactions with Geely and Volvo Cars are related party transactions.

As of December 31, 2025 and as of December 31, 2024, related parties owned 69.0% and 81.8% of the Group, respectively. The remaining were owned by external investors.

Unless specifically detailed in this footnote, all transactions with related parties are on an arm's length basis. During the years ended December 31, 2025, 2024, and 2023, the Group had related party transactions in the following functions:

Product development

The agreements in place to support the Group's product development include licenses and intellectual property, patents, R&D services, design, and technology agreements with Volvo Cars and Geely. The Group owns its developed Polestar Unique technology, which was created using purchased R&D, design services, and licenses to critical common technology from Volvo Cars and Geely. Polestar also benefits from related parties as subcontractors in certain internal technology development programs of the Group.

Product development agreements

Major product development agreements Polestar entered into with related parties during the years ended December 31, 2025, 2024, and 2023 are as follows:

Polestar 2

On January 4, 2024, October 3, 2023, November 9, 2022 and December 27, 2022, Polestar entered into amendment agreements related to the service and joint development agreements with Volvo Cars regarding the PS2 model-year updates entered on April 13, 2021. The amendment agreements both modify existing model-year fees as well as add new model-years. The fee Polestar agreed to pay Volvo Cars for model-year 2024, 2025, and 2026 updates was approximately $22,219. The fee Polestar agreed to pay Volvo Cars for model year 2022 and 2023 updates was $67,429. The fee Polestar agreed to pay Volvo Cars for model year 2021 updates was amended to approximately $34,004.

Polestar 3

On May 5, 2023 and July 10, 2023, Polestar entered into Prototype Supply Agreements for the supply of PS3 prototype and pre-series vehicles with Volvo Cars. The total fee Polestar agreed to pay Volvo Cars under these agreements was approximately $8.5 million.

On August 19, 2025, Polestar entered into a license assignment and service agreement with Volvo Cars covering certain development services and technology related to model-year updates and upgrades for the PS3 vehicle. The agreement covers model year 2026 and the fee Polestar agreed to pay Volvo Cars amounted to $94.6 million.

Polestar 4

On June 13, 2025 and December 4, 2025, Polestar entered into a Change Framework Agreement and a Change Agreement with Geely relating to certain development services and technology relating to model-year updates and upgrades for the PS4 coupé. The Change Agreement cover model year 2027 and the fee Polestar agreed to pay to Geely amount to $12.9 million. On December 26, 2025, Polestar also entered into a Change Agreement with Geely relating to certain development services and technology relating to the PS4 SUV and the fee Polestar agreed to pay to Geely is a fixed amount of $40.3 million.

On December 23, 2024, October 25, 2024, and August 14, 2024, Polestar entered into supplement and amendment agreements regarding the R&D service agreement for the development phase of the PS4 entered into on December 28, 2021. Under the supplement and amendments, Geely provided additional PS4 IP services, including modified development services, model-year updates and prototypes totaling approximately $29,219. The total fee Polestar agreed to pay, in eight installments through 2025, was approximately $368,718, calculated on time and materials under a cost-plus methodology.

On July 23, 2024, Polestar entered into a R&D service agreement for development and prototypes to be performed and supplied by Renault Korea Co. Ltd, subcontracted by Geely, and based on Geely's PMA-1 platform and GEEA2.0 electrical architecture. The service charges include a combination of fixed fees and estimated charges for the services to be provided, paid based on predefined project milestones. The total fee Polestar agreed to pay Geely through 2025 was approximately $31,090.

On March 4, 2022, Polestar entered into two technology license agreements related to the right to use Geely's PMA-1 platform and GEEA2.0 electrical architecture for the PS4 in and outside of China. Under these agreements, Polestar agreed to pay Geely a monthly license royalty fee based on the net revenue of PS4s sold each month during the vehicle's lifecycle. The agreements also include a minimum sales volume commitment for sales inside and outside of China each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for any deficit between the actual volume sold and the minimum sales volume commitment each year. Polestar also entered into a third technology license agreement with Zhejiang Zeekr Automobile Research and Development Co., Ltd ("Zeekr"), an entity controlled by Geely, related to the right to use Zeekr carry-over tophat technology in the PS4 in China. Polestar agreed to pay Zeekr a monthly license royalty fee based on the net revenue of PS4s sold each month in China during the vehicle's lifecycle. The agreement also includes a minimum sales volume commitment for China for each year during the vehicle's lifecycle. Polestar is required to pay Zeekr compensation for any deficit in China between the actual volume sold and the minimum sales volume commitment each year.

In June 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024 with Zeekr and Liankong, in which it was acknowledged by both parties that the compensation payable by Polestar due to the volume deficit in 2024 was not payable as the volume deficit was due to supplier issues and other delays for which Polestar was not responsible.

As discussed with Geely, on April 10, 2025, Polestar, Xingji Meizu and Polestar Times Technology entered into the agreement to terminate the Business Cooperation Agreement and cease all the Polestar Times Technology's business operation. This led to a significant reduction of Polestar's sales presence in China and, in 2025, Polestar's focus was on increasing sales in Europe, and no significant investment was made in expanding sales in China. In this context, Polestar did not meet the volume commitments under the China license agreements in 2025 and whether or not Polestar will meet them in the future is dependent on its future actions in China, principally on any decision to maintain the current small sales presence or grow the network. The treatment of 2025-2029 commitments for China is being actively negotiated between Geely and Polestar.

Polestar 5 and Polestar 6

On December 1, 2023 and February 3, 2023, Polestar amended a vehicle supply agreement with Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd. ("AECQ"), a subsidiary of Geely, related to the production of PS5 prototypes, which was originally entered into on July 26, 2022, Under the original agreement, AECQ agreed to manufacture and sell Polestar prototypes of the PS5 for a total cost of approximately $25,398 that was determined under a cost-plus methodology. On February 3, 2023, the agreement was amended to change the timing and composition of prototypes, including adding production for spare parts and components, and increased the total cost to $25,783. On December 1, 2023, the agreement was amended again for similar reasons and increased the total cost to $27,290.

On September 28, 2023, Polestar entered into a technology license agreement with Geely related to the right to use Zeekr's ZEEA2.5 and Geely's GEEA2.0 electrical architectures for the PS5. The total license fee of $31,245 is required to be paid in two installments: a payment of $14,011 that occurred in October 2023 and a payment of 17,234 to be made in 2025.

On November 29, 2023, Polestar entered into a R&D service agreement for development to be performed and supplied by Zeekr relating to the PS5. The service charges were a fixed fee for the services provided, paid based on predefined project milestones. The total fee Polestar agreed to pay Zeekr under the agreement was $5.2 million. On May 2024 Polestar entered into an Amendment Agreement to the R&D service agreement under which the parties agreed that Zeekr should provide additional development services. The fee agreed to be paid by Polestar under the Amendment Agreement was a fixed amount of $12.0 million.

Refer to *Note 29 - Commitments and contingencies* for details on commitments and contingencies related to product development of Polestar vehicles.

Procurement

The Group has entered into service agreements with Geely and Volvo Cars regarding the procurement of direct materials for production and the indirect procurement of material, IT and other general services not related to car components. The joint sourcing of indirect procurement activities and direct material for the Group, Volvo Cars, and Geely has allowed the companies to leverage economies of scale.

Manufacturing

The Group purchases contract manufacturing services, manufacturing and logistics engineering services, and has entered into tool sharing agreements with Volvo Cars and Geely. Manufacturing engineering includes activities related to the development of the production process (i.e., deciding which manufacturing equipment should be utilized and where equipment should be situated to ensure an efficient production process), rather than development of the vehicle itself. Logistics engineering includes activities related to the determination of how different components are delivered to the production sites. The Group outsourced the manufacturing and logistics engineering for the production processes of the PS1, PS2, and PS3 to Volvo Cars and for the production processes of the PS4 and PS5 to Geely.

Tool sharing occurs when the Group purchases production tools, together with Volvo Cars or Geely, to obtain synergies in the manufacturing processes by utilizing the same or similar tools. Polestar also enters into machinery and equipment lease arrangements as well as certain building lease agreements with Geely and Volvo Cars. Refer to *Note 12 - Leases* for more information on Polestar's leasing arrangements.

Manufacturing agreements

Major manufacturing agreements Polestar entered into with related parties during the years ended December 31, 2025, 2024, and 2023 are listed below.

Polestar 2

No material agreements were signed in the years ended December 31, 2025, 2024, and 2023.

Polestar 3

On September 6, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Charleston plant. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up is an arm's length mark-up which is fixed during the production until end of production. Under this agreement, Polestar is committed to purchasing certain volumes of the PS3 between 2024 and 2030. In the event that Polestar's actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling.

On January 8, 2024 and January 12, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Chengdu plant for sale in and outside of China. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up will be reviewed annually and adjusted in accordance to the median of the latest available benchmark procured by Volvo Cars in accordance to the "arm's length principle" between the Parties. Under this agreement, Polestar is committed to purchase specific volumes of the PS3 between 2024 and 2030. In the event that Polestar's actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling.

On December 8, 2023, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 to Geely in exchange for $156,056. This agreement was accounted for as a financing transaction instead of a sale due to the terms of the agreement and the terms of other agreements with Volvo Cars and Geely that were signed on January 8, 2024 and March 3, 2024. Refer to *Note 26 - Loans and borrowings* for more details. On March 3, 2024, Polestar entered into a Vendor Tooling User Right Agreement under which Polestar grant Volvo the right to use certain vendor tooling owned by Polestar for the production of the PS3 in the Charleston plant. For the user right Volvo has agreed to pay a user right fee.

On March 21, 2025 and March 20, 2025 Polestar entered into Vendor Tooling User Right Agreements under which Polestar grant Volvo the right to use certain vendor tooling owned by Polestar for the production of the PS3 in the Charleston plant. For the user right Volvo has agreed to pay a user right fee.

Polestar 4

On January 17, 2022, Polestar entered into a tooling and equipment agreement with Geely related to PS4 unique equipment, tooling, and launch costs related to the manufacturing of the PS4. Under the agreement, Geely agreed to invest a total of $60,948 for PS4 unique equipment, tooling, and launch costs on behalf of Polestar and Polestar agreed to pay Geely in seven installments at certain pre-defined milestones between contract signing and February 2024. The cost to Polestar for PS4 unique equipment and tooling is $39,371 and $21,577 for PS4 launch costs.

On November 9, 2023, Polestar entered into a framework agreement with Geely and Renault Korea Co. Ltd ("Renault Korea") related to the production of the PS4 in Renault Korea's plant in Busan, South Korea for sale in South Korea, Canada, and the U.S. Under the agreement, Polestar agreed to pay Renault Korea per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, long-lived asset, and outbound logistics fees. The agreement includes a purchase volume commitments for each year during the vehicle's lifecycle and Polestar is required to pay Renault Korea compensation each year if the purchase volume commitment is not met. Between signing of the agreement and 2026, Polestar, Geely, and Renault Korea are committed to invest approximately $242,000 to prepare the plant for production of the PS4. Polestar's share of the commitments that are required to be paid outside of piece price of each PS4 produced total approximately $200,000 and approximately $38,000 are required to be paid in piece price. The remaining commitment will be paid by Geely. On June 26, 2024, Polestar further entered into a production development and localization service agreement with Renault Korea detailing the payments terms of the investment and project costs with respect to milestones, with the final milestone estimated to be met in 2026.

On July 17, 2023 and July 24, 2023, Polestar entered into two manufacturing and vehicle supply agreements with Geely related to production of the PS4 in Geely's plant in Hangzhou, China for sale in and outside of China. Under the agreements, Polestar agreed to pay Geely per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, and outbound logistics fees. The agreements include purchase volume commitments for each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for the deficit between the actual volume purchased during the year and 90% of Polestar's fixed reserved volume for the year. Polestar's fixed reserve volume for each year is negotiated and agreed upon in November of the prior year. On October 1, 2024 and October 8, 2024, supplemental agreements modified the cost components that affect the vehicle price.

In June 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024, in which it was acknowledged by both parties that a portion of the compensation payable by Polestar due to the volume deficit in 2024 was not payable as the volume deficit was due to supplier issues and other delays for which Polestar was not responsible. As a result, as of December 31, 2025, Polestar recognized a reversal of $29,779 under cost of sales. The remaining amount of $15,265 previously recorded under cost of sales was waived by Geely and recognized as other contributed capital.

On August 25, 2025, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS4 to Geely in exchange for $75.7 million. This agreement was accounted for as a financing transaction instead of a sale due to the nature of the assets sold, the relationship between seller and buyer and related agreements between the parties. For more details, refer to *Note 26 - Loans and borrowings*.

Polestar 5 and Polestar 6

On December 20, 2023 and September 15, 2023, Polestar entered into a memorandum of understanding and framework services agreement with Asia Europe New Energy Automobile Manufacturing (Chongqing) Co. Ltd. ("AECQ"), a subsidiary of Geely, related to the setup of plant operation services for manufacturing of the PS5 and PS6. Refer to Production of the PS5 and PS6 for details on the memorandum of understanding agreement.

On August 25, 2025, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS4 to Geely in exchange for $148.0 million. This agreement was accounted for as a financing transaction instead of a sale due to the nature of the assets sold, the relationship between seller and buyer and related agreements between the parties. For more details, refer to *Note 26 - Loans and borrowings*.

Refer to *Note 29 - Commitments and contingencies* for details on commitments and contingencies related to manufacturing of Polestar vehicles.

Production of the PS5 and PS6

Production of the PS5 and PS6 is intended to occur in a manufacturing plant owned by Geely, via its AECQ subsidiary, in Chongqing, China. During the year ended December 31, 2021, Polestar and Geely established a steering committee to oversee decisions relevant to the plant, including planning, design, construction, engineering management of the plant. Following the establishment of the steering committee, Polestar began providing digital, human resources, indirect procurement, finance, logistics, plant management, blue collar launch, product launch, and plant launch services (collectively, the "Plant Operation Services") related to the setup of Geely's plant. Since the year ended December 31, 2021 and prior to December 20, 2023, these services were provided to Geely without an agreement of commercial and legal terms (i.e., a contract) between Polestar and Geely, resulting in Polestar providing the Plant Operation Services to Geely at its own risk and without rights to consideration from Geely. All costs incurred by Polestar during the years ended years ended December 31, 2025, 2024, and 2023 that were associated with providing the Plant Operation Services were expensed as incurred under their respective functional line items in the Consolidated Statement of Loss and Comprehensive Loss.

On December 20, 2023, Polestar and Geely entered into an agreement under which Geely agreed to compensate Polestar for the Plant Operation Services provided by Polestar during the years ended December 31, 2025, 2024, and 2023. The consideration received by Polestar upon signing of the service agreement amounted to $25,202 in the year ended December 31, 2025 and was calculated utilizing a cost-plus methodology. During the year ended December 31, 2025, the consideration received by Polestar upon providing plant operation services in 2025 amounted to $666. The consideration received was recognized in Other operating income in the Consolidated Statement of Loss and Comprehensive Loss for the year ended December 31, 2025.

Sales and distribution

For the years ended December 31, 2025, 2024, and 2023, the Group sold software technology, vehicles, prototype engines and carbon credits to Geely and Volvo Cars. The Group leverages Volvo Cars sales and services network for go-to-market strategies and dealer support to assist with tasks, which include agreements related to distribution and outbound logistics, delivery of vehicles and other products and global customer service. In 2023, the Group had new agreements in place to begin selling vehicles and services to Polestar Times Technology, a strategic joint venture for the China market with the technology company Xingji Meizu. Polestar leverages Xingji Meizu software and consumer electronics hardware development to strengthen Polestar's offer in the China market. In 2025, the Group entered into an agreement with Xingji Meizu to terminate commercial operations of its investment in Polestar Times Technology and to transfer the distribution rights related to Polestar-branded vehicles in China back to Polestar. Refer to *Note 10 - Investment in associates* for more information regarding the agreements with Polestar Times Technology.

The Group sells vehicles to Volvo Cars and end customers while end customers can choose to finance the vehicles via Polestar's related party, Ziklo Bank AB.

Polestar and Volvo Car Financial Services US LLC, doing business as Polestar Financial Services ("PFS"), entered into residual value guarantee agreements with Bank of America, National Association ("BANA"), a third party, in the U.S. BANA sought to obtain economic protection against degradation in the residual value of leased vehicles it funds, and Polestar agreed to provide such protection as a service for a fee.

Information technology

While Polestar has its own information technology ("IT") department, Polestar operates in a shared IT environment with Volvo Cars and has service and software license agreements related to the support, maintenance, and operation of IT processes. These IT services include resource planning systems, operations, infrastructure, networking, communications, collaboration, integration, and application hosting.

Financing

Polestar maintains long-term borrowing with the related parties Geely, Volvo Cars and Volvo Cars Financial Services UK, including convertible instruments and borrowings collateralized by tooling. For details of the contracts, refer to *Note 26 - Loans and borrowings*.

Other support

The Group has various other related party agreements in place with Volvo Cars. These are primarily service agreements that relate to support for corporate or back-office functions, including human resources, legal, accounting, and logistics. Human resources support services relate to activities associated with payroll administration, training and workforce administration. Legal support services include routine work associated with patent and brand registrations and competition law. Accounting support services include statutory finance administration, accounting, and financial reporting for sales units.

As the PS2 is manufactured at Volvo Cars' Taizhou plant and the PS3 is manufactured at Volvo Cars' Chengdu and Charleston plants, Volvo Cars are responsible for inbound logistics and Polestar outsources the related outbound logistics to Volvo Cars. As the PS4 is manufactured at Geely's Hangzhou Bay plant, Geely is responsible for inbound logistics. Inbound logistics relate to supplier shipments to various production sites; outbound logistics relate to the transport of vehicles to end customers. The Group outsources customs handling to Volvo Cars as it does not currently have its own customs department. Warranty claims handling is also outsourced to Volvo Cars.

Sale of goods, services and other

Related party revenue transactions relate to product development and sales and distribution agreements discussed above. These transactions are comprised of sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines. The total revenue recognized from each related party is shown in the table below:

	For the year ended December 31,		
	2025	**2024**	**2023**
Volvo Cars	217,885	101,299	86,460
Ziklo Bank AB	95,864	107,553	46,319
Polestar Times Technology	38,543	67,451	—
Other related parties	—	10	5,895
Total revenue from related parties	**352,292**	**276,313**	**138,674**
% of total revenue	**11.5%**	**13.6%**	**5.9%**

Purchases of goods, services and other

Purchases from related parties include agreements related to product development, procurement, manufacturing, IT, and other support (specifically, inbound and outbound logistics) agreements discussed above. These agreements include work in progress and finished goods, including Polestar 2 vehicles purchased from Volvo Cars' factory in Taizhou, China, Polestar 3 vehicles purchased from Volvo Cars' factories in Chengdu China and Charleston U.S., and PS4 vehicles purchased from Geely's Hangzhou Bay factory in Ningbo, China and Renault Koreas factory in Busan South Korea. Purchases and their related payables were from Volvo Cars and Geely subsequent to this event. Inventory cost of the Group is comprised of all costs of purchase, production charges and other expenditures incurred in bringing the inventory to its present location and condition.

Additionally, purchases from related parties include administrative costs associated with service agreements with Volvo Cars that relate to corporate or back-office functions. IT service and software related agreements are also included in administrative costs.

The total purchases of goods, services and other for each related party is shown in the table below:

	For the year ended December 31,		
	2025	**2024**	**2023**
Volvo Cars	1,298,933	1,330,998	2,341,970
Geely	1,199,505	877,908	252,888
Other related parties	18,771	13,204	7,693
Total	**2,517,209**	**2,222,110**	**2,602,551**

Cost of R&D and intellectual property

Polestar has entered into agreements with Volvo Cars and Geely regarding the development of technology leveraged in the development of the PS1, PS2, PS3, and PS4. The Group is in control of the developed product either through a license or through ownership of the IP and the recognized asset reflects the relevant proportion of Polestar Group's interest. The recognized asset associated with these agreements as of December 31, 2025 was $489,904, of which acquisitions attributable to 2025 were $215,721. As of December 31, 2024, the recognized asset associated with these agreements was $865,055, of which acquisitions attributable to 2024 were $116,301.

Related parties' balances

Amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support from Volvo Cars and Geely. Amounts due from related parties include transactions related to the sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines discussed above. The amounts recorded in the following respective line items are presented in their corresponding explanatory notes *Note 18 - Trade receivables and other receivables, Note 26 - Loans and borrowings, Note 12 - Leases*, *Note 20 - Other assets*, *Note 23 - Trade payables*, *Note 24 - Accrued expenses* and *Note 25 - Other liabilities* to these Consolidated Financial Statements.

	As of December 31, 2025				
	Volvo Cars	**Geely[1]**	**Polestar Times Technology**	**Other related parties**	**Total**
Amounts due from related parties					
Trade receivables and other receivables[2]	104,996	77,017	29	15,755	197,797
Other assets	—	2,834	—	—	2,834
Total	**104,996**	**79,851**	**29**	**15,755**	**200,631**
Amounts due to related parties					
Loans and borrowings	(1,020,230)	(935,440)	—	(65,994)	(2,021,664)
Trade payables	(497,386)	(492,808)	—	(1,807)	(992,001)
Accrued expenses	(160,522)	(88,713)	(53)	(4,851)	(254,139)
Lease liabilities	(72,821)	—	—	—	(72,821)
Other liabilities	(8,098)	—	—	(3,484)	(11,582)
Total	**(1,759,057)**	**(1,516,961)**	**(53)**	**(76,136)**	**(3,352,207)**

1 - Under the PS4 technology license agreements and manufacturing and vehicle supply agreements signed between Polestar and Geely entities, Polestar agreed to pay Geely compensation if it did not meet minimum sales volumes established in the agreements. In 2024 there was a volume deficit and, as of December 31, 2024, Polestar recognized an accrued expense of $7,647 and $37,397 for the technology license agreements and manufacturing and vehicle supply agreements respectively. In June, 2025, Polestar and Geely signed Notices on Volume Deficit Compensation for 2024 in which it was acknowledged by both parties that a portion of the compensation was not payable by Polestar as it was related to volume deficit which was due to supplier issues and other delays for which Polestar was not responsible. As a result, as of December 31, 2025, Polestar recognized a reversal of other cost of sales of $29,779. The remaining amount of $15,265 was waived by Geely and recognized as other contributed capital.

2 - In 2025, the Group recognized an impairment loss of $4,457 under the expected credit loss model on trade receivables from a related party, in connection with PS5-related asset sales.

	As of December, 31, 2024				
	Volvo Cars	Geely	Polestar Times Technology	Other related parties	Total
Amounts due from related parties					
Trade receivables and other receivables	21,713	42,316	3,445	13,209	80,683
Other assets	—	2,713	—	—	2,713
Total	**21,713**	**45,029**	**3,445**	**13,209**	**83,396**
Amounts due to related parties					
Loans and borrowings	(1,022,746)	(402,539)	—	(55,343)	(1,480,628)
Trade payables	(430,828)	(357,984)	(1)	(1,733)	(790,546)
Accrued expenses	(79,470)	(143,066)	(10,015)	(3,997)	(236,548)
Lease liabilities	(73,430)	—	—	—	(73,430)
Other liabilities	(37,269)	—	—	(2,375)	(39,644)
Total	**(1,643,743)**	**(903,589)**	**(10,016)**	**(63,448)**	**(2,620,796)**

Incentives to key management personnel

During the year ended December 31, 2019, Volvo Cars provided an equity based incentive program to certain members of the Group's management team (the "Polestar Incentive Plan"). The Polestar Incentive Plan was launched to incentivize the retention of key personnel with pivotal roles in the development of the Group into a successful stand-alone company. Each participant was offered to purchase shares in PSINV AB, a subsidiary of Volvo Cars, which in turn owned shares in Polestar Automotive Holding Limited and hence the participants were indirectly minority owners of the Group. The investment was made at fair market value in accordance with an external valuation.

In total 38,125 shares were acquired by the participants, which corresponded to an indirect ownership in the Group of 0.16 percent. Management evaluated the Polestar Incentive Plan to determine whether it qualified as an equity-settled share-based payment transaction within the scope of IFRS 2, as the participants receive shares of equity in exchange of their investment and more than one entity was involved in delivering the benefit to the participants. Given that the Group does not receive identifiable or unidentifiable goods or services in exchange for the equity purchase of PINSV AB, the transaction is not within the scope of IFRS 2. Furthermore, the Polestar Incentive Plan is in agreement with Volvo Cars and individual members of the Group's prior EMT, as participants were given the option to purchase equity shares in PSINV AB being an entity outside the Group. Therefore, the Polestar Incentive Plan is not a share-based payment transaction in the scope of IFRS 2 and there is no financial statement impact on the Group.

As a consequence of the listing of Polestar Automotive Holding UK Limited on the Nasdaq Stock Exchange in June 2022 and in accordance with the terms of the Polestar Incentive Program, Volvo Cars was obliged to repurchase the participants shares in PSINV AB at fair market value. Each participant was thereafter obliged to reinvest the net proceeds received (repurchase amount less an amount corresponding to the effective tax rate on capital gains in the participants jurisdiction) in shares in Polestar Automotive Holding UK Limited directly on the open market. The purchased shares were subject to a 180 days' lock-up period.

Refer to *Note 8 - Employee benefits* for details on compensation and termination benefits to the EMT and managing directors at the Group's sales units.

Asset disposals

In December 2022, Polestar committed to a plan to sell, to Geely, its Chengdu manufacturing plant held by PSNEV. In July 2023, there was a change in the amount classified as held for sale to include an immaterial amount of other current assets and liabilities along with $85,542 of an intercompany receivable, held by PSNEV, which was not settled prior to the sale of the asset group. Geely agreed to purchase the intercompany receivable as part of the sale, resulting in a change in the asset grouping. The inclusion of these additional assets and immaterial liabilities formed a group of assets and did not meet the definition of a business as defined by IFRS 3.

On August 1, 2023, the Group completed the sale of the asset group to Geely. Upon disposal of the asset group, cumulative foreign exchange losses of $6,636 were reclassified from equity to profit or loss as part of the gain on disposal. The derecognition of the asset group previously classified as held for sale, including the modification to include accounts receivable, resulted in a total gain of $16,334. The gain is reflected within other operating income on the Consolidated Statement of Loss and Comprehensive Loss. The sale of PSNEV represented a common control transaction because (1) PSNEV did not meet the definition of a business at the time of the transaction, (2) the ultimate control of PSNEV was the same before and after the transaction, and (3) control of PSNEV was not transitory.

Note 29 - Commitments and contingencies

Commitments

Polestar has contractual obligations with certain suppliers including obligations to acquire intangible assets related to development of vehicles, non-cancellable manufacturing commitments, or minimum sales volume commitments. In the event of a shortfall in manufactured vehicles or sales, or Polestar's decision to terminate such contracts, these suppliers are entitled to compensation from Polestar. The amounts in the table below represent the minimum amounts payable by Polestar under these commitments as of December 31, 2025:

	As of December 31,	
	2025	2024
Acquisition of intangible assets commitments – related parties	12,634	26,124
Non-cancelable manufacturing commitments – related parties	287,065	268,811
PS4 license volume commitments – related parties	55,981	83,073
Logistics service and other third party commitments	28,022	—
Total	**383,702**	**378,008**

Contingencies

In the normal course of business, the Group is subject to contingencies related to legal proceedings, claims, and other assessments that cover a wide range of matters. Liabilities for such contingencies are not recorded until it is probable that a present obligation exists and the amount of the obligation can be estimated reliably. However, contingencies are disclosed when the potential financial effect could be material.

NHTSA investigation

On July 18, 2025, the Office of Defects Investigation of the National Highway Traffic Safety Administration ("NHTSA") issued an information request to Polestar Automotive USA, Inc as part of a 'Recall Query' in relation to the functioning of the rearview camera of the Polestar 2. Polestar provided its initial response to NHTSA at the end of 2025 and is working with its manufacturing partners to address the issue with an over-the-air software update. The Company has determined that, in accordance with IAS 37, it has a present obligation in relation to the identified issue in the Polestar 2 vehicles sold in the U.S., but has concluded that it is not probable that an outflow of resources will be required to settle this obligation and no reliable estimate or range of the financial effect of this matter nor the timing of the outcome can be determined at this time.

Note 30 - Subsequent events

Management has evaluated events subsequent to December 31, 2025 and through April 17, 2026, the date these Consolidated Financial Statements were authorized for issuance and identified the following events for disclosure. Management determined that no adjustments were required to the figures presented as a result of these events.

- On January 14, 2026, Polestar repaid €15.9 million of its principal and interest amount due on that same date, on its €420.0 million green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). The loan carried an interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.
- On January 21, 2026 and January 29, 2026, Polestar made drawdowns of €51.3 million and €42.8 million, respectively, on its €420.0 million TFF. The loan carried an interest at the applicable three-month interbank offered rate plus a margin of 2.3% per annum.
- On January 29, 2026, Polestar repaid $50.2 million of its principal and interest amount due under its existing secured 12-month bank loan facility with Banco Bilbao Vizcaya Argentaria (BBVA). The loan carried an interest rate of 1-month Term SOFR plus 1% per annum.
- On February 2, 2026, Polestar announced a $400.0 million equity investment (approximately 20,682,522 Class A ADSs, equivalent to 620,475,660 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of 19.34 per ADS) by Feathertop Funding Limited, a special purpose vehicle consolidated to Sumitomo Mitsui Banking Corporation, and Standard Chartered Bank (Hong Kong) Limited, with each investor contributing $200.0 million. Concurrent with the purchase, these financial institutions have each entered into a put option arrangement with Geely Sweden Automotive Investment AB whose obligations under the put options are guaranteed by Geely Sweden Holdings AB. Geely Sweden Automotive Investment AB is a wholly-owned subsidiary of Geely Sweden Holdings AB, which is a member of the Geely group and an affiliate of Polestar, which provides the financial institutions with an exit path, if needed, in three years with certain returns, as part of this equity financing arrangement.
- On February 2, 2026, Polestar renewed its secured bank loan facility for $450.0 million with Banco Bilbao Vizcaya Argentaria (BBVA), with a new maturity date of 28 February 2027. Drawdowns under this loan facility carry an interest rate of Term SOFR plus 1.70% per annum.
- On February 6, 2026 Polestar and Geely signed a Manufacturing and Vehicle Supply Agreement related to the manufacturing and vehicle supply of the Polestar 5. In this agreement Polestar makes commitments to pay certain amounts, independently of the volume of vehicles it purchases under the contract, as well as certain minimum amounts based on the production volumes it reserves each year. If Polestar discontinues the agreement prior to its termination, Polestar must pay certain exit costs.
- On February 11, 2026, Polestar repaid principal and interest amount due on its working capital loan for ¥804.2 million with Bank Of China. This loan carried an interest rate of 3.65% per annum due quarterly.
- On February 13, 2026, Polestar entered into a 12-month working capital loan for ¥800.0 million with Bank of China. This loan carries an interest rate of 3.55% per annum due quarterly. This loan benefits from letters of comfort from Geely.

- On February 25, 2026, Polestar entered into a one-year extension of its green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and Banco Bilbao Vizcaya Argentaria (the "TFF"). In connection with the extension, the aggregate commitment under the TFF was reduced from €420.0 million to €400.0 million; Standard Chartered Bank's commitment was reduced from €120.0 million to €100.0 million. Amounts drawn under the TFF bear interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum. The maximum tenor of individual borrowings was extended from 90 days to 180 days. The TFF is used primarily to support working capital requirements related to Polestar's trade activities.
- On February 27, 2026, Polestar repaid $100.4 million of its principal and interest amount due under its existing secured 12-month bank loan facility with Banco Bilbao Vizcaya Argentaria (BBVA). The loan carried an interest rate of 1-month Term SOFR plus 1.7% per annum.
- On March 9, 2026, Polestar repaid $150.0 million of its outstanding loans under its existing secured 12-month bank loan facility with Standard Chartered Bank (SCB). The loan carried an interest rate of 6-month Term SOFR plus 1% per annum.
- On March 11, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for ¥257.5 million with East Asia Bank (EAB). This loan carried an interest rate of 4% per annum due quarterly.
- On March 16, 2026, Polestar announced a $300.0 million equity investment (approximately 15,511,891 Class A ADSs, equivalent to 465,356,730 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of 19.34 per ADS) by various purchasers including Crédit Agricole CIB, Vida Finance S.A., Innovator Limited and Proximastar Holdings Company Limited. Concurrent with the purchase, these financial institutions have each entered into a put option arrangement with Geely Sweden Automotive Investment AB whose obligations under the put options are guaranteed by Geely Sweden Holdings AB. Geely Sweden Automotive Investment AB is a wholly-owned subsidiary of Geely Sweden Holdings AB, which is a member of the Geely group and an affiliate of Polestar, which provides the financial institutions with an exit path, if needed, in three years with certain returns, as part of this equity financing arrangement.
- On March 18, 2026, Polestar made drawdown of €61.8 million on its €400.0 million TFF. The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On March 23, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for ¥37.7 million with East Asia Bank (EAB). This loan carried an interest rate of 3.85% per annum due quarterly.
- On March 24, 2026, Polestar entered into a 12-month working capital loan for ¥306.3 million with East Asia Bank (EAB). This loan carries an interest rate of 3.85% per annum due quarterly. This loan benefits from letters of comfort from Geely.
- On March 26, 2026, Polestar renewed the 12-month revolving credit facility with SG Asset Finance (Hong Kong) Limited ("Société Générale") for an aggregate principal amount of up to €150.0 million, with a new maturity date of March 31, 2027 and a change of lender to Société Générale, Hong Kong Branch. All other terms were kept the same as the previously existing facility. On March 31, 2026, Polestar drew down €150.0 million under the facility. This draw carries interest at the 3-month EURIBOR plus 2.5% per annum due quarterly and has a repayment period of 12 months.
- On March 28, 2026, Polestar repaid principal and interest amount due on its maturing working capital loan for $210.2 million with China CITIC Bank (CITIC). This loan carried an interest rate of 5.45% per annum due quarterly.
- On March 30, 2026, Polestar made drawdown of €52.6 million on its €400.0 million TFF. The loan carried an interest at the applicable six-month interbank offered rate plus a margin of 2.3% per annum.
- On March 31, 2026, amendments to the covenants associated with the Club Loan were approved by Standard Chartered Bank and the syndicated lenders agreeing to amend the debt-to-asset ratio range for all test periods for 2026 including an increase from 0.85:1 to 1.60:1 for the first quarter of 2026. Moreover, the minimum revenue covenant for 2026 was amended from $8,670.2 million to $3,300.0 million.
- On March 31, 2026, Polestar announced that Snita Holding B.V. agreed to convert approximately $274.0 million of the outstanding principal under the Snita Term Loan Facility into Polestar's equity (approximately 16,150,000 Class A ADSs, equivalent to 484,500,000 Class A ordinary shares based on the 1:30 ADS ratio, at a conversion price of $16.97 per ADS) and is expected to carry out a second debt-to-equity conversion later during the second quarter, totaling approximately $65.0 million.
- On March 31, 2026, Polestar and Snita Holding B.V. agreed to amend the Snita Term Loan Facility by extending the term of the facility from December 29, 2028 to December 31, 2031 and to change the applicable margin to borrowings under the facility from 4.97% to 5.40% from the next interest payment date in 2026.
- On March 31, 2026, Polestar announced that Polestar and Volvo Cars also intend to increase efficiencies by consolidating future manufacturing of Polestar 3 in Charleston, South Carolina, USA.