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

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(B) OR 12(G) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report:

Commission File Number: 001-41431

Polestar Automotive Holding UK PLC

(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

England and Wales
(Jurisdiction of incorporation or organization)

Assar Gabrielssons Väg 9
405 31 Gothenburg, Sweden
(Address of Principal Executive Offices)

Thomas Ingenlath
Assar Gabrielssons Väg 9
405 31 Gothenburg, Sweden
Tel: +1 949 735 1834
ir@polestar.com
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A American Depositary Shares	PSNY	The Nasdaq Stock Market LLC
Class A Ordinary Shares, par value $0.01 each*	-	The Nasdaq Stock Market LLC*
Class C-1 American Depositary Shares	PSNYW	The Nasdaq Stock Market LLC
Class C-1 Ordinary Shares, par value $0.10 each**	-	The Nasdaq Stock Market LLC**

Securities registered or to be registered pursuant to Section 12(g) of the Exchange Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Exchange Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the shell company report: On December 31, 2022, the issuer had 467,677,673 Class A Shares (as defined in this Report) in the form of Class A ADSs (as defined in this Report) issued and outstanding, 1,642,233,575 Class B Shares (as defined in this Report) in the form of Class B ADSs (as defined in this Report) issued and outstanding, 15,999,965 Class C-1 Shares (as defined in this Report) in the form of Class C-1 ADSs (as defined in this Report) issued and outstanding and 9,000,000 Class C-2 Shares (as defined in this Report) in the form of Class C-2 ADSs (as defined in this Report) issued and outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☒
				Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting over Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant' s executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

* Not for trading, but only in connection with the listing of the Class A American Depositary Shares on The Nasdaq Stock Market LLC. The Class A American Depositary Shares each represent one Class A Ordinary Share and are registered under the Securities Act of 1933 pursuant to a separate Registration Statement on Form F-6. Accordingly, the Class A American Depositary Shares are exempt from the operation of Section 12(a) of the Exchange Act pursuant to Rule 12a-8 thereunder.

** Not for trading, but only in connection with the listing of the Class C-1 American Depositary Shares on The Nasdaq Stock Market LLC. The Class C-1 American Depositary Shares each represent one Class C Ordinary Share and are registered under the Securities Act pursuant to a separate Registration Statement on Form F-6. Accordingly, the Class C-1 American Depositary Shares are exempt from the operation of Section 12(a) of the Exchange Act pursuant to Rule 12a-8 thereunder.

POLESTAR AUTOMOTIVE HOLDING UK PLC

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Report on Form 20-F (including information incorporated by reference herein, this "*Report*") includes statements that express Polestar's opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements" as defined in Section 27A of the Securities Act, and Section 21E of the Exchange Act, that involve significant risks and uncertainties. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding Polestar's intentions, beliefs or current expectations concerning, among other things: the benefits of the Business Combination; results of operations; financial condition; liquidity; prospects; growth; strategies and the markets in which Polestar operates, including estimates and forecasts of financial and operational metrics, projections of market opportunity, market share and vehicle sales; expectations and timing related to commercial product launches, including the start of production and launch of any future products of Polestar, and the performance, range, autonomous driving and other features of the vehicles of Polestar; future market opportunities, including with respect to energy storage systems and automotive partnerships; future manufacturing capabilities and facilities; future sales channels and strategies; and future market launches and expansion.

Such forward-looking statements are based on available current market information and the current expectations of Polestar including beliefs and forecasts concerning future developments and the potential effects of such developments on Polestar. Factors that may impact such forward-looking statements include:

- the outcome of any legal proceedings that may be instituted against GGI or Polestar in connection with the Business Combination;
- the ability to continue to meet stock exchange listing standards;
- Polestar's securities' potential liquidity and trading;
- changes in domestic and foreign business, market, financial, political and legal conditions;
- Polestar's ability to enter into or maintain agreements or partnerships with its strategic partners, including Volvo Cars and Geely, original equipment manufacturers, vendors and technology providers, and to source new suppliers for its critical components, and to complete building out its supply chain, while effectively managing the risks due to such relationships;
- risks relating to the uncertainty of any projected financial information or operational results of Polestar, including underlying assumptions regarding expected development and launch timelines for Polestar's carlines, manufacturing in the United States starting as planned, demand for Polestar's vehicles or car sale volumes, revenue and margin development based on pricing, variant and market mix, cost reduction efficiencies, logistics and growing aftersales as the total Polestar fleet of cars and customer base grow;
- delays in the development, design, manufacture, launch and financing of Polestar's vehicles and Polestar's reliance on a limited number of vehicle models to generate revenues;
- risks related to the timing of expected business milestones and commercial launches, including Polestar's ability to mass produce its current and new vehicle models and complete the upgrade or tooling of its manufacturing facilities;
- increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors;
- risks related to product recalls, regulatory fines and/or an unexpectedly high volume of warranty claims;
- Polestar's reliance on its partners to manufacture vehicles at a high volume, some of which have limited experience in producing electric vehicles, and on the allocation of sufficient production capacity to Polestar by its partners in order for Polestar to be able to increase its vehicle production volumes;
- competition, the ability of Polestar to grow and manage growth profitably, maintain relationships with customers and suppliers and retain its management and key employees;
- the possibility that Polestar may be adversely affected by other economic, business, and/or competitive factors;
- risks related to future market adoption of Polestar's offerings;
- risks related to Polestar's distribution model;
- the effects of competition and the high barriers to entry in the automotive industry, the pace and depth of electric vehicle adoption generally on Polestar's future business, and the risk of other competing propulsion technologies, such as hydrogen fuel cells, gaining market acceptance;
- changes in regulatory requirements (including environmental laws and regulations), governmental incentives and fuel and energy prices;
- Polestar's ability to rapidly innovate;
- risks associated with changes in applicable laws or regulations and with Polestar's international operations;

- Polestar's ability to effectively manage its growth and recruit and retain key employees, including its chief executive officer and executive team;
- Polestar's reliance on the development of vehicle charging networks to provide charging solutions for its vehicles and its strategic partners for servicing its vehicles and their integrated software;
- Polestar's ability to establish its brand and capture additional market share, and the risks associated with negative press or reputational harm, including from lithium-ion battery cells catching fire or venting smoke;
- the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries;
- Polestar's ability to continuously and rapidly innovate, develop and market new products;
- the outcome of any potential litigation, government and regulatory proceedings, investigations and inquiries;
- the impact of the COVID-19 pandemic, inflation, interest rate changes, the ongoing conflict between Ukraine and Russia, supply chain disruptions and logistical constraints on Polestar's business, projected results of operations, financial performance or other financial and operational metrics or on any of the foregoing risks;
- the need to raise additional funds to support business growth; and
- the other risks and uncertainties included in this Report under "*Risk Factors*" in Item 3.D.

There can be no assurance that future developments affecting Polestar will be those that Polestar has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond Polestar's control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "*Risk Factors*" in Item 3.D. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. Polestar will not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

FREQUENTLY USED TERMS

Unless otherwise stated in this Report or the context otherwise requires, references to:

"*AD securities*" or "*ADSs*" means Class A ADSs and Class C ADSs.

"*ADS Deposit Agreement—Class A ADSs*" means the ADS Deposit Agreement, by and among the Company, Citibank, N.A., as depositary, and all holders and beneficial owners from time to time of American depositary shares issued thereunder and representing deposited Class A Shares, a form of which is filed as an exhibit to this Report.

"*ADS Deposit Agreement—Class C-1 ADSs*" means the ADS Deposit Agreement, dated June 23, 2022, by and among the Company, Citibank, N.A., as depositary, and all holders and beneficial owners from time to time of American depositary shares issued thereunder and representing deposited Class C-1 Shares, a copy of which is filed as an exhibit to this Report.

"*ADS Deposit Agreement—Class C-2 ADSs*" means the ADS Deposit Agreement, dated June 23, 2022, by and among the Company, Citibank, N.A., as depositary, and all holders and beneficial owners from time to time of American depositary shares issued thereunder and representing deposited Company C-2 Shares, a copy of which is filed as an exhibit to this Report.

"*Amendment No. 1 to the Business Combination Agreement*" means that certain amendment to the Business Combination Agreement, dated as of December 17, 2021, a copy of which is filed as an exhibit to this Report.

"*Amendment No. 2 to the Business Combination Agreement*" means that certain amendment to the Business Combination Agreement, dated as of March 24, 2022, a copy of which is filed as an exhibit to this Report.

"*Amendment No. 3 to the Business Combination Agreement*" means that certain amendment to the Business Combination Agreement, dated as of April 21, 2022, a copy of which is filed as an exhibit to this Report.

"*Board*" means the board of directors of the Company.

"*Business Combination*" means the transactions contemplated by the Business Combination Agreement, including the Merger, and the other transactions contemplated by the other transaction documents contemplated by the Business Combination Agreement.

"*Business Combination Agreement*" means that certain Business Combination Agreement, dated as of September 27, 2021 (as amended by Amendment No. 1 to the Business Combination Agreement, Amendment No. 2 to the Business Combination Agreement and Amendment No. 3 to the Business Combination Agreement), by and among GGI, the Company, Former Parent, Polestar Singapore, Polestar Sweden and Merger Sub, a copy of which is filed as an exhibit to this Report.

"*Business Combination Closing*" means the closing of the Business Combination.

"*Business Combination Closing Date*" means the date of the Business Combination Closing or June 23, 2022.

"*Class A ADS*" means one American depositary share of the Company duly and validly issued against the deposit with the Depositary of an underlying Class A Share.

"*Class A Shares*" means Class A ordinary shares of the Company, entitling the holder thereof to one vote per share.

"*Class B ADS*" means one American depositary share of the Company duly and validly issued against the deposit with the Depositary of an underlying Class B Shares.

"*Class B Shares*" means Class B ordinary shares of the Company, entitling the holder thereof to 10 votes per share.

"*Class C ADSs*" means Class C-1 ADSs and Class C-2 ADSs.

"*Class C Shares*" means Class C-1 Shares and Class C-2 Shares.

"*Class C Warrant Amendment*" means the amendment to the SPAC Warrant Agreement entered into by and among GGI, Computershare Inc. and Computershare Trust Company, N.A., and pursuant to which, among other things, each GGI Public Warrant converted into a Class C-1 ADS and each GGI Private Placement Warrant converted into a Class C-2 ADS, each of which is exercisable for Class A ADSs and subject to substantially the same terms as were applicable to the GGI Warrants under the SPAC Warrant Agreement, a copy of which is filed as an exhibit to this Report.

"*Class C-1 ADS*" means one American depositary share of the Company into which each GGI Public Warrant has been automatically cancelled and extinguished and converted into the right to receive one Class A ADS and each of which is duly and validly issued against the deposit with the Depositary of an underlying Class C-1 Share.

"*Class C-1 Share*" means a class C-1 ordinary share in the share capital of the Company, each of which underlies a Class C-1 ADS and is exercisable for one Class A Share.

"*Class C-2 ADS*" means one American depositary share of the Company into which each GGI Private Placement Warrant has been automatically cancelled and extinguished and converted into the right to receive one Class A ADS and each of which is duly and validly issued against the deposit with the Depositary of an underlying Class C-2 Share.

"*Class C-2 Share*" means a class C-2 ordinary share in the share capital of the Company, each of which underlies a Class C-2 ADS and is exercisable for one Class A Share.

"*Code*" means the U.S. Internal Revenue Code of 1986, as amended.

"*Company*" means, prior to the re-registration as a public limited company under the laws of England and Wales, "Polestar Automotive Holding UK Limited," a limited company incorporated under the laws of England and Wales, and, after the re-registration as a public limited company under the laws of England and Wales, "Polestar Automotive Holding UK PLC."

"*Company securities*" means the Shares and Class C Shares.

"*Current GGI Certificate*" means the Amended and Restated Certificate of Incorporation of GGI, dated March 22, 2021.

"*December PIPE Investment*" means the purchase of December PIPE Shares pursuant to the December PIPE Subscription Agreements.

"*December PIPE Investors*" means the purchasers of December PIPE Shares in the December PIPE Investment, which include certain affiliates and employees of the GGI Sponsor.

"*December PIPE Shares*" means the Class A Shares in the form of Class A ADSs purchased by December PIPE Investors in the December PIPE Investment.

"*December PIPE Subscription Agreements*" means the share subscription agreements, dated December 17, 2021, by and among the Company, GGI and the December PIPE Investors pursuant to which the December PIPE Investors purchased the December PIPE Shares.

"*Deferred Shares*" means the deferred shares of USD 0.01 each in the capital of the Company that have no right to vote or dividend rights.

"*Deloitte*" means Deloitte AB, an independent registered public accounting firm.

"*Deposit Agreements*" means the ADS Deposit Agreement—Class A ADSs, the ADS Deposit Agreement—Class C-1 ADSs and the ADS Deposit Agreement—Class C-2 ADSs.

"*Depositary*" means Citibank, N.A., acting as depositary under the Deposit Agreements.

"*Earn Out Class A Shares*" means the earn out shares issuable by the Company in the form of Class A ADSs.

"*Earn Out Class B Shares*" means the earn out shares issuable by the Company in the form of Class B ADSs.

"*Earn Out Shares*" means earn out shares from the Company issuable in Class A ADSs and Class B ADS to certain Former Parent Shareholders depending on share price performance of Polestar.

"*Employee Stock Purchase Plan*" means Polestar Automotive Holding UK PLC 2022 Stock Purchase Plan.

"*Equity Plan*" means the Polestar Automotive Holding UK PLC 2022 Omnibus Incentive Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"*Former Parent*" means Polestar Automotive Holding Limited, a Hong Kong incorporated company, which is in the process of completing its voluntary liquidation that commenced on October 19, 2022.

"*Former Parent Shareholders*" means Snita, PSINV AB, PSD Investment Limited, GLY New Mobility 1. LP, Northpole GLY 1 LP, Chongqing Liangjiang (重庆承星股权投资基金合伙企业（有限合伙）), Zibo Financial Holding Group Co., Ltd. and Zibo High-Tech Industrial Investment Co., Ltd.

"G*AAP*" means generally accepted accounting principles in the United States.

"*Geely*" means Zhejiang Geely Holding Group Company Limited.

"*GGI*" means Gores Guggenheim, Inc.

"*GGI Class A Common Stock*" means the shares of Class A common stock, par value $0.0001 per share, of GGI.

"*GGI Class F Common Stock*" means the shares of Class F common stock, par value $0.0001 per share, of GGI.

"*GGI Common Stock*" means the GGI Class A Common Stock and the GGI Class F Common Stock.

"*GGI Initial Stockholders*" means the GGI Sponsor and Randall Bort, Elizabeth Marcellino and Nancy Tellem, GGI's independent directors.

"*GGI Public Warrants*" means the warrants included in the GGI public units (consisting of one share of GGI Class A Common Stock and one-fifth of one GGI Public Warrant) issued in the GGI initial public offering, consummated on March 25, 2021.

"*GGI Sponsor*" means Gores Guggenheim Sponsor LLC, a Delaware limited liability company and its affiliates, including The Gores Group, LLC.

"*GGI Warrants*" means, collectively, the GGI Private Placement Warrants and the GGI Public Warrants.

"*Initial PIPE Investment*" means the purchase of Initial PIPE Shares pursuant to the Initial PIPE Subscription Agreements.

"*Initial PIPE Investors*" means the purchasers of Initial PIPE Shares in the Initial PIPE Investment.

"*Initial PIPE Shares*" means the Class A Shares in the form of Class A ADSs purchased by Initial PIPE Investors in the Initial PIPE Investment.

"*Initial PIPE Subscription Agreements*" means the share subscription agreements, dated September 27, 2021, by and among the Company, GGI and the Initial PIPE Investors pursuant to which the Initial PIPE Investors purchased the Initial PIPE Shares.

"*IRS*" means the U.S. Internal Revenue Service.

"*March PIPE Investors*" means the purchasers of March PIPE Shares in the March PIPE Investment, which include certain affiliates and employees of the GGI Sponsor.

"*March PIPE Shares*" means the Class A Shares in the form of Class A ADSs purchased by March PIPE Investors in the March PIPE Investment.

"*March PIPE Subscription Agreements*" means the shares subscription agreements, dated March 24, 2022, by and among the Company, GGI and the March PIPE Investors pursuant to which the March PIPE Investors purchased the March PIPE Shares.

"*March Sponsor Investment*" means the purchase of March PIPE Shares pursuant to the March PIPE Subscription Agreements.

"*Merger*" means the merger between Merger Sub and GGI, with GGI surviving as a direct wholly owned subsidiary of the Company.

"*Merger Sub*" means PAH UK Merger Sub Inc., a Delaware corporation and a direct wholly owned subsidiary of the Company until June 23, 2022.

"*Nasdaq*" means the National Association of Securities Dealers Automated Quotations Global Market.

"*PIPE Investment*" means the purchase of PIPE Shares pursuant to the PIPE Subscription Agreements.

"*PIPE Investors*" means the purchasers of PIPE Shares in the PIPE Investment.

"*PIPE Shares*" means the Class A Shares in the form of Class A ADSs purchased by PIPE Investors in the PIPE Investment.

"*PIPE Subscription Agreements*" means the Initial PIPE Subscription Agreements, the December PIPE Subscription Agreements and the March PIPE Subscription Agreements.

"*Polestar*" means, as the context requires, (i) in general Former Parent and its subsidiaries prior to the Business Combination Closing, (ii) in the context of the Business Combination, the Pre-Closing Reorganization and the Pre-Closing Sweden/Singapore Share Transfer, Polestar Sweden, or, both Polestar Singapore and Polestar Sweden if at any time (x) Polestar Sweden is not a wholly-owned subsidiary of Polestar Singapore or (y) Polestar Singapore is not a wholly-owned subsidiary of Polestar Sweden, or (iii) the Company or Polestar Group after the Business Combination Closing.

"*Polestar Articles*" means the Articles of Association of Polestar, a copy of which is filed as an exhibit to this Report.

"*Polestar Group*" means Former Parent, together with its subsidiaries prior to the Business Combination Closing and the Company and its subsidiaries following the Business Combination Closing.

"*Polestar Singapore*" means Polestar Automotive (Singapore) Pte. Ltd., a private company limited by shares in Singapore.

"*Polestar Spaces*" means permanent or pop up/temporary Polestar showrooms located in urban or peri-urban areas where potential customers can experience Polestar vehicles, engage with Polestar specialists and, at select locations, test-drive Polestar vehicles.

"*Polestar Sweden*" means Polestar Holding AB, a private limited liability company incorporated under the laws of Sweden.

"*Pre-Closing Reorganization*" means the reorganization effectuated by Former Parent, the Company, Polestar Singapore, Polestar Sweden and their respective subsidiaries, pursuant to which, among other things, Polestar Singapore, Polestar Sweden and their respective subsidiaries became, directly or indirectly, wholly owned subsidiaries of the Company.

"*Pre-Closing Sweden/Singapore Share Transfer*" means, collectively, the following transactions contemplated under the Business Combination Agreement: (i) the transfer by Polestar Singapore to Former Parent of all of the issued and outstanding equity securities of Polestar Sweden (the "*Pre-Closing Sweden Share Transfer*") and (ii) after the Pre-Closing Sweden Share Transfer, the contribution by Former Parent to Polestar Sweden of all of the issued and outstanding equity securities of Polestar Singapore.

"*Registration Rights Agreement*" means the registration rights agreement, dated September 27, 2021, by and among the Company, Former Parent, the Former Parent Shareholders, the GGI Sponsor and the independent directors of GGI (such persons, together with the GGI Sponsor and the Former Parent Shareholders, the "*Registration Rights Holders*"), as amended by the Registration Rights Agreement Amendment No. 1 and the Registration Rights Agreement Amendment No. 2. A copy of the Registration Rights Agreement is filed as an exhibit to this Report.

"*Registration Rights Agreement Amendment No. 1*" means that certain amendment to the Registration Rights Agreement, dated December 17, 2021, a copy of which is filed as an exhibit to this Report.

"*Registration Rights Agreement Amendment No. 2*" means that certain amendment to the Registration Rights Agreement, dated March 24, 2022, a copy of which is filed as an exhibit to this Report.

"*Related Agreements*" means the Registration Rights Agreement, the Subscription Agreements, the Volvo Cars Preference Subscription Agreement, the Class C Warrant Amendment, the Shareholder Acknowledgement Agreement and the other agreements or documents contemplated under the Business Combination Agreement.

"*Resale Securities*" means the Class A ADSs and Class C ADSs being offered for resale in the prospectus that forms a part of the Shelf Registration Statement.

"*Sarbanes-Oxley Act*" means the Sarbanes-Oxley Act of 2002.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Selling Securityholders*" means the securityholders named as selling securityholders in the prospectus that forms a part of the Shelf Registration Statement.

"*Share Matching Plan*" means the Polestar Automotive Holding UK PLC 2023 Share Matching Plan.

"*Shareholder Acknowledgement Agreement*" means the shareholder acknowledgement, dated September 27, 2021, by and among Former Parent, the Former Parent Shareholders, Volvo Car Corporation and the Company, as amended by the Shareholder Acknowledgement Agreement Amendment, a copy of which is filed as an exhibit to this Report.

"*Shareholder Acknowledgement Agreement Amendment*" means that certain amendment to the Shareholder Acknowledgement Agreement, dated March 24, 2022, a copy of which is filed as an exhibit to this Report.

"*Shares*" means the Class A Shares and the Class B Shares.

"*Shelf Registration Statement*" means the Registration Statement on Form F-1 that the Company initially filed on July 12, 2022, and subsequently updated and supplemented, including with the Post-Effective Amendment No. 1, filed with the SEC on September 20, 2022.

"*Snita*" means Snita Holding B.V., a corporation organized under the laws of the Netherlands and a wholly owned subsidiary of Volvo Car Corporation.

"*Snita Term Loan Facility*" means the Term Loan Facility, dated November 3, 2022, between the Company, as borrower, and Snita, as lender.

"*SPAC Warrant Agreement*" means that certain Warrant Agreement, by and between GGI and Computershare Trust Company, N.A., as warrant agent, dated as of March 22, 2021 (as amended by the SPAC Warrant Agreement Amendment and as may be further amended, supplemented or otherwise modified from time to time), a copy of which is filed as an exhibit to this Report.

"*SPAC Warrant Agreement Amendment*" means that certain Amendment to the SPAC Warrant Agreement, by and between GGI and Computershare Trust Company, N.A., as warrant agent, dated as of April 7, 2022, a copy of which is filed as an exhibit to this Report.

"*Sponsor Subscription Agreement*" means the subscription agreement, dated September 27, 2021, as amended and restated on December 17, 2021 and amended on March 24, 2022, by and among GGI, the Company and the GGI Sponsor.

"*Sponsor Subscription Investment*" means the purchase of the Sponsor Subscription Shares pursuant to the Sponsor Subscription Agreement.

"*Sponsor Subscription Shares*" means the Class A Shares in the form of Class A ADSs purchased by the GGI Sponsor in the Sponsor Subscription Investment.

"*Subscription Agreements*" means the PIPE Subscription Agreements, the Sponsor Subscription Agreement and the Volvo Cars PIPE Subscription Agreement.

"*Subscription Investments*" means the purchase of the Subscription Shares pursuant to the Subscription Agreements.

"*Subscription Shares*" means the Class A Shares in the form of Class A ADSs purchased by the GGI Sponsor, the PIPE Investors and Snita pursuant to the Sponsor Subscription Agreement, the PIPE Subscription Agreements and the Volvo Cars PIPE Subscription Agreement, respectively.

"*The Gores Group*" means The Gores Group, LLC, an affiliate of the GGI Sponsor.

"*TUSD*" means thousands of U.S. Dollars.

"*U.S. Dollars*" and "*USD*" and "*$*" means United States dollars, the legal currency of the United States.

"*U.S. GAAP*" means generally accepted accounting principles in the United States.

"*United Kingdom*" or "*UK*" means the United Kingdom of Great Britain and Northern Ireland and its territories and possessions.

"*United States*" or "*US*" means the United States of America and its territories and possessions.

"*Volvo Cars*" means Volvo Car AB (publ) and its subsidiaries.

"*Volvo Cars PIPE Subscription Agreement*" means the subscription agreement, dated September 27, 2021, as amended and restated on December 17, 2021 and amended on March 24, 2022, by and among GGI, the Company and Volvo Cars, pursuant to which Volvo Cars via its subsidiary Snita purchased 1,117,390 Volvo Cars PIPE Subscription Shares for a purchase price of $10.00 per share.

"*Volvo Cars PIPE Subscription Investment*" means the purchase of Volvo Cars PIPE Subscription Shares pursuant to the Volvo Cars PIPE Subscription Agreement.

"*Volvo Cars PIPE Subscription Shares*" means the Class A Shares in the form of Class A ADSs purchased by Snita in the Volvo Cars PIPE Subscription Investment.

"*Volvo Cars Preference Subscription Agreement*" means the subscription agreement, dated September 27, 2021, by and between the Company and Snita as amended on March 24, 2022, pursuant to which Snita purchased, at Business Combination Closing, mandatory convertible preference shares of the Company for an aggregate subscription price of $10.00 per share, for an aggregate investment amount equal to TUSD588,826.

"*Volvo Cars Preference Subscription Investment*" means the purchase of the Volvo Cars Preference Subscription Shares pursuant to the Volvo Cars Preference Subscription Agreement.

"*Volvo Cars Preference Subscription Shares*" means the mandatory convertible preference shares of the Company purchased by Snita pursuant to the Volvo Cars Preference Subscription Agreement.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Overview of Risk Factors

Polestar's business faces significant risks and uncertainties. You should carefully consider all of the information set forth in this Report and in other documents we file with or furnish to the SEC, including the following risk factors, before deciding to invest in or to maintain an investment in Polestar's securities. Polestar's business, as well as Polestar's reputation, financial condition, results of operations and share price, could be materially adversely affected by any of these risks, as well as other risks and uncertainties not currently known to Polestar or not currently considered material. These risks include, among others, the following:

Risks Related to Polestar's Business and Industry

- Polestar's operations rely heavily on a variety of agreements with its strategic partners, Volvo Cars and Geely, including agreements related to research and development, intellectual property licensing, purchasing, manufacturing engineering and logistics, and Polestar may come to rely on other original equipment manufacturers, vendors and technology providers. The interests of Polestar's partners, providers or licensors may diverge from those of Polestar. The inability of Polestar to maintain agreements or partnerships with its existing partners, providers or licensors, or to enter into new agreements or partnerships could have a material and adverse effect on Polestar's ability to operate as a standalone business, produce vehicles, reach its development and production targets or focus efforts on its core areas of differentiation.
- Polestar's ability to produce vehicles and its future growth also depend upon its ability to maintain relationships with its existing suppliers and strategic partners, to source new suppliers for its critical components, and to complete building out its supply chain, while effectively managing the risks due to such relationships.
- Polestar is dependent on its strategic partners and suppliers, some of which are single-source suppliers, and the inability of these strategic partners and suppliers to deliver necessary components of Polestar's products on schedule and at prices, quality levels and volumes acceptable to Polestar, or Polestar's inability to efficiently manage these components, could have a material and adverse effect on Polestar's results of operations and financial condition.
- Polestar may be unable to grow its global product sales, delivery capabilities and its servicing and vehicle charging partnerships, or Polestar may be unable to accurately project and effectively manage its growth. If Polestar is unable to expand its servicing capabilities, customers' perceptions of Polestar could be negatively affected, which could materially and adversely affect Polestar's business, financial condition, results of operations and prospects.
- Polestar has experienced and may in the future experience significant delays in the design, development, manufacture, launch and financing of its vehicles, which could harm its business and prospects.

- Increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors, could harm Polestar's business. Polestar will need to maintain and significantly grow its access to battery cells, including through the development and manufacture of its own cells, and control its related costs.
- The success and growth of Polestar's business depends upon its ability to continuously and rapidly innovate, develop and market new products and there are significant risks related to future market adoption of Polestar's products. Polestar's limited operating history makes evaluating its business and future prospects difficult and may increase the risk of your investment.
- Polestar operates in an intensely competitive market, which is generally cyclical and volatile. Should Polestar not be able to compete effectively against its competitors then it is likely to lose market share, which could have a material and adverse effect on the business, financial condition, results of operations and prospects of Polestar.
- Polestar's business and prospects depend significantly on the Polestar brand. If Polestar is unable to maintain and enhance its brand and capture additional market share or if its reputation and business are harmed, it could have a material and adverse impact on Polestar's business, financial condition, results of operations and prospects.
- Polestar's sales depend in part on its ability to establish and maintain confidence in its business prospects among consumers, analysts and others within its industry.
- The automotive industry has significant barriers to entry that Polestar must overcome in order to manufacture and sell electric vehicles at scale.
- Polestar may be unable to adequately control the substantial costs associated with its operations.
- Polestar has incurred net losses each year since its inception and expects to incur increasing expenses and substantial losses for the foreseeable future.
- Polestar's independent registered public accounting firm has included an explanatory paragraph relating to Polestar's ability to continue as a going concern in its report on Polestar's audited consolidated financial statements included in this Report.
- Polestar depends on revenue generated from a limited number of models and expects this to continue in the foreseeable future.
- Polestar relies on the development of vehicle charging networks to provide charging solutions for its vehicles.
- Polestar relies on its strategic partners for servicing its vehicles and on their systems, such as dealer management systems and diagnostic tools. If Polestar or its strategic partners are unable to adequately address the service requirements of its customers, Polestar's business, prospects, financial condition and results of operations may be materially and adversely affected.
- If Polestar's vehicles fail to perform as expected, its ability to develop, market and sell or lease its products could be harmed.
- Polestar must develop complex software and technology systems, including in coordination with its strategic partners, vendors and suppliers, in order to produce its electric vehicles, and there can be no assurance such systems will be successfully developed.
- Polestar's vehicle production relies heavily on complex machinery and involves a significant degree of risk and uncertainty in terms of operational performance and costs.
- Polestar relies on its partners to manufacture vehicles and these partners have limited experience in producing electric vehicles. Further, Polestar relies on sufficient production capacity being available and/or allocated to it by its partners in order to manufacture its vehicles. Delays in the timing of expected business milestones and commercial launches, including Polestar's ability to mass produce its electric vehicles and/or complete and/or expand its manufacturing capabilities, could materially and adversely affect Polestar's business, financial condition, results of operations and prospects.
- Polestar faces risks associated with international operations, including tariffs and unfavorable regulatory, political, tax and labor conditions, which could materially and adversely affect its business, financial condition, results of operations and prospects.
- Polestar relies heavily on manufacturing facilities and suppliers, including single-source suppliers, based in China and its growth strategy will depend on growing its business in China. This subjects Polestar to economic, operational, regulatory and legal risks specific to China.
- The Chinese government may intervene in or influence Polestar's and Polestar's partners' operations in China at any time, which could result in a material change in Polestar's operations and ability to produce vehicles and significantly and adversely impact the value of Polestar's securities.
- Changes in Chinese policies, regulations and rules may be quick with little advance notice and the enforcement of laws of the Chinese government is uncertain and could have a significant impact upon Polestar's and its partners' ability to operate profitably.
- Compliance with China's new Data Security Law, Cybersecurity Review Measures (revised draft for public consultation), Personal Information Protection Law, regulations and guidelines relating to the multi-level protection scheme and any other future laws and regulations may entail significant expenses and could materially affect Polestar's business.

- Polestar and its subsidiaries (i) may not receive or maintain permissions or approvals from the CAC or other relevant authorities to operate in China, (ii) may inadvertently conclude that such permissions or approvals are not required or (iii) may be required to obtain new permissions or approvals in the future due to changes in applicable laws, regulations or interpretations related thereto.
- Polestar may be adversely affected by the complexity, uncertainties and changes in the regulations on internet-related business, automotive business and other business carried out by Polestar's operating entities in China.
- Investors should not rely on outdated financial projections.
- Polestar's main distribution approach is different from the currently predominant distribution model for automakers, and its long-term viability is unproven. Polestar does not have a third-party retail product distribution network in all of the countries in which it operates, and Polestar may face regulatory challenges to or limitations on its ability to sell vehicles directly.
- Insufficient reserves to cover future warranty or part replacement needs or other vehicle repair requirements, including any potential software upgrades, could have a material and adverse effect on Polestar's business, prospects, financial condition and results of operations.
- Polestar may be unable to offer attractive leasing and financing options for its current vehicle models and future vehicles, which would adversely affect consumer demand for its vehicles.
- Polestar is subject to risks associated with advanced driver assistance system technology. Polestar is also working on adding autonomous driving technology to its vehicles and expects to be subject to the risks associated with this technology. Polestar cannot guarantee that its vehicles will achieve its targeted assisted or autonomous driving functionality within its projected timeframe, or ever.
- Uninsured losses, including losses resulting from product liability, accidents, acts of God and other claims against Polestar, could result in payment of substantial damages, which would decrease Polestar's cash reserves and could harm its cash flow and financial condition.
- Polestar's vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame.
- Polestar's ability to generate meaningful product revenue will depend on consumer adoption of electric vehicles. However, the market for electric vehicles is still evolving and changes in governmental programs incentivizing consumers to purchase electric vehicles, fluctuations in energy prices, the sustainability of electric vehicles and other regulatory changes might negatively impact adoption of electric vehicles by consumers. If the pace and depth of electric vehicle adoption develops more slowly than Polestar expects, its revenue may decline or fail to grow, and Polestar may be materially and adversely affected.
- Developments in electric vehicle or alternative fuel technology or improvements in the internal combustion engine may adversely affect the demand for Polestar's vehicles.
- A resurgence of the COVID-19 pandemic and return of global control measures could affect Polestar's business and operations.
- Changes in foreign currency rates, interest rate risks, or inflation could materially affect Polestar's results of operations.
- Polestar's facilities or operations could be and have been adversely affected by events outside of its control, such as natural disasters, wars, health epidemics, pandemics or security incidents.
- The conflict between Russia and Ukraine has, and is likely to continue to, generate uncertain geopolitical conditions, including sanctions that could adversely affect Polestar's business prospects and results of operations.
- If vehicle owners customize Polestar vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly, which may create negative publicity and could harm Polestar's business.
- Polestar relies heavily on manufacturing facilities and suppliers, including single-source suppliers, based in China and its growth strategy will depend on growing its business in China. This subjects Polestar to economic, operational, regulatory and legal risks specific to China.

Risks Related to Cybersecurity and Data Privacy

- Polestar relies on its and Volvo Cars' IT systems and any material disruption to its or Volvo Cars' IT systems could have a material and adverse effect on Polestar.
- Any unauthorized control or manipulation of Polestar's products, digital sales tools and systems could result in loss of confidence in Polestar and its products.
- Data privacy concerns are generally increasing, which could result in new legislation, in negative public perception of Polestar's current data collection practices and certain of its services or technologies and/or in changing user behaviors that negatively affect Polestar's business and product development plans.
- Any unauthorized control or manipulation of Polestar's products, digital sales tools and systems could result in loss of confidence in Polestar and its products.
- Polestar is subject to evolving laws, regulations, standards, policies and contractual obligations related to data privacy, security and consumer protection, and any actual or perceived failure to comply with such obligations could harm

Polestar's reputation and brand, subject Polestar to significant fines and liability, or otherwise adversely affect its business.

Risks Related to Polestar's Employees and Human Resources

- Polestar's ability to effectively manage its growth relies on the performance of highly skilled personnel, including its Chief Executive Officer, Thomas Ingenlath, its senior management team and other key employees, and Polestar's ability to recruit and retain key employees. The loss of key personnel or an inability to attract, retain and motivate qualified personnel may impair Polestar's ability to expand its business.
- Polestar's manufacturing partners will need to hire and train a significant number of employees to engage in full-scale operational and commercial operations, and Polestar's business could be adversely affected by labor and union activities.
- Misconduct by Polestar's employees and independent contractors during and before their employment with Polestar could expose Polestar to potentially significant legal liabilities, reputational harm and/or other damages to its business.

Risks Related to Litigation and Regulation

- Polestar is subject to evolving laws and regulations that could impose substantial costs, legal prohibitions or unfavorable changes upon its operations or products, and any failure to comply with these laws and regulations, including as they evolve, could result in litigation and substantially harm its business and results of operations.
- Polestar may face regulatory limitations on its ability to sell vehicles directly, which require Polestar to implement alternative consumer approaches through dealers or importers.
- Polestar has undertaken, and in the future may choose to or be compelled to undertake, product recalls or to take other actions that could result in litigation and adversely affect its business, prospects, results of operations, reputation and financial condition.
- Polestar may in the future be subject to legal proceedings, regulatory disputes and governmental inquiries that could cause it to incur significant expenses, divert its management's attention and materially harm its business, results of operations, cash flows and financial condition.
- Polestar may become subject to product liability claims, which could harm its financial condition and liquidity if it is not able to successfully defend or insure against such claims.
- Polestar's manufacturing partners may be exposed to delays, limitations and risks related to the environmental permits and other operating permits required to operate manufacturing facilities for its vehicles.
- Polestar and its manufacturing partners are and will be subject to various environmental, health and safety laws and regulations that could impose substantial costs on it and cause delays in expanding its production capabilities.
- Polestar is planning to introduce ADAS/AD technology, which is subject to uncertain and evolving regulations.
- Polestar is and will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject Polestar to administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect its business, results of operations, financial condition and reputation.
- The unavailability, reduction, elimination or the conditionality of certain government and economic programs could have a material and adverse effect on Polestar's business, prospects, financial condition and results of operations.
- Although the audit report included in this Report is prepared by auditors who are currently inspected fully by the United States Public Company Accounting Oversight Board (the "*PCAOB*"), there is no guarantee that future audit reports will be prepared by auditors that are completely inspected by the PCAOB and, as such, future investors may be deprived of such inspections, which could result in limitations or restrictions to the Company's access to U.S. capital markets. Furthermore, trading in the Company's securities may be prohibited under the Holding Foreign Companies Accountable Act or the Accelerating Holding Foreign Companies Accountable Act if the SEC subsequently determines that the Company's audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely and, as a result, U.S. national securities exchanges, such as Nasdaq, may determine to delist the Company's securities. Furthermore, on June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act, which, if enacted, would amend the HFCA Act and require the SEC to prohibit an issuer's securities from trading on any U.S. stock exchange if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.

Risks Related to Intellectual Property

- Much of the intellectual property pertaining to Polestar's vehicles is owned by Volvo Cars and Geely and licensed, in some cases on a non-exclusive basis, to Polestar. Accordingly, Polestar may lack certain advantages that competitors or owners of intellectual property, as opposed to licensees, typically have, with respect to some of such intellectual property, such as the ability to enforce intellectual property rights against infringers or the ability to effectively defend against infringement suits that may be initiated against Polestar.
- Polestar may fail to adequately obtain, maintain, enforce and protect relevant intellectual property and licensing rights, and may not be able to prevent third parties from unauthorized use of such intellectual property and related technology.

If Polestar is unsuccessful in any of the foregoing, its competitive position could be harmed and it could be required to incur significant expenses to enforce its rights.

- Polestar uses other parties' software and other intellectual property in its proprietary software, including "open source" software. Any inability to continuously use such software or other intellectual property in the future could have a material adverse impact on Polestar's business, financial condition, results of operations and prospects.
- Polestar may become subject to claims of intellectual property infringement by third parties which, regardless of merit, could be time-consuming and costly and result in significant legal liability, and could negatively impact Polestar's business, financial condition, results of operations and prospects.

Risks Related to Tax

- Unanticipated tax laws or any change in the application of existing tax laws to Polestar or Polestar's customers may adversely impact its profitability and business.
- Transfers of ADSs or the underlying Company securities may be subject to stamp duty or stamp duty reserve tax in the U.K., which would increase the cost of dealing in the Company's securities.
- The Company may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. Holders of ClassA ADSs.
- As a result of the Business Combination, the IRS may not agree that the Company is a foreign corporation for U.S. federal tax purposes.
- Polestar may be unable to utilize certain of its deferred tax assets, which could increase its future tax expenses.

Risks Related to Financing and Strategy Transactions

- Polestar will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.
- Polestar's financial results may vary significantly from period to period due to fluctuations in its operating costs, product demand and other factors.

Risks Related to Ownership of Polestar's Securities

- If Polestar's performance does not meet the expectations of investors, stockholders or financial analysts, the market price of the ADSs may decline.
- The grant and future exercise of registration rights may adversely affect the market price of the ADSs.
- The Class C ADSs will be exercisable for the Class A ADSs, which would increase the number of AD securities eligible for future resale in the public market and result in dilution to its shareholders.
- There is no guarantee that the Class C ADSs will ever be in the money, and they may expire worthless.
- Polestar may redeem unexpired Class C-1 ADSs prior to their exercise at a time that is disadvantageous to holders, thereby making their Class C-1 ADSs worthless.
- Polestar may issue additional equity securities or convertible debt securities without the approval of the holders of the ADSs, which would dilute ownership interests and may depress the market price of the ADSs.
- The market price and trading volume of the ADSs may be volatile and could decline significantly.
- Nasdaq may not continue to list the Class A ADSs and Class C-1 ADSs, which could limit investors' ability to make transactions in the Company's securities and subject the Company to additional trading restrictions.
- Polestar's management team has limited experience managing a public company.
- The requirements of being a public company may strain Polestar's resources and distract its management, which could make it difficult to manage its business.
- Polestar is a foreign private issuer within the meaning of the rules under the Exchange Act and, as such, it is exempt from certain provisions applicable to United States domestic public companies.
- As Polestar is a foreign private issuer and follows certain home country corporate governance practices, its shareholders may not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.
- Polestar may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.
- Polestar has identified material weaknesses in its internal control over financial reporting. If Polestar is unable to remediate these material weaknesses or identifies additional material weaknesses, it could lead to errors in Polestar's financial reporting, which could adversely affect Polestar's business and the market price of the ADSs.
- Polestar has identified material weaknesses in its internal control over financial reporting. If Polestar fails to develop and maintain an effective system of internal control over financial reporting, it may be unable to accurately report its financial results or prevent fraud.

- Polestar's dual-class voting structure may limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of the Company securities or ADSs may view as beneficial.
- The U.K. City Code on Takeovers and Mergers, or the Takeover Code, may apply to Polestar.
- If securities or industry analysts do not publish research, publish inaccurate or unfavorable research or cease publishing research about Polestar, the ADS trading prices and trading volumes could decline significantly.
- You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because Polestar is incorporated under the laws of England and Wales and because Polestar conducts substantially all of its operations outside of the United States and a majority of Polestar's directors and executive officers reside outside of the United States.
- It is not expected that Polestar will pay dividends in the foreseeable future.
- Polestar is a holding company and will depend on the ability of its subsidiaries to pay dividends.
- Polestar has granted, and anticipates granting additional, share-based incentives, which may result in increased share-based compensation expenses.
- Holders of ADSs have fewer rights than direct holders of the Company securities and must act through the Depositary to exercise their rights. The voting rights of holders of ADSs are limited by the terms of the Deposit Agreements, and such holders may not be able to exercise their right to vote their Company securities directly.
- The Depositary for the AD securities will give Polestar a discretionary proxy to vote the Company securities underlying the AD securities if the holders of such AD securities do not give timely voting instructions to the Depositary, except in limited circumstances, which could adversely affect the interests of holders of the ADSs.
- The Polestar Articles and the Deposit Agreements provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act and the Exchange Act and that certain claims may only be instituted in the courts of England and Wales, which could limit the ability of securityholders of Polestar to choose a favorable judicial forum for disputes with Polestar or Polestar's directors, officers or employees.
- An ADS holder's right to pursue claims against the Depositary is limited by the terms of the Deposit Agreements.
- ADS holders may not be entitled to a jury trial with respect to claims arising under the Deposit Agreements, which could result in less favorable results to the plaintiff(s) in any such action.
- The Depositary for the ADSs is entitled to charge holders fees for various services, including annual service fees.
- The ADS holders may not receive dividends or other distributions of the Company securities and the holders thereof may not receive any value for them, if it is illegal or impractical to make them available to such holders.
- Holders of ADSs may experience dilution of their holdings due to their inability to participate in rights offerings.
- Holders of ADSs may be subject to limitations on transfer of their ADSs.
- The Company may be subject to securities litigation, which is expensive and could divert management attention.

Risks Related to Polestar's Business and Industry

Polestar's operations rely heavily on a variety of agreements with its strategic partners, Volvo Cars and Geely, including agreements related to research and development, intellectual property licensing, purchasing, manufacturing engineering and logistics, and Polestar may come to rely on other original equipment manufacturers, vendors and technology providers. The interests of Polestar's partners, providers or licensors may diverge from those of Polestar. The inability of Polestar to maintain agreements or partnerships with its existing partners, providers or licensors, or to enter into new agreements or partnerships could have a material and adverse effect on Polestar's ability to operate as a standalone business, produce vehicles, reach its development and production targets or focus efforts on its core areas of differentiation.

Polestar's operations rely heavily on a variety of agreements, including agreements related to research and development, intellectual property licensing, purchasing, manufacturing engineering and logistics, with its strategic partners, including Volvo Cars, Geely and certain other original equipment manufacturers, vendors and technology providers. Polestar's reliance on these agreements subjects it to a number of significant risks, including the risk of being unable to operate as a standalone business, produce vehicles, enforce intellectual property rights or effectively defend against intellectual property infringement claims, reach its development and production targets or focus its efforts on core areas of differentiation.

Of particular importance for Polestar's operations are the related party agreements with Volvo Cars and Geely. These related party agreements include research and development agreements, manufacturing agreements, licensing agreements, purchasing agreements, component supply agreements, customer care agreements, logistics agreements and distribution agreements, amongst other areas. These agreements are described in more detail in this Report in Item 4.B "*Information on the Company—Business Overview—Related Party Agreements with Volvo Cars and Geely*" and Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions.*" These partnerships permit Polestar to benefit from decades of experience of established auto-manufacturers while focusing its efforts on core areas of differentiation, such as design, performance and rapid adoption of the latest technologies and

sustainability solutions. Polestar intends to continue to rely on these partnerships as part of its strategy. Polestar intends to rely solely on its arrangements with Volvo Cars, Geely and other contract partners to manufacture current and future Polestar models. If Polestar is unable to maintain agreements or partnerships with its existing partners, providers or licensors, or to enter into new agreements or partnerships, Polestar's ability to operate as a standalone business, produce vehicles, reach its development and production targets or focus its efforts on core areas of differentiation could be materially and adversely affected.

Polestar's ability to produce vehicles and its future growth depend upon its ability to maintain relationships with its existing suppliers and strategic partners, to source new suppliers for its critical components, and to complete building out its supply chain, while effectively managing the risks due to such relationships.

Polestar's success will be dependent upon its ability to enter into new supplier agreements and maintain its relationships with suppliers and strategic partners who are critical and necessary to the output and production of its vehicles. Polestar also relies on suppliers and its strategic partners to provide it with key components and technology for its vehicles. The supplier agreements Polestar has or may enter into with key suppliers and its strategic partners in the future may have provisions where such agreements can be terminated in various circumstances, including potentially without cause. If these suppliers and strategic partners become unable to provide, or experience delays in providing components or technology, or if the supplier and related party agreements Polestar has in place are terminated, it may be difficult to find replacement components and technology. Changes in business conditions, pandemics, governmental changes and other factors beyond Polestar's control or that Polestar does not presently anticipate could affect its ability to receive components or technology from its suppliers and strategic partners.

Further, Polestar has not secured supply agreements for all of its components, technology and services. Polestar may be at a disadvantage in negotiating supply agreements for the production of its vehicles due to its limited operating history as a standalone business. In addition, there is the possibility that finalizing the supply agreements for the parts and components of its vehicles will cause significant disruption to Polestar's operations, or such supply agreements could be at costs that make it difficult for Polestar to operate profitably.

If Polestar does not enter into long-term supplier agreements with guaranteed pricing for its parts or components, it may be exposed to fluctuations in prices of components, materials, labor and equipment. Agreements for the purchase of battery cells and other components contain or are likely to contain pricing provisions that are subject to adjustment based on changes in market prices of key commodities. Substantial increases in the prices for such components, materials, labor and equipment, whether due to supply chain or logistics issues or due to inflation, would increase Polestar's operating costs and could reduce its margins if it cannot recoup the increased costs. Any attempts to increase the announced or expected prices of Polestar's vehicles in response to increased costs could be viewed negatively by its customers or potential customers and could adversely affect Polestar's business, prospects, financial condition or results of operations.

Polestar is dependent on its strategic partners and suppliers, some of which are single-source suppliers, and the inability of these strategic partners and suppliers to deliver necessary components of Polestar's products on schedule and at prices, quality levels and volumes acceptable to Polestar, or Polestar's inability to efficiently manage these components, could have a material and adverse effect on Polestar's results of operations and financial condition.

Polestar relies on its strategic partners and suppliers for the provision and development of many of the key components and materials used in its vehicles. While Polestar plans to obtain components from multiple sources whenever possible, many of the components used in Polestar's vehicles will be purchased by Polestar from a single source, and Polestar's limited, and in many cases single-source, supply chain exposes it to multiple potential sources of delivery failure or component shortages for its production. Polestar's suppliers may not be able to meet Polestar's required product specifications and performance characteristics, which would impact Polestar's ability to achieve its product specifications and performance characteristics as well. Additionally, Polestar's suppliers may be unable to obtain required certifications or provide necessary warranties for their products that are necessary for use in Polestar's vehicles. Polestar may also be impacted by changes in its supply chain or production needs, including cost increases from its suppliers, in order to meet its quality targets and development timelines as well as due to design changes. Likewise, any significant increases in its production may in the future require Polestar to procure additional components in a short amount of time. Polestar's suppliers may not ultimately be able to sustainably and timely meet Polestar's cost, quality and volume needs, requiring Polestar to replace them with other sources. If Polestar is unable to obtain suitable components and materials used in its vehicles from its suppliers or if its suppliers decide to create or supply a competing product, its business could be adversely affected. Further, if Polestar is unsuccessful in its efforts to control and reduce supplier costs, its results of operations will suffer.

In addition, Polestar could experience delays if its strategic partners and suppliers do not meet agreed upon timelines or experience capacity constraints. Any disruption in the supply of components, whether or not from a single source supplier, could temporarily disrupt production of Polestar's vehicles until an alternative supplier is able to supply the required material, and there can be no guarantee that Polestar or its strategic partners will be able to make up for delays in production caused by any disruption in the supply of critical components. Even in cases where Polestar may be able to establish alternate supply relationships and obtain or engineer replacement components for its single source components, it may be unable to do so quickly, or at all, at prices or quality levels that are acceptable to it. This risk is heightened by the fact that Polestar has less negotiating leverage with suppliers than larger and more established automobile manufacturers, which could adversely affect its ability to obtain necessary components and materials on favorable pricing and other terms, or at all. Any of the foregoing could materially and adversely affect Polestar's results of operations, financial condition and prospects. (See Item 3.D "*—Increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors, could harm Polestar's business. Polestar will need to maintain and significantly grow its access to battery cells, including through the development and manufacture of its own cells, and control its related costs*.")

Furthermore, as the scale of its vehicle production increases, Polestar will need to accurately forecast, purchase, arrange for warehouse and transport of components internationally to manufacturing facilities and servicing locations and at much higher volumes. If Polestar is unable to accurately match the timing and quantities of component purchases to its actual needs or successfully implement

automation, inventory management and other systems to accommodate the increased complexity in its supply chain, Polestar may incur unexpected production disruption, storage, transportation and write-off costs, which could have a material and adverse effect on its results of operations and financial condition.

In addition, as Polestar develops an international manufacturing footprint, it will face additional challenges with respect to international supply chain management and logistics costs. If Polestar is unable to access or develop localized supply chains in the regions where it or its partners already have or develop manufacturing facilities with the quality, costs and capabilities required, Polestar could be required to source components from distant suppliers, which would increase its logistics and manufacturing costs, increase the risk and complexity of Polestar's supply chain and significantly impair Polestar's ability to develop cost-effective manufacturing operations, which could have a material and adverse effect on Polestar's business, results of operations and financial condition.

Furthermore, unexpected changes in business conditions, materials pricing and/or availability, labor issues, wars, governmental changes, tariffs, natural disasters, health epidemics such as the COVID-19 pandemic, and other factors beyond Polestar's and its suppliers' control could also affect these suppliers' ability to deliver components to Polestar on a timely basis. For example, Polestar relies on single-source suppliers for critical components for Polestar vehicles, including single-source suppliers in Shanghai. Prolonged government mandated quarantines and lockdowns in China during 2022 due to further outbreaks of COVID-19 resulted in delays in the production and delivery of such critical components and delayed production of Polestar vehicles. The loss of a strategic partner or any supplier, particularly a single- or limited-source supplier, or the disruption in the supply of components from its strategic partners or suppliers, could lead to vehicle design changes, production delays, idle manufacturing facilities and potential loss of access to important technology and parts for producing, servicing and supporting Polestar's vehicles, any of which could result in negative publicity, damage to its brand and a material and adverse effect on its business, prospects, results of operations and financial condition. In addition, if Polestar's suppliers experience substantial financial difficulties, cease operations or otherwise face business disruptions, including as a result of the effects of the COVID-19 pandemic, Polestar may be required to provide substantial financial support to ensure supply continuity, which could have an additional adverse effect on Polestar's liquidity and financial condition.

Polestar may not be able to accurately estimate the supply and demand for its vehicles, which could result in inefficiencies in its business, hinder its ability to generate revenue and create delays in the production of its vehicles. If Polestar fails to accurately predict its manufacturing requirements, Polestar will incur the risk of having to pay for production capacities that it reserved but will not be able to use or that Polestar will not be able to secure sufficient additional production capacities at reasonable costs in case product demand exceeds expectations.

It is difficult to predict Polestar's future revenues and appropriately budget for its expenses, and Polestar has limited insight into trends that may emerge and affect its business. Polestar is required to provide forecasts of its demand to certain of its strategic partners and suppliers several months prior to the scheduled delivery of vehicles to its prospective customers. Currently, there is little historical basis for making judgments about the demand for Polestar's vehicles or its ability to develop, manufacture and deliver vehicles, or its profitability in the future. If Polestar overestimates its requirements, its strategic partners or suppliers may have excess manufacturing capacity and/or inventory, which indirectly would increase its costs. If Polestar underestimates its requirements, its strategic partners and suppliers may have inadequate manufacturing capacity and/or inventory, which could interrupt manufacturing of its products and result in delays in shipments and revenues. In addition, lead times for materials and components that Polestar's suppliers order may vary significantly and depend on factors such as the specific supplier, contract terms and demand for each component at a given time. If Polestar fails to order sufficient quantities of product components in a timely manner, the delivery of vehicles to its customers could be delayed, which would harm Polestar's brand, business, financial condition and results of operations.

Polestar may be unable to grow its global product sales, delivery capabilities and its servicing, or Polestar may be unable to accurately project and effectively manage its growth. If Polestar is unable to expand its servicing capabilities, customers' perceptions of Polestar could be negatively affected, which could materially and adversely affect Polestar's business, financial condition, results of operations and prospects.

Polestar's success will depend on its ability to continue to expand its sales capabilities. As Polestar develops and grows its products worldwide, its success will depend on its ability to correctly forecast demand in various markets. If Polestar incorrectly forecasts its demand in one market, it cannot move this excess supply to another market where demand for Polestar products exists. Polestar may face difficulties with deliveries at increasing volumes, particularly in international markets requiring significant transit times. Moreover, because of Polestar's unique expertise with its vehicles, Polestar recommends that its vehicles be serviced by Polestar or by certain authorized professionals. If Polestar experiences delays in adding servicing capacity or servicing its vehicles efficiently, or experiences unforeseen issues with the reliability of its vehicles, it could overburden Polestar's servicing capabilities and parts inventory.

There is no assurance that Polestar will be able to ramp its business to meet its sales, delivery, manufacturing and servicing targets globally, or that Polestar's projections on which such targets are based will prove accurate. These plans require significant cash investments and management resources and there is no guarantee that they will generate additional sales or manufacturing of Polestar's products, or that Polestar will be able to avoid cost overruns or be able to hire additional personnel to support them. As Polestar expands, it will also need to ensure its compliance with regulatory requirements in various jurisdictions applicable to the manufacturing, sale and servicing of its products. If Polestar fails to manage its growth effectively, its brand, business, prospects, financial condition and operating results may be harmed.

Polestar has experienced and may in the future experience significant delays in the design, development, manufacture, launch and financing of its vehicles, which could harm its business and prospects.

Any delay in the financing, development, design, manufacture and launch of Polestar's vehicles, including planned future models, and any future electric vehicles could materially damage Polestar's business, prospects, financial condition and results of operations. Automobile manufacturers often experience delays in the development, design, manufacture and commercial release of new vehicle

models, and Polestar has experienced in the past, and may experience in the future, such delays with regard to its vehicles. For example, in 2020, the Polestar 2's intended start date for production was delayed by one month. Further, delays can also impact features in the vehicles, as seen with Polestar's introduction of Apple CarPlay into Polestar 2. Polestar's plan to commercially manufacture and sell its vehicles is dependent upon the timely availability of funds, upon Polestar's finalizing of the related development, component procurement, testing, build-out and manufacturing plans in a timely manner and also upon Polestar's ability to execute these plans within the planned timeline. Prior to mass production of its new models, Polestar will also need the vehicles to be fully approved for sale according to differing requirements, including but not limited to regulatory requirements, in the different geographies where Polestar intends to launch its vehicles.

Furthermore, Polestar relies on its strategic partners and suppliers for the provision and development of many of the key components, technology and materials used in its vehicles. To the extent Polestar's strategic partners or suppliers experience any delays in providing Polestar with or developing necessary components, technology and materials, Polestar could experience delays in delivering on its timelines. Any significant delay or other complication in the development, manufacture, launch and production ramp of Polestar's future products, features and services, including complications associated with expanding its production capacity and supply chain or obtaining or maintaining related regulatory approvals, or the inability to manage such ramps cost-effectively, could materially damage Polestar's brand, business, prospects, financial condition and results of operations.

Increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors, could harm Polestar's business. Polestar will need to maintain and significantly grow its access to battery cells, including through the development and manufacture of its own cells, and control its related costs.

As Polestar produces its vehicles, it may experience increases in the cost of or a sustained interruption in the supply or shortage of materials. Any such increase, supply interruption or shortage could materially and adversely impact Polestar's business, results of operations, prospects and financial condition. The production of Polestar's vehicles requires lithium-ion cells and semiconductors from suppliers, as well as aluminum, steel, lithium, nickel, copper, cobalt, neodymium, terbium, praseodymium and manganese. The prices for these materials fluctuate, and their available supply may be unstable, depending on market conditions, inflationary pressure and global demand for these materials, including as a result of increased production of electric vehicles and energy storage products by Polestar's competitors, and could adversely affect Polestar's business and results of operations. Polestar's ability to manufacture its vehicles will depend on the continued supply of battery cells for the battery packs used in its products. Polestar has limited flexibility in changing battery cell suppliers, and any disruption in the supply of battery cells from such suppliers could disrupt production of Polestar's vehicles until a different supplier is fully qualified. In particular, Polestar is exposed to multiple risks relating to lithium-ion cells. These risks include:

- the inability or unwillingness of current battery manufacturers to build or operate battery cell manufacturing plants to supply the numbers of lithium-ion cells required to support the growth of the electric vehicle industry as demand for such cells increases;
- an increase in the cost, or a decrease in the available supply, of materials, such as cobalt, used in lithium-ion cells;
- disruption in the supply of cells due to quality issues or recalls by battery cell manufacturers; and
- fluctuations in the value of any foreign currencies, and the Swedish Krona ("*SEK*"), the renminbi ("*RMB*"), USD or the Euro ("*EUR*") in particular, in which battery cell and related raw material purchases are or may be denominated.

Furthermore, Polestar's ability to manufacture its vehicles depends on continuing access to semiconductors and components that incorporate semiconductors. A global semiconductor supply shortage is having wide-ranging effects across multiple industries and the automotive industry in particular, and it has impacted many automotive suppliers and manufacturers, including Polestar, that incorporate semiconductors into the parts they supply or manufacture. Polestar has experienced and may continue to experience an impact on its operations as a result of the semiconductor supply shortage, and such shortage could in the future have a material impact on Polestar or its suppliers, which could delay production or force Polestar or its suppliers to pay exorbitant rates for continued access to semiconductors and could have a material and adverse effect on Polestar's business, prospects and results of operations. In addition, prices and transportation expenses for these materials fluctuate depending on many factors beyond Polestar's control, including fluctuations in supply and demand, currency fluctuations, tariffs and taxes, fluctuations and shortages in petroleum supply, freight charges, the COVID-19 pandemic and other economic and political factors. Substantial increases in the prices for Polestar's materials or prices charged to Polestar, such as those charged by battery cell or semiconductor suppliers, would increase Polestar's operating costs, and could reduce Polestar's margins if it cannot recoup the increased costs through increased prices. Any attempt to increase product prices in response to increased material costs could result in cancellations of orders and reservations and materially and adversely affect Polestar's brand, image, business, results of operations, prospects and financial condition.

The success and growth of Polestar's business depends upon its ability to continuously and rapidly innovate, develop and market new products and there are significant risks related to future market adoption of Polestar's products. Polestar's limited operating history makes evaluating its business and future prospects difficult and may increase the risk of your investment.

The success and growth of Polestar's business depends upon its ability, working with its strategic partners, to continuously and rapidly innovate, develop and market new products, and there are significant risks related to future market adoption of Polestar's products and government programs incentivizing consumers to purchase electric vehicles. Polestar has a limited operating history and operates in a rapidly evolving and highly regulated market. Polestar has encountered and expects to continue to encounter risks and uncertainties frequently experienced by early-stage companies in rapidly changing markets, including risks relating to its ability to, among other things:

- successfully launch commercial production and sales of its vehicles on the timing and with the specifications Polestar has planned;
- hire, integrate and retain professional and technical talent, including key members of management;

- continue to make significant investments in research, development, manufacturing, marketing and sales;
- successfully obtain, maintain, protect and enforce its intellectual property and defend against claims of intellectual property infringement, misappropriation or other violations;
- build a well-recognized and respected brand;
- establish and refine its commercial manufacturing capabilities and distribution infrastructure;
- establish and maintain satisfactory arrangements with its strategic partners and suppliers;
- establish and expand a customer base;
- navigate an evolving and complex regulatory environment;
- anticipate and adapt to changing market conditions, including consumer demand for certain vehicle types, models or trim levels, technological developments, as well as changes in competitive landscape; and
- successfully design, build, manufacture and market new models of electric vehicles, including in collaboration with its partners, providers, or licensors, in the future.

Polestar operates in an intensely competitive market, which is generally cyclical and volatile. Should Polestar not be able to compete effectively against its competitors then it is likely to lose market shares, which could have a material and adverse effect on the business, financial condition, results of operations and prospects of Polestar.

The global automotive market, particularly for electric and alternative fuel vehicles, is highly competitive, and Polestar expects it will become even more so in the future. In recent years, the electric vehicle industry has grown, with several companies that focus completely or partially on the electric vehicle market. Polestar expects additional companies to enter this market within the next several years. Polestar also competes with established automobile manufacturers in the luxury vehicle segment, many of which have entered or have announced plans to enter the alternative fuel and electric vehicle market with either fully electric or plug-in hybrid versions of their vehicles, and Polestar also expects to compete for sales with luxury vehicles with internal combustion engines from established manufacturers. Many of Polestar's current and potential competitors have significantly greater financial, technical, manufacturing, marketing and other resources than Polestar does and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale, servicing and support of their products. In addition, many of these companies have longer operating histories, greater name recognition, larger and more established sales forces, broader customer and industry relationships and other resources than Polestar does. Polestar's competitors may be in a stronger position to respond quickly to new technologies and may be able to design, develop, market and sell their products more effectively than it does. Polestar expects competition in its industry to significantly intensify in the future in light of increased demand for alternative fuel vehicles, continuing globalization, favorable governmental policies and consolidation in the worldwide automotive industry. Polestar's ability to successfully compete in its industry will be fundamental to its future success in existing and new markets. Further, sales of vehicles in the automotive industry tend to be cyclical in many markets, which may expose Polestar to further volatility as it expands and adjusts its operations. Increases in the retail or wholesale prices of electricity from utilities or other renewable energy sources could make Polestar's products less attractive to customers. There can be no assurance that Polestar will be able to compete successfully in its markets.

Polestar's business and prospects depend significantly on the Polestar brand. If Polestar is unable to maintain and enhance its brand and capture additional market share or if its reputation and business are harmed, it could have a material and adverse impact on Polestar's business, financial condition, results of operations and prospects.

Polestar's business and prospects heavily depend on its ability to develop, maintain and strengthen the "Polestar" brand associated with design, sustainability and technological excellence. Promoting and positioning its brand depend significantly on Polestar's ability to provide a consistently high-quality customer experience. To promote its brand, Polestar may be required to change its customer development and branding practices, which could result in substantially increased expenses, including the need to use traditional media such as television, radio and print advertising. In particular, any negative publicity, whether or not true, can quickly proliferate on social media and harm consumer perception and confidence in Polestar's brand. Polestar's ability to successfully position its brand could also be adversely affected by perceptions about the quality of its competitors' vehicles or its competitors' success. For example, certain of Polestar's competitors have been subject to significant scrutiny for incidents involving their self-driving technology and battery fires, which could result in similar scrutiny of Polestar. Furthermore, as Polestar launches new vehicles, particularly those based on new architectural platforms or incorporating new technologies, it may experience unusually high numbers of quality issues, customer complaints and/or warranty claims, which may cause lasting harm to the Polestar brand.

In addition, from time to time, Polestar's vehicles may be evaluated and reviewed by third parties. Any negative reviews or reviews which compare Polestar unfavorably to competitors could adversely affect consumer perception about its vehicles and reduce demand for its vehicles, which could have a material and adverse effect on Polestar's business, results of operations, prospects and financial condition.

Polestar's sales depend in part on its ability to establish and maintain confidence in its business prospects among consumers, analysts and others within its industry.

Consumers may be less likely to purchase Polestar's products if they do not believe that its business will succeed or that its operations, including service and customer support operations, will continue for many years. Similarly, suppliers and other third parties will be less likely to invest time and resources in developing business relationships with Polestar if they are not convinced that its business will succeed. Accordingly, to build, maintain and grow its business, Polestar must establish and maintain confidence among customers, suppliers, analysts and other parties with respect to its liquidity and business prospects. Maintaining such confidence may be particularly difficult as a result of many factors, including Polestar's limited operating history, others' unfamiliarity with its

products, uncertainty regarding the future of electric vehicles, any delays in scaling production, delivery and service operations to meet demand, competition and Polestar's production and sales performance compared with market expectations. Many of these factors are largely outside of Polestar's control, and any negative perceptions about Polestar's business prospects, even if exaggerated or unfounded, would likely harm its business and make it more difficult to raise additional capital in the future. In addition, a significant number of new electric vehicle companies have recently entered the automotive industry, which is an industry that has historically been associated with significant barriers to entry and a high rate of failure. If these new entrants or other manufacturers of electric vehicles go out of business, produce vehicles that do not perform as expected or otherwise fail to meet expectations, such failures may have the effect of increasing scrutiny of others in the industry, including Polestar, and further challenging customer, supplier and analyst confidence in Polestar's business prospects.

The automotive industry has significant barriers to entry that Polestar must overcome in order to manufacture and sell electric vehicles at scale.

The automobile industry is characterized by significant barriers to entry, including large capital requirements, investment costs of developing, designing, manufacturing and distributing vehicles, long lead times to bring vehicles to market from the concept and design stage, the need for specialized design and development expertise, regulatory requirements, competition from established companies with large patent portfolios and the need to establish a brand name and image and sales and service locations. Since Polestar is focused on electric vehicles, it faces a variety of added challenges to entry that a traditional automobile manufacturer would not encounter, including additional costs of developing and producing an electric powertrain that has comparable performance to a traditional gasoline engine in terms of range and power, limited experience with servicing electric vehicles, regulations associated with the transport of batteries, the need for markets to establish or provide access to sufficient charging locations and unproven high-volume customer demand for fully electric vehicles. If Polestar is not able to overcome these barriers, its business, prospects, results of operations and financial condition will be negatively impacted, and its ability to grow its business will be harmed.

Polestar may be unable to adequately control the substantial costs associated with its operations.

Polestar will require significant capital to develop and grow its business, and will need to seek new financing in the future. Polestar has incurred and expects to continue to incur significant expenses, including leases, sales and distribution expenses as its builds its brand and markets its vehicles; expenses relating to developing and manufacturing its vehicles; tooling and expanding its manufacturing facilities; research and development expenses; raw material procurement costs; and general and administrative expenses as it scales its operations and incurs the costs of being a public company. In addition, Polestar expects to incur significant costs servicing and maintaining customers' vehicles, including establishing its service operations and facilities. These expenses could be significantly higher than Polestar currently anticipates. In addition, any delays in the start of production, obtaining necessary equipment or supplies, expansion of Polestar's manufacturing facilities or manufacturing agreements, or the procurement of permits and licenses relating to Polestar's expected manufacturing, sales and distribution model could significantly increase Polestar's expenses. In such event, Polestar could be required to seek additional financing earlier than it expects, and such financing may not be available on commercially reasonable terms, or at all.

In the longer term, Polestar's ability to become profitable will depend on its ability not only to control costs, but also to sell in quantities and at prices sufficient to achieve its expected margins. If Polestar is unable to cost-efficiently develop, design, manufacture, market, sell, distribute and service its vehicles, its margins, profitability and prospects would be materially and adversely affected.

Polestar has incurred net losses each year since its inception and expects to incur increasing expenses and substantial losses for the foreseeable future.

As of December 31, 2022, Polestar's accumulated deficit was TUSD3,726,775. Polestar expects to continue to incur substantial losses and increasing expenses in the foreseeable future as it:

- continues to design and develop its vehicles;
- builds up inventories of parts and components for its vehicles;
- manufactures an available inventory of its vehicles;
- develops and deploys vehicle charging partnerships;
- expands its design, research, development, maintenance and repair capabilities, including in partnership with its strategic partners;
- increases its sales and marketing activities and develops its distribution infrastructure; and
- expands its general and administrative functions to support its growing operations and status as a public company.

If Polestar's product development or commercialization is delayed, its costs and expenses may be significantly higher than it currently expects. Because Polestar will incur the costs and expenses from these efforts before it receives any incremental revenues with respect thereto, Polestar expects its losses in future periods will be significant.

Polestar requires additional funding and has determined there is substantial doubt about its ability to continue as a going concern.

Polestar's audited consolidated financial statements were prepared assuming that Polestar will continue as a going concern. However, there is substantial doubt about its ability to continue as a going concern, meaning that Polestar may not be able to continue in operation for the foreseeable future or be able to realize assets and discharge liabilities in the ordinary course of operations. Polestar needs to raise additional funds through the issuance of new debt, equity securities, or otherwise in order to support its current operations, liquidity needs, and business growth. There is no assurance that sufficient financing will be available when needed to allow

Polestar to continue as a going concern. The perception that Polestar may not be able to continue as a going concern may also make it more difficult to raise additional funds or operate Polestar's business due to concerns about its ability to meet contractual obligations.

Based on current operating plans, availability of short-term and long-term debt financing arrangements, and continued financial support from existing Polestar shareholders, Polestar believes that it has resources to fund its operations for at least the next twelve months. However, Polestar will require additional funds to finance its activities thereafter and expects to consider various financing alternatives with banks and other third parties. For more information, see "*—Risks Related to Financing and Strategic Transactions—Polestar will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all*" and Item 5.B "*Operating and Financial Review and Prospects—Liquidity and capital resources.*"

Polestar depends on revenue generated from a limited number of models and expects this to continue in the foreseeable future.

Polestar currently depends on revenue from Polestar 2 and, with deliveries expected to commence in the fourth quarter of 2023, Polestar 3. For the foreseeable future Polestar will be significantly dependent on a limited number of models. Although Polestar has other vehicle models on its product pipeline, it currently does not expect to introduce another vehicle model for sale until late 2023. Polestar expects to rely on sales from Polestar 2 and Polestar 3, along with other sources of financing, for the capital that will be required to develop and commercialize those subsequent models (see "*—Risks Related to Financing and Strategic Transactions—Polestar will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.*"). To the extent that production of Polestar's vehicles is delayed or reduced, or if the vehicles are not well-received by the market for any reason, Polestar's revenues and cash flow would be adversely affected and it may need to seek additional financing earlier than it expects, and such financing may not be available to it on commercially reasonable terms, or at all.

Polestar relies on the development of vehicle charging networks to provide charging solutions for its vehicles.

Demand for Polestar's vehicles depends in part on the availability of charging infrastructure. While the prevalence of charging stations has been increasing, charging station locations are significantly less widespread than gas stations. Some potential customers may choose not to purchase an electric vehicle because of the lack of a more widespread service network or charging infrastructure at the time of sale. Polestar's ability to generate customer loyalty and grow its business could be impaired by a lack of satisfactory access to charging infrastructure. To the extent Polestar is unable to meet user expectations or experiences difficulties in providing charging solutions, demand for its vehicles may suffer, and Polestar's reputation and business may be materially and adversely affected.

Polestar relies on its strategic partners for servicing its vehicles and on their systems, such as dealer management systems and diagnostic tools. If Polestar or its strategic partners are unable to adequately address the service requirements of its customers, Polestar's business, prospects, financial condition and results of operations may be materially and adversely affected.

Polestar's strategic partners have limited experience servicing or repairing Polestar vehicles. This risk is enhanced by Polestar's limited operating history and its limited data regarding its vehicles' real-world reliability and service requirements. Servicing electric vehicles is different than servicing vehicles with internal combustion engines and requires specialized skills, including high voltage training and servicing techniques. As such, there can be no assurance that Polestar's service arrangements adequately address the service requirements of its customers to their satisfaction, or that Polestar and its servicing partners have sufficient resources, experience or inventory to meet these service requirements in a timely manner as the volume of vehicles Polestar delivers increases. In addition, if Polestar is unable to establish a widespread service network that provides satisfactory customer service, its customer loyalty, brand and reputation could be adversely affected, which in turn could materially and adversely affect its sales, results of operations, prospects and financial condition.

In addition, the motor vehicle industry laws in many jurisdictions require that service facilities be available to service vehicles physically sold from locations in the state. While Polestar anticipates developing a service program that would satisfy regulatory requirements in these circumstances, the specifics of its service program are still in development, and at some point may need to be restructured to comply with state law, which may impact Polestar's business, financial condition, results of operations and prospects.

Furthermore, in some jurisdictions, pursuant to applicable competition laws, Polestar may be regarded as a competitor of its strategic partners in relation to servicing vehicles. Therefore, Polestar and its strategic partners' sales units in those markets will be subject to strict controls over the sharing of commercially sensitive information and anti-cartel requirements that can result in reduced coordination with respect to providing servicing to customers, which in turn could have a material and adverse effect on Polestar's sales, results of operations, prospects and financial condition.

Polestar's customers will also depend on Polestar's customer support team to resolve technical and operational issues relating to the integrated software underlying its vehicles. As Polestar grows, additional pressure may be placed on its customer support team or partners, and Polestar may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support. Polestar also may be unable to change the manner and delivery of its technical support to compete with changes in the technical support provided by its competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect Polestar's results of operations. If Polestar is unable to successfully address the service requirements of its customers, or if it establishes a market perception that it does not maintain high-quality support, its brand and reputation could be adversely affected, and it may be subject to claims from its customers, which could result in loss of revenue or damages, and its business, results of operations, prospects and financial condition could be materially and adversely affected.

If Polestar's vehicles fail to perform as expected, its ability to develop, market and sell or lease its products could be harmed.

Polestar's vehicles may contain defects in components, software, design or manufacture that may cause them not to perform as expected or that may require repairs, recalls and design changes, any of which would require significant financial and other resources to successfully navigate and resolve. Polestar's vehicles use a substantial amount of software code to operate, and software products are inherently complex and may contain defects and errors and subject Polestar to licensing restrictions and conditions. In addition,

certain components used by Polestar were originally developed for use in vehicles with internal combustion engines, and thus may not offer a similar or satisfactory level of performance in Polestar's electric vehicles. If Polestar's vehicles contain defects in design and manufacture that cause them not to perform as expected or that require repair, or certain features of Polestar's vehicles take longer than expected to become available, are legally restricted or become subject to additional regulation, Polestar's ability to develop, market and sell its products and services could be harmed. Efforts to remedy any issues Polestar observes in its products could significantly distract management's attention from other important business objectives, may not be timely, may hamper production or may not be to the satisfaction of its customers. Further, Polestar's limited operating history and limited field data reduce its ability to evaluate and predict the long-term quality, reliability, durability and performance characteristics of its battery packs, powertrains and vehicles. There can be no assurance that Polestar will be able to detect and fix any defects in its products prior to their sale or lease to customers.

Any defects, delays or legal restrictions on vehicle features, or other failure of Polestar's vehicles to perform as expected, could harm Polestar's reputation and result in delivery delays, product recalls, product liability claims, breach of warranty claims and significant warranty and other expenses, and could have a material and adverse impact on Polestar's business, results of operations, prospects and financial condition. As a newer entrant to the industry attempting to build customer relationships and earn trust, these effects could be significantly detrimental to Polestar. Additionally, problems and defects experienced by other electric consumer vehicles could by association have a negative impact on perception and customer demand for Polestar's vehicles.

In addition, even if its vehicles function as designed, Polestar expects that the battery efficiency, and hence the range, of its electric vehicles, like other electric vehicles that use current battery technology, will decline over the time of its life. Other factors, such as usage, time and stress patterns, may also impact the battery's ability to hold a charge, or could require Polestar to limit vehicles' battery charging capacity, including via over-the-air or other software updates, for safety reasons or to protect battery capacity, which could further decrease Polestar's vehicles' range between charges. Such decreases in or limitations of battery capacity and therefore range, whether imposed by deterioration, software limitations or otherwise, could also lead to consumer complaints or warranty claims, including claims that prior knowledge of such decreases or limitations would have affected consumers' purchasing decisions. There can be no assurance that Polestar will be able to improve the performance of its battery packs, or increase its vehicles' range, in the future. Any such battery deterioration or capacity limitations and related decreases in range may negatively influence potential customers' willingness to purchase Polestar's vehicles and negatively impact its brand and reputation, which could adversely affect Polestar's business, prospects, results of operations and financial condition.

Polestar must develop complex software and technology systems, including in coordination with its strategic partners, vendors and suppliers, in order to produce its electric vehicles, and there can be no assurance such systems will be successfully developed.

Polestar's vehicles use a substantial amount of externally developed and in-house software and complex technological hardware to operate, some of which is still subject to further development and testing. The development and implementation of such advanced technologies is inherently complex, and Polestar will need to coordinate with its vendors and suppliers in order to develop such technologies and integrate them into its electric vehicles and ensure such technologies interoperate with other complex technology as designed and as expected. Polestar may fail to detect defects and errors that are subsequently revealed, and its control over the performance of other parties' services and systems may be limited. Any defects or errors in, or which are attributed to, Polestar's technology, could result in, among other things:

- delayed production and delivery of Polestar's vehicles;
- delayed market acceptance of Polestar's vehicles;
- loss of customers or the inability to attract new customers;
- diversion of engineering or other resources for remedying the defect or error;
- damage to Polestar's brand or reputation;
- increased service and warranty costs;
- legal action by customers or third parties, including product liability claims; and
- penalties imposed by regulatory authorities.

In addition, if Polestar and its partners are unable to develop the software and technology systems necessary to operate its vehicles, Polestar's competitive position will be harmed. Polestar relies on its strategic partners and suppliers to develop a number of technologies for use in its products, including Google Android Automotive Services for the infotainment system installed in Polestar vehicles and independent developers developing third-party apps for Polestar vehicles. There can be no assurances that Polestar's strategic partners and suppliers will be able to meet the technological requirements, production timing and volume requirements to support Polestar's business plan. In addition, such technology may not satisfy the cost, performance useful life and warranty characteristics Polestar anticipates in its business plan, which could materially and adversely affect Polestar's business, prospects and results of operations.

Polestar's vehicle production relies heavily on complex machinery and involves a significant degree of risk and uncertainty in terms of operational performance and costs.

Polestar's vehicle production relies heavily on complex machinery and involves a significant degree of uncertainty and risk in terms of operational performance and costs. The manufacturing plants for Polestar's vehicles consist of large-scale machinery combining many components. These manufacturing plant components are likely to suffer unexpected malfunctions from time to time and will depend on repairs and spare parts to resume operations, which may not be available when needed.

Unexpected malfunctions of the manufacturing plant components may significantly affect the intended operational efficiency of Polestar. Operational performance and costs can be difficult to predict and are often influenced by factors outside of Polestar's control, such as, but not limited to, scarcity of natural resources, environmental hazards and remediation, costs associated with decommissioning of machines, labor disputes and strikes, difficulty or delays in obtaining governmental permits, damages or defects in electronic systems, industrial accidents, pandemics, fire, seismic activity and natural disasters. Should operational risks materialize, it may result in the personal injury to or death of workers, the loss of production equipment, damage to manufacturing facilities, monetary losses, delays and unanticipated fluctuations in production, environmental damage, administrative fines, increased insurance costs and potential legal liabilities, all which could have a material and adverse effect on Polestar's business, results of operations, cash flows, financial condition or prospects.

Polestar relies on its partners to manufacture vehicles and these partners have limited experience in producing electric vehicles. Further, Polestar relies on sufficient production capacity being available and/or allocated to it by its partners in order to manufacture its vehicles. Delays in the timing of expected business milestones and commercial launches, including Polestar's ability to mass produce its electric vehicles and/or complete and/or expand its manufacturing capabilities, could materially and adversely affect Polestar's business, financial condition, results of operations and prospects.

Polestar intends to rely solely on its contract manufacturing arrangements with its partners to manufacture current and future Polestar models. Polestar cannot provide any assurance as to whether its partners will be able to develop efficient, automated, low-cost production capabilities and processes and reliable sources of component supply that will enable Polestar to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully mass market its vehicles. Even if Polestar's partners are successful in developing high volume production capabilities and processes and reliably source their component supplies, no assurance can be given as to whether they will be able to do so in a manner that avoids significant delays and cost overruns, including as a result of factors beyond their and Polestar's control such as problems with suppliers and vendors, or force majeure events, or in time to meet Polestar's commercialization schedules or to satisfy the requirements of customers and potential customers. Any failure to develop such production processes and capabilities within Polestar's projected costs and timelines could have a material and adverse effect on its business, results of operations, prospects and financial condition. Bottlenecks and other unexpected challenges may also arise as Polestar ramps production, and it will be important that Polestar address these challenges promptly while continuing to control its manufacturing costs. If Polestar is not successful in doing so, or if it experiences issues with its manufacturing process improvements, it could face delays in establishing and/or sustaining its production ramps or be unable to meet its related cost and profitability targets. It may be very difficult to switch contract manufacturers should the need arise.

Polestar faces risks associated with international operations, including tariffs and unfavorable regulatory, political, tax and labor conditions, which could materially and adversely affect its business, financial condition, results of operations and prospects.

Polestar has operations and subsidiaries in Europe, North America and Asia that are subject to the legal, political, regulatory and social requirements and economic conditions in these jurisdictions. Additionally, as part of its growth strategy, Polestar intends to expand its sales, maintenance and repair services and manufacturing activities to new countries in the coming years. However, Polestar has limited experience in manufacturing, selling or servicing its vehicles, and such expansion would require it to make significant expenditures, including the hiring of local employees, in advance of generating any revenue. Polestar is subject to a number of risks associated with international business activities that may increase its costs, impact its ability to sell, service and manufacture its vehicles and require significant management attention. These risks include:

- conforming Polestar's vehicles to various international regulatory requirements where its vehicles are sold, or homologated;
- establishing localized supply chains and managing international supply chain and logistics costs;
- difficulty in staffing and managing foreign operations;
- difficulties attracting customers in new jurisdictions;
- difficulties establishing international manufacturing operations, including difficulties establishing relationships with or establishing localized supplier bases and developing cost-effective and reliable supply chains for such manufacturing operations;
- taxes, regulations and permit requirements, including taxes imposed by one taxing jurisdiction that Polestar may not be able to offset against taxes imposed upon it in another relevant jurisdiction, and foreign tax and other laws limiting its ability to repatriate funds to another relevant jurisdiction;
- fluctuations in foreign currency exchange rates and interest rates, including risks related to any forward currency contracts, interest rate swaps or other hedging activities Polestar undertakes;
- United States and foreign government trade restrictions, tariffs and price or exchange controls;
- foreign labor laws, regulations and restrictions;
- changes in diplomatic and trade relationships, including political risk and customer perceptions based on such changes and risks;
- political instability, natural disasters, climate change, environmental conditions, pandemics (including the COVID-19 pandemic), war or events of terrorism; and
- the strength of international economies.

If Polestar fails to successfully address these risks, its business, prospects, results of operations and financial condition could be materially harmed.

Polestar relies heavily on manufacturing facilities and suppliers, including single-source suppliers, based in China and its growth strategy will depend on growing its business in China. This subjects Polestar to economic, operational, regulatory and legal risks specific to China.

Polestar relies heavily on manufacturing facilities based in China for the manufacture of its vehicles, including facilities of Volvo Cars, Geely and its other contract partners, as well as its own manufacturing facilities in China. Polestar intends to rely solely on arrangements with its contract manufacturers, including Volvo Cars and Geely, for current and future Polestar models, many of which are based in China, and its growth strategy will depend on growing its business based in China. In addition, Polestar relies on single-source suppliers in China for critical components for Polestar vehicles, including single-source suppliers in Shanghai and elsewhere. This growing presence increases Polestar's sensitivity to the economic, operational and legal risks specific to China. For example, China's economy differs from the economies of most developed countries in many aspects, including, but not limited to, the degree of government involvement, level of development, reinvestment control of foreign exchange, allocation of resources, growth rate and development level. Although the Chinese government has implemented measures since the late 1970s emphasizing the utilization of market forces for economic reform, including the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, which are generally viewed as a positive development for foreign business investment, a substantial portion of productive assets in China are still owned by the Chinese government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over economic growth in China through allocating resources, controlling payments of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

While China's economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy, and the rate of growth has been slowing down, particularly in view of the effects of government actions to address the effects of the COVID-19 pandemic, including significant closures of businesses in 2022. For example, prolonged government mandated quarantines and lockdowns in China during 2022 due to further outbreaks of COVID-19 resulted in delays in the production and delivery of critical components and delayed production of Polestar vehicles. Some of the governmental measures may benefit the overall Chinese economy, but may have a negative effect on Polestar. For example, Polestar's financial condition and results of operations may be adversely affected by changes in tax regulations. Higher inflation could adversely affect Polestar's results of operations and financial condition. Furthermore, certain operating costs and expenses, such as battery prices and freight and distribution costs, employee compensation and office operating expenses, may increase as a result of higher inflation. In addition, the Chinese government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for Polestar's products and services, and consequently have a material and adverse effect on Polestar's businesses, financial condition and results of operations.

It is unclear whether and how Polestar's current or future business, prospects, financial condition or results of operations may be affected by changes in China's economic, political and social conditions and in its laws, regulations and policies. In addition, many of the economic reforms carried out by the Chinese government are unprecedented or experimental and are expected to be refined and improved over time. This refining and improving process may not necessarily have a positive effect on Polestar's operations and business development.

Additionally, the legal system in China is developing and there are inherent uncertainties that may affect the protection afforded to Polestar for its business and activities in China that are governed by Chinese laws and regulations. Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since administrative and court authorities in China have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection for Polestar than in more developed legal systems. These uncertainties may impede Polestar's ability to enforce contracts and could materially and adversely affect Polestar's business, financial condition and results of operations.

The Chinese government may intervene in or influence Polestar's and Polestar's partners' operations in China at any time, which could result in a material change in Polestar's operations and ability to produce vehicles and significantly and adversely impact the value of Polestar's securities.

The Chinese government exerts substantial influence, discretion, oversight and control over the manner in which companies incorporated under the laws and regulations of China must conduct their business activities, including activities relating to overseas offerings of securities and/or foreign investments in such companies. Polestar is incorporated under the laws of England and Wales with headquarters in Sweden, and has subsidiaries with operations in mainland China as well as other significant markets. Accordingly, Polestar is not subject to the permissions requirements of the China Securities Regulatory Commission (the "*CSRC*") with respect to the issuance of securities by Polestar to investors. However, Polestar cannot guarantee that the Chinese government will not seek to intervene or influence any of Polestar's or its partners' operations or securities' offerings at any time. If Polestar or its partners were to become subject to such direct influence, intervention, discretion, oversight or control, including those over overseas offerings of securities (including foreign investments), it may result in a material adverse change in Polestar's and its partners' operations and cause the value of Polestar's securities to significantly decline or be worthless.

The Chinese government has recently published new policies that significantly affected certain industries such as the education and internet industries, and Polestar, albeit not engaging in such industries, cannot rule out the possibility that the Chinese government will in the future release regulations or policies regarding Polestar's industry that could require Polestar and its partners to seek permission from Chinese authorities to continue operating, which may adversely affect Polestar's business, financial condition and results of operations.

Changes in Chinese policies, regulations and rules may be quick with little advance notice and the enforcement of laws of the Chinese government is uncertain and could have a significant impact upon Polestar's and its partners' ability to operate profitably.

Polestar relies on its and its partners' operations and facilities located in China. Accordingly, economic, political and legal developments in China will significantly affect Polestar's business, financial condition, results of operations and prospects. Policies, regulations, rules and the enforcement of laws of the Chinese government can have significant effects on economic conditions in China and the ability of businesses to operate profitably. Polestar's ability to operate profitably may be adversely affected by rapid and unexpected changes in policies by the Chinese government, including changes in laws, regulations, their interpretation and their enforcement.

Compliance with China's new Data Security Law, Cybersecurity Review Measures (revised draft for public consultation), Personal Information Protection Law, regulations and guidelines relating to the multi-level protection scheme and any other future laws and regulations may entail significant expenses and could materially affect Polestar's business.

China has implemented new rules relating to data protection, and the new Data Security Law of the People's Republic of China ("*Data Security Law*") took effect in September 2021. The Data Security Law provides that the data processing activities, including the collection, storage, usage, editing, transmission, provision and publication of the data shall be in compliance with the laws, regulations and shall not damage the national security or public interest, or damage any legitimate interest of any individuals or entities. Pursuant to the Data Security Law, China establishes the "data classification and hierarchical protection system" and "data security review system" for the purpose of data protection. Without prior approval by the Chinese competent regulator, any entity or individual shall be prohibited from transferring data stored in China to foreign law enforcement agencies or judicial authorities.

Additionally, the Cyber Security Law of the People's Republic of China ("*Cyber Security Law*") that came into effect in June 2017 requires companies to take certain organizational, technical and administrative measures and other necessary measures to ensure the security of their networks and data stored on their networks. Specifically, the Cyber Security Law provides that China adopt a multi-level protection scheme ("*MLPS*"), under which network operators are required to implement security protection measures to ensure that the network is free from interference, disruption or unauthorized access, and prevent network data from being disclosed, stolen or tampered with. Under the MLPS, entities operating information systems must have a thorough assessment of the risks and the conditions of their information and network systems to determine the level to which the entity's information and network systems belong-from the lowest Level 1 to the highest Level 5 pursuant to a series of national standards on the grading and implementation of the classified protection of cyber security. The grading result will determine the set of security protection obligations that entities must comply with. In the event the information and network systems are preliminarily classified as Level 2 or above, the network operator should report the grade to the relevant government authority for examination, approval and final determination of its protection level.

Recently, the Cyberspace Administration of China (the "*CAC*") has taken action against several Chinese Internet companies in connection with their initial public offerings on U.S. securities exchanges, for alleged national security risks and improper collection and use of the personal information of Chinese data subjects. According to the official announcement, the action was initiated based on the National Security Law, the Cyber Security Law and Cybersecurity Review Measures, which are aimed at "preventing national data security risks, maintaining national security and safeguarding public interests." On November 14, 2021, the CAC published the draft Network Data Security Management Regulation for public comment, which stipulates the requirement that data processors processing more than 1 million individuals' information should apply for a cybersecurity review with the CAC, if the processors intend to list their securities in a foreign country. On December 28, 2021, the CAC published the Cybersecurity Review Measures, which came into effect on February 15, 2022, specifying that the cybersecurity review must be conducted in the event the data processing operators in possession of personal information of over 1 million users intend to list their securities in a foreign country.

It is unclear at the present time how widespread the cybersecurity review requirement and the enforcement action will be and what effect they will have on Polestar in particular. China's regulators may impose penalties for non-compliance ranging from fines or suspension of operations, and this could lead to us delisting from the U.S. stock market.

Also, on August 20, 2021, the Standing Committee of China's National People's Congress passed the Personal Information Protection Law of the People's Republic of China ("*Personal Information Protection Law*"), which became effective on November 1, 2021. The Personal Information Protection Law provides a comprehensive set of data privacy and protection requirements that apply to the processing of personal information and expands data protection compliance obligations to cover the processing of personal information of individuals by organizations and individuals in China. In addition, if the processing of personal information of individuals in China is conducted outside of China, the Personal Information Protection Law shall also apply if such processing is for purposes of providing products and services to, or analyzing and evaluating the behavior of, persons in China. The Personal Information Protection Law also provides that critical information infrastructure operators and personal information processing entities who process personal information meeting a volume threshold to be set by the CAC are also required to store in China personal information generated or collected in China, and to pass a security assessment administered by the CAC for any export of such personal information. On July 7, 2022, the CAC issued Security Assessment Measures for Outbound Data Transfers, which became effective on September 1, 2022. The Security Assessment Measures for Outbound Data Transfers requires that the data processor shall apply for the security assessment organized by the CAC under any of the following circumstances before the information is transferred outbound: (i) where a data processor provides key data overseas, (ii) critical information infrastructure operator and personal information processors who process more than 1 million individual's personal information; (iii) where a data processor has provided personal information of over 100,000 individuals or sensitive personal information of over 10,000 individuals in total abroad since January 1 of the previous year. Lastly, the Personal Information Protection Law contains proposals for significant fines for serious violations of up to RMB 50 million or 5% of annual turnover of the prior year and may also be ordered to suspend any related activity by competent authorities.

Other than personal information, the Several Measures on the Automobile Data Security Management (for Trial Implementation) jointly issued by the National Development and Reform Commission, Ministry of Industry and Information Technology, Ministry of Public Security, CAC and Ministry of Transport on August 16, 2021 and came into effect on October 1, 2021, impose strict regulation on important data, which includes more than 100,000 individuals' personal information. The Several Measures on the Automobile Data Security Management (for Trial Implementation) provide that important data should be stored within the territory of China in

accordance with the law, and if it is really necessary to export such data due to business needs, a security assessment organized by the CAC must be passed.

On July 7, 2022, the CAC released the Cross-border Data Transfer Security Measures (the "*Security Assessment Measures*") effective from September 1, 2022, with a six months "rectification period." The Security Assessment Measures provides for the scope of data that will be subject to security assessment when being exported, including (i) personal information and important data collected and generated by a critical information infrastructure operator; (ii) any important data that is to be exported; (iii) personal information from a data handler that has processed personal information of one million individuals or more; (iv) information from a data handler that in aggregate has exported personal information of over 100,000 individuals or sensitive personal information of over 10,000 individuals; and (v) such other information prescribed by the CAC. Critical information infrastructure operators or data handlers that are subject to the Security Assessment Measures must submit application materials to the CAC offices at the provincial level for the security assessment. As a data handler may subject to the Security Assessment Measures, as of the date of this Report, Polestar has not obtained any approval on the security assessment from the CAC, nor has Polestar submitted any materials with any CAC offices at the provincial level concerning the security assessment. Although the CAC has not issued any formal documentation specifying the meaning of the six months "rectification period" and many companies filed for the security assessment after the expiration of the six months "rectification period," Polestar and its external counsel cannot assure whether Polestar's filings to be made after the six months "rectification period" will not have a material adverse effect on Polestar's business operations in China.

On December 8, 2022, the Ministry of Industry and Information Technology of China promulgated the Industry and Information Technology Field Data Security Administrative Measures (for Trial Implementation) effective from January 1, 2023, which regulate the data processing activities in the field of industry and information technology conducted within the territory of the PRC. Under the foregoing measures, data handlers in the field of industry and information technology must further implement data classification and categorization management, take necessary measures to ensure that data remains effectively protected and is lawfully processed, and conduct data security risk monitoring. Under the data classification and categorization, "data in the field of industry and information technology" includes industrial data, telecommunications data, and radio data; among others, "industrial data" means data produced and collected in the course of research and development, design, production and manufacturing, business management, operating maintenance, and platform operation in various sectors and fields of industry. A data handler in the industry and information technology field in the PRC shall submit its catalog of important data and core data to the local industrial regulatory department for recordation. Since Polestar is not registered manufacturer in PRC but cooperating with its Original Equipment Manufacturer ("*OEM*") suppliers, the legal obligations are mainly with the OEM suppliers. However, Polestar may be impacted should its OEM suppliers not fulfill such for obligations under the forgoing measures.

Polestar uses global information systems to support its worldwide operation, but the information systems might not have servers in China and the personal information collected by Polestar in China may be constantly exported outside China to countries hosting the information systems' servers. Polestar also relies on certain information systems maintained by Volvo Cars to process certain personal information, which similarly exports personal information outside China on a regular basis. Personal information processed by information systems with servers in China is stored in China, unless Polestar's operations necessitate exporting such personal information.

Interpretation, application and enforcement of these laws, rules and regulations will evolve over time and their scope may continually change, through new legislation, amendments to existing legislation or changes in enforcement. Compliance with the Cyber Security Law, the Data Security Law, the Personal Information Protection Law and/or related implementing regulations could significantly increase the cost to Polestar of producing and selling vehicles, require significant changes to Polestar's operations or even prevent Polestar from providing certain service offerings in jurisdictions in which Polestar currently operates or in which Polestar may operate in the future. Despite Polestar's efforts to comply with applicable laws, regulations and other obligations relating to privacy, data protection and information security, it is possible that Polestar's practices or offerings could fail to meet all of the requirements imposed on Polestar by the Cyber Security Law, the Data Security Law, the Personal Information Protection Law and/or related implementing regulations. Any failure on Polestar's part to comply with such laws or regulations or any other obligations relating to privacy, data protection or information security, or any compromise of security that results in unauthorized access, use or release of personally identifiable information or other data, or the perception or allegation that any of the foregoing types of failure or compromise has occurred, could damage Polestar's reputation, discourage new and existing counterparties from contracting with Polestar or result in investigations, fines, suspension or other penalties by Chinese government authorities and private claims or litigation, any of which could materially adversely affect Polestar's business, financial condition and results of operations. Even if Polestar's practices are not subject to legal challenge, the perception of privacy concerns, whether or not valid, may harm Polestar's reputation and adversely affect Polestar's business, financial condition and results of operations (See "*—Risks Related to Cybersecurity and Data Privacy—Data privacy concerns are generally increasing, which could result in new legislation, in negative public perception of Polestar's current data collection practices and certain of its services or technologies and/or in changing user behaviors that negatively affect Polestar's business and product development plans.*"). Moreover, the legal uncertainty created by the Data Security Law and the recent Chinese government actions could materially adversely affect Polestar's ability, on favorable terms, to raise capital, including engaging in follow-on offerings of its securities in the U.S. market.

Polestar and its subsidiaries (i) may not receive or maintain permissions or approvals from the CAC or other relevant authorities to operate in China, (ii) may inadvertently conclude that such permissions or approvals are not required or (iii) may be required to obtain new permissions or approvals in the future due to changes in applicable laws, regulations or interpretations related thereto.

Polestar and its subsidiaries in China are not classified as "critical information infrastructure operators" or "network platform operators" under the Cybersecurity Review Measures, nor have Polestar and its subsidiaries received any notice from the CAC defining them as the foregoing, which would require Polestar or its subsidiaries to apply for a cybersecurity review with the CAC. See "*—Compliance with China's new Data Security Law, Cybersecurity Review Measures (revised draft for public consultation), Personal Information Protection Law, regulations and guidelines relating to the multi-level protection scheme and any other future laws and regulations may entail significant expenses and could materially affect Polestar's business.*" However, if it is determined in

the future that approvals or permissions from the CAC or other regulatory authorities are required, these regulatory authorities may impose fines, suspend Polestar's relevant businesses or halt operations, revoke relevant business permits or operational licenses, limit Polestar's ability to pay dividends outside of China, limit Polestar's operating privileges in China or take other actions that could materially and adversely affect Polestar's business, financial condition, results of operations and prospects, as well as the trading price of ADSs. The CAC or other relevant authorities may also take actions requiring Polestar, or making it advisable for Polestar, to halt operations before any potential future offerings. In addition, if the CAC or other regulatory authorities later promulgate new rules or explanations requiring that Polestar or its subsidiaries to obtain their approvals or accomplish any required filing or other regulatory procedures, Polestar may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirements could materially and adversely affect Polestar's business, prospects, financial condition, reputation and the trading price of ADSs.

Polestar may be adversely affected by the complexity, uncertainties and changes in the regulations on internet-related business, automotive business and other business carried out by Polestar's operating entities in China.

The Chinese government extensively regulates the internet and automotive industries and other business carried out by Polestar's operating entities in China. Such laws and regulations are relatively new and evolving, and their interpretation and enforcement involve significant uncertainties. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. The Chinese government also has significant oversight and discretion over the conduct of Polestar's business and Polestar's operations may be affected by evolving regulatory policies as a result. The Chinese government has recently published new policies that significantly affect certain industries, and Polestar cannot rule out the possibility that it will in the future release regulations or policies regarding Polestar's industry that could adversely affect Polestar's business, financial condition and results of operations.

Several regulatory authorities in China, such as the State Administration for Market Regulation, the National Development and Reform Commission, the Ministry of Industry and Information Technology and the Ministry of Commerce, oversee different aspects of the electric vehicle business, and Polestar's operating entities in China are required to obtain a wide range of government approvals, licenses, permits and registrations in connection with their operations in China. For example, certain filings must be made by automobile dealers through the information system for the national automobile circulation operated by the relevant commerce department within 90 days after the receipt of a business license. Furthermore, the electric vehicle industry is relatively immature in China, and the government has not adopted a clear regulatory framework to regulate the industry.

There are substantial uncertainties regarding the interpretation and application of the existing laws, regulations and policies and possible new laws, regulations or policies in China relating to internet-related businesses as well as automotive businesses and companies. There is no assurance that Polestar will be able to obtain all the permits or licenses related to its business in China, or will be able to maintain its existing permits and licenses or obtain new ones. In the event that the Chinese government considers that Polestar was or is operating without the proper approvals, licenses or permits, promulgates new laws and regulations that require additional approvals or licenses, or imposes additional restrictions on the operation of any part of Polestar's business, the Chinese government has the power, among other things, to levy fines, confiscate any of Polestar's income that it considers illegal, revoke its business licenses and require Polestar to discontinue the relevant business or impose restrictions on the affected portion of its business. Any of these actions by the Chinese government may have a material and adverse effect on Polestar's business, prospects, financial condition and results of operations.

If Polestar updates or discontinues the use of its manufacturing equipment more quickly than expected, it may have to shorten the useful lives of any equipment to be retired as a result of any such update, and the resulting acceleration in Polestar's depreciation could negatively affect its financial results.

Polestar has invested and expects to continue to invest significantly in what it believes is state of the art tooling, machinery and other manufacturing equipment, including in collaboration with its manufacturing partners, and Polestar depreciates the cost of such equipment over its expected useful lives. However, manufacturing technology may evolve rapidly, and Polestar may decide to update its manufacturing processes more quickly than expected. Moreover, as Polestar ramps the commercial production of its vehicles, Polestar's experience may cause it to discontinue the use of already installed equipment in favor of different or additional equipment. The useful life of any equipment that would be retired early as a result would be shortened, causing the depreciation on such equipment to be accelerated, and Polestar's results of operations could be negatively impacted.

Investors should not rely on outdated financial projections.

In connection with the Business Combination, Polestar disclosed certain projections regarding its potential operating and financial performance in future years in connection with the registration statement on Form F-4 the Company filed in connection with the Business Combination. As previously disclosed, these projections were prepared for internal use, were finalized in September 2021 and were not updated to reflect events after that date. Also, as previously disclosed, the projected financial information was not prepared with a view toward complying with the published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or IFRS with respect to forward-looking financial information. Readers were cautioned not to rely on the prospective financial information because actual results were likely to differ materially from the prospective financial information, and not to look upon the projections as "guidance" of any sort.

The projected financial information disclosed in connection with the Business Combination is outdated and does not represent the current views of management. Specifically, Polestar management believes the impact of the prolonged COVID-19 government mandated quarantines and lockdowns in China during 2022 negatively impacted Polestar's and its strategic and contract manufacturing partner, Volvo Cars', ability to manufacture and deliver Polestar's vehicles in the volumes previously anticipated by Polestar. As a

result, Polestar expects that its actual results for the periods covered by the projections will differ materially from the projected financial information that Polestar prepared in September 2021.

Polestar reiterates its prior caution not to rely on the previously published and now outdated financial projections. Polestar has not undertaken any obligation to publish or update any financial projections.

Polestar's main distribution approach is different from the currently predominant distribution model for automakers, and its long-term viability is unproven. Polestar does not have a third-party retail product distribution network in all of the countries in which it operates, and Polestar may face regulatory challenges to or limitations on its ability to sell vehicles directly.

Polestar's main distribution approach is not common in the automotive industry today. Polestar vehicles are sold either directly to users (rather than through dealerships), or, in certain countries, through third parties via a franchising model. In North America, for example, all sales are conducted through trusted representatives. Polestar's direct to consumer approach of vehicle distribution is relatively new and has a shorter track record to prove long-term effectiveness. It thus subjects Polestar to risks as it requires, in the aggregate, significant expenditures and may provide for slower expansion of Polestar's distribution and sales systems than the traditional dealership system. For example, Polestar does not utilize long established sales channels developed through a dealership system to increase its sales volume. However, Polestar does leverage the existing Volvo Cars network of dealers as a pipeline of potential operators of Polestar Spaces or distributors (depending on the distribution approach in each country). Moreover, Polestar competes with automakers with well-established distribution channels. If Polestar's lack of a traditional dealer distribution network results in lost opportunities to generate sales, it could limit Polestar's ability to grow. Polestar's expansion of its network of retail locations and service points may not fully meet users' expectations. Polestar's success will depend in large part on its ability to effectively develop its own sales channels and marketing strategies. Implementing its business model is subject to numerous challenges, including obtaining permits and approvals from government authorities, and Polestar may not be successful in addressing these challenges.

Polestar's experience distributing directly to consumers only started in 2019 with the launch of Polestar 1 and at a larger scale in 2020 with the launch of Polestar 2. Therefore, Polestar expects that the building of an in-house sales and marketing function will be expensive and time consuming. To the extent Polestar is unable to successfully execute on its current direct distribution plans, it may be required to change such plans, which may prove costly, time-consuming or ineffective. If Polestar's use of an in-house sales and marketing team is not effective, Polestar's results of operations and financial conditions could be adversely affected.

Insufficient reserves to cover future warranty or part replacement needs or other vehicle repair requirements, including any potential software upgrades, could have a material and adverse effect on Polestar's business, prospects, financial condition and results of operations.

Polestar provides a manufacturer's warranty on all vehicles, components and systems it sells. Polestar needs to maintain reserves to cover part replacement and other vehicle repair needs, including any potential software upgrades or warranty claims. In addition, Polestar provides additional warranties on installation workmanship or performance guarantees. Warranty reserves will include Polestar's management team's best estimate of the projected costs to repair or to replace items under warranty. Such estimates are inherently uncertain, particularly in light of Polestar's limited operating history and the limited field data available to it, and changes to such estimates based on real-world observations may cause material changes to Polestar's warranty reserves in the future. If Polestar's reserves are inadequate to cover future maintenance requirements on its vehicles, its business, prospects, financial condition and results of operations could be materially and adversely affected. Polestar may become subject to significant and unexpected expenses as well as claims from its customers, including loss of revenue or damages. There can be no assurances that the then-existing reserves will be sufficient to cover all claims. In addition, if future laws or regulations impose additional warranty obligations on Polestar that go beyond Polestar's manufacturer's warranty, Polestar may be exposed to materially higher warranty, parts replacement and repair expenses than it expects, and its reserves may be insufficient to cover such expenses.

Polestar may be unable to offer attractive leasing and financing options for its current vehicle models and future vehicles, which would adversely affect consumer demand for its vehicles.

Polestar offers leasing and financing of its vehicles to potential customers through financing partners. Polestar believes that the ability to offer attractive leasing and financing options is particularly relevant to customers in the premium vehicle segments in which it competes, and if Polestar is unable to offer its customers an attractive option to finance the purchase or lease of its vehicles, such failure could substantially reduce the population of potential customers and decrease demand for Polestar's vehicles.

Polestar is subject to risks associated with advanced driver assistance system technology. Polestar is also working on adding autonomous driving technology to its vehicles and expects to be subject to the risks associated with this technology. Polestar cannot guarantee that its vehicles will achieve its targeted assisted or autonomous driving functionality within its projected timeframe, or ever.

Polestar's vehicles are designed with the advanced driver assistance system ("*ADAS*") hardware, and Polestar expects to launch automation functionalities and additional capabilities, including autonomous driving ("*AD*"), over time. ADAS/AD technologies are emerging and subject to known and unknown risks, and there have been accidents and fatalities associated with such technologies. The safety of such technologies depends in part on user interaction, and users, as well as other drivers on the roadways, may not be accustomed to using or adapting to such technologies. In addition, self-driving technologies are the subject of intense public scrutiny and interest, and previous accidents involving autonomous driving features in other vehicles, including alleged failures or misuse of such features, have generated significant negative media attention and government investigations. To the extent accidents associated with Polestar's ADAS or AD technologies occur, Polestar could be subject to significant liability, negative publicity, government scrutiny and further regulation. Any of the foregoing could materially and adversely affect Polestar's results of operations, financial condition and growth prospects.

In addition, Polestar faces substantial competition in the development and deployment of ADAS/AD technologies. Many of Polestar's competitors, including Tesla, established automakers such as Mercedes-Benz, Audi and General Motors (including via its investments in Cruise Automation), and technology companies including Waymo (owned by Alphabet), Zoox.ai (owned by Amazon), Aurora, Argo AI (jointly owned by Ford and Volkswagen), Mobileye, Aptiv (which recently acquired Wind River), Baidu, Nuro and Ghost Autonomy, have devoted significant time and resources to developing ADAS/AD technologies. They may also own patents in this area, which may be relevant to technologies Polestar may use. If Polestar is unable to develop competitive or more advanced ADAS/AD technologies in-house or acquire access to such technology via partnerships or investments in other companies or assets, it may be unable to equip its vehicles with competitive ADAS/AD features, which could damage its brand, reduce consumer demand for its vehicles or trigger cancellations of reservations and could have a material and adverse effect on its business, results of operations, prospects and financial condition. ADAS/AD technologies are also subject to considerable regulatory uncertainty, which exposes Polestar to additional risks.

Uninsured losses, including losses resulting from product liability, accidents, acts of God and other claims against Polestar, could result in payment of substantial damages, which would decrease Polestar's cash reserves and could harm its cash flow and financial condition.

In the ordinary course of business, Polestar may be subject to losses resulting from product liability, accidents, acts of God and other claims against it, for which it may have no insurance coverage. While Polestar currently carries commercial general liability, commercial automobile liability, excess liability, product liability, crime, cargo stock throughput, property, workers' compensation, employment practices, production and directors' and officers' insurance policies, it may not maintain as much insurance coverage as other companies do, and in some cases, it may not maintain any at all. Additionally, the policies it does have may include significant deductibles, and it cannot be certain that its insurance coverage will be sufficient to cover all or any future claims against it. A loss that is uninsured or exceeds policy limits may require Polestar to pay substantial amounts, which could adversely affect its financial condition and results of operations. Further, insurance coverage may not continue to be available to Polestar or, if available, may be at a significantly higher cost, especially if insurance providers perceive any increase in Polestar's risk profile in the future.

Polestar's vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame.

The battery packs within Polestar's vehicles make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. Any such events or failures of Polestar's vehicles, battery packs or warning systems could subject Polestar to lawsuits, product recalls, or redesign efforts, all of which would be time consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion cells for automotive applications or any future incident involving lithium-ion cells, such as a vehicle or other fire, even if such incident does not involve Polestar's vehicles, could seriously harm Polestar's business and reputation.

Moreover, any failure of a competitor's electric vehicle or energy storage product, as well as the mishandling of battery cells or a safety issue or fire related to the cells at partners' manufacturing facilities, may cause indirect adverse publicity for Polestar and its products. Such adverse publicity could negatively affect Polestar's brand and harm its business, prospects, results of operations and financial condition.

Polestar's ability to generate meaningful product revenue will depend on consumer adoption of electric vehicles. However, the market for electric vehicles is still evolving and changes in governmental programs incentivizing consumers to purchase electric vehicles, fluctuations in energy prices, the sustainability of electric vehicles and other regulatory changes might negatively impact adoption of electric vehicles by consumers. If the pace and depth of electric vehicle adoption develops more slowly than Polestar expects, its revenue may decline or fail to grow, and Polestar may be materially and adversely affected.

Polestar is only developing electric vehicles and, accordingly, its ability to generate meaningful product revenue will highly depend on sustained consumer demand for alternative fuel vehicles in general and electric vehicles in particular. If the market for electric vehicles does not develop as Polestar expects, develops more slowly than it expects, or if there is a decrease in consumer demand for electric vehicles, Polestar's business, prospects, financial condition and results of operations will be harmed. The market for electric and other alternative fuel vehicles is relatively new and rapidly evolving and is characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulations (including government incentives and subsidies) and industry standards, frequent new vehicle announcements and changing consumer demands and behaviors. Any number of changes in the industry could negatively affect consumer demand for electric vehicles in general and Polestar's electric vehicles in particular.

In addition, demand for electric vehicles may be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles such as sales and financing incentives like tax credits, prices of raw materials and parts and components, cost of fuel or electricity, availability of consumer credit and governmental regulations, including tariffs, import regulation and other taxes. Volatility in demand may lead to lower vehicle unit sales, which may result in downward price pressure and adversely affect Polestar's business, prospects, financial condition and results of operations. Further, sales of vehicles in the automotive industry tend to be cyclical in many markets, which may expose Polestar to increased volatility, especially as it expands and adjusts its operations and retail strategies. Specifically, it is uncertain how such macroeconomic factors will impact Polestar as a newer entrant in an industry that has globally been experiencing a recent decline in sales.

Other factors that may influence the adoption of electric vehicles include:

- perceptions about electric vehicle quality, safety, design, performance and cost;
- perceptions about the limited range over which electric vehicles may be driven on a single battery charge;
- perceptions about the total cost of ownership of electric vehicles, including the initial purchase price and operating and maintenance costs, both including and excluding the effect of government and other subsidies and incentives designed to promote the purchase of electric vehicles;

- concerns about electric grid capacity and reliability;
- perceptions about the sustainability and environmental impact of electric vehicles, including with respect to both the sourcing and disposal of materials for electric vehicle batteries and the generation of electricity provided in the electric grid;
- the availability of other alternative fuel vehicles, including plug-in hybrid electric vehicles;
- improvements in the fuel economy of the internal combustion engine;
- the quality and availability of service for electric vehicles, especially in international markets;
- volatility in the cost of oil, gasoline and electricity;
- government regulations and economic incentives promoting fuel efficiency and alternative forms of energy;
- access to charging stations and the cost to charge an electric vehicle, especially in international markets, and related infrastructure costs and standardization;
- the availability of tax and other governmental incentives to purchase and operate electric vehicles or future regulation requiring increased use of nonpolluting vehicles; and
- macroeconomic factors.

The influence of any of the factors described above or any other factors may cause a general reduction in consumer demand for electric vehicles or Polestar's electric vehicles in particular, either of which would materially and adversely affect Polestar's business, results of operations, financial condition and prospects.

Developments in electric vehicle or alternative fuel technology or improvements in the internal combustion engine may adversely affect the demand for Polestar's vehicles.

Polestar may be unable to keep up with changes in electric vehicle technology or alternatives to electricity as a fuel source and, as a result, its competitiveness may suffer. Significant developments in alternative technologies, such as alternative battery cell technologies, hydrogen fuel cell technology, advanced gasoline, ethanol or natural gas or improvements in the fuel economy of the internal combustion engine, may materially and adversely affect Polestar's business and prospects in ways it does not currently anticipate. Existing and other battery cell technologies, fuels or sources of energy may emerge as customers' preferred alternative to the technologies in Polestar's electric vehicles. Any failure by Polestar to develop new or enhanced technologies or processes, or to react to changes in existing technologies, could materially delay its development and introduction of new and enhanced electric vehicles, which could result in the loss of competitiveness of its vehicles, decreased revenues and a loss of market share to competitors. In addition, Polestar expects to compete in part on the basis of its vehicles' range, efficiency, charging speeds and performance, and improvements in the technology offered by competitors could reduce demand for Polestar's vehicles. As technologies change, Polestar plans to upgrade or adapt its vehicles and introduce new models that reflect such technological developments, but its vehicles may become obsolete, and its research and development efforts (and those of its strategic partners) may not be sufficient to adapt to changes in alternative fuel and electric vehicle technology. Additionally, as new companies and larger, existing vehicle manufacturers continue to enter the electric vehicle space, Polestar may lose any technological advantage it may have and suffer a decline in its competitive position. Any failure by Polestar to successfully react to changes in existing technologies or the development of new technologies could materially harm its competitive position and growth prospects.

A resurgence of the COVID-19 pandemic and return of global control measures could adversely affect Polestar's business and operations.

The COVID-19 pandemic had a significant impact on Polestar's business, particularly with regards to its manufacturing and supply chain operations. Should a flare up of the COVID-19 pandemic occur, with previously imposed governmental control measures brought back into force, consumers may reduce spending, delay purchases of Polestar's vehicles or cancel their orders for Polestar's vehicles. Because of Polestar's premium brand positioning and pricing, an economic downturn is likely to have a heightened adverse effect on it, compared to many of its electric vehicle and traditional automotive industry competitors, to the extent that consumer demand for luxury goods is reduced in favor of lower-priced alternatives. Any economic recession or other downturn could also cause logistical challenges and other operational risks if any of Polestar's suppliers, sub-suppliers or partners becomes insolvent or are otherwise unable to continue their operations. Further, the immediate or prolonged effects of the COVID-19 pandemic could significantly affect government finances and, accordingly, the continued availability of incentives related to electric vehicle purchases and other governmental support programs.

The spread of COVID-19 has also in the recent past disrupted the manufacturing operations of other vehicle manufacturers and their suppliers. Any such disruptions to Polestar or to its suppliers could result in delays and could negatively affect its production volume.

During the height of the pandemic, governments imposed travel bans and restrictions, quarantines, shelter-in-place and stay-at-home orders and business shutdowns. These measures posed numerous operational risks and logistical challenges to Polestar's business. In addition, regional, national and international travel restrictions resulted in adverse impacts to Polestar's supply chain. Further, Polestar's sales and marketing activities were, and may in the future be, adversely affected due to the cancellation or reduction of in-person sales activities, meetings, events and conferences. During the period when Polestar's personnel were mostly a remote workforce, the demands on Polestar's information technology resources and systems increased as did data privacy and cybersecurity risks. Should such restrictive measures, or even more restrictive measures than experienced in the past, return or be imposed for a significant period of time, Polestar's manufacturing and sales and distribution plans and timelines could be adversely affected.

Changes in foreign currency rates, interest rate risks, or inflation could materially affect Polestar's results of operations.

Due to its international operations, Polestar faces foreign currency risk exposure from fluctuating currency exchange rates, interest rate risk from its exposure to floating and variable interest rates, and inflation risk from existing and expected rates of inflation in the U.S. and other jurisdictions.

Particularly COVID-19 and the Russo-Ukrainian War have led to increased inflationary pressures on prices of components, materials, labor, and equipment used in the production of Polestar vehicles. Increases in battery prices due to the increased prices of lithium, cobalt, and nickel are expected to lead to higher inventory and costs of goods sold. Higher oil prices have also increased freight and distribution costs across all markets. It is uncertain whether these inflationary pressures will persist in the future. See Item 5 "*Operating and Financial Review and Prospects—Key factors affecting performance—Impact of COVID-19 and the Russo-Ukrainian War*" *and* "*Operating and Financial Review and Prospects—Key factors affecting performance—Inflation.*"

Further, fluctuations in currency rates, interest rate hikes and existing and expected rates of inflation in the U.S. and other jurisdictions, including as a result of the COVID-19 pandemic and the Russo-Ukrainian War, have resulted in extreme volatility in the global financial markets, which has increased Polestar's cost of capital and may limit its ability to access financing when needed. Polestar may not be able to obtain additional financing on terms favorable to it, if at all. See "*—Risks Related to Financing and Strategic Transactions—Polestar will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.*"

Polestar's facilities or operations could be and have been adversely affected by events outside of its control, such as natural disasters, wars, health epidemics, pandemics or security incidents.

Polestar may be impacted by natural disasters, wars, health epidemics or pandemics or other events outside of its control. For example, flooding impacted Polestar's manufacturing facility in July 2019 and stopped production for one half of a day. Further, if major disasters such as earthquakes, wildfires, tornadoes or other events occur, or if Polestar's information system or communications network breaks down or operates improperly, Polestar's facilities and manufacturing may be seriously damaged or affected, or Polestar may have to stop or delay production and shipment of its products. In addition, the COVID-19 pandemic impacted economic markets, manufacturing operations, supply chains, employment and consumer behavior in nearly every geographic region and industry across the world, and Polestar was, and may in the future be, adversely affected as a result. Furthermore, Polestar could be impacted by physical security incidents at its facilities or those of its strategic partners, which could result in significant damage to such facilities that could require Polestar or its partners to delay or discontinue production of its vehicles. Polestar may incur significant expenses or delays relating to such events outside of its control, which could have a material adverse impact on its business, results of operations and financial condition.

The conflict between Russia and Ukraine has, and is likely to continue to, generate uncertain geopolitical conditions, including sanctions that could adversely affect Polestar's business prospects and results of operations.

Russia and Ukraine are not Polestar markets, and there are no plans to launch in either market in the near future. Nevertheless, the uncertain geopolitical conditions, sanctions, and other potential impacts on the global economic environment resulting from Russia's invasion of Ukraine may weaken demand for Polestar's vehicles, which could make it difficult for Polestar to forecast its financial results and manage its inventory levels. The uncertainty surrounding these conditions and the current, and potentially expanded, scope of international sanctions against Russia may cause unanticipated changes in customers' buying patterns, adversely impact operations of Polestar's suppliers, or interrupt Polestar's ability to source products from this region. Sanctions have also created supply constraints and driven inflation that has impacted, and may continue to impact, Polestar's operations and could create or exacerbate risks facing Polestar's business.

Polestar vehicles are manufactured at facilities owned and operated by Volvo Cars. While Polestar understands that Volvo Cars does not have any "Tier 1" suppliers from Russia, car production is a complex process, with thousands of components sourced from all over the world. There can be no assurance, therefore, that there will not be some components sourced from suppliers subject to sanctions against Russia nor that the resulting disruption to the supply chain will not have an adverse impact on Polestar's business and results of operations.

In the event geopolitical tensions deteriorate further or fail to abate, additional governmental sanctions may be enacted that could adversely impact the global economy, banking and monetary systems, markets, and the operations of Polestar and its suppliers.

If vehicle owners customize Polestar vehicles or change the charging infrastructure with aftermarket products, the vehicle may not operate properly, which may create negative publicity and could harm Polestar's business.

Automobile enthusiasts may seek to alter Polestar's vehicles to modify their performance, which could compromise vehicle safety systems. Also, customers may customize their vehicles with after-market parts that can compromise driver safety. Polestar does not test, nor does it endorse, such changes or products. In addition, the use of improper external cabling or unsafe charging outlets can expose customers to injury from high voltage electricity. Such unauthorized modifications could reduce the safety of Polestar's vehicles and any injuries resulting from such modifications could result in adverse publicity that would negatively affect Polestar's brand and harm its business, prospects, financial condition and operating results.

Risks Related to Cybersecurity and Data Privacy

Polestar relies on its and Volvo Cars' IT systems and any material disruption to its or Volvo Cars' IT systems could have a material and adverse effect on Polestar.

The availability and effectiveness of Polestar's services depend on the continued operation of its information technology and communications systems. Polestar relies on its and Volvo Cars' IT systems, and such systems are vulnerable to damage or interruption from, among other adverse effects, fire, terrorist attacks, natural disasters, power loss, telecommunications failures, computer viruses,

computer denial of service attacks or other attempts to harm its systems. Polestar's products and services are also highly technical and complex and may contain errors or vulnerabilities that could result in interruptions in its services or the failure of its systems or the systems on which it relies.

As part of Volvo Cars IT incident process, Volvo Cars has over the course of 2021 and 2022 informed Polestar of incidents that could have had an impact on the operations of Polestar. While the outcomes of these incidents were determined not to have had an impact on the safety or security of Polestar's customers or their personal data, it nonetheless highlights the risk that Polestar faces by being partly reliant on external IT systems. Should a future material IT incident at Volvo Cars occur, it could cause Polestar to suffer lengthy interruptions to its ability to operate its business, damage to Polestar's reputation, loss of customers, loss of revenue, investigations or litigation or liability for damages, any of which could materially and adversely affect Polestar's business, results of operations, prospects and financial condition

Any unauthorized control or manipulation of Polestar's products, digital sales tools and systems could result in loss of confidence in Polestar and its products.

Polestar's products contain complex information technology systems. Polestar collects, stores, transmits and otherwise processes data from vehicles, customers, employees and other third parties as part of its business operations, which may include personal data or confidential or proprietary information. Polestar also works with third parties that collect, store and process such data on its behalf and also uses digital tools to sell vehicles to its customers. Polestar has created a foundation of security polices and an information security directive and is in the process of creating and testing information security policies to deployed systems. Polestar is creating measures to implement such policies, including encryption technologies, to prevent unauthorized access and plans to continue deploying additional security measures as it grows. Notwithstanding these measures, there can be no assurance that such systems and measures will not be compromised as a result of intentional misconduct, including by employees, contractors or vendors, as well as by software bugs, human error or technical malfunctions.

Furthermore, hackers may in the future attempt to gain unauthorized access to, modify, alter and use Polestar's vehicles, products, and digital sales tools and Polestar's and its service providers' or vendors' systems to (i) gain control of, (ii) change the functionality, user interface and performance characteristics of or (iii) gain access to data stored in or generated by, such vehicles, products, digital sales tools and systems. Advances in technology, an increased level of sophistication and diversity of Polestar's products, digital sales tools and services, an increased level of expertise of hackers and new discoveries in the field of cryptography could lead to a compromise or breach of the measures that Polestar or its service providers or vendors use. Polestar and its service providers' and vendors' systems have in the past and may in the future be affected by security incidents. Polestar's and its service providers' and vendors' systems are also vulnerable to damage or interruption from, among other things, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, computer viruses, computer denial or degradation of service attacks, ransomware, social engineering schemes, domain name spoofing, insider theft or misuse or other attempts to harm its products and such systems. Polestar's and its service providers' or vendors' data centers could be subject to break-ins, sabotage and intentional acts of vandalism causing potential disruptions. Some of Polestar's and its service providers' and vendors' systems are not and will not be fully redundant. Further, its disaster recovery planning is not yet fully developed and cannot account for all eventualities. Any problems at Polestar's or its service providers' or vendors' data centers could result in lengthy interruptions in Polestar's service. There can be no assurance that any security or other operational measures that Polestar or its service providers or vendors have implemented will be effective against any of the foregoing threats or issues.

If Polestar is unable to protect its products, digital sales tools and its service providers' and vendors' systems (and the information stored on such platforms) from unauthorized access, use, disclosure, disruption, modification, destruction or other breach, such problems or security breaches could have negative consequences for its business and future prospects, subjecting Polestar to substantial fines, penalties, damages and other liabilities under applicable laws and regulations, incurring substantial costs to respond to, investigate and remedy such incidents, reducing customer demand for Polestar's products, harming its reputation and brand and compromising or leading to a loss of protection of its intellectual property or trade secrets. In addition, regardless of their veracity, reports of unauthorized access to Polestar's vehicles or data or Polestar's or its service providers' and vendors' systems, as well as other factors that may result in the perception that such vehicles, systems or data are capable of being "hacked," could negatively affect Polestar's brand. In addition, some members of the U.S. federal government, including certain members of Congress and the National Highway Traffic Safety Administration ("*NHTSA*"), have recently focused attention on automotive cybersecurity issues and may in the future propose or implement regulations specific to automotive cybersecurity. In addition, the United Nations Economic Commission for Europe has introduced regulations governing connected vehicle cybersecurity, which became effective in January 2021 and apply in the European Union to all new vehicle types beginning in July 2022 and will become mandatory for all new vehicles produced from July 2024. Such regulations are also in effect, or expected to come into effect, in certain other international jurisdictions. These and other regulations could adversely affect Polestar's business in Europe and other markets, and if such regulations or other future regulations are inconsistent with Polestar's approach to automotive cybersecurity, Polestar would be required to modify its systems (or cause its service providers and vendors to modify their systems) to comply with such regulations, which would impose additional costs and delays and could expose Polestar to potential liability to the extent its automotive cybersecurity systems and practices are inconsistent with such regulation.

In addition, Polestar's vehicles depend on the ability of software and hardware to store, retrieve, process and manage immense amounts of data. Polestar's software and hardware, including any over-the-air or other updates, may contain, errors, bugs, design defects or vulnerabilities, and its service providers' and vendors' systems may be subject to technical limitations that may compromise its ability to meet its objectives. Some errors, bugs or vulnerabilities may be inherently difficult to detect and may only be discovered after code has been released for external or internal use. Although Polestar will attempt to remedy any issues it observes in its vehicles as effectively and rapidly as possible, such efforts may not be timely, may hamper production or may not be to the satisfaction of its customers. Additionally, if Polestar is able to deploy updates to the software addressing any issues, but its over-the-air update procedures fail to properly update the software, Polestar's customers would then need to arrange for installing such updates to the software, and their software may be subject to deficiencies and vulnerabilities until they do so. Any compromise of Polestar's intellectual property, proprietary information, systems or vehicles or inability to prevent or effectively remedy errors, bugs,

vulnerabilities or defects in Polestar's software and hardware may cause Polestar to suffer lengthy interruptions to its ability to operate its business and its customers' ability to operate their vehicles, damage to Polestar's reputation, loss of customers, loss of revenue, governmental fines, investigations or litigation or liability for damages, any of which could materially and adversely affect its business, results of operations, prospects and financial condition.

Data privacy concerns are generally increasing, which could result in new legislation, in negative public perception of Polestar's current data collection practices and certain of its services or technologies and/or in changing user behaviors that negatively affect Polestar's business and product development plans.

In the course of its operations, Polestar collects, uses, stores, discloses, transfers and otherwise processes personal information from its customers, employees and third parties with whom it conducts business, including names, accounts, user IDs and passwords and payment or transaction related information. Additionally, Polestar uses its vehicles' electronic systems to log information about vehicle use, such as charge time, battery usage, mileage and driving behavior, in order to aid it in vehicle diagnostics, repair and maintenance, as well as to help it customize and improve the driving experience.

Data privacy concerns of consumers are generally increasing, which could result in new legislation, in negative public perception of Polestar's current data collection practices and certain of its services or technologies and/or in changing user behaviors that negatively affect Polestar's business and product development plans.

Polestar is subject to evolving laws, regulations, standards, policies and contractual obligations related to data privacy, security and consumer protection, and any actual or perceived failure to comply with such obligations could harm Polestar's reputation and brand, subject Polestar to significant fines and liability, or otherwise adversely affect its business.

Due to Polestar's data collection practices, products, services and technologies, Polestar is subject to or affected by a number of federal, state, local and international laws and regulations, as well as contractual obligations and industry standards, that impose certain obligations and restrictions with respect to data privacy and security and govern its collection, storage, retention, protection, use, processing, transmission, sharing and disclosure of personal information including that of Polestar's employees, customers and other third parties with whom Polestar conducts business. These laws, regulations and standards may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material and adverse impact on Polestar's business, financial condition and results of operations.

The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. Polestar may not be able to monitor and react to all developments in a timely manner. The European Union adopted the General Data Protection Regulation ("*GDPR*"), which became effective on May 25, 2018, and as a result of the withdrawal of the United Kingdom from the European Union on 31 January 2020 the United Kingdom now has its own data privacy regime comprised of the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, the "*UK GDPR*") (the GDPR and UK GDPR together referred to as the "*GDPR*") and California adopted the California Consumer Privacy Act of 2018 ("*CCPA*"), which became effective in January 2020. Both the GDPR and the CCPA impose additional obligations on companies regarding the handling of personal data and provides certain privacy rights to individual persons whose data is collected. Compliance with existing, proposed and recently enacted laws and regulations (including implementation of the privacy and process enhancements called for under the GDPR and CCPA) can be costly, and any failure to comply with these regulatory standards could subject Polestar to legal and reputational risks.

The GDPR imposes comprehensive data privacy compliance obligations in relation to Polestar's collection, processing, sharing, disclosure, transfer and other use of personal information, including a principle of accountability and the obligation to demonstrate compliance through policies, procedures, training and audit. The GDPR also regulates cross-border transfers of personal information out of the EEA and the UK. Recent legal developments in Europe have created complexity and uncertainty regarding such transfers, in particular in relation to transfers to the United States, and recent European court and regulatory decisions have taken a restrictive approach. Polestar currently relies on the standard contractual clauses and definition of supplementary measures, where applicable and available, or derogations, to transfer personal information outside the EEA and the UK, with respect to both intragroup and third party transfers. As the enforcement landscape further develops, and supervisory authorities issue further guidance on international data transfers, Polestar could suffer additional costs, complaints and/or regulatory investigations or fines; Polestar may have to stop using certain tools and vendors and make other operational changes; and/or it could otherwise affect the manner in which Polestar provides its services, and could adversely affect Polestar's business, operations and financial condition.

Since Polestar is subject to the supervision of relevant data protection authorities under both the GDPR and the UK GDPR, Polestar could be fined under each of those regimes independently in respect of the same breach. Penalties for certain breaches are up to the greater of EUR 20 million/GBP 17.5 million or 4% of Polestar's global annual turnover. In addition to fines, a breach of the GDPR may result in regulatory investigations, reputational damage, orders to cease/change Polestar's data processing activities, enforcement notices, assessment notices (for a compulsory audit) and/ or civil claims (including class actions).

Polestar is also subject to evolving EU and UK privacy laws. Recent European court and regulator decisions are driving increased attention to cookies and tracking technologies. In light of the complex and evolving nature of EU, EU Member State and UK privacy laws in this area, there can be no assurances that Polestar will be successful in its efforts to comply with such laws; violations of such laws could result in regulatory investigations, fines, orders to cease/ change Polestar's use of such technologies, as well as civil claims including class actions, and reputational damage.

The CCPA establishes a privacy framework for covered businesses, including an expansive definition of personal information and data privacy rights for California residents. The CCPA includes a framework with potentially severe statutory damages for violations and a private right of action for certain data breaches. The CCPA requires covered businesses to provide California residents with new privacy-related disclosures and new ways to opt-out of certain uses and disclosures of personal information. As Polestar expands its

operations, the CCPA may increase its compliance costs and potential liability. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the United States.

Additionally, effective in most respects on January 1, 2023, the California Privacy Rights Act ("*CPRA*") has significantly modified the CCPA, including by expanding California residents' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. Other US states have implemented or are implementing comprehensive privacy statutes that share similarities with the CCPA. For example, such laws have been enacted in Virginia, Colorado, Connecticut and Utah, and come into force in 2023. Additionally, Polestar may be subject to certain laws and regulations, e.g., "Right to Repair" laws, that require Polestar to provide third-party access to its network and/or vehicle systems.

Other jurisdictions have begun to propose similar laws. Compliance with applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and Polestar may be required to put in place additional mechanisms to comply with such laws and regulations, which could cause Polestar to incur substantial costs or require Polestar to change its business practices, including its data practices, in a manner adverse to its business. In particular, certain emerging privacy laws are still subject to a high degree of uncertainty as to their interpretation and application. Failure to comply with applicable laws or regulations or to secure personal information could result in investigations, enforcement actions and other proceedings against Polestar, which could result in substantial fines, damages and other liability as well as damage to Polestar's reputation and credibility, which could have a negative impact on revenues and profits.

There are also ongoing complex, uncertain, rapid development and changes of data privacy and security related laws in China. Polestar and its business partners in China could be affected by intervention by the Chinese government relating to, for example, information-sharing and cybersecurity matters. The risk of such interventions could be heightened in connection with a listing of shares of Polestar or any of its business partners, and could result in prohibitions of the sale and/or marketing of certain products. For example, on December 28, 2021, the CAC published the Cybersecurity Review Measures, which came into effect on February 15, 2022, specifying that the cybersecurity review must be conducted in the event the data processing operators in possession of personal information of over 1 million users intend to list their securities in a foreign country. Polestar has not exceeded this threshold as of the date of this Report. However, under the Cybersecurity Review Measure, the CAC could also initiate cybersecurity review under certain situations, for example, if a regulatory agency within the cyber-security review coordination mechanism believes a network product or service, data processing activity impacts or might impact Chinese national security. If Polestar would be subject to such review and be found to be non-compliant with applicable data protection laws, Polestar may face administrative fines up to RMB 10 million. Additionally, significant restrictions may be imposed on Polestar's operation in China, or relevant Chinese licenses may be completely or partially revoked. Also, other Chinese regulatory agencies might examine Polestar with regulatory scrutiny and enact sanctions. Finally, Polestar may suffer significant public opinion damage, and there is a risk that its reputation may be materially harmed. Any of these events could have a material and adverse effect on Polestar's results of operations and financial position as well as on its possibilities to carry out business in China.

Polestar posts public privacy policies on its websites and provides privacy notices to the categories of persons whose personal information it collects, processes, uses or discloses. Although Polestar endeavors to comply with its published policies and other documentation, Polestar may at times fail to do so or may be perceived to have failed to do so. Moreover, despite its efforts, Polestar may not be successful in achieving compliance if its employees, contractors, service providers, vendors or other third parties fail to comply with its published policies and documentation. Such failures could carry similar consequences or subject Polestar to potential international, local, state and federal action if they are found to be deceptive, unfair or misrepresentative of Polestar's actual practices. Claims that Polestar has violated individuals' privacy rights or failed to comply with data protection laws, regulations or applicable privacy notices could, even if Polestar is not found liable, be expensive and time-consuming to defend and could result in adverse publicity that could harm its business.

Most jurisdictions have enacted laws or regulations requiring companies to notify individuals, regulatory authorities and other third parties of security breaches involving certain types of data. Such laws or regulations may be inconsistent or may change or additional laws or regulations may be adopted. In addition, Polestar's agreements with certain customers may require it to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, penalties or fines, litigation and Polestar's customers losing confidence in the effectiveness of its security measures, and could require it to expend significant capital and other resources to respond to or alleviate problems caused by the actual or perceived security breach. Any of the foregoing could materially and adversely affect Polestar's business, prospects, results of operations and financial condition.

Risks Related to Polestar's Employees and Human Resources

Polestar's ability to effectively manage its growth relies on the performance of highly skilled personnel, including its Chief Executive Officer, Thomas Ingenlath, its senior management team and other key employees, and Polestar's ability to recruit and retain key employees. The loss of key personnel or an inability to attract, retain and motivate qualified personnel may impair Polestar's ability to expand its business.

Polestar's success is substantially dependent upon the continued service and performance of its senior management team and key personnel with digital, technical and automotive expertise. Although Polestar anticipates that its management and key personnel will remain in place for the foreseeable future, it is possible that Polestar could lose some key personnel. For example, Polestar is highly dependent on the services of Thomas Ingenlath, its Chief Executive Officer. Mr. Ingenlath has a significant influence on and is a driver of Polestar's business plan and business, design and technology development. If Mr. Ingenlath were to discontinue his service to Polestar, Polestar would be significantly disadvantaged. The replacement of any members of Polestar's senior management team or other key personnel likely would involve significant time and costs and may significantly delay or prevent the achievement of Polestar's business objectives.

Polestar's future success also depends, in part, on its ability to continue to attract, integrate and retain highly skilled personnel. Competition for highly skilled personnel is frequently intense. As with any company, there can be no guarantee that Polestar will be able to attract such individuals or that the presence of such individuals will necessarily translate into Polestar's profitability. Because Polestar operates in a newly emerging industry, there may also be limited personnel available with relevant business experience, and such individuals may be subject to non-competition and other agreements that restrict their ability to work for Polestar. Polestar's inability to attract and retain key personnel may materially and adversely affect Polestar's business operations. Any failure by Polestar's management to effectively anticipate, implement and manage the changes required to sustain Polestar's growth would have a material and adverse effect on its business, financial condition and results of operations.

Polestar's manufacturing partners will need to hire and train a significant number of employees to engage in full-scale operational and commercial operations, and Polestar's business could be adversely affected by labor and union activities.

Polestar's manufacturing partners will need to hire and train a significant number of employees to engage in full-scale operational and commercial operations. There are various risks and challenges associated with hiring, training and managing a large workforce. If Polestar's manufacturing partners are unsuccessful in hiring and training a workforce in a timely and cost-effective manner, Polestar's business, financial condition and results of operations could be adversely affected.

Furthermore, it is common throughout the automobile industry generally for many employees at automobile companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. Moreover, regulations in some jurisdictions outside of the U.S. mandate employee participation in industrial collective bargaining agreements and work councils with certain consultation rights with respect to the relevant companies' operations. Approximately 51% of Polestar's workforce is covered by collective bargaining agreements. Polestar has collective agreements in Austria, Belgium, Finland, Italy, the Netherlands, Portugal, Spain and Sweden. Labor unions or labor organizations could also seek to organize some or all of Polestar's non-unionized workforce. Future negotiations with the union or other certified bargaining representatives could divert management attention and disrupt operations, which may result in increased operating expenses and lower net income. Additionally, if Polestar is unable to reach labor agreements with any current or future unionized work groups, it may be subject to work interruptions or stoppages, which may adversely affect its ability to conduct its operations. Moreover, future agreements with unionized and non-unionized employees may be on terms that are not as attractive as Polestar's current agreements or comparable to agreements entered into by Polestar's competitors. Furthermore, Polestar may be directly or indirectly dependent upon companies, such as parts suppliers and trucking and freight companies, with unionized work forces, and work stoppages or strikes organized by such unions could have a material adverse impact on Polestar's business, financial condition or results of operations. If a work stoppage occurs, it could delay the manufacture and sale of Polestar's products and have a material and adverse effect on its business, prospects, results of operations or financial condition.

Misconduct by Polestar's employees and independent contractors during and before their employment with Polestar could expose Polestar to potentially significant legal liabilities, reputational harm and/or other damages to its business.

Many of Polestar's employees play critical roles in ensuring the safety and reliability of its vehicles and/or its compliance with relevant laws and regulations. Certain of Polestar's employees have access to sensitive information and/or proprietary technologies and know-how. While Polestar has adopted a code of conduct for all of its employees and implemented policies relating to intellectual property, confidentiality and the protection of company assets, Polestar cannot assure you that its employees will always abide by the codes, policies and procedures, nor that the precautions Polestar takes to detect and prevent employee misconduct will always be effective. If any of Polestar's employees engages in any misconduct, illegal or suspicious activities, including but not limited to misappropriation or leakage of sensitive customer information or proprietary information, Polestar and such employees could be subject to legal claims and liabilities and Polestar's reputation and business could be adversely affected as a result.

In addition, while Polestar has screening procedures during the recruitment process, Polestar cannot assure you that it will be able to uncover misconduct of job applicants that occurred before Polestar offered them employment, or that Polestar will not be affected by legal proceedings against its existing or former employees as a result of their actual or alleged misconduct. Any negative publicity surrounding such cases, especially in the event that any of Polestar's employees is found to have committed any wrongdoing, could negatively affect Polestar's reputation and may have an adverse impact on its business.

Furthermore, Polestar faces the risk that its employees and independent contractors may engage in other types of misconduct or other illegal activity, such as intentional, reckless or negligent conduct that violates production standards, workplace health and safety regulations, fraud, abuse or consumer protection laws, other similar non-U.S. laws or laws that require the true, complete and accurate reporting of financial information or data. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions Polestar takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Polestar from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. In addition, Polestar is subject to the risk that a person or government could allege fraud or other misconduct, even if none occurred. If any such actions are instituted against Polestar and Polestar is not successful in defending itself or asserting its rights, those actions could have a significant impact on Polestar's business, prospects, financial condition and results of operations, including, without limitation, the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, disgorgement, integrity oversight and reporting obligations to resolve allegations of non-compliance, imprisonment, other sanctions, contractual damages, reputational harm, diminished profits and future earnings and curtailment of Polestar's operations, any of which could adversely affect its business, prospects, financial condition and results of operations.

Risks Related to Litigation and Regulation

Polestar is subject to evolving laws and regulations that could impose substantial costs, legal prohibitions or unfavorable changes upon its operations or products, and any failure to comply with these laws and regulations, including as they evolve, could result in litigation and substantially harm its business and results of operations.

Polestar is or will be subject to complex environmental, manufacturing, and health and safety laws and regulations at numerous jurisdictional levels, including laws relating to the use, handling, storage, recycling, disposal, release of and exposure to hazardous materials and with respect to constructing, expanding and maintaining its facilities. For example, Polestar is subject to laws, regulations and regulatory agencies like EU Regulation 2018/858 in the EU, the Environmental Protection Agency ("*EPA*") and NHTSA in the United States and the Provisions on the Administration of Investments in the Automotive Industry in China. The costs of compliance, including remediating contamination if any is found on Polestar's properties and any changes to Polestar's operations mandated by new or amended laws, may be significant and such costs may increase in the event of new, or changes to existing, environmental or climate change laws, regulations or rules. Polestar may also face unexpected delays in obtaining permits and approvals required by such laws in connection with the manufacturing and sale of its vehicles, which would hinder its ability to conduct its operations. Such costs and delays may adversely impact its business prospects and results of operations. Furthermore, any violations of these laws may result in litigation, substantial fines and penalties, remediation costs, third party damages or a suspension or cessation of Polestar's operations.

In addition, motor vehicles are subject to substantial regulation under international, federal, state and local laws. Polestar has incurred, and expects to continue to incur, significant costs in complying with these regulations. Any failures to comply could result in litigation, significant expenses, delays or fines. Generally, vehicles must meet or exceed mandated motor vehicle safety standards to be certified under applicable regulations. Rigorous testing and the use of approved materials and equipment are among the requirements for achieving certification. Any future vehicles will be subject to substantial regulation under federal, state and local laws and standards. These regulations include those promulgated by the EPA, NHTSA, other federal agencies, various state agencies and various state boards (including the California Air Resources Board ("*CARB*")), and compliance certification is required for each new model year and changes to the model within a model year. These laws and standards are subject to change from time to time, and Polestar could become subject to additional regulations in the future, which would increase the effort and expense of compliance. In addition, federal, state and local laws and industrial standards for electric vehicles are still developing, and Polestar faces risks associated with changes to these regulations, which could have an impact on the acceptance of its electric vehicles, and increased sensitivity by regulators to the needs of established automobile manufacturers with large employment bases, high fixed costs and business models based on the internal combustion engine, which could lead them to pass regulations that could reduce the compliance costs of such established manufacturers or mitigate the effects of government efforts to promote electric vehicles. Compliance with these regulations is challenging, burdensome, time consuming and expensive. If compliance results in litigation, delays or substantial expenses, Polestar's business could be adversely affected.

Polestar is also subject to laws and regulations applicable to the supply, manufacture, import, sale and service of automobiles internationally, including in Europe, North America and Asia Pacific. Regulations such as standards relating to vehicle safety, fuel economy and emissions, among other things, often vary materially from country to country and compliance with such regulations will therefore require additional time, effort and expense to ensure regulatory compliance in those countries. This process may include official review and certification of Polestar's vehicles by foreign regulatory agencies prior to market entry, as well as compliance with foreign reporting and recall management systems requirements. The costs of achieving international regulatory compliance or the failure to achieve international regulatory compliance could harm Polestar's business, prospects, results of operations and financial condition.

Polestar may face regulatory limitations on its ability to sell vehicles directly, which require Polestar to implement alternative consumer approaches through dealers or importers.

Polestar's business model includes the direct sale of vehicles to retail consumers. The laws governing licensing of dealers and sales of motor vehicles vary from country to country and, within a country, from state to state, and the application of these local laws to Polestar's operations can be difficult to predict. Certain jurisdictions require a dealer license to sell new motor vehicles within the country or state. Where required, Polestar anticipates that it can become a licensed dealer in certain countries.

In countries where Polestar is required to resort to dealers, other challenges may arise. In the United States, for example, some automobile dealers have brought a claim before the Illinois Motor Vehicle Review Board claiming that they have a right to sell Polestar vehicles because of their franchise with Volvo Cars and in accordance with the Illinois Motor Vehicle Franchise Act. Further, even in jurisdictions where Polestar believes applicable laws and regulations do not currently prohibit its direct sales model, legislatures may impose additional requirements. Because the laws vary from country to country, and, within a country, from state to state, Polestar's distribution model and its sales and service processes is continually monitored and adapted for compliance with the various jurisdictional requirements and may change from time to time. Regulatory compliance and likely challenges to the distribution model may add to the cost of Polestar's business.

Polestar has undertaken, and in the future may choose to or be compelled to undertake, product recalls or to take other actions that could result in litigation and adversely affect its business, prospects, results of operations, reputation and financial condition.

As of the date of this Report, Polestar has issued a number of recalls of its vehicles and expects more will be issued in the future. Examples of some of these recalls were due to (i) a risk of certain high voltage battery cells overheating when the battery is fully charged, which could lead to a thermal event inside the battery, increasing the risk of fire, (ii) the mal-production of seatbelts which could result in the early activation of the locking feature used to tightly secure a child restraint system, (iii) the too high adjustment of headlamps which could result in excessive glare for oncoming traffic, (iv) a software error causing an internal reset in the Battery Energy Control Module, resulting in the control unit opening the high voltage connectors during driving (which caused two recalls), (v) a supplier design issue known as "tin whiskers," which caused a short circuit inside the front and rear inverters, (vi) an error resulting in displayed velocity of the vehicle being lower than the actual velocity, and (vii) an incorrect message shown on display when the vehicle is placed in reverse mode. Product recalls in the future may result in litigation and adverse publicity and may damage

Polestar's reputation and adversely affect its business, prospects, results of operations and financial condition. In the future, Polestar may, voluntarily or involuntarily, initiate a recall if any of its electric vehicles or components (including its battery cells) prove to be defective or noncompliant with applicable federal motor vehicle safety standards. If a large number of vehicles are the subject of a recall or if needed replacement parts are not in adequate supply, Polestar may be unable to service and repair recalled vehicles for a significant period of time. These types of disruptions could jeopardize Polestar's ability to fulfill existing contractual commitments or satisfy demand for its electric vehicles and could also result in the loss of business to its competitors. Such recalls, whether caused by systems or components engineered or manufactured by Polestar or its suppliers, would involve significant expense and diversion of management's attention and other resources, which could adversely affect Polestar's brand image in its target market and its business, prospects, results of operations and financial condition.

Polestar may in the future be subject to legal proceedings, regulatory disputes and governmental inquiries that could cause it to incur significant expenses, divert its management's attention and materially harm its business, results of operations, cash flows and financial condition.

From time to time, Polestar may be subject to claims, lawsuits, government investigations and other proceedings involving product liability, consumer protection, competition and antitrust, intellectual property, privacy, securities, tax, labor and employment, health and safety, its direct distribution model, environmental claims, commercial disputes, corporate and other matters that could adversely affect its business, results of operations, cash flows and financial condition. In the ordinary course of business, Polestar has been the subject of complaints or litigation, including claims related to consumer complaints and intellectual property matters.

Litigation and regulatory proceedings may be protracted and expensive, and the results are difficult to predict. Additionally, Polestar's litigation costs could be significant, even if it achieves favorable outcomes. Adverse outcomes with respect to litigation or any of these legal proceedings may result in significant settlement costs or judgments, penalties and fines, or require Polestar to modify, make temporarily unavailable or stop manufacturing or selling its vehicles in some or all markets, all of which could negatively affect its sales and revenue growth and adversely affect its business, prospects, results of operations, cash flows and financial condition. The results of litigation, investigations, claims and regulatory proceedings cannot be predicted with certainty, and determining reserves for pending litigation and other legal and regulatory matters requires significant judgment. There can be no assurances that Polestar's expectations will prove correct, and even if these matters are resolved in Polestar's favor or without significant cash settlements, these matters, and the time and resources necessary to litigate or resolve them, could harm Polestar's business, results of operations, cash flows and financial condition. In addition, the threat or announcement of litigation or investigations by governmental authorities or other parties, irrespective of the merits of the underlying claims, may itself have an adverse impact on the trading price of the Company's securities.

Polestar may become subject to product liability claims, which could harm its financial condition and liquidity if it is not able to successfully defend or insure against such claims.

Polestar may become subject to product liability claims, which could harm its business, prospects, results of operations and financial condition. The automotive industry experiences significant product liability claims, and Polestar faces inherent risks of exposure to claims in the event its vehicles do not perform or are claimed not to perform as expected or malfunction, resulting in property damage, personal injury or death. Polestar also expects that, as is true for other automakers, Polestar's vehicles will be involved in crashes resulting in death or personal injury, and even if not caused by the failure of its vehicles, Polestar may face product liability claims and adverse publicity in connection with such incidents. In addition, Polestar may face claims arising from or related to failures, claimed failures or misuse of new technologies that Polestar expects to offer, including ADAS/AD features and future upgrades in its vehicles. In addition, the battery packs that Polestar utilizes make use of lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells (see "*—Polestar's vehicles make use of lithium-ion battery cells, which have been observed to catch fire or vent smoke and flame*."). Any such events or failures of Polestar's vehicles, battery packs or warning systems could subject it to lawsuits, product recalls or redesign efforts, all of which would be time consuming and expensive.

A successful product liability claim against Polestar could require it to pay a substantial monetary award. Moreover, a product liability claim against Polestar or its competitors could generate substantial negative publicity about its vehicles and business and inhibit or prevent commercialization of its future vehicles, which would have material and adverse effects on its brand, business, prospects and results of operations. Polestar's insurance coverage might not be sufficient to cover all potential product liability claims, and insurance coverage may not continue to be available to Polestar or, if available, may be at a significantly higher cost. Any lawsuit seeking significant monetary damages or other product liability claims may have a material and adverse effect on Polestar's reputation, business and financial condition.

Polestar's manufacturing partners may be exposed to delays, limitations and risks related to the environmental permits and other operating permits required to operate manufacturing facilities for its vehicles.

Operation of an automobile manufacturing facility requires land use and environmental permits and other operating permits from federal, state and local government entities. Polestar plans to expand its manufacturing capacities by entering into additional agreements with its manufacturing partners over time to achieve a future target production capacity and will be required to apply for and secure various environmental (including wastewater) and land use permits and certificates of occupancy necessary for the commercial operation and occupation of such expanded and additional facilities and will also rely on its partners' ability to apply for and secure various environmental and land use permits and certificates of occupancy necessary for the commercial operation and occupation of such expanded and additional facilities. Delays, denials or restrictions on any of the applications for or assignment of the permits to operate Polestar's manufacturing facilities could adversely affect its ability to execute on its business plans and objectives based on its current target production capacity or its future target production capacity.

Polestar and its manufacturing partners are and will be subject to various environmental, health and safety laws and regulations that could impose substantial costs on it and cause delays in expanding its production capabilities.

Polestar and its manufacturing partners' operations are subject to federal, state and local environmental laws and regulations in different jurisdictions and are and will be subject to international environmental laws, including laws relating to the use, handling, storage, disposal of and human exposure to hazardous materials. Environmental, health and safety laws and regulations are complex and continuously evolving, and Polestar's compliance obligations under such laws are still relatively new. Moreover, Polestar and its manufacturing partners may be affected by future amendments to such laws or other new environmental, health and safety laws and regulations which may require it to change or otherwise adapt its operations in order to comply, potentially resulting in a material and adverse effect on its business, prospects, results of operations and financial condition. These laws can give rise to liability for administrative oversight costs, cleanup costs, property damage, bodily injury, fines and penalties. Capital and operating expenses needed to comply with environmental laws and regulations can be significant, and violations could result in litigation and substantial fines and penalties, third-party damages, suspension of production, cessation of operations or negative reputational concerns, any of which could adversely affect Polestar's business, prospects, results of operations and financial condition.

Polestar is planning to introduce ADAS/AD technology, which is subject to uncertain and evolving regulations.

Polestar expects to introduce new ADAS/AD technologies into its vehicles over time. ADAS/AD technology is subject to considerable regulatory uncertainty as the law in different jurisdictions evolves to catch up with the rapidly evolving nature of the technology itself, all of which is beyond Polestar's control. There is a variety of international, federal and state regulations that may apply to self-driving and driver-assisted vehicles, which include many existing vehicle standards that were not originally intended to apply to vehicles that may not have a driver. There are currently no federal U.S. regulations pertaining to the safety of self-driving vehicles; however, NHTSA has established recommended guidelines. Certain states have legal restrictions on self-driving vehicles, and many other states are considering them. In Europe, certain vehicle safety regulations apply to self-driving braking and steering systems, and certain treaties also restrict the legality of certain higher levels of self-driving vehicles. Self-driving laws and regulations are expected to continue to evolve in numerous jurisdictions in the U.S. and foreign countries, which increases the likelihood of a patchwork of complex or conflicting regulations that may delay products or restrict self-driving features and availability, which could adversely affect Polestar's business. Polestar's vehicles may not achieve the requisite level of autonomy that may be required in some countries or jurisdictions for certification and rollout to consumers or may not satisfy changing regulatory requirements which could require Polestar to redesign, modify or update its ADAS/AD hardware and related software systems. Any such requirements or limitations could impose significant expense or delays and could harm its competitive position, which could adversely affect Polestar's business, prospects, results of operations and financial condition.

Polestar is and will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, and noncompliance with such laws can subject Polestar to administrative, civil and criminal penalties, collateral consequences, remedial measures and legal expenses, all of which could adversely affect its business, results of operations, financial condition and reputation.

Polestar is and will be subject to anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions, and similar laws and regulations in various jurisdictions in which it conducts activities, including the U.S. Foreign Corrupt Practices Act ("*FCPA*"), the United Kingdom Bribery Act 2010 ("*Bribery Act*") and other applicable anti-corruption laws and regulations. These applicable anti-corruption laws and regulations, among other things, prohibit Polestar and its officers, directors, employees and relevant other persons acting on its behalf, from corruptly offering, promising, authorizing or providing anything of value to a "foreign official" for the purposes of influencing official decisions or obtaining or retaining business or otherwise obtaining favorable treatment. These laws and regulations apply worldwide. The FCPA also requires companies to make and keep books, records and accounts that accurately reflect transactions and dispositions of assets and to maintain a system of adequate internal accounting controls. Similarly, it is a defense under section 7 of the Bribery Act if a company has implemented "adequate procedures" designed to ensure compliance with the provisions of the Bribery Act. A violation of these laws or regulations could adversely affect Polestar's business, reputation, financial condition and results of operations.

Polestar has direct or indirect interactions with officials and employees of government agencies and state-owned affiliated entities in the ordinary course of business. It also has business collaborations with government agencies and state-owned affiliated entities. These interactions subject Polestar to an increasing level of compliance-related concerns. Polestar has implemented policies and procedures designed to ensure compliance by Polestar and its directors, officers, employees, representatives, consultants, agents and business partners with applicable anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws and regulations, including the FCPA and the Bribery Act. However, its policies and procedures may not be sufficient and its directors, officers, employees and relevant other persons acting on its behalf could engage in improper conduct for which Polestar may be held responsible.

Non-compliance with anti-corruption, anti-bribery, anti-money laundering or financial and economic sanctions laws could subject Polestar to whistleblower complaints, adverse media coverage, investigations and severe administrative, civil and criminal sanctions, collateral consequences, remedial measures and legal expenses, all of which could materially and adversely affect Polestar's business, reputation, financial condition and results of operations.

The unavailability, reduction, elimination or the conditionality of certain government and economic programs could have a material and adverse effect on Polestar's business, prospects, financial condition and results of operations.

Polestar has benefited from government subsidies, economic incentives and government policies that support the growth of electric vehicles. These government and economic programs are subject to certain limits as well as changes that are beyond Polestar's control, and Polestar cannot assure you that future changes, if any, would be favorable to its business and could result in margin pressures. For example, recent U.S. legislative efforts, including the Inflation Reduction Act of 2022 ("*IRA*"), may reduce or eliminate federal tax incentives available for purchasers of Polestar vehicles, thereby diminishing the competitiveness of Polestar in the U.S. market. Further, any uncertainty or delay in collection of the government subsidies may also have an adverse impact on Polestar's financial condition. In addition, Polestar may not be able to obtain or agree on acceptable terms and conditions for all or a significant portion of

the government grants, loans and other incentives for which it may apply. Any of the foregoing could materially and adversely affect Polestar's business, financial condition and results of operations.

The IRA, which was enacted into law on August 16, 2022, modifies the tax credit taxpayers are eligible to claim pursuant to Section 30D of the Code (the "*30D tax credit*") for electric vehicle purchases on or after January 1, 2023 until December 31, 2032. The IRA placed certain restrictions on both taxpayers eligible to claim such credit via maximum income restrictions and the type of electric vehicles for which the credit may be claimed. Electric vehicles eligible for the 30D tax credit must, among other requirements, (i) be priced below $55,000 (or $80,000 in the case of vans, sport utility vehicles and pickup trucks), (ii) finally assembled in North America and (iii) meet certain assembly and sourcing requirements for both the vehicle itself and the battery, including final assembly of the vehicle and sourcing of a percentage of battery components in North America. Although the IRS is continuing to release guidance on the new requirements imposed by the IRA, Polestar's vehicles are not presently assembled in North America and do not meet other 30D tax credit eligibility requirements, and its vehicles may suffer a price disadvantage in the U.S. market as compared to electric vehicles of certain competitors that meet all of the requirements for eligibility under the 30D tax credit. Polestar has entered into an agreement with the IRS to become a "qualified manufacturer," but as described in the previous sentence, does not currently have specific makes or models of eligible vehicles listed with the IRS. Given the importance of the U.S. market to Polestar's future business plans, a prolonged or permanent inability to offer electric vehicles that are eligible for the 30D tax credit could materially and adversely affect Polestar's business, financial condition and results of operations.

Although the audit report included in this Report is prepared by auditors who are currently inspected fully by the United States Public Company Accounting Oversight Board (the "PCAOB"), there is no guarantee that future audit reports will be prepared by auditors that are completely inspected by the PCAOB and, as such, future investors may be deprived of such inspections, which could result in limitations or restrictions to the Company's access to U.S. capital markets. Furthermore, trading in the Company's securities on any U.S. stock exchange may be prohibited under the HFCAA or the Accelerating Holding Foreign Companies Accountable Act if the SEC subsequently determines that the Company's audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely and, as a result, U.S. national securities exchanges, such as Nasdaq, may determine to delist the Company's securities. Furthermore, the Accelerating Holding Foreign Companies Accountable Act, amends the HFCAA and requires the SEC to prohibit an issuer's securities from trading on any U.S. stock exchange if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.

As an auditor of companies that are registered with the SEC and publicly traded in the United States and a firm registered with the PCAOB, Deloitte is required under the laws of the United States to undergo regular inspections by the PCAOB to assess their compliance with the laws of the United States and professional standards. Although Polestar relies on its and its partners' operations within China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese government authorities, Deloitte is currently inspected fully by the PCAOB.

Inspections of other auditors conducted by the PCAOB outside China have at times identified deficiencies in those auditors' audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections of audit work undertaken in China prevents the PCAOB from regularly evaluating auditors' audits and their quality control procedures. As a result, to the extent that any component of Deloitte's work papers are or become located in China, such work papers will not be subject to inspection by the PCAOB. As a result, investors would be deprived of such PCAOB inspections, which could result in limitations or restrictions to the Company's access of the U.S. capital markets.

Further, U.S. legislators and regulators have in recent years voiced concerns about risks associated with investing in companies that are based in or have substantial operations in emerging markets, including China. In particular, lawmakers have highlighted the increased risks associated with companies whose independent auditors are unable to be inspected by the PCAOB. As part of this continued focus in the United States on access to audit and other information currently protected by national law, in particular China's, on December 18, 2020, the U.S. president signed into law the HFCAA, which includes requirements for the SEC to identify issuers whose audit work is performed by auditors that the PCAOB is unable to inspect or investigate completely because of a restriction imposed by a non-U.S. authority in the auditor's local jurisdiction.

On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCAA. The Company will be required to comply with these rules if the SEC identifies it as having a "non-inspection" year (as defined in the interim final rules) under a process to be subsequently established by the SEC. The SEC is assessing how to implement other requirements of the HFCAA, including listing and trading prohibition requirements. Under the HFCAA, the Company's securities may be prohibited from trading on Nasdaq or other U.S. stock exchanges if its auditor is not inspected by the PCAOB for three consecutive years, and this ultimately could result in the Company's securities being delisted.

On September 22, 2021, the PCAOB adopted a final rule implementing the HFCAA, which provides a framework for the PCAOB to use when determining, as contemplated under the HFCAA, whether the PCAOB is unable to inspect or investigate completely registered public accounting firms located in a foreign jurisdiction because of a position taken by one or more authorities in that jurisdiction.

On December 2, 2021, the SEC issued amendments to finalize rules implementing the submission and disclosure requirements in the HFCAA. The rules apply to registrants that the SEC identifies as having filed an annual report with an audit report issued by a registered public accounting firm that is located in a foreign jurisdiction and that PCAOB is unable to inspect or investigate completely because of a position taken by an authority in foreign jurisdictions.

On December 16, 2021, the SEC announced that the PCAOB designated China and Hong Kong as the jurisdictions where the PCAOB is not allowed to conduct full and complete audit inspections as mandated under the HFCAA.

On August 26, 2022, the PCAOB announced that it had signed a Statement of Protocol (the "*Protocol*") with the CSRC and the Ministry of Finance ("*MOF*") of the People's Republic of China, which governs inspections and investigations of audit firms based in mainland China and Hong Kong. The Protocol establishes a specific, accountable framework to make possible complete inspections and investigations by the PCAOB of audit firms based in mainland China and Hong Kong, as required under U.S. law.

On December 15, 2022, the PCAOB announced that it has completed a test inspection of two selected auditing firms in mainland China and Hong Kong and has voted to vacate its previous Determination Report, which concluded in December 2021 that it could not inspect or investigate completely registered public accounting firms based in mainland China or Hong Kong. Moving forward, the PCAOB will continue to demand complete access in mainland China and Hong Kong. Despite the PCAOB's announcement, Chinese authorities will need to ensure that the PCAOB continues to have full access for inspections and investigations in 2023 and beyond, or the threat for Chinese companies listed on U.S. stock exchanges has not been relieved. The PCAOB has also indicated that it will act immediately to consider the need to issue new determinations with the HFCAA if needed.

The Accelerating Holding Foreign Companies Accountable Act was enacted in December 2022 and amends the HFCAA and requires the SEC to prohibit an issuer's securities from trading on any U.S. stock exchange if its auditor is not subject to PCAOB inspections for two consecutive years instead of three.

There can be no assurance that the Company will be able to comply with requirements imposed by U.S. regulators. The market price of the Company's securities could be adversely affected as a result of anticipated negative impacts of these executive or legislative actions upon, as well as negative investor sentiment towards, companies reliant upon operations in China that are listed in the United States, regardless of whether these executive or legislative actions are implemented and regardless of the Company's actual operating performance.

Risks Related to Intellectual Property

Much of the intellectual property pertaining to Polestar's vehicles is owned by Volvo Cars and Geely and licensed, in some cases on a non-exclusive basis, to Polestar. Accordingly, Polestar may lack certain advantages that competitors or owners of intellectual property, as opposed to licensees, typically have, with respect to some of such intellectual property, such as the ability to enforce intellectual property rights against infringers or the ability to effectively defend against infringement suits that may be initiated against Polestar.

Polestar licenses much of the intellectual property that relates to its vehicles from Volvo Cars and Geely. Thus, in instances where license agreements do not give Polestar the right to defend the intellectual property, Volvo Cars or Geely rather than Polestar enjoys the rights intellectual property owners typically enjoy for certain of such intellectual property, such as the right to bring a lawsuit against a suspected infringer, the right to grant licenses to third parties, and the right to prosecute patent applications. If Polestar suspected such intellectual property were being infringed, e.g., by a competitor, in some cases, it would not be able to stop the infringement without Volvo Cars' or Geely's cooperation, which it may or may not at the relevant time be in Volvo Cars' or Geely's interest to provide. Some of the intellectual property Polestar licenses from Volvo Cars is licensed on a non-exclusive basis. This means that in principle Volvo Cars or Geely could use the same intellectual property itself, for its own account, and grant licenses to such intellectual property to third parties. Moreover, license agreements such as those with Volvo Cars or Geely may be subject to termination in certain instances. In any event, in such cases, Volvo Cars or Geely and not Polestar would have the right to obtain, maintain, enforce, and protect much of Volvo Cars' or Geely's intellectual property pertaining to Polestar's business.

Polestar may fail to adequately obtain, maintain, enforce and protect relevant intellectual property and licensing rights, and may not be able to prevent third parties from unauthorized use of such intellectual property and related technology. If Polestar is unsuccessful in any of the foregoing, its competitive position could be harmed and it could be required to incur significant expenses to enforce its rights.

Polestar's ability to compete effectively is dependent in part upon its ability to obtain, maintain, enforce and protect its intellectual property, proprietary technology and licensing rights, but it may not be able to prevent third parties from the unauthorized use of its intellectual property and proprietary technology (or its licensors' intellectual property and proprietary technology, including Volvo Cars' or Geely's), which could harm its business and competitive position. Polestar establishes and protects its intellectual property and proprietary technology through a combination of licensing agreements, nondisclosure and confidentiality agreements and other contractual provisions, as well as through patent, trademark, copyright and trade secret laws in the United States and other jurisdictions. In addition, Polestar licenses material intellectual property from Volvo Cars and Geely. Despite Polestar's efforts to obtain and protect intellectual property rights, there can be no assurance that these protections will be available in all cases or will be adequate or timely to prevent Polestar's competitors or other third parties from copying, reverse engineering or otherwise obtaining and using Polestar's or its licensors' (including Volvo Cars' or Geely's) technology or seeking court declarations that they do not infringe, misappropriate or otherwise violate Polestar's or its licensors' (including Volvo Cars' or Geely's) intellectual property. Failure to adequately obtain, maintain, enforce and protect Polestar's intellectual property could result in its competitors offering identical or similar products, potentially resulting in the loss of Polestar's competitive advantage and a decrease in its revenue, which would adversely affect its business, prospects, financial condition and results of operations.

The measures Polestar takes to obtain, maintain, protect and enforce intellectual property rights, including preventing unauthorized use by third parties, may not be effective for various reasons, including the following:

- Polestar's licensors (including Volvo Cars and Geely) may have developed and may own the intellectual property, and Polestar may enjoy only a license to it without rights to prosecute patent applications, maintain patents, defend the validity of the intellectual property against challenges, or assert the intellectual property against suspected infringers;
- any patent application Polestar or its licensors (including Volvo Cars and Geely) files may not result in the issuance of a patent;

- Polestar or its licensors (including Volvo Cars and Geely) may not be the first inventor of the subject matter to which it has filed a particular patent application, and/or it may not be the first party to file such a patent application;
- the scope of issued patents may not be sufficient to protect the inventions and technology;
- issued patents may be challenged by its competitors or other third parties and invalidated by courts or other tribunals;
- patents have a finite term, and competitors and other third parties may offer identical or similar products after the expiration of patents that cover such products;
- employees, contractors or business partners (and the employees and contractors of business partners such as Volvo Cars and Geely) may breach their confidentiality, non-disclosure and non-use obligations;
- competitors and other third parties may independently develop technologies that are the same or similar to Polestar's or its licensors (including Volvo Cars and Geely);
- the costs associated with enforcing patents or other intellectual property rights, or confidentiality and invention assignment agreements may make enforcement impracticable; and
- competitors and other third parties may circumvent or otherwise design around Polestar's or its licensors (including Volvo Cars' and Geely's) patents or other intellectual property.

Patent, trademark, copyright and trade secret laws vary significantly throughout the world. The laws of some countries, including countries in which Polestar's products are or will be sold, may not be as protective of intellectual property rights as those in the United States or Sweden, and mechanisms for obtaining and enforcing intellectual property rights may be ineffectual or inadequate. Therefore, Polestar's and its licensors' (including Volvo Cars' and Geely's) intellectual property may not be as strong or as predictably obtained or enforced outside of the United States or Sweden. Further, policing the unauthorized use of Polestar's and its licensors' (including Volvo Cars' and Geely's) intellectual property in some jurisdictions may be difficult or too expensive to be practical. In addition, third parties may seek to challenge, invalidate or circumvent patents, trademarks, copyrights, trade secrets or other intellectual property, or applications for any of the foregoing, which could permit Polestar's competitors or other third parties to develop and commercialize products and technologies that are the same or similar to Polestar's or its licensors' (including Volvo Cars' and Geely's).

While Polestar has registered and applied for registration of trademarks in an effort to protect its brand and goodwill with customers, competitors or other third parties have in the past and may in the future oppose its trademark applications or otherwise challenge Polestar's use of the trademarks and other brand names in which it has invested. Such oppositions and challenges can be expensive and may adversely affect Polestar's ability to maintain the goodwill gained in connection with a particular trademark. In addition, Polestar may lose its trademark rights if it is unable to submit specimens or other evidence of use by the applicable deadline to perfect such trademark rights.

It is Polestar's policy to enter into confidentiality and invention assignment agreements with its employees and contractors that have developed material intellectual property for Polestar, but these agreements may not be self-executing and may not otherwise adequately protect Polestar's intellectual property, particularly with respect to conflicts of ownership relating to work product generated by the employees and contractors. Furthermore, Polestar cannot be certain that these agreements will not be breached and that third parties will not improperly gain access to its trade secrets, know-how and other proprietary technology. Third parties may also independently develop the same or substantially similar proprietary technology. Monitoring unauthorized use of Polestar's and its licensors' (including Volvo Cars' and Geely's) intellectual property is difficult and costly, as are the steps Polestar has taken or will take to prevent misappropriation.

Polestar has acquired or licensed, and plans to further acquire licenses, patents and other intellectual property from third parties, including suppliers and service providers, and it may face claims that its use of this acquired or in-licensed technology infringes, misappropriates or otherwise violates the intellectual property rights of third parties. In such cases, Polestar will seek indemnification from its licensors or other applicable entities. However, Polestar's rights to indemnification may be unavailable or insufficient to cover its costs and losses. Furthermore, disputes may arise with Polestar's licensors or other applicable entities regarding the intellectual property subject to, and any of Polestar's rights and obligations under, any license or other commercial agreement.

To prevent the unauthorized use of Polestar's or its licensors' (including Volvo Cars' and Geely's) intellectual property, it may be necessary to prosecute actions for infringement, misappropriation or other violation against third parties. Any such action could result in significant costs and diversion of Polestar's resources and management's attention, and there can be no assurances that Polestar will be successful in any such action or that its licensors (including Volvo Cars and Geely) will consent to institute or participate in such an action. Any such action may result in a loss of intellectual property rights. Furthermore, many of Polestar's current and potential competitors have the ability to dedicate substantially greater resources to enforce their intellectual property rights than Polestar currently does. Accordingly, despite its efforts, Polestar may not be able to prevent third parties from infringing, misappropriating or otherwise violating intellectual property. Any of the foregoing could adversely affect Polestar's business, prospects, financial condition and results of operations.

Polestar uses other parties' software and other intellectual property in its proprietary software, including "open source" software. Any inability to continuously use such software or other intellectual property in the future could have a material adverse impact on Polestar's business, financial condition, results of operations and prospects.

Polestar uses open source software in its products and anticipates using open source software in the future. Some open source software licenses require those who distribute open source software as part of their own software product to publicly disclose all or part of the source code to such software product or to make available any derivative works of the open source code on unfavorable terms or at no

cost, and Polestar may be subject to such terms. The terms of many open source licenses to which Polestar is subject have not been interpreted by U.S. or other courts, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on Polestar's ability to provide or distribute its products or services. Any actual or claimed requirement to disclose Polestar's proprietary source code or pay damages for breach of contract or copyright infringement could harm Polestar's business and could help third parties, including Polestar's competitors, develop products and services that are similar to or better than Polestar's. While Polestar monitors its use of open source software and tries to ensure that none is used in a manner that would require it to disclose its proprietary source code or that would otherwise breach the terms of an open source agreement, such use could inadvertently occur, or could be claimed to have occurred. Additionally, Polestar could face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that it developed using such software, which could include its proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require Polestar to make its software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until it can re-engineer them to avoid infringement, which may be a costly and time-consuming process, and Polestar may not be able to complete the re-engineering process successfully.

Additionally, the use of certain open source software can lead to greater risks than use of other parties' commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and Polestar cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect Polestar's business. Any of these risks could be difficult to eliminate or manage and, if not addressed, could have a material and adverse effect on Polestar's business, financial condition and results of operations.

Polestar may become subject to claims of intellectual property infringement by third parties which, regardless of merit, could be time-consuming and costly and result in significant legal liability, and could negatively impact Polestar's business, financial condition, results of operations and prospects.

Polestar's competitors or other third parties may hold or obtain patents, copyrights, trademarks or other proprietary rights that could prevent, limit or interfere with Polestar's ability to make, use, develop, sell or market Polestar's products and services, which could make it more difficult for Polestar to operate. From time to time, the holders of such intellectual property rights may assert their rights and urge Polestar to take licenses and/ or may bring suits alleging infringement or misappropriation of such rights, which could result in substantial costs, negative publicity and management attention, regardless of merit. While Polestar endeavors to obtain and protect the intellectual property rights that it expects will allow it to retain or advance its strategic initiatives, there can be no assurance that it will be able to adequately identify and protect the portions of intellectual property that are strategic to its business, or mitigate the risk of potential suits or other legal demands by its competitors. Accordingly, Polestar may consider entering into licensing agreements with respect to such rights, although no assurance can be given that such licenses can be obtained on acceptable terms or that litigation will not occur, and such licenses and associated litigation could significantly increase Polestar's operating expenses. In addition, if Polestar is determined to have or believes there is a high likelihood that it has infringed upon a third party's intellectual property rights, it may be required to cease making, selling or incorporating certain components or intellectual property into its goods and services, to pay substantial damages and/or license royalties, to redesign its products and services and/or to establish and maintain alternative branding for its products and services. In the event that Polestar is required to take one or more such actions, its brand, business, financial condition and operating results may be harmed.

Risks Related to Tax

Unanticipated tax laws, changes in the application or interpretation of existing tax laws to Polestar or Polestar's customers, changes to tax rates or challenges to Polestar's tax positions may adversely impact its profitability and business.

Polestar operates and is subject to income and other taxes in Sweden, China, the United Kingdom, the United States and a growing number of other jurisdictions throughout the world. Existing domestic and foreign tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to Polestar (possibly with retroactive effect), which could require Polestar to change its transfer pricing policies and pay additional tax amounts, fines or penalties, surcharges and interest charges for past amounts due, the amounts and timing of which are difficult to discern. This is also the case with regard to the application of transfer pricing rules to transactions or other provisions between Polestar entities. Existing tax laws, statutes, rules, regulations or ordinances could also be interpreted, changed, modified or applied adversely to Polestar's customers (possibly with retroactive effect) and, if Polestar's customers are required to pay additional surcharges, it could adversely affect demand for Polestar's vehicles. Furthermore, changes to tax laws on income, sales, use, import/export, indirect or other tax laws, statutes, rules, regulations or ordinances on multinational corporations continue to be considered by countries in the European Union, the United States and other countries where Polestar currently operates or plans to operate. These contemplated tax initiatives, if finalized and adopted by countries, and the other tax issues described above may materially and adversely impact Polestar's operating activities, effective tax rate, deferred tax assets, operating income and cash flows. Polestar often relies on generally available interpretations of applicable tax laws and regulations. There cannot be certainty that the relevant tax authorities are in agreement with Polestar's interpretation of these laws. If Polestar's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require Polestar to pay taxes that it currently does not collect or pay or increase the costs of Polestar's services to track and collect such taxes, which could increase Polestar's costs of operations or Polestar's effective tax rate and have a negative effect on Polestar's business, financial condition and results of operations. The occurrence of any of the foregoing tax risks could have a material adverse effect on Polestar's business, financial condition and results of operations.

Transfers of ADSs or the underlying Company securities may be subject to stamp duty or stamp duty reserve tax in the U.K., which would increase the cost of dealing in the Company's securities.

Stamp duty or stamp duty reserve tax ("*SDRT*") is imposed in the U.K. on certain transfers of chargeable securities (which include securities in companies incorporated in the U.K.) at a rate of 0.5% of the consideration paid for the transfer. Certain issues or transfers

of securities to depositories or into clearance systems may be charged at a higher rate of 1.5%, unless an election has been made and maintained by the depository or clearance system under section 97A of the UK Finance Act 1986. Polestar is not aware of any such election having been made. Under current case law and HMRC published practice, no UK stamp duty or SDRT should arise in respect of an issue or transfer of ordinary shares into a depository or clearance system where it forms part of an integral part of capital raising.

Any stamp duty or SDRT payable on a transfer of the underlying Company securities to a depository or a clearance system will in practice generally be paid by the transferors or participants in the depository or a clearance system.

Transfers of ADSs representing underlying Company securities that have been deposited with the depository, which will take place in book entry form through the Depository Trust Company ("*DTC*"), currently do not attract a charge to stamp duty or SDRT in the U.K., provided no written instrument of transfer is used to effect the transfer. If, following a change in law, transfers of Company securities effected through DTC attracted a charge to SDRT or stamp duty, then this would increase the cost of dealing in the Company securities.

A transfer of title in the underlying Company securities from the depository to another person and any subsequent transfers of title in the Company securities will generally attract a charge to stamp duty or SDRT at a rate of 0.5% of any consideration, which is generally payable by the transferee of the underlying Company securities. To the extent such transfer is effected by a written instrument of transfer, then any such duty must be paid (and the relevant instrument of transfer stamped by HM Revenue & Customs ("*HMRC*")) before the transfer can be registered in the register of members of the Company. However, if those underlying Company securities are redeposited with the depository, the redeposit is expected to attract stamp duty or SDRT at the rate of 1.5% of the value of the Company securities, which will, in practice, be required to be paid by the transferor.

The Company may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. Holders of ADSs.

A foreign corporation will be treated as a "passive foreign investment company," or "PFIC," for U.S. federal income tax purposes if either (i) 75% or more of the gross income for a taxable year constitutes passive income for purposes of the PFIC rules, or (ii) 50% or more of such foreign corporation's assets in any taxable year is attributable to assets, including cash, that produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, royalties and certain rents. U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their interests in the PFIC.

Based on the current and projected composition of the Company's income and assets, the Company does not believe it was classified as a PFIC for its most recent taxable year ended on December 31, 2022 and does not expect to be classified as a PFIC for the current taxable year or, to the best of its current estimates, for subsequent taxable years. However, the application of the PFIC rules is subject to uncertainty as the composition of the Company's income and assets may change in the future and, therefore, no assurances can be provided that the Company will not be a PFIC for the current taxable year or in a future year. It is also possible that the IRS would not agree with the Company's conclusion, or that U.S. tax laws could change significantly. For additional information, see Item 10.E "*Additional Information—Taxation—Material U.S. Federal Income Tax Considerations*."

As a result of the Business Combination, the IRS may not agree that the Company is a foreign corporation for U.S. federal tax purposes.

A corporation generally is considered to be a tax resident for U.S. federal income tax purposes in the jurisdiction of its organization or incorporation. Accordingly, under the generally applicable U.S. federal income tax rules, the Company, which is incorporated under the laws of the U.K., would be classified as a non-U.S. corporation (and, therefore, not a U.S. tax resident) for U.S. federal income tax purposes. Section 7874 of the Code provides an exception to this general rule under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. If the Company were to be treated as a U.S. corporation for U.S. federal income tax purposes as a result of the Business Combination, it could be subject to substantial liability for additional U.S. income taxes. However, dividend payments to U.S. Holders (as defined below) would generally constitute "qualified dividends" and be subject to tax at the rates accorded to long-term capital gains. In addition, even if the Company is not treated as a U.S. corporation, it may be subject to unfavorable treatment as a "surrogate foreign corporation" in the event that, following the Business Combination, ownership attributable to former GGI stockholders exceeded a threshold amount. If it were determined that the Company is treated as a surrogate foreign corporation for U.S. federal income tax purposes under Section 7874 of the Code and the Treasury regulations promulgated thereunder, dividends paid by the Company would not qualify for "qualified dividend income" treatment, and U.S. affiliates of the Company could be subject to increased taxation under the inversion gain rules and the "base erosion anti-abuse tax" of Section 59A of the Code. Furthermore, the ability of the U.S. subsidiaries of the Company to utilize certain U.S. tax attributes against income or gain recognized pursuant to certain transactions could be limited.

Polestar does not expect the Company to be treated as a U.S. corporation for U.S. federal income tax purposes or otherwise be subject to unfavorable treatment as a surrogate foreign corporation for U.S. federal income tax purposes as a result of the Business Combination. However, the rules for determining ownership under Section 7874 of the Code are complex and unclear and there is no assurance the IRS may agree with Polestar's determination of ownership of the Company for purposes of Section 7874 of the Code. For additional discussion of the U.S. federal income tax treatment of the Company, see Item 10 "*Additional Information*."

Polestar may be unable to utilize certain of its deferred tax assets, which could increase its future tax expenses.

Due to Polestar scaling its headcount and research and development expenses to meet the demands of its growing operations, it has generated tax losses since inception. As of December 31, 2022, Polestar had cumulative carryforward losses of $2,202 million. While tax losses in Sweden have an indefinite carryforward period, the carryforward period in China, where Polestar had a carryforward

balance of $585 million as of December 31, 2022, is only five years. As a consequence, the ability of Polestar to utilize certain portions of its deferred tax assets to reduce taxes payable on future Polestar profits, should such profits ever arise, may be limited.

Risks Related to Financing and Strategic Transactions

Polestar will require additional capital to support business growth, and this capital might not be available on commercially reasonable terms, or at all.

Polestar anticipates that it will need to raise additional funds through equity or debt financings. Polestar's business is capital-intensive, and Polestar expects that the costs and expenses associated with its planned operations will continue to increase in the near term. Polestar does not expect to achieve positive cash flow from operations for several years, if at all. Polestar's plan to grow its business is dependent upon the timely availability of funds and further investment in development, component procurement, testing and the build-out of manufacturing capabilities. In addition, the fact that Polestar has a limited operating history means that it has limited historical data on the demand for its vehicles. As a result, Polestar's future capital requirements are uncertain, and actual capital requirements may be greater than what it currently anticipates.

If Polestar raises additional funds through further issuances of equity or convertible debt securities, Polestar's shareholders could suffer significant dilution and economic loss, and any new equity securities Polestar issues could have rights, preferences and privileges superior to those of holders of Polestar's current equity securities. Any debt financing in the future could involve additional restrictive covenants relating to Polestar's capital raising activities and other financial and operational matters, which may make it more difficult for Polestar to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Polestar may not be able to obtain additional financing on terms favorable to it, if at all. Polestar's ability to raise additional capital through the sale of equity or equity-linked securities could be significantly impacted by the resale of the Resale Securities by the Selling Securityholders pursuant to the prospectus which forms a part of the shelf registration statement on Form F-1 which could result in a significant decline in the trading price of Polestar's ADSs and thereby potentially hinder Polestar's ability to raise capital at terms that are acceptable to Polestar, or at all. Further, Polestar's ability to obtain such financing could be adversely affected by a number of other factors, including general conditions in the global economy and in the global financial markets, including recent volatility and disruptions in the capital and credit markets, including as a result of a worsening of the COVID-19 pandemic, inflation, interest rate changes and the ongoing conflict between Ukraine and Russia, or investor acceptance of its business model. For more information, also see "*—Risks Related to Polestar's Business and Industry—Changes in foreign currency rates, interest rate risks, or inflation could materially affect Polestar's results of operations*", Item 5 "*Operating and Financial Review and Prospects—Key factors affecting performance—Impact of COVID-19 and the Russo-Ukrainian War*," and Item 5 "*Operating and Financial Review and Prospects—Key factors affecting performance—Inflation.*" These factors may make the timing, amount, terms and conditions of such financing unattractive or unavailable to Polestar. If Polestar is unable to obtain adequate financing or financing on terms satisfactory to it, when it requires it, Polestar will have to significantly reduce its spending, delay or cancel its planned activities or substantially change its corporate structure, and it might not have sufficient resources to conduct or support its business as projected, which would have a material and adverse effect on its results of operations, prospects and financial condition.

Polestar's financial results may vary significantly from period to period due to fluctuations in its operating costs, product demand and other factors.

Polestar expects its period-to-period financial results to vary based on its operating costs and product demand, which it anticipates will fluctuate as it continues to design, develop and manufacture new vehicles, increase production capacity and establish or expand design, research and development, production, sales and service facilities. Polestar's revenues from period to period may fluctuate as it identifies and investigates areas of demand, adjusts volumes and adds new product derivatives based on market demand and margin opportunities, develops and introduces new vehicles or introduces existing vehicles to new markets for the first time. In addition, automotive manufacturers typically experience significant seasonality, with comparatively low sales in the first quarter and comparatively high sales in the fourth quarter. Polestar's period-to-period results of operations may also fluctuate because of other factors including labor availability and costs for hourly and management personnel; profitability of its vehicles, especially in new markets; changes in interest rates; impairment of long-lived assets; macroeconomic conditions, both internationally and locally; negative publicity relating to its vehicles; changes in consumer preferences and competitive conditions; or investment in expansion into new markets. As a result of these factors, Polestar believes that period-to-period comparisons of its financial results, especially in the short term, may have limited utility as an indicator of future performance. Significant variation in Polestar's quarterly performance could significantly and adversely affect the trading price of the ADSs.

Risks Related to Ownership of Polestar's Securities

If the Business Combination's benefits do not meet the expectations of investors, stockholders or financial analysts, the market price of the ADSs may decline.

An active trading market for Polestar's ADSs has existed for only a short period since the closing of the Business Combination on June 23, 2022, and it may not be sustained. You may be unable to sell your ADSs if an active trading market cannot be sustained. Fluctuations in the price of the ADSs could contribute to the loss of all or part of your investment. The trading price of the ADSs could be volatile and subject to wide fluctuations in response to various factors, some of which are beyond Polestar's control. Any of the factors listed below could have a material and adverse effect on the trading price of the ADSs, which may trade at prices significantly below the price you paid (which includes the prices paid by ADS holders who acquired their securities through a conversion of GGI ClassA Common Stock in the Business Combination). In such circumstances, the trading price of the ADSs may not recover and may experience a further decline.

Factors affecting the trading price of the ADSs may include:

- actual or anticipated fluctuations in Polestar's periodic financial results or the periodic financial results of companies perceived to be similar to Polestar;
- changes in the market's expectations about Polestar's operating results;
- the public's reaction to Polestar's press releases, other public announcements and filings with the SEC;
- speculation in the press or investment community;
- success of competitors;
- Polestar's operating results failing to meet the expectation of securities analysts or investors in a particular period;
- changes in financial estimates and recommendations by securities analysts concerning Polestar or the market in general;
- operating and stock price performance of other companies that investors deem comparable to Polestar;
- Polestar's ability to market new and enhanced features or services on a timely basis;
- changes in laws and regulations affecting Polestar's business;
- commencement of, or involvement in, litigation involving Polestar;
- changes in Polestar's capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of ADSs available for public sale;
- trading volume of the ADSs on Nasdaq;
- any major change in the Board or management;
- sales of substantial amounts of ADSs by Polestar's directors, officers or significant stockholders or the perception that such sales could occur;
- the realization of any of the risk factors presented in this Report;
- additions or departures of key personnel;
- failure to comply with the requirements of Nasdaq;
- failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- actual, potential or perceived control, accounting or reporting problems;
- changes in accounting principles, policies and guidelines; and
- general economic and political conditions such as recessions, interest rates, international currency fluctuations and health epidemics and pandemics (including the COVID-19 pandemic), inflation, changes in diplomatic and trade relationships and acts of war or terrorism.

Broad market and industry factors may materially harm the market price of the ADSs irrespective of Polestar's operating performance. The stock market in general and Nasdaq have experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of the particular companies affected. The trading prices and valuations of these stocks, and of Polestar's securities, may not be predictable. A loss of investor confidence in the market for the stocks of other companies that investors perceive to be similar to Polestar could depress the price of ADSs regardless of Polestar's business, prospects, financial conditions or results of operations. A decline in the market price of the ADSs also could adversely affect its ability to issue additional securities and obtain additional financing in the future.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert management's attention and resources, and could also require Polestar to make substantial payments to satisfy judgments or to settle litigation.

The grant and future exercise of registration rights may adversely affect the market price of the ADSs.

Pursuant to the Registration Rights Agreement, the Registration Rights Holders can each demand that Polestar register their registrable securities under certain circumstances and will each also have piggyback registration rights for these securities in connection with certain registrations of securities that Polestar undertakes. In addition, Polestar is required to file and maintain an effective registration statement under the Securities Act covering such securities and certain other securities of Polestar.

The registration of the resale of these securities will permit the public sale of such securities. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of ADSs.

The Class C ADSs will be exercisable for the Class A ADSs, which would increase the number of AD securities eligible for future resale in the public market and result in dilution to its shareholders.

GGI issued GGI Public Warrants to purchase 16,000,000 shares of GGI Class A Common Stock as part of the GGI initial public offering, consummated on March 25, 2021, and, on the closing date of the GGI initial public offering, GGI issued Private Placement Warrants to the GGI Sponsor to purchase 9,000,000 shares of GGI Class A Common Stock, in each case at $11.50 per share. The GGI Private Placement Warrants were identical to the GGI Public Warrants sold as part of the GGI public units (consisting of one share of

GGI Class A Common Stock and one-fifth of one GGI Public Warrant) except that, so long as they are held by the GGI Sponsor or its permitted transferees: (i) they may not be redeemable by GGI, except as described in the SPAC Warrant Agreement; (ii) they (including the GGI Class A Common Stock issuable upon exercise of these warrants) may not, subject to certain limited exceptions, be transferred, assigned or sold by the GGI Sponsor until 30 days after the completion of an initial business combination involving GGI and one or more businesses; (iii) they may be exercised by the holders on a cashless basis; and (iv) they are subject to registration rights. The GGI Warrants were exercisable on the later of 30 days after the consummation of the Business Combination.

In connection with the Business Combination, each GGI Warrant converted into a Class C ADS, of which the underlying Class C Share is exercisable for a Class A ADS representing one Class C Share and subject to substantially the same terms as were applicable to the GGI Warrants under the SPAC Warrant Agreement. Please see Item 12 "*Description of Securities Other Than Equity Securities*." The Class A ADSs issued upon exercise of the Class C ADSs will result in dilution to then existing Company shareholders and increase the number of AD securities eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of Class A ADSs.

There is no guarantee that the Class C ADSs will ever be in the money, and they may expire worthless.

The exercise price for the Class C ADSs is $11.50 per Class C ADS (excluding any fees due to the depository in connection with the conversion of the Class C ADSs and the issuance of the Class A ADSs). There is no guarantee that the Class C ADS will ever be in the money prior to their expiration, and as such, the Class C ADSs may expire worthless.

Polestar may amend the terms of the Class C ADSs in a manner that may be adverse to holders. As a result, the exercise price of your Class C ADSs could be increased, the exercise period could be shortened and the number of Class A ADSs purchasable upon exercise of a Class C ADS could be decreased, all without your approval. With respect to the Class C-1 ADSs, in accordance with the U.K. Companies Act 2006 (the "*Companies Act*") and the Polestar Articles, such amendment would require (i) in order to amend the relevant provisions in the Polestar Articles, a special resolution (requiring approval by at least 75% of members entitled to vote at a meeting of members of Polestar) and (ii) written consent to such amendment by holders of at least 75% of the then-outstanding Class C-1 ADSs.

Polestar may redeem unexpired Class C-1 ADSs prior to their exercise at a time that is disadvantageous to holders, thereby making their Class C-1 ADSs worthless.

Polestar has the ability to redeem outstanding Class C-1 ADSs at any time prior to their expiration, at a price of $0.01 per Class C-1 ADS; provided that the last reported sales price of Class A ADSs equals or exceeds $18.00 per share for any 20 trading days within a 30 trading-day period ending on the third trading day prior to the date on which Polestar gives proper notice of such redemption to the holders of Class C-1 ADSs and provided certain other conditions are met. Polestar will not redeem the Class C-1 ADSs unless an effective registration statement under the Securities Act covering the issuance of the Class A ADSs issuable upon exercise of the Class C-1 ADSs is effective and a current prospectus relating to those Class C-1 ADSs is available throughout the 30-day redemption period, except if the Class C-1 ADSs may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the Class C-1 ADSs become redeemable by Polestar, Polestar may exercise its redemption right even if Polestar is unable to register or qualify the underlying securities for sale under all applicable state securities laws. Redemption of the outstanding Class C-1 ADSs could force the holders of such Class C-1 ADSs: (i) to exercise their Class C-1 ADSs and pay the exercise price therefor at a time when it may be disadvantageous for them to do so; (ii) to sell their Class C-1 ADSs at the then-current market price when they might otherwise wish to hold their Class C-1 ADSs; or (iii) to accept the nominal redemption price which, at the time the outstanding Class C-1 ADSs are called for redemption, is likely to be substantially less than the market value of their Class C-1 ADSs. Additionally, if a significant number of holders of Class C-1 ADSs exercise their Class C-1 ADSs instead of accepting the nominal redemption price, the issuance of these Class A ADSs would dilute other equity holders, which could reduce the market price of Class A ADSs. As of the date of this Report, the Class A ADSs have never traded above $18.00 per share.

In addition, Polestar may redeem Class C-1 ADSs for a number of Class A ADSs determined based on the redemption date and the fair market value of Class A ADSs, starting at a trading price of $10.00. Any such redemption may have similar consequences to a cash redemption described above. In addition, such redemption may occur at a time when the Class C-1 ADSs are "out-of-the-money," in which case holders of Class C-1 ADSs would lose any potential embedded value from a subsequent increase in the value of the Class A ADSs had such holders' Class C-1 ADSs remained outstanding. None of the Class C-2 ADSs will be redeemable by Polestar (except as set forth in the Polestar Articles) so long as they are held by the GGI Sponsor or its permitted transferees. The Class A ADSs currently trade below $10.00.

In the event Polestar elects to redeem the outstanding Class C-1 ADSs, Polestar will fix a date for the redemption (the "*Class C Redemption Date*") and provide notice of the redemption to be mailed by first class mail, postage prepaid by Polestar not less than 30 days prior to the Class C Redemption Date to the registered holders of the Class C-1 ADSs (who will, in turn, notify the beneficial holders thereof). For addition information regarding the Class C-2 ADSs and the Class C-1 ADSs, please see the applicable sections in the Polestar Articles.

Polestar may issue additional equity securities or convertible debt securities without the approval of the holders of the ADSs, which would dilute ownership interests and may depress the market price of the ADSs.

Polestar will continue to require significant capital investment to support its business, and Polestar may issue additional equity securities or convertible debt securities of equal or senior rank in the future without approval of the holders of the ADSs in certain circumstances.

Polestar's issuance of additional equity securities or convertible debt securities of equal or senior rank may have the following effects: (i) Polestar's shareholders' proportionate ownership interest in Polestar may decrease; (ii) the amount of cash available per share,

including for payment of dividends in the future, may decrease; (iii) the relative voting power of each previously outstanding Class A ADS may be diminished; and (iv) the market price of ADSs may decline.

Furthermore, certain employees of Polestar and its subsidiaries have been granted equity awards under the Equity Plan, and it is anticipated that certain employees of Polestar and its subsidiaries may receive future grants of equity awards under the Equity Plan and/or may be eligible to participate in the Employee Stock Purchase Plan and the Share Matching Plan. Holders of ADSs will experience additional dilution when those equity awards become vested and settled or exercised, as applicable, for Company securities. See Item 6.B "*Directors, Senior Management and Employees—Executive Officer and Director Compensation*."

The market price and trading volume of the ADSs may be volatile and could decline significantly.

The stock markets, including Nasdaq, on which Polestar has listed the Class A ADSs and the Class C-1 ADSs under the symbols "PSNY" and "PSNYW," respectively, have from time to time experienced significant price and volume fluctuations. An active, liquid and orderly trading market may not be sustained for the ADSs, and the market price of the ADSs may be volatile and could decline significantly. In addition, the trading volume in the ADSs may fluctuate and cause significant price variations to occur. If the market price of the ADSs declines significantly, you may be unable to resell your Company securities and ADSs at or above the market price you paid. Polestar cannot assure you that the market price of the ADSs will not fluctuate widely or decline significantly in the future in response to a number of factors, including, among others, the following:

- the realization of any of the risk factors presented in this Report;
- actual or anticipated differences in Polestar's estimates, or in the estimates of analysts, for Polestar's revenues, results of operations, level of indebtedness, liquidity or financial condition;
- additions and departures of key personnel;
- failure to comply with the requirements of Nasdaq;
- failure to comply with the Sarbanes-Oxley Act or other laws or regulations;
- future issuances, sales, resales or repurchases or anticipated issuances, sales, resales or repurchases, of Company securities;
- publication of research reports about Polestar;
- the performance and market valuations of other similar companies;
- commencement of, or involvement in, litigation involving Polestar;
- broad disruptions in the financial markets, including sudden disruptions in the credit markets;
- speculation in the press or investment community;
- actual, potential or perceived control, accounting or reporting problems;
- changes in accounting principles, policies and guidelines; and
- other events or factors, including those resulting from infectious diseases, health epidemics and pandemics (including the COVID-19 pandemic), natural disasters, war, acts of terrorism or responses to these events.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert Polestar's management's attention and resources, which could have a material and adverse effect on Polestar.

Nasdaq may not continue to list the Class A ADSs and Class C-1 ADSs, which could limit investors' ability to make transactions in the Company's securities and subject the Company to additional trading restrictions.

The Class A ADSs and Class C-1 ADSs are currently listed on Nasdaq. There can be no assurance that the Company will be able to comply with the continued listing standards of Nasdaq. If Nasdaq delists the Class A ADSs or Class C-1 ADSs from trading on its exchange for failure to meet the listing standards, holders of the Company's securities could face significant material adverse consequences including:

- a limited availability of market quotations for the Company's securities;
- reduced liquidity for the Company's securities;
- a determination that the Class A ADSs are a "penny stock" which will require brokers trading in the Class A ADSs to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary market for the Company's securities; and
- a limited amount of news and analyst coverage.

Further consequences of any delisting of the Class A ADS or Class C-1 ADS would include a decreased ability for Polestar to issue additional securities or to obtain additional financing in the future.

Polestar's management team has limited experience managing a public company.

Most members of Polestar's management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Polestar's management team

may not successfully or efficiently manage Polestar's new obligations as a public company, including significant regulatory oversight and reporting obligations under UK companies laws, the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from Polestar's senior management and could divert their attention away from the day-to-day management of Polestar's business, which could adversely affect its business, results of operations, cash flows and financial condition. In addition, Polestar expects to hire additional personnel to support its operations as a public company, which will increase its operating costs in future periods.

The requirements of being a public company may strain Polestar's resources and distract its management, which could make it difficult to manage its business.

Polestar is required to comply with various regulatory and reporting requirements, including those required by UK companies laws and the SEC. Complying with these reporting and other regulatory requirements are time-consuming and will continue to result in increased costs to Polestar and could have a negative effect on Polestar's results of operations, financial condition or business.

As a public company, Polestar is subject to the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, as well as the reporting requirements of the UK companies laws that related to quoted companies. These requirements may place a strain on Polestar's systems and resources. The Exchange Act and UK companies laws require that Polestar file an annual report with respect to its business and financial condition. In addition, it intends to publish certain results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of Nasdaq. Press releases relating to certain financial results and material events will also be furnished to the SEC on Form 6-K. The Sarbanes-Oxley Act requires that Polestar implement and maintain effective disclosure controls and procedures and internal controls over financial reporting. To implement, maintain and improve the effectiveness of its disclosure controls and procedures, Polestar will need to commit and has committed significant resources, has hired and will continue to hire additional staff and has provided and will continue to provide additional management oversight. Polestar has implemented and will continue to implement additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining its growth also will require Polestar to commit additional management, operational and financial resources to identify new professionals to join it and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management's attention from other business concerns, which could have a material and adverse effect on Polestar's results of operations, financial condition or business.

Polestar's independent registered public accounting firm will not be required to formally attest to the effectiveness of the combined company's internal control over financial reporting until its second annual report. Polestar has identified material weaknesses in its internal control over financial reporting related to not maintaining an effective control environment and cannot assure you that there will not be material weaknesses or significant deficiencies in its internal controls in the future.

Polestar expects to incur additional expenses and devote increased management effort toward ensuring compliance with the applicable regulations. Polestar cannot predict or estimate the amount of additional costs Polestar may incur as a result of becoming a public company or the timing of such costs.

Polestar is a foreign private issuer within the meaning of the rules under the Exchange Act and, as such, it is exempt from certain provisions applicable to United States domestic public companies.

Because Polestar qualifies as a foreign private issuer under the Exchange Act, it is exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q, quarterly certifications by the principal executive and financial officers or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

Polestar is required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, it intends to publish its results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information Polestar is required to file with or furnish to the SEC is less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. For example, U.S. domestic issuers are required to file annual reports within 60 to 90 days from the end of each fiscal year. As a result, there may be less publicly available information concerning Polestar's business than there would be if Polestar were a U.S. public company, and you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

As Polestar is a foreign private issuer and follows certain home country corporate governance practices, its shareholders may not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

As a foreign private issuer, Polestar is subject to different U.S. securities laws than domestic U.S. issuers. As long as Polestar continues to qualify as a foreign private issuer under the Exchange Act, Polestar is exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and

- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

In addition, Polestar is not required to file annual reports and financial statements with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act, and is not required to comply with Regulation FD, which restricts the selective disclosure of material information.

Further, Polestar is exempt from certain corporate governance requirements of Nasdaq by virtue of being a foreign private issuer. Although the foreign private issuer status exempts Polestar from most of Nasdaq's corporate governance requirements, Polestar has decided to voluntarily comply with these requirements, except for the requirement to have a compensation committee and a nominating and governance committee consisting entirely of independent directors.

Furthermore, Nasdaq rules also generally require each listed company to obtain shareholder approval prior to the issuance of securities in certain circumstances in connection with the acquisition of the stock or assets of another company, equity based compensation of officers, directors, employees or consultants, change of control and certain transactions other than a public offering. As a foreign private issuer, Polestar is exempt from these requirements and may, if not required by the laws of England and Wales, elect not to obtain shareholders' approval prior to any further issuance of its Class A ADSs or prior to adopting or materially revising equity compensation plans or share incentive plans.

Subject to requirements under the Polestar Articles and Shareholder Acknowledgment Agreement that the Board be comprised of a majority of independent directors for the three years following the Business Combination Closing, Polestar may in the future elect to avail itself of these exemptions or to follow home country practices with regard to other matters. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Further, by virtue of being a controlled company under Nasdaq listing rules, Polestar may elect not to comply with certain Nasdaq corporate governance requirements, including that:

- a majority of the board of directors consist of independent directors (however, pursuant to the Polestar Articles and Shareholder Acknowledgment Agreement, for the three years following the Business Combination Closing, the Board must be comprised of a majority of independent directors);
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the compensation and nominating and governance committees.

Other than as specified above, Polestar may in the future elect to avail itself of these exemptions. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Polestar may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, Polestar is a foreign private issuer, and therefore will not be required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act and may take advantage of certain exemptions to Nasdaq's corporate governance rules. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter, and, accordingly, the next determination will be made with respect to Polestar on June 30, 2023. In the future, Polestar would lose its foreign private issuer status if (i) more than 50% of its outstanding voting securities are owned by U.S. residents and (ii) a majority of its directors or executive officers are U.S. citizens or residents, or it fails to meet additional requirements necessary to avoid loss of foreign private issuer status. If Polestar loses its foreign private issuer status, it will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. Polestar would also have to mandatorily comply with U.S. federal proxy requirements, and its officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, it would lose its ability to rely upon exemptions from certain corporate governance requirements under the listing rules of Nasdaq. As a U.S. listed public company that is not a foreign private issuer, Polestar would incur significant additional legal, accounting and other expenses that it will not incur as a foreign private issuer.

If Polestar no longer qualifies as a foreign private issuer, it may be eligible to take advantage of exemptions from Nasdaq's corporate governance standards if it continues to qualify as a "controlled company." Under these rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a "controlled company." Without giving effect to Class C Shares, any issuance of Earn Out Shares and assuming no conversion of the Class C ADSs, PSD Investment Limited and Snita, an affiliate of Volco Cars, beneficially hold approximately 98.4% of the outstanding voting power of Shares. Mr. Li Shufu controls PSD Investment Limited and directly or indirectly owns approximately 91.9% of equity interests in Geely, which owns approximately 82.0% of equity interests in Volvo Cars. Therefore, Mr. Li Shufu, as a controlling equity interest holder in Geely and PSD Investment Limited, beneficially holds approximately 98.6% of the outstanding voting power of Shares.

As a result, Polestar is a "controlled company" within the meaning of Nasdaq rules, which permit a "controlled company" to elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of its board of directors consist of independent directors (however, pursuant to the Polestar Articles and Shareholder Acknowledgment Agreement, for the three years following the Business Combination Closing, the Board must be comprised of a majority of independent directors);
- the requirement that compensation of its executive officers be determined by a majority of the independent directors of the board or a compensation committee comprised solely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that director nominees be selected, or recommended for the board's selection, either by a majority of the independent directors of the board or a nominating committee comprised solely of independent directors with a written charter addressing the committee's purpose and responsibilities.

Other than as specified above, Polestar may in the future elect to avail itself of these exemptions. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Polestar has identified material weaknesses in its internal control over financial reporting. If Polestar is unable to remediate these material weaknesses or identifies additional material weaknesses, it could lead to errors in Polestar's financial reporting, which could adversely affect Polestar's business and the market price of the ADSs.

As a private company, Polestar was not required to document and test its internal controls over financial reporting nor was management required to certify the effectiveness of its internal controls and its auditors were not required to opine on the effectiveness of its internal control over financial reporting. As a public company, Polestar is subject to the internal control over financial reporting requirements established pursuant to the Sarbanes-Oxley Act and will become subject to the auditor attestation requirements in the year in which it files its second annual report. Polestar may not be able to complete its evaluation, testing and any required remediation in a timely fashion. In addition, Polestar's current controls and any new controls that Polestar develops may become inadequate because of poor design and changes in its business, including increased complexity resulting from any international expansion. Any failure to implement and maintain effective internal controls over financial reporting could adversely affect the results of assessments by its independent registered public accounting firm and its attestation reports.

Polestar has identified material weaknesses in its internal control over financial reporting. Consequently, Polestar may not be able to detect errors timely, Polestar's financial statements could be misstated, Polestar could be subject to regulatory scrutiny and a loss of confidence by stakeholders, which could harm Polestar's business and adversely affect the market price of ADSs.

Polestar has identified material weaknesses in its internal control over financial reporting as well as other control deficiencies. If Polestar fails to develop and maintain an effective system of internal control over financial reporting, it may be unable to accurately report its financial results or prevent fraud.

In the course of auditing Polestar's financial statements as of and for the years ended December 31, 2022 and 2021, Polestar and its independent registered public accounting firm identified material weaknesses in Polestar's internal control over financial reporting as well as other control deficiencies. As defined in standards established by the PCAOB, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of Polestar's annual or interim financial statements will not be prevented or detected on a timely basis. In connection with the audit of Polestar's financial statements as of the year ended December 31, 2022, management concluded that there were four material weaknesses in internal control over financial reporting as of December 31, 2022: (i) The controlling department does not have a sufficient number of qualified personnel connecting operations and finance and the accounting function does not have fully formalized accounting processes or a sufficient number of personnel with technical accounting and SEC regulatory reporting expertise to perform reviews of financial reporting matters and other key controls, including performing timely reviews of work performed by external advisors. This caused a failure to design and maintain an effective control environment with the appropriate associated control activities; (ii) A lack of appropriate processes and controls to recognize revenue in accordance with IFRS 15; (iii) A lack of appropriate processes and controls to properly recognize intangible assets at period end in accordance with service agreements for upcoming car models; and (iv) Insufficient processes and controls over the existence, completeness and valuation of inventory.

All internal control systems, no matter how well designed, have inherent limitations including the possibility of human error and the circumvention or overriding of controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Polestar cannot be certain that measures it is taking will successfully remediate the material weaknesses or that other material weaknesses will not be discovered in the future. If Polestar's efforts are not successful or other material weaknesses or control deficiencies occur in the future, Polestar may be unable to report its financial results accurately on a timely basis or help prevent fraud, which could cause its reported financial results to be materially misstated and result in the loss of investor confidence or delisting and cause the market price of Polestar's AD securities to decline. In addition, it could in turn limit Polestar's access to capital markets, harm its results of operations and lead to a decline in the trading price of Polestar's securities. Additionally, ineffective internal control over financial reporting could expose it to increased risk of fraud or misuse of corporate assets and subject it to potential delisting from

the stock exchange on which Polestar lists, regulatory investigations and civil or criminal sanctions. Polestar may also be required to restate its financial statements from prior periods.

Polestar as a U.S. publicly traded company is subject to the Sarbanes-Oxley Act. While not applicable for this Report due to SEC rules allowing for a transition period for newly public companies, Section 404 of the Sarbanes-Oxley Act requires public companies to include a report of management on its internal control over financial reporting in certain of its filings. In addition, when Polestar files its second annual report, its independent registered public accounting firm must attest to and report on the effectiveness of Polestar's internal control over financial reporting. Polestar's management may conclude that its internal control over financial reporting is not effective. Moreover, even if Polestar's management concludes that its internal control over financial reporting is effective, its independent registered public accounting firm, after conducting such public accounting firm's own independent testing, may issue a report that is qualified if it is not satisfied with Polestar's internal controls or the level at which its controls are documented, designed, operated or reviewed, or if such public accounting firm interprets the relevant requirements differently from Polestar. In addition, as a public company Polestar's reporting obligations may place a significant strain on its management, operational and financial resources and systems for the foreseeable future. Polestar may be unable to timely complete its evaluation testing and any required remediation.

During the course of documenting and testing its internal control procedures, in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, Polestar may identify other weaknesses and deficiencies in its internal control over financial reporting. In addition, if Polestar fails to maintain the adequacy of its internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, it may not be able to conclude on an ongoing basis that it has effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Generally, if Polestar fails to achieve and maintain an effective internal control environment, it could suffer material misstatements in its financial statements and fail to meet its reporting obligations, which would likely cause investors to lose confidence in its reported financial information. This could in turn limit Polestar's access to capital markets, and harm its results of operations. Additionally, ineffective internal control over financial reporting could expose Polestar to increased risk of fraud or misuse of corporate assets and subject it to potential delisting from the stock exchange on which it lists, regulatory investigations and civil or criminal sanctions.

Polestar's dual-class voting structure may limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of the Company securities or ADSs may view as beneficial.

Polestar's authorized and issued ordinary shares are divided into Class A Shares, Class B Shares and Class C Shares. Each Class A Share and Class C Share is entitled to one vote, while each Class B Share is entitled to 10 votes. Only the Class A ADSs, which represent an underlying Class A Share, and Class C-1 ADS, which represent an underlying Class C Share, are listed and traded on Nasdaq, and Polestar intends to maintain the dual-class voting structure.

Snita and PSD Investment Limited hold all of the outstanding Class B Shares and have control of the voting power of all outstanding Class B Shares. As a result, without giving effect to Class C Shares, any issuance of Earn Out Shares and assuming no conversion of the Class C ADSs, PSD Investment Limited and Snita, an affiliate of Volvo Cars, control approximately 98.4% of the total voting power of all issued and outstanding Shares voting together as a single class, even though they are only deemed to beneficially own approximately 87.5% of outstanding Shares.

The U.K. City Code on Takeovers and Mergers, or the Takeover Code, may apply to Polestar.

The Takeover Code applies, among other things, to an offer for a public company whose registered office is in the U.K. (or the Channel Islands or the Isle of Man) and whose securities are not admitted to trading on a regulated market in the U.K. (or the Channel Islands or the Isle of Man) if the company is considered by the Panel on Takeovers and Mergers, or the Takeover Panel, to have its place of central management and control in the U.K. (or the Channel Islands or the Isle of Man). This is known as the "residency test." Under the Takeover Code, the Takeover Panel will determine whether Polestar's place of central management and control is in the U.K. by looking at various factors, including the structure of the Board, the functions of the directors of the Board and where they are resident.

If at the time of a takeover offer, the Takeover Panel determines that Polestar's place of central management and control is in the U.K., Polestar would be subject to a number of rules and restrictions, including, but not limited to, the following: (i) Polestar's ability to enter into deal protection arrangements with a bidder would be extremely limited; (ii) Polestar might not, without the approval of shareholders, be able to perform certain actions that could have the effect of frustrating an offer, such as issuing shares or carrying out acquisitions or disposals; and (iii) Polestar would be obliged to provide equality of information to all bona fide competing bidders.

A majority of the Board resides outside of the U.K., the Channel Islands and the Isle of Man. Accordingly, based upon Polestar's current Board and management structure and its intended plans for its directors and management, for the purposes of the Takeover Code, Polestar is considered to have its place of central management and control outside the U.K., the Channel Islands or the Isle of Man. The Takeover Code is not expected to apply to Polestar. It is possible that in the future circumstances, and in particular the Board composition, could change which may cause the Takeover Code to apply to Polestar.

If securities or industry analysts do not publish research, publish inaccurate or unfavorable research or cease publishing research about Polestar, the ADS trading prices and trading volumes could decline significantly.

The trading market for the ADSs will depend, in part, on the research and reports that securities or industry analysts publish about Polestar or its business. Polestar may be unable to sustain coverage by well-regarded securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of Polestar, or if these securities or industry analysts are not widely respected within the general investment community, the demand for the ADSs could decrease, which might cause the ADSs' trading price and trading volume to decline significantly. In the event that Polestar obtains securities or industry analyst coverage, if

one or more of the analysts who cover Polestar downgrades their assessment of Polestar or publish inaccurate or unfavorable research about Polestar's business, the market price and liquidity for the ADSs could be negatively impacted.

In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to environmental, social and governance ("*ESG*") matters. Such ratings are used by some investors to inform their investment and voting decisions. Inaccurate or unfavorable ESG ratings could lead to negative investor sentiment towards Polestar, which could have a negative impact on the market price and demand for Polestar's securities, as well as Polestar's access to and cost of capital.

You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because Polestar is incorporated under the laws of England and Wales and because Polestar conducts substantially all of its operations outside of the United States and a majority of Polestar's directors and executive officers reside outside of the United States.

Polestar is a public limited company incorporated under the laws of England and Wales, and conducts a majority of its operations outside the United States through Polestar Sweden (which is a wholly-owned subsidiary of Polestar). Substantially all of Polestar's assets are located outside the United States. A majority of Polestar's officers and directors reside outside the United States and a substantial portion of the assets of those persons are located outside of the United States. As a result, it could be difficult or impossible for you to bring an action against Polestar or against these individuals outside of the United States in the event that you believe that your rights have been infringed upon under the applicable securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of England and Wales and of the jurisdictions in which Polestar primarily operates could render you unable to enforce a judgment against Polestar's assets or the assets of Polestar's directors and officers.

Polestar's management has been advised that there is currently no treaty between the United States and the United Kingdom providing for the reciprocal recognition and enforcement of judgments of United States courts by the courts of England and Wales. Further, it is unclear if extradition treaties now in effect between the United States and applicable jurisdictions would permit effective enforcement of criminal penalties of U.S. federal securities laws.

In addition, Polestar's corporate affairs are governed by the Polestar Articles, the Companies Act and the laws of England and Wales. The rights of Polestar's shareholders and the fiduciary duties of Polestar's directors under the laws of England and Wales may not be as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, England and Wales have a different body of securities laws than the United States. Some U.S. states, such as Delaware, may have more fully developed and judicially interpreted bodies of corporate law than England and Wales. In addition, companies organized under the laws of England and Wales may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Certain corporate governance practices in England and Wales, which is Polestar's home jurisdiction, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent Polestar chooses to follow home country practice with respect to corporate governance matters, its shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, Polestar's shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

It is not expected that Polestar will pay dividends in the foreseeable future.

It is expected that Polestar will retain most, if not all, of its available funds and any future earnings to fund the development and growth of its business. As a result, it is not expected that Polestar will pay any cash dividends in the foreseeable future.

The Board has complete discretion as to whether to distribute dividends. Even if the Board decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on the future results of operations and cash flow, capital requirements and surplus, the amount of distributions, if any, received by Polestar from subsidiaries, Polestar's financial condition, contractual restrictions and other factors deemed relevant by the Board. There is no guarantee that the ADSs will appreciate in value or that the trading price of the ADSs will not decline.

Polestar is a holding company and will depend on the ability of its subsidiaries to pay dividends.

Polestar is a holding company without any direct operations and has no significant assets other than its ownership interest in Polestar Sweden. Accordingly, Polestar's ability to pay dividends will depend upon the financial condition, liquidity and results of operations of, and Polestar's receipt of dividends, loans or other funds from, Polestar Sweden and its subsidiaries. Polestar's subsidiaries are separate and distinct legal entities and have no obligation to make funds available to Polestar. In addition, there are various statutory, regulatory and contractual limitations and business considerations on the extent, if any, to which Polestar's subsidiaries may pay dividends, make loans or otherwise provide funds to Polestar.

Polestar has granted, and anticipates granting additional, share-based incentives, which may result in increased share-based compensation expenses.

Polestar has adopted the Equity Plan and the Employee Stock Purchase Plan. Initially, in 2022 the maximum number of Class A ADSs that was available to be issued under the Equity Plan was 10,000,000 Class A ADSs. This amount may be increased each year during the term of the Equity Plan by up to 0.5% of the total number of Shares outstanding on each December 31 immediately prior to the

date of such increase. The Equity Plan permits the award of options, stock appreciation rights, restricted stock, restricted stock units, performance awards, other stock-based awards, cash awards and substitute awards to employees of Polestar and its subsidiaries and affiliates. Polestar will account for compensation costs for all awards granted under the Equity Plan using a fair-value based method and recognize expenses in its consolidated statements of profit or loss in accordance with IFRS.

Initially, in 2022 the maximum number of Class A ADSs that was available to be issued under the Employee Stock Purchase Plan was 2,000,000 Class A ADSs. This amount may be increased each year during the term of the Employee Stock Purchase Plan by up to 0.1% of the total number of Shares outstanding on each December 31 immediately prior to the date of such increase. The Employee Stock Purchase Plan provides employees of Polestar and its subsidiaries and affiliates with the opportunity to purchase Class A ADSs and, in certain instances, to receive matching awards of Class A ADSs from Polestar.

Polestar believes the granting of share-based compensation is of significant importance to its ability to attract and retain key employees, and as such, Polestar has granted, and plans to continue to grant, share-based compensation and incur share-based compensation expenses. As a result, expenses associated with share-based compensation may increase, which may have an adverse effect on Polestar's business and results of operations.

Specifically, as of the date of this Report, Polestar has implemented equity programs under the Equity Plan providing for awards of restricted stock units ("*RSUs*"), performance stock units ("*PSUs*") and Bonus Shares. Polestar has also adopted a Share Matching Plan under the Employee Stock Purchase Plan, described in further detail below, which is anticipated to be made available to certain employees of Polestar in June 2023. Each of these programs will continue to be made available, or will become available, to eligible Polestar employees as permitted by, and subject to, applicable laws and the terms of the applicable plans. All employees employed before 2022 became eligible to participate in the Bonus Shares program, which provides for a one-time issuance of Class A ADSs in a value equal to 4% of the awardee's base salary (net of applicable taxes), with Bonus Shares to be subject to transfer restrictions until the first anniversary of the Business Combination Closing (or an earlier change in control). Polestar has also awarded grants of RSUs and PSUs to certain employees of Polestar as selected by Polestar's Board. Certain RSUs will vest based on the recipient's continued service through the second anniversary of the Business Combination Closing. In addition, Polestar has implemented a long-term incentive program providing for annual grants of equity-based awards vesting over three years, consisting of awards of (i) 100% PSUs granted to Polestar's executive management team, and (ii) 50% RSUs and 50% PSUs granted to other eligible Polestar employees, with such RSUs to vest in full based on continued service through the third anniversary of the Business Combination Closing and such PSUs to vest based on achievement of certain Polestar performance metrics (described following) and continued service through the third anniversary of the Business Combination Closing. Specifically, such PSUs will vest based on Polestar's level of achievement with respect to each of the following metrics through December 31, 2024: 25% with respect to value creation relative to a selected group of peer companies; 25% with respect to unleveraged free cash flow; 20% with respect to ESG achievement measured based on yearly greenhouse gas emissions; and 30% with respect to the achievement of certain operational milestones. The Share Matching Plan under the Employee Stock Purchase Plan includes an annual share matching program whereby the awardee is offered the opportunity to purchase Class A ADSs through payroll deductions of at least $20 per month, but not more than $200 per month (in each case, except as may otherwise be determined by the administrator) and receive a match in the form of Class A ADSs, in an amount equal to up to 100% of the number of Class A ADSs purchased during the applicable offering period, subject to satisfaction of a twelve-month holding period for the corresponding purchased shares.

Holders of ADSs have fewer rights than direct holders of the Company securities and must act through the Depositary to exercise their rights. The voting rights of holders of ADSs are limited by the terms of the Deposit Agreements, and such holders may not be able to exercise their right to vote their Company securities directly.

Holders of ADSs do not have the same rights as Polestar shareholders who hold Company securities directly. Holders of the AD securities are only able to exercise the voting rights with respect to the underlying Company securities in accordance with the provisions of the Deposit Agreements. The holders and beneficial owners of the AD securities are parties to and bound by the terms of the Deposit Agreements for the AD securities they own. Under the Deposit Agreements, ADS holders must vote by giving voting instructions to the Depositary. If Polestar asks for instructions of ADS holders, then upon receipt of such voting instructions, the Depositary will try to vote the underlying Company securities in accordance with these instructions. ADS holders are not able to directly exercise their right to vote with respect to the underlying Company securities unless they present their ADSs for cancellation and withdraw the underlying Company securities prior to the applicable record date for the meeting. When a meeting is convened, an ADS holder may not receive sufficient advance notice to withdraw the underlying Company securities his or her AD securities allow such holder to vote with respect to any specific matter. Polestar has agreed to give the Depositary prior notice of meetings of holders of shares and warrants. Nevertheless, Polestar cannot assure you that holders of AD securities will receive the voting materials in time to ensure that holders of AD securities can instruct the Depositary to vote the underlying shares. In addition, the Depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out holders' of AD securities voting instructions. This means that a holder of AD securities may not be able to exercise the right to vote and may have no legal remedy if the underlying Company securities underlying his or her of AD securities are not voted as such holder requested. Please see the section entitled "*Description of American Depositary Shares*" in Exhibit 2.11 (Description of Securities) of this Report.

The Depositary for the AD securities will give Polestar a discretionary proxy to vote the Company securities underlying the AD securities if the holders of such AD securities do not give timely voting instructions to the Depositary, except in limited circumstances, which could adversely affect the interests of holders of the ADSs.

Under the Deposit Agreements for the AD securities, if any holders of AD securities do not vote their AD securities, the Depositary will give Polestar a discretionary proxy to vote the Company securities underlying such AD securities at shareholders' meetings unless:

- Polestar has failed to timely provide the Depositary with notice of meeting and related voting materials;
- Polestar has instructed the Depositary that it does not wish a discretionary proxy to be given;

- Polestar has informed the Depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if any such holder of the AD securities does not provide timely and valid voting instructions, such holder cannot prevent the Company securities underlying such AD securities from being voted, except under the circumstances described above. This may make it more difficult for holders of AD securities to influence the management of Polestar.

The Polestar Articles and the Deposit Agreements provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act and the Exchange Act and that certain claims may only be instituted in the courts of England and Wales, which could limit the ability of securityholders of Polestar to choose a favorable judicial forum for disputes with Polestar or Polestar's directors, officers or employees.

The Polestar Articles provide that unless Polestar consents in writing to the selection of an alternative forum, the courts of England and Wales will, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Polestar; (ii) any action, including any action commenced by a member of Polestar in its own name or on behalf of Polestar, asserting a claim of breach of any fiduciary or other duty owed by any director, officer or other employee of Polestar (including but not limited to duties arising under the Companies Act); (iii) any action arising out of or in connection with the Polestar Articles or otherwise in any way relating to the constitution or conduct of Polestar; or (iv) any action asserting a claim against Polestar governed by the internal affairs doctrine (as such concept is recognized under the laws of the United States of America). The Deposit Agreements also provide for exclusive forum in state and federal courts in the City of New York. This forum selection provision in the Polestar Articles will not apply to actions or suits brought to enforce any liability or duty created by the Securities Act, Exchange Act or any claim for which the federal district courts of the United States of America are, as a matter of the laws of the United States of America, the sole and exclusive forum for determination of such a claim. The Polestar Articles provide that the federal district courts in the United States will be the exclusive forum for claims against Polestar under the Securities Act and the Exchange Act.

Although Polestar believes these exclusive forum provisions will benefit Polestar by providing increased consistency in the application of U.S. federal securities laws and the laws of England and Wales in the types of lawsuits to which they apply, these choice of forum provisions may increase a securityholder's cost and limit the securityholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Polestar or Polestar's directors, officers or other employees, which may discourage lawsuits against Polestar and Polestar's directors, officers and other employees. Polestar's shareholders will not be deemed to have waived Polestar's compliance with the U.S. federal securities laws and the rules and regulations thereunder as a result of Polestar's exclusive forum provision. Any person or entity purchasing or otherwise acquiring any of the Company securities or other securities, whether by transfer, sale, operation of law or otherwise, will be deemed to have notice of and have irrevocably agreed and consented to these provisions. There is uncertainty as to whether a court would enforce such provisions. The Securities Act provides that state courts and federal courts will have concurrent jurisdiction over claims under the Securities Act, and the enforceability of similar choice of forum provisions in other companies' charter documents has been challenged in legal proceedings. It is possible that a court could find this type of provision to be inapplicable or unenforceable, and if a court were to find this provision in the Polestar Articles to be inapplicable or unenforceable in an action, Polestar may incur additional costs associated with resolving the dispute in other jurisdictions, which could have adverse effect on Polestar's business and financial performance.

An ADS holder's right to pursue claims against the Depositary is limited by the terms of the Deposit Agreements.

Under the Deposit Agreements, any action or proceeding against or involving the Depositary arising out of or based upon the Deposit Agreements or the transactions contemplated thereby or by virtue of owning the ADS may only be instituted in state and federal courts in the City of New York, and a holder of the ADS will have irrevocably waived any objection which such holder may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, there is uncertainty as to whether a court would enforce this exclusive jurisdiction provision. Furthermore, investors cannot waive compliance with the U.S. federal securities laws and rules and regulations promulgated thereunder. Also, Polestar may amend or terminate the Deposit Agreement without the consent of any holder of ADSs. If a holder continues to hold its ADSs after an amendment to the Deposit Agreement, such holder agrees to be bound by the applicable Deposit Agreement as so amended.

ADS holders may not be entitled to a jury trial with respect to claims arising under the Deposit Agreements, which could result in less favorable results to the plaintiff(s) in any such action.

The Deposit Agreements governing the ADSs provide that owners and holders of ADSs irrevocably waive the right to a trial by jury in any legal proceeding arising out of or relating to the Deposit Agreements or the ADSs, including claims under U.S. federal securities laws, against Polestar or the Depositary to the fullest extent permitted by applicable law. If this jury trial waiver provision is prohibited by applicable law, an action could nevertheless proceed under the terms of the Deposit Agreements with a jury trial. Although Polestar is not aware of a specific federal decision that addresses the enforceability of a jury trial waiver in the context of U.S. federal securities laws, it is Polestar's understanding that jury trial waivers are generally enforceable. Moreover, insofar as the Deposit Agreements are governed by the laws of the State of New York, New York laws similarly recognize the validity of jury trial waivers in appropriate circumstances. In determining whether to enforce a jury trial waiver provision, New York courts and federal courts will consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party has knowingly waived any right to trial by jury. Polestar believes that this is the case with respect to the Deposit Agreements and the ADSs.

In addition, New York courts will not enforce a jury trial waiver provision in order to bar a viable setoff or counterclaim of fraud or one which is based upon a creditor's negligence in failing to liquidate collateral upon a guarantor's demand, or in the case of an intentional tort claim (as opposed to a contract dispute). No condition, stipulation or provision of the Deposit Agreements or ADSs

serves as a waiver by any holder or beneficial owner of ADSs or by Polestar or the Depositary of compliance with any provision of U.S. federal securities laws and the rules and regulations promulgated thereunder.

If any owner or holder of ADSs brings a claim against Polestar or the Depositary in connection with matters arising under the Deposit Agreements or the ADSs, including claims under U.S. federal securities laws, such owner or holder may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against Polestar or the Depositary. If a lawsuit is brought against Polestar or the Depositary under the Deposit Agreements, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different results than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action, depending on, among other things, the nature of the claims, the judge or justice hearing such claims and the venue of the hearing.

The Depositary for the ADSs is entitled to charge holders fees for various services, including annual service fees.

The Depositary for the ADSs is entitled to charge holders fees for various services, including for the issuance of the ADSs upon deposit of Company securities (other than in the case of ADSs issued pursuant to the Business Combination), cancellation of ADSs, distributions of cash dividends or other cash distributions, distributions of ADSs pursuant to share dividends or other free share distributions, distributions of securities other than ADSs and annual service fees. For more information, please see Item 12 "*Description of Securities Other Than Equity Securities*." In the case of ADSs issued by the Depositary into the DTC the fees will be charged by the DTC participant to the account of the applicable beneficial owner in accordance with the procedures and practices of the DTC participant as in effect at the time. The Depositary for the ADSs will not be responsible for any United Kingdom stamp duty or SDRT arising upon the issuance or transfer of ADSs but will require the person who deposits shares or warrants to pay the applicable United Kingdom stamp duty or SDRT. For more information, please see "*—Risks Related to Tax—Transfers of ADSs or the underlying Company securities may be subject to stamp duty or stamp duty reserve tax in the U.K., which would increase the cost of dealing in the Company's securities*."

The ADS holders may not receive dividends or other distributions of the Company securities and the holders thereof may not receive any value for them, if it is illegal or impractical to make them available to such holders.

Under the terms of the Deposit Agreements, the Depositary of the ADSs will agree to distribute to holders of the ADSs the cash dividends or other distributions it or the custodian receives on the applicable deposited securities underlying the ADSs, after deducting its fees, taxes and expenses. For more information, please see Item 12 "*Descriptions of Securities Other Than Equity Securities*." Holders of the ADSs will receive these distributions in proportion to the number of ADSs they hold. However, the Depositary is not responsible for making such distributions if it decides that such distributions are unlawful or impractical. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but such securities are not properly registered or distributed under an applicable exemption from registration. The Depositary may also determine that it is not practicable to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the Depositary may determine not to distribute such property. Polestar has no obligation to register under U.S. securities laws securities received through such distributions. Polestar also has no obligation to take any other action to permit the distribution of ADSs. This means that holders of the ADSs may not receive distributions Polestar makes on its securities or any value for them if it is illegal or impractical for Polestar to make them available to such holders. These restrictions may cause a material decline in the value of the ADSs.

Holders of ADSs may experience dilution of their holdings due to their inability to participate in rights offerings.

Polestar may, from time to time, distribute rights to its shareholders, including rights to acquire securities. Under the Deposit Agreements for the ADSs, the Depositary will not distribute rights to holders of ADSs unless the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs or are registered under the provisions of the Securities Act. The Depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. Polestar may be unable to establish an exemption from registration under the Securities Act, and Polestar is under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in Polestar's rights offerings and may experience dilution of their holdings as a result.

Holders of ADSs may be subject to limitations on transfer of their ADSs.

ADSs are transferable on the books of the Depositary. However, the Depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The Depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the Depositary needs to maintain an exact number of ADSs on its books for a specified period. The Depositary may also close its books in emergencies, and on weekends and public holidays. The Depositary may refuse to deliver, transfer or register transfers of ADSs generally when Polestar's share register or the books of the Depositary are closed, or at any time if Polestar or the Depositary thinks it is advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the Deposit Agreement, or for any other reason.

The Company may be subject to securities litigation, which is expensive and could divert management attention.

The price of the AD securities may be volatile and, in the past, companies that have experienced volatility in the market price of their shares have been subject to securities class action litigation. Polestar may be the target of this type of litigation in the future. Litigation of this type could result in substantial costs and diversion of management's attention and resources, which could have a material adverse effect on business, financial condition, results of operations and prospects. Any adverse determination in litigation could also subject us to significant liabilities.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

The legal name of the Company is "Polestar Automotive Holding UK PLC." The Company was incorporated under the laws of England and Wales as a company limited by shares on September 15, 2021 and was re-registered as a public limited company under the laws of England and Wales on May 5, 2022 in connection with the Business Combination. The Company's registered office in England is The Pavilions, Bridgewater Road, Bristol, England, BS13 8AE. The address of the principal executive office of the Company is Assar Gabrielssons Väg 9 405 31 Gothenburg, Sweden, and the telephone number of the Company is +1 949 735-1834.

On September 27, 2021, GGI, Former Parent, Polestar Singapore, Polestar Sweden, the Company and Merger Sub entered into a Business Combination Agreement. The Business Combination was consummated on June 23, 2022. At the Business Combination Closing, the Company completed the Pre-Closing Reorganization, pursuant to which, among other things, Polestar Singapore, Polestar Sweden and their respective subsidiaries became wholly owned subsidiaries of the Company.

The Company is subject to certain of the informational filing requirements of the Exchange Act. Since the Company is a "foreign private issuer," it is exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and the officers, directors and principal shareholders of the Company are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act with respect to their purchase and sale of Shares. In addition, the Company is not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. public companies whose securities are registered under the Exchange Act. However, the Company is required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. The SEC also maintains a website at http://www.sec.gov that contains reports and other information that the Company files with or furnishes electronically to the SEC.

The website address of the Company is https://www.polestar.com/us/. The information contained on the website does not form a part of, and is not incorporated by reference into, this Report.

Polestar's capital expenditures for the years ended December 31, 2022, 2021 and 2020 amounted to TUSD380,457, TUSD504,774 and TUSD400,793, respectively. These capital expenditures primarily consisted of purchases of unique tooling for production facilities, the development and purchase of certain intellectual property rights and tooling and equipment used at Polestar's research and development center in the United Kingdom at the Mira Technology Park in Coventry. Polestar expects its capital expenditures to increase in the near term as it continue to invest in the acquisition of intellectual property as well unique tooling and equipment. Polestar anticipates that its capital expenditures in 2023 will be financed from the issuance of equity or debt instruments, various short-term credit facilities, including working capital facilities, term loans with related parties, sale leaseback arrangements, and extended trade credit with related parties.

B. Business Overview

Summary

Polestar is determined to improve society by accelerating the shift to sustainable mobility.

Polestar is a pure play, premium electric performance car brand headquartered in Sweden, designing products engineered to excite consumers and drive change. Polestar believes that it defines market-leading standards in design, innovation and sustainability. Polestar was established as a premium electric car brand by Volvo Cars and Geely in 2017. Polestar benefits from the technological, engineering and manufacturing capabilities of these established global car manufacturers. Polestar has an asset-light, highly scalable business model with immediate operating leverage.

Polestar 1, an electric performance hybrid GT, was launched to establish Polestar in the premium luxury electric vehicle market in 2017. With a carbon fiber body, Polestar 1 has a combined 609 horse power (hp) and 1,000 Newton-meter (Nm) of torque. Production of the Polestar 1 ceased at the end of 2021, making Polestar a dedicated electric vehicle manufacturer. Polestar 2, an electric performance fastback and Polestar's first fully electric, high volume car was launched in 2019. Polestar 2 has three variants with a combination of long- and standard range batteries as large as 78 kWh, and dual- and single-motor powertrains with up to 300 kW / 408 hp and 660 Nm of torque. Polestar 3, an electric performance SUV, was launched in 2022. Polestar 3 has two dual-motor 111 kWh battery variants with powertrains up to 380 kW / 510 hp and 671 Nm of torque.

Polestar's cars have received major acclaim, winning multiple globally recognized awards across design, innovation and sustainability. Highlights for Polestar 1 include Insider car of the year and GQ's Best Hybrid Sports Car awards. Polestar 2 alone has won over 50 awards, including various Car of the Year awards, the Golden Steering Wheel, Red Dot's Best of the Best Product Design and a 2021 Innovation by Design award from Fast Company. And the SUV for the electric age, Polestar 3, has already been acclaimed Car WOW's Car of the Year and ESUV of the Year for 2023. Polestar has also received a total of five awards from the German Design Council, including the German Design Awards for the Polestar 5 concept car and the ABC award for the Polestar 6 electric roadster concept. Furthermore, the Polestar 6 has been voted the Concept Car of the Year in Car Design Review.

As of December 31, 2022, Polestar's cars are on the road in 27 markets across Europe, North America and Asia Pacific. Polestar intends to grow rapidly in its existing and new markets, which include 8 new countries in 2022. Polestar also plans to introduce three new electric vehicles by 2026. Following the launch of the Polestar 3, an electric performance SUV, on October 12, 2022 where customers were able to begin placing orders, Polestar expects to launch Polestar 4, a sporty SUV coupe in 2023, Polestar 5, a luxury 4

door GT, in 2024 and Polestar 6, an electric performance roadster, in 2026. With growth in existing and new markets and broader vehicle portfolio, Polestar expects to compete in segments constituting approximately 80% of the global premium luxury vehicle market by volume of units sold by 2025. Polestar believes the premium luxury vehicle segment is one of the fastest growing vehicle segments, and expects the electric-only vehicle portion of this segment to grow at a faster rate than the overall segment.

The following tables show Polestar's revenue by type and geographical region for the years ended December 31, 2020, 2021 and 2022:

	For the year ended December 31,		
	2022	2021	2020
Sales of vehicles	2,404,246	1,290,031	542,783
Sales of software and performance engineered kits	21,308	25,881	35,434
Sales of carbon credits	10,984	6,299	27,141
Vehicle leasing revenue	16,719	6,217	—
Other revenue	8,639	8,753	4,887
Total	**2,461,896**	**1,337,181**	**610,245**

	For the year ended December 31,		
	2022	2021	2020
Europe, the Middle East, and Africa	1,619,046	1,029,058	568,311
North America	609,058	265,661	28,084
Asia and Australia	233,792	42,462	13,850
Total	**2,461,896**	**1,337,181**	**610,245**

Polestar has set itself the important goal to create a truly climate neutral production car by the end of 2030, which it refers to as the Polestar 0 project. The development of a truly climate neutral production car by the end of 2030 is a significant milestone on the path to Polestar's goal of becoming a climate neutral company by the end of 2040.

Polestar's vehicles are currently manufactured at a plant in Luqiao, China that is owned and operated by Volvo Cars. The plant, referred to by Volvo Cars as the "Taizhou" plant, was acquired by Volvo Cars from Geely in December 2021. Prior to that time, the plant had been owned by Geely and operated by Volvo Cars. The Polestar 2 vehicles have been manufactured at this plant since production commenced in 2020. Commencing with the Polestar 3, Polestar intends to produce vehicles both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina. Polestar's ability to leverage the manufacturing footprint of both Volvo Cars and Geely provides it with access to a substantial combined installed production capacity and gives Polestar's highly scalable business model immediate operating leverage. Polestar also plans on expanding its production capacity in Europe by leveraging plants that are owned and operated by Volvo Cars.

Polestar's sales channels include both direct-to-business and direct-to-consumer models. In direct-to-business, vehicles are sold to various fleet customers, such as rental car companies and corporate fleet managers. In direct-to-consumer, Polestar uses a digital first approach that enables its customers to browse Polestar's products, configure their preferred vehicle and place their order on-line. Alternatively, Polestar Spaces are where customers can see, feel and test drive Polestar's vehicles prior to making an on-line purchase. Polestar believes this combination of digital and physical retail presence delivers a seamless experience for its customers. Polestar's customer experience is further enhanced by its comprehensive service network that leverages the existing Volvo Cars service center network. As of December 31, 2022, there were 158 Polestar Spaces. In addition, Polestar leverages the Volvo Cars service center network to provide access to 1,116 customer service points worldwide (as of December 31, 2022) in support of its international operations.

Polestar's research and development expertise is a core competence and Polestar believes it is a significant competitive advantage. With over 650 personnel located in Coventry, United Kingdom and Gothenburg, Sweden, the European research and development team focuses on areas such as bonded aluminum architectures, high-performance electric motor and bi-directional compatible battery packs, in-car software development and advanced engineering and research. A further 30 employees in Shanghai, China are dedicated to the development of specific features for the Chinese market. The Polestar research and development team also benefits, through a variety of agreements, from having access to the substantial engineering and design teams of Volvo Cars and Geely. The strong expertise and ambition to develop and produce sustainable technology solutions and materials is also a key asset of Polestar's research and development. All in all, Polestar's ability to create cars with a strong Polestar product design is also widely recognized as a key differentiator.

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

Recent Developments

On January 5, 2023, Polestar announced that its vehicles will benefit from Google's new high definition ("*HD*") map, a comprehensive map that will provide highly detailed and up-to-date road information. With HD map, Polestar expects to be able to

combine its vehicle sensor technology and Google's precise lane-level and localization data to facilitate driver assistance features like Pilot Assist, as well as future autonomous driving functionality.

On February 1, 2023, Polestar announced that it had signed up a further eight partners to the Polestar 0 project, the Company's goal to create a truly climate neutral production car by 2030. The new collaborators. which include Vitesco Technologies and Stora Enso, will contribute to research in areas such as bio-based materials, chemicals, aluminum processes, electronics and interior surface materials.

On February 2, 2023, Polestar and Luminar announced an expanded collaboration on the industrial design and integration of Luminar's 3D laser scanning technology which will be featured on Polestar's future vehicles, including Polestar 5 – the electric 4-door GT expected to be launched in 2024. Luminar is an existing supplier of light detection and ranging ("*LiDAR*") technology for Polestar 3, the Company's electric performance SUV, which was launched in October 2022.

On February 8, 2023, Polestar and Rivian issued in collaboration a "Pathway Report" which concludes that the automotive industry is set to overshoot the IPCC's 1.5-degree pathway by at least 75% by 2050. Issued in response to the climate crisis, the report, which uses existing, open-source data to model the current trajectory for emissions stemming from the car industry, was carried out by global management consulting firm Kearney.

On February 22, 2023, Polestar announced a major upgrade to the Polestar 2 for model 2024. The changes feature a new high-tech front end that reflects the design language premiered by Polestar 3, substantial performance increases with all-new electric motors, even more powerful batteries, sustainability improvements and, for the first time in a Polestar, rear-wheel drive.

On February 26, 2023, Polestar amended and restated the EUR 350,000,000 uncommitted green trade finance facility, including an accordion facility of up to EUR 250,000,000, into which it entered with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC and ING Belgium SA/NV on February 28, 2022. In connection with the amendment and restatement, the green trade finance facility was extended for an additional 12 months. Loans under the green trade finance facility carry interest at EURIBOR plus 2.3% per annum plus a flat arrangement fee of 0.05-0.10% to be paid on the value of a bank's participation in the facility. The facility has a repayment period of 90 days and includes a covenant tied to Polestar's cash and cash equivalents position and available commitments under committed credit facilities not falling below EUR 400,000,000. As of the date of this Report, the outstanding principal balance under the green trade finance facility was EUR 220 million. A copy of the amended and restated trade finance facility agreement is filed as an exhibit to this Report.

On April 6, 2023, Polestar announced that it had delivered approximately 12,000 vehicles in the first quarter of 2023.

Polestar's Strategy

The global car industry is undergoing a fundamental transformation and Polestar believes it is optimally positioned at the forefront of this change. The premium luxury electric vehicle segment is one of the fastest growing in the global car market. This growth is driven by increasing consumer awareness of environmental impact, technological improvement and shifting consumer preference. Increasingly stringent environmental regulation and expanded charging infrastructure will also drive adoption of electric vehicles. Polestar expects significant growth in the premium luxury electric vehicle segment. In order to capitalize on these trends, Polestar intends to implement the following strategy.

- *Expand international sales, support and manufacturing presence.* With global sales from day one, Polestar intends to grow rapidly in its existing and new markets, which include eight new countries in 2022. Polestar's expansion plans include building its presence in fast growing markets in the Asia Pacific region as well as the Middle East. Polestar's digital first, direct to consumer approach enables its customers to browse Polestar's products, configure their preferred vehicle and place their order online. Customers who wish to get to know the physical product or go for a test drive can visit one of the Polestar Spaces. As of December 31, 2022, there were 158 Polestar Spaces.

  Polestar leverages the Volvo Cars service center network to provide access to 1,116 customer service points worldwide (as of December 31, 2022) in support of its international operations.

  Polestar's vehicles are currently manufactured at a plant in Luqiao, China that is owned and operated by Volvo Cars. The plant, referred to by Volvo Cars as the "Taizhou" plant, was acquired by Volvo Cars from Geely in December 2021. Prior to that time, the plant had been owned by Geely and operated by Volvo Cars. Polestar intends to expand its manufacturing presence to facilities in the United States and Europe, in each case operated by Volvo Cars. Commencing with the Polestar 3, Polestar intends to produce vehicles both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina.
- *Continue to develop Polestar's portfolio of vehicles.* Polestar currently intends to launch three additional vehicles by 2026. Following the launch of the Polestar 3, an electric performance SUV, on October 12, 2022, Polestar expects to launch Polestar 4, a sporty SUV coupe in 2023, Polestar 5, a luxury 4 door GT, in 2024 and Polestar 6, an electric performance roadster, in 2026. Polestar believes the premium luxury vehicle segment is one of the fastest growing vehicle segments, and Polestar expects the electric-only vehicle portion of this segment to grow at a faster rate than the overall segment.
- *Continue to develop sustainable electric vehicle technologies as well as separately monetizing Polestar's investment in research and development.* Polestar intends to continue to develop technologies to mitigate its environmental impact from vehicle concept through to materials and production techniques. The Polestar 0 project, which aims to develop a truly climate neutral production car by the end of 2030, will be a significant focus of Polestar's research and development activities, including through the development of new interior materials and structural components designed to further reduce Polestar's environmental impact. See Item 4.B "*Information on the Company—Business Overview—Design, Innovation and Sustainability—Sustainability*."

Polestar will continue to focus on working with its partners to develop advanced technology, including bonded aluminum chassis architectures and their manufacture and the complimentary development of a high-performance electric motor . Polestar will also continue its efforts on battery management and its bi-directional battery pack (400V and 800V) systems and onboard bi-directional 22 kW Charger. Polestar also intends to take the opportunity to monetize these new technologies through sales and licensing arrangements with other market participants.

Polestar's Strengths

Polestar believes it benefits from a number of competitive advantages:

- *Polestar operates in one of the fastest-growing market segments of the industry.* Polestar expects significant growth in the premium luxury electric vehicle segment and believes its ability to leverage a global manufacturing footprint and expanding market coverage coupled with a scalable and asset light business model means it is well positioned to capitalize on this growing market.
- *Polestar is one of two pure play global premium electric vehicle companies already in mass production.* Currently, Polestar and Tesla are the only global pure play premium electric vehicle manufacturers in mass production. New entrants would have to develop significant core competencies to match Polestar's proprietary technology as well as the access to vehicle design and manufacturing capabilities and sales and service infrastructure that Polestar receives from Volvo Cars and Geely. Polestar believes these advantages constitute a significant barrier to entry.
- *Polestar has a distinct culture with a focus on innovation and an experienced management team.* Polestar has a distinct corporate culture which is designer-led, visionary and fully committed to sustainability. As a relatively young company with progressive ideals Polestar believes talented people with the right analytical and creative skills are drawn to it. Polestar's chief executive officer Thomas Ingenlath was previously senior vice president of design at Volvo Cars and is widely credited as one of the key players behind Volvo Cars' recent award-winning design renaissance. Chief financial officer Johan Malmqvist has broad experience across multiple sectors including in the United States and publicly listed companies. Chief operating officer Dennis Nobelius is the previous chief executive officer of assisted and autonomous driving software provider Zenuity AB ("Zenuity"), a business whose technology Polestar intends to utilize in future vehicles, starting with the Polestar 3.
- *Polestar has a scalable, asset-light business model with immediate operating leverage*. Polestar has a scalable, asset-light business model that leverages the experience and manufacturing resources of Volvo Cars and Geely. Polestar has access to their technology, manufacturing footprint, logistical infrastructure and information technology systems. Access to these services gives Polestar the flexibility to scale production quickly with demand, using an already operational ecosystem, and has enabled Polestar to rapidly launch the brand globally. Polestar believes this asset-light model requires significantly less capital to produce vehicles and revenue compared to traditional manufacturers or other electric vehicle companies.
- *Polestar has a digital-first, direct to consumer approach with a differentiated distribution and service model.* Polestar's sales and distribution model is focused on a direct customer experience, reducing multiple traditional inefficiencies coupled with a differentiated distribution. Using the Polestar mobile application (the "*Polestar App*") or other digital connections, clients can discover Polestar's products, configure and personalize them, choose a financing option and purchase online, creating a seamless experience. Complementing this digital experience, customers can see, feel and test drive Polestar's vehicles, at one of the Polestar Spaces prior to making an online purchase. Polestar believes this combination of digital and physical retail presence serves to deliver a seamless experience for its customers. Polestar's customers benefit from a comprehensive service network which leverages the existing Volvo Cars service center network.
- *Polestar's design-led focus on sustainability*. Polestar believes that its emphasis on environmentally sustainable products, using Scandinavian avant-garde design and high-tech minimalism engages and attracts customers who share its ethos and design aesthetic. Polestar's brand and product designs have received multiple global awards since the launch of the Polestar 1 in 2017 including Red Dot's Brand of the Year as well as Best of the Best Product Design for Polestar 2. Polestar Precept has also captured imaginations most recently winning three of the four 2021 EyesOn Design awards. Sustainability remains a core principle for Polestar and it continues to work to reduce its impact on the environment in every aspect of its business, but with a particular focus on the manufacturing of its cars. Polestar is actively targeting climate neutral manufacturing processes and materials and uses tools such as Life Cycle Analysis to help it both ascertain the impact of its vehicles and to identify opportunity. Polestar transparently shares this information with its customers so they can make an informed buying decision and can track Polestar's progress.
- *Polestar's proprietary technology.* Polestar believes its proprietary electric vehicle technology provides it with a substantial competitive advantage. Research and development, a core competence, is focused on areas such as lightweight chassis architectures and manufacturing, electric propulsion and motors and bi-directional battery packs that Polestar believes will significantly enhance the competitiveness of its vehicles.

Polestar's Vehicles

Polestar 1

Polestar 1 is Polestar's halo car, a car intended to establish Polestar's brand in the premium luxury electric vehicle market. Polestar 1 was manufactured at Polestar's facility in Chengdu, China. First revealed in October 2017, commercial production commenced in 2019. Polestar 1 features a highly advanced and technically innovative powertrain, combined with composite materials and leading-edge technology mechanical components.

The hybrid powertrain features two electric motors on the rear axle – one for each wheel – mated to a front-mounted petrol engine which features turbo- and supercharging. A third electric motor is integrated between the crankshaft and gearbox for extra electric torque for the front wheels.

The body of Polestar 1 is made from carbon fiber reinforced polymer ("*CFRP*") which lowers the vehicle's weight as well as its center of gravity. The CFRP body also allowed the car's designers to create truly emotive and sharp styling cues that cannot be stamped into traditional metal body panels. Under the surface, the CFRP body features a carbon fiber "dragonfly" between the front seats and the rear of the vehicle, further reinforcing the car's chassis.

Driving dynamics are key to the Polestar experience and Polestar's engineers spent years developing the "Polestar feeling" with Polestar 1. Crucial to this was the co-development of leading-edge technology mechanical components – like the manually adjustable Öhlins Dual Flow Valve dampers with double wishbone design and 6-piston Akebono brake calipers.

The fitment of the two rear electric motors, each with a planetary gear set, allowed engineers to develop real torque vectoring algorithms for Polestar 1. The effects of this are particularly evident during cornering – rather than slowing down the inner wheel, the outer wheel is accelerated to help the car turn more sharply. The torque vectoring also allows the driver to apply power earlier than expected on the exit of a corner, resulting in a truly exhilarating experience.

Featuring Pure, Hybrid and Power drive modes, Polestar 1 can be driven in different ways depending on the driver needs and preference. In Pure mode, the combustion engine is shut off and Polestar 1 operates as a fully electric vehicle. In Hybrid mode, Polestar 1 utilizes the electric motors and petrol engine according to demand from the driver, seamlessly switching between the two as needed.

Polestar 1 went into production at Polestar's Chengdu, China facility in 2019. The facility was the first Leadership in Energy and Environmental Design, or LEED, Gold accredited automotive manufacturing facility in China. With a planned three year production run and a limited build capacity of up to 500 units per year, production of the car ceased in 2021.

Polestar 2

Polestar 2 is an electric performance fastback and Polestar's first fully electric, high volume model. Polestar 2 is manufactured at the Luqiao, China facility, which is owned and operated by Volvo Cars and which Volvo Cars renamed "Taizhou" after acquiring the plant from Geely in December 2021. First revealed in 2019, production commenced in 2020.

Polestar 2 model range includes three variants – Long range dual motor (up to 350 kW (476 hp)/ 740 Nm), Long range single motor (220 kW (299 hp)/ 490Nm) and Standard range single motor (200 kW (268 hp)/ 490 Nm) – combined with three optional packages – Pilot, Plus and Performance – to provide consumers with the perfect Polestar 2 for their needs. Pilot and Plus packs encompass driver convenience and comfort features, while the Performance pack adds further dynamic and visual appeal with Öhlins Dual Flow Valve dampers, 4-piston Brembo brakes, forged alloy wheels and, naturally, Polestar's signature gold detailing inside and out. Polestar believes this modular approach simplifies both the purchase and manufacturing process while enhancing the customer experience. Polestar 2 model 2024 will feature a new high-tech front end that reflects the design language premiered by Polestar 3, substantial performance increases with all-new electric motors, even more powerful batteries, sustainability improvements and, for the first time in a Polestar, rear-wheel drive.

Polestar 2 was the first car in the world to feature an infotainment system powered by Google's Android Automotive OS, with Google built-in. Developed in collaboration with Google, the Android system integrates the car infotainment system with Google Assistant, Google Maps and the Google Play Store. The user interface is bespoke to Polestar 2 and developed in-house. With an open developer portal that features an Android Automotive OS emulator, Polestar also provides app developers the ability to develop apps for use in the car (for example a parking app from Easy Park, that can be downloaded directly to the car to simplify payment of parking fees) in shorter time than is generally required to develop apps for unique operating systems used by traditional car producers.

The Polestar 2 has been designed and produced in accordance with Polestar's emphasis on design led sustainability. It was in connection with the launch of Polestar 2 in 2020 that Polestar released its first Life Cycle Assessment report, with full methodology and transparency, and including a call to the industry at large for a uniformly open and transparent way of disclosing the carbon footprint of electric vehicles. In early 2021, Polestar took this transparency a step further by integrating a Product Sustainability Declaration into Polestar Spaces and on its website. The Product Sustainability Declaration discloses the cradle-to-gate ton greenhouse gas emissions and traced materials, which helps customers assess the sustainability performance of Polestar's cars. See Item 4.B "*Information on the Company—Business Overview—Design, Innovation and Sustainability—Sustainability*." Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Polestar 3

Polestar launched the Polestar 3 on October 12, 2022. Polestar 3 is a luxurious electric performance SUV with seating for five and design direction previewed by Precept. It is an aerodynamically-optimized SUV using multiple design features to smooth airflow and reduce drag. The two seating rows in Polestar 3 stretch out between the long wheelbase offering luxurious and spacious legroom for the rear passengers even when the tallest driver is sitting in the front seat. Polestar believes that the Polestar 3 will define the SUV for the electric era by combining the high seating position favored by customers with a highly efficient aerodynamic silhouette and sports-car handling.

Materials used inside Polestar 3 have been selected for their sustainability credentials, while raising premium aesthetics and luxury tactility. These include bio-attributed MicroTech, animal welfare-certified leather and fully traceable wool upholstery. In line with Polestar's commitment to transparency, a complete life-cycle assessment ("*LCA*") will be completed on Polestar 3 when production begins. Subsequent assessments will follow through its life cycle and work will continue to constantly find ways of reducing its carbon footprint.

Polestar 3 is the first car from Polestar to feature centralized computing with the NVIDIA DRIVE core computer, running software from Volvo Cars. Serving as the AI brain, NVIDIA's high-performance automotive platform processes data from the car's multiple sensors and cameras to enable advanced driver-assistance safety features and driver monitoring. The infotainment system is powered by a next-generation Snapdragon Cockpit Platform from Qualcomm Technologies, Inc. As a central component of the Snapdragon Digital Chassis – a comprehensive set of open and scalable cloud-connected automotive platforms – the Snapdragon Cockpit Platform will be utilized to provide immersive in-vehicle experiences with its high-performance capabilities to deliver high-definition displays, premium quality surround sound and seamless connectivity throughout the vehicle.

As standard, Polestar 3 features a total of five radar modules, five external cameras and twelve external ultrasonic sensors to support numerous advanced safety features. The SmartZone below the front aero wing collects several of the forward-facing sensors, a heated radar module and camera, and now becomes a signature of Polestar design. Inside, two closed-loop driver monitoring cameras bring leading eye tracking technology from Smart Eye to a Polestar for the first time, geared towards safer driving. The cameras monitor the driver's eyes and can trigger warning messages, sounds and even an emergency stop function when detecting a distracted, drowsy or disconnected driver.

With an indicative range of $80,000 to $120,000 for the North American market, Polestar 3 launches with a dual-motor configuration and a power bias towards the rear. The standard car produces a total of 360 kW and 840 Nm of torque. With the optional Performance Pack, total output is 380 kW and 910 Nm. Adjustable one-pedal drive is included, as well as an electric Torque Vectoring Dual Clutch function on the rear axle – an evolution of what was first developed for Polestar 1. A decoupling function is also available for the rear electric motor, allowing the car to run only on the front electric motor to save energy under certain circumstances.

Precept, Future Vehicles and Polestar 0 project

In March 2020, Polestar revealed Polestar Precept, a design study intended to showcase Polestar's vision of the brand's future, demonstrating innovation and ambition across three focus areas—design, technology and sustainability.

Polestar Precept was created as the manifesto for and design direction of Polestar's future models. By the end of 2026, Polestar currently intends to have launched three new vehicles, Following the launch of the Polestar 3, an electric performance SUV, on October 12, 2022, Polestar expects to launch Polestar 4, a sporty SUV coupe in 2023, Polestar 5, a luxury 4 door GT, in 2024 and Polestar 6, an electric performance roadster, in 2026.

Precept

In October 2020, Polestar announced at the Shanghai Motor Show that it would aim to produce a luxury 4 door GT based on the Precept concept; this will be the Polestar 5.

The design of the Precept's interior is defined by sustainability and offered an opportunity to work with new materials and processes. Similarly, the design seeks to capitalize on the evolution of the Human Machine Interface ("*HMI*") based on Polestar 3 interactions and Google Android Automotive to deliver an enhanced customer experience.

Sustainable new interior materials balance modern high-tech luxury with reduced environmental impact. These sustainable materials include recycled PET bottles, reclaimed fishing nets and recycled cork vinyl. A flax-based composite developed by external partner Bcomp Ltd is featured in many interior and some exterior parts. Polestar's ambition is to bring much of this sustainability into production.

The next generation infotainment system HMI, powered by Android, builds on Polestar's close collaboration with Google. An enlarged, portrait-oriented 15-inch center touch screen complements a 12.5-inch driver display, and the two are linked by an illuminated blade that encompasses the entire interior. In this execution, the unique Polestar emblem floats holographically inside a solid piece of Swedish crystal between the rear seat headrests.

Supporting the advancement of a personalized and dynamic digital interface, the instrument panel also hosts an array of smart sensors. Eye tracking will allow the car to monitor the driver's gaze and adjust the content of the various screens accordingly. Proximity sensors also enhance the usability of the center display when driving.

The sculpted form of the Polestar Precept sets the tone for future Polestar vehicles. The vehicle's proportions define its presence with restrained surfacing and a focus on aerodynamic efficiency.

The front grille is replaced by the Polestar SmartZone, representing a shift from breathing to seeing. An area which once channeled air to radiators and the internal combustion engine now houses technology for safety sensors and driver assistance functions. Two radar sensors and a high-definition camera are located behind a transparent panel. In addition, a LiDAR sensor, mounted atop the glass roof, is given optimal visibility as a next step towards increased driving assistance. The Thor's Hammer LED headlight signature evolves with separated elements, taking on a dynamic and brand-defining interpretation.

Precept features an integrated front wing above the SmartZone which accelerates air flow over the long bonnet. This allows air to attach itself to the surface earlier, which improves laminar flow and aerodynamic efficiency and thus improves the vehicle's performance and range. At the rear, the wide light-blade spans the entire width of the car, extending into vertical aero-wings – another aerodynamic feature and a nod to light weight design.

Show cars, concept cars and vision statements

Periodically Polestar will use concept cars and other models and devices to further outline the future vision of Polestar. Concept cars are not associated with Polestar's series production cycle plan (or business plan) but give the brand the opportunity to share new ideas and visuals to both gauge consumer opinion and provide insight. Such vehicles or devices are imperative in a sector such as automotive that has lengthy product development cycles. Concept cars are also a tool to engage wider stakeholders, from press to investors to generate interest, conversation and provide a halo across the brand.

On March 2, 2022, Polestar revealed the Polestar electric roadster concept, a new concept car to demonstrate Polestar's vision of a sports roadster with open-top performance—with all the benefits of electric mobility. The Polestar electric roadster concept car is related to the Polestar Precept concept car but with its own distinct character. The look of the Polestar electric roadster concept shows how Polestar's evolving design language can be adapted to different body styles with a strong family resemblance. The concept leverages a modified version of the bonded aluminum unibody that is planned to underpin Polestar 5 and further reinforces the importance of in-house research and development capabilities. Sustainability is another core tenet of the design study with a mono-material interior further illustrating how the brand is looking to drive progress through innovative materials manufacturing processes.

Polestar 4

Polestar currently plans to launch Polestar 4 in 2023. Polestar 4 will be a sporty SUV coupe, more compact than, and priced below Polestar 3, with a high-volume potential. With an avant-garde design inspired and previewed by Polestar Precept, the minimalist SUV coupe will offer excellent rear passenger comfort.

With an indicative price range of $60,000 to $80,000 for the North American market, Polestar 4 will aim to offer driving dynamics and minimalist style to a larger market segment.

Polestar 5

Polestar currently plans to launch the Polestar 5 in 2024. Polestar 5 will be a luxurious 4 door grand tourer that most closely follows inspiration from the Precept. With an indicative price starting at $100,000 for the North American market, the vehicle will introduce new in-house aluminum body and chassis and powertrain architectures.

Polestar expects that Polestar 5 will be manufactured at a new state-of-the-art plant in China, built by Geely and to be operated by Polestar. The plant will meet a high standard of sustainability, aiming for LEED Gold accreditation.

Polestar 6

On August 16, 2022, Polestar announced that it expects to launch production of the Polestar 6 in 2026. The Polestar 6 will expand upon the design established by the Polestar Precept and be based on the Polestar electric roadster concept. Polestar made the first 500 production cars available as the exclusive, numbered Polestar 6 LA Concept edition. With an indicative price starting at $200,000 for the North American market, all 500 build slots of Polestar 6 LA Concept edition were reserved online within a week of the production announcement.

Polestar 0 project

In April 2021, Polestar announced its important goal to create a truly climate neutral production car by 2030 a significant and necessary step to reach its goal of becoming a climate neutral company by 2040.

Today, an electric car manufactured and charged on the current global electricity infrastructure mix has a smaller carbon footprint than an internal combustion engine car through its useful life. However, Polestar has set a target of producing a car by 2030 that is truly a climate neutral production car when it rolls out of Polestar's factories' gates. A number of third parties including Vitesco Technologies and Stora Enso, have agreed to collaborate on the Polestar 0 project by contributing to research in areas such as bio-based materials, chemical and aluminum processes, electronics and interior surface materials As a company, Polestar cannot directly control how its cars are charged or how they are disposed of after their use phase has ended. Polestar can control what happens before the car is handed over to the customer: the carbon footprint of the materials production, battery module and manufacturing process.

Design, Innovation and Sustainability

Design

Design is at the core of Polestar. Polestar is a Scandinavian brand with pure, minimalist design. Polestar's design is progressive and defines the avant-garde of the electric and sustainable age. Polestar celebrates technology in its creations and innovation is its driving force. Performance is not only a capability of Polestar's products but the mindset of Polestar's whole company. Polestar's vehicles have been widely recognized for their outstanding design and performance credentials and Polestar 1 and Polestar 2 have each received numerous awards, including, among others, High-performance Luxury GT Coupe of the Year and Luxury High-Performance Electric Vehicle of the Year for Polestar Land Car of the Year titles in Norway, Switzerland, Germany (Luxury), China (Green Car), Germany's Golden Steering wheel as well as the Edie Sustainability Leader award for Polestar 2.

Progressive designs force Polestar to innovate and develop new technologies, technologies that in turn can improve customer experience and/or improve vehicle and sustainability performance. Polestar's sustainability goals guide its design teams to continually innovate and drive even more progressive thinking. Polestar believes that its designs reflect the central tenants of Scandinavian design, with a focus on luxury minimalism and an emphasis on responsible material choices and such as the use of recycled and naturally grown materials. An example is that the Polestar UX (user experience) team is part of the design department bringing interaction with the car to the heart of the design process. New technologies, such as connectivity and autonomous drive, will create further opportunities.

Innovation

Polestar's research and development strategy is to focus its own resources on the development of key electric vehicle technologies while accessing the benefit of investments in other technology from within the larger Volvo Cars and Geely family. Polestar also accesses and utilizes battery labs, wind tunnels, VR simulations and testing, proving grounds both in the UK and in Sweden.

Polestar's research and development teams are located in the United Kingdom, Sweden and China. Polestar's headquarters and research and development team is located in Gothenburg close to the facilities and competences at Volvo Cars and its surroundings. This research and development team is focused on collaboration with Volvo Cars in a wide variety of areas, including electrical propulsion, sustainability, lightweight material designs, software, and more. In the United Kingdom, Polestar's research and development team is located in the Mira Technology Park in Coventry. This location benefits from good access to engineering talent, proving grounds, wind tunnels and workshops. Polestar's engineering focus in the United Kingdom is chassis and dynamics, aluminum bonding and architecture and sports car design. Located in Shanghai, Polestar's China-based research and development team focuses on the development of bespoke features for the Chinese market.

Sustainability

Polestar has a philosophy to design towards zero, actively using Scandinavian minimalist design to engage customers and minimize Polestar's environmental impact. Polestar seeks to achieve its clear sustainability goals by establishing concrete targets focusing on four pillars of its sustainability approach:

- Climate Neutrality: Combating the emission of greenhouse gases is one of the top priorities of Polestar. Most greenhouse gas emissions associated with its vehicles are related to the use of fossil fuels in energy conversion. Coal power is highly present in Polestar's supply chains as it operates, and predominantly sources, in China. Aside from greenhouse gas emissions, the burning of fossil fuels also leads to emissions of sulfur dioxide, nitrogen oxides and particulates that affect the environment and the health of people living in the local areas surrounding the power plants. The use of renewable energy in the Polestar supply chain is absolutely key for it to reach climate neutrality and improve local air quality. Polestar has set three goals to achieve climate neutrality: Polestar is to be climate neutral by 2040, create a climate neutral production car (cradle-to-gate) by 2030 and halve the emission intensity per car sold by 2030. To drive towards the 2030 goal, Polestar has launched six strategic initiatives. These are: climate-neutral platform, climate-neutral materials, energy optimization, climate-neutral manufacturing, renewable energy in the supply chain and carbon neutral company. Each strategic initiative is headed by an accountable department but handled through cross-functional collaboration within Polestar. For the Polestar 2 long-range dual-motor variant, the cradle to gate carbon footprint was 26.2 tons CO_2e per vehicle in 2020, which by model year 2023 has been decreased to 25.4 tons CO_2e per vehicle. Most of the carbon impact comes from three categories: aluminum, batteries and steel. Together they account for 69% of the carbon emissions attributable to materials production and battery modules. Add electronics and polymers and the total is 87%. While a lot of focus naturally will be on those categories, the goal is to reduce all to zero, including Polestar's manufacturing footprint.
- Circularity: Circularity is a philosophy to ensure that we, as a society, produce and consume within planetary boundaries. The use of materials is at the root of Polestar's biggest social and environmental impacts. The extraction, processing, use and waste treatment of materials is associated with risks and potential negative impacts such as resource depletion, pollution to air, soil and water, climate impact, loss of biodiversity and human rights violations. Pollution to air, soil and water from metallurgical processes and mining activities also affect the health of people working in the supply chain and their local environments. By using a circular design approach, trying to close the loop for more materials and using an increased share of recycled or biobased materials, less virgin materials and minerals need to be extracted and produced, which minimizes the total environmental impact. Polestar aims to drive sustainable and circular use of materials through different key strategies and processes, including sustainability strategy, material strategy, sourcing strategy, procurement process and product development process. Through its procurement practices Polestar aims to minimize the negative impact on land and water through reduced greenhouse gas emissions, pollution, waste and effluents throughout its supply chain. Polestar uses life-cycle assessments as its primary tool for assessing environmental impact from material use including material selection and waste management.
- Transparency: Reporting and working on sustainability issues is meaningless unless it leads to real world positive impact. Being transparent about where Polestar's risks and impacts lie and which methodologies Polestar uses to measure itself ensures that Polestar creates actual progress. Polestar was the first car company to share both a LCA and the methodology behind the calculation for Polestar 2, in order to provide transparency to its customers as to the true impact of their purchase. Polestar will continue to calculate and share a LCA along with an ever more detailed Sustainability Declaration for each model it produces moving forward and urge the entire industry to adopt a transparent approach to help build consumer understanding and trust.

  Polestar is constantly looking to be honest with itself and its stakeholders and improve. For example, Polestar recognizes it uses materials with high risks of human rights and animal welfare violations, and negative environmental impacts in the supply chain to create its vehicles. Cobalt, for example, is a key component of the batteries used in Polestar vehicles that is primarily mined in the Democratic Republic of Congo, where it has been linked to child labor in the artisanal and

small-scale mining sector. Historically, it has been very difficult to trace the origin of minerals because of its complex supply chain and lack of reliable chain of custody methods. Polestar requires its suppliers to implement responsible sourcing practices to mitigate the risk of human rights violations. Polestar partners with a traceability-as-a-service provider, Circulor, that utilizes blockchain technology to trace the origins of risk materials used throughout Polestar's supply chain. Additionally, Polestar maintains a parts and components sourcing partnership with Volvo Cars in which suppliers are analyzed using sustainability questionnaires and a risk assessment tool developed by Responsible Business Alliance.

- Inclusion: Inclusion is diversity, representation and equality working in harmony. By committing to this strategic focus area, Polestar stands up for the rights of people throughout its value chain – from the workers producing the material of its cars, to its employees in factories or spaces, to customers and consumers around the world. Departments like Human Resources, Customer Experience, Design and Procurement drive strategic initiatives on human rights and inclusion, addressing Polestar's role as a responsible brand, employer and procurer.

  All employees and consultants working on behalf of Polestar must adhere to Polestar's Code of Conduct and the applicable policies. Key compliance areas for Polestar include anti-corruption, data privacy, human rights, environmental compliance, and socioeconomic compliance including competition law, labor law and trade sanctions. Polestar encourages a speak-up culture where employees and other stakeholders can ask questions and raise concerns without fear of retaliation. Suspected breach of laws or regulations, or any conduct that is not consistent with Polestar's Code of Conduct, corporate policies or directives can be reported to Polestar's Whistleblowing system SpeakUp with a guaranteed full anonymity.

Sales and Distribution

In 2019, Polestar commenced commercial sales of its vehicles with the Polestar 1, followed in 2020 with the Polestar 2. In addition, following its launch, Polestar began accepting orders for Polestar 3 in October 2022. Polestar uses a digital first, direct to consumer approach that enables its customers to browse Polestar's products, configure their preferred vehicle and, where permitted, place their order on-line. Currently, customers in North America place orders for Polestar's vehicles through trusted retailers. In addition, Polestar has established physical retail locations referred to as Polestar Spaces. Polestar Spaces range from smaller Polestar showrooms located in urban areas to larger Polestar showrooms located in peri-urban areas. Polestar Spaces allow Polestar's customers to see, feel and test drive Polestar's vehicles. In addition, Polestar has also established handover centers that provide a convenient option for customers to take delivery of Polestar vehicles, although customers may also choose home delivery in certain markets. As of December 31, 2022, there were 158 Polestar Spaces. In addition, as Polestar continues with its international expansion, it uses third party importers to give it access to lower volume markets, rapidly and with lower investment.

Polestar enters into agreements with independent investors to establish Polestar Spaces. These investors do not carry any inventory of cars for sale, but rather hold demonstration vehicles and provide potential customers the opportunity to see, feel and test drive Polestar vehicles. These investors may, but do not necessarily, have a prior relationship with Volvo Cars. In North America, however, federal or state law may prohibit automobile manufacturers from acting as licensed dealers or to act in the capacity of a dealer, or otherwise restrict a manufacturer's ability to deliver or service vehicles. Accordingly, all of Polestar's sales in North America are conducted through trusted representatives. These representatives are not necessarily associated with Volvo Cars or the Volvo Cars dealer network in North America.

In addition to Polestar and its subsidiaries' direct-to-consumer and direct-to-business models, vehicles are also sold to various fleet customers (e.g., rental car companies and corporate fleet managers). In 2022 Polestar entered into agreements with Hertz Global Holdings, Inc. (NASDAQ: HTZ) whereby Hertz committed to purchase 65,000 or more Polestar vehicles during a 5-year period. The Hertz agreements cover the United States, Canada, Europe, and Australia, and deliveries began in June 2022.

Polestar aims to deliver leading aftermarket services to its customers by leveraging Volvo Cars' global service and repair network. Polestar is cooperating with Volvo Cars to develop their service center network, including the introduction of digital service booking, fault tracing, diagnostics and software download (Over-the-Air and in workshop). Polestar also utilizes the Volvo Cars service center network to supply its customers with a spare parts infrastructure. Polestar currently leverages the Volvo Cars service center network to provide access to 1,116 customer service points worldwide (as of December 31, 2022) in support of Polestar's international operations. Polestar does not have a direct contractual relationship with the operators of its service points. Rather, Polestar relies on operators within the Volvo Cars network who sign, enter into, or amend, existing service contracts with Volvo Cars to add the service of Polestar vehicles to the scope of their dealer agreement.

Polestar's principal operating entity is Polestar Sweden. Polestar Sweden is responsible for and is engaged in the product strategy and development as well as marketing and distribution of Polestar vehicles. Polestar Sweden manages sales globally in conjunction with the local Polestar sales units. Sales on the Chinese domestic market are managed by the local Chinese Polestar sales unit. The vehicles sold globally by Polestar Sweden are manufactured in China but production is expected to also take place in the United States and potentially in Europe. Polestar may be subject to foreign exchange risk with respect to cash transfers within the group, including restrictions on cross border payments imposed by the Chinese government. See Item 3.D "*Risk Factors—Risks Related to Polestar's Business and Industry—Polestar faces risks associated with international operations, including tariffs and unfavorable regulatory, political, tax and labor conditions, which could materially and adversely affects its business, financial condition, results of operations and prospects*" and "*—Polestar relies heavily on manufacturing facilities and suppliers, including single-source suppliers, based in China and its growth strategy will depend on growing its business in China. This subjects Polestar to economic, operational, regulatory and legal risk specific to China.*"

Manufacturing

Polestar's vehicles are currently manufactured at a plant in Luqiao, China that is owned and operated by Volvo Cars. The plant, referred to by Volvo Cars as the "Taizhou" plant, was acquired by Volvo Cars from Geely at the end of 2021. Prior to that time, the plant had been owned by Geely and operated by Volvo Cars.

Polestar has the benefit of being part of the larger global manufacturing footprint of Volvo Cars and Geely with access to a substantial combined installed production capacity.

Polestar intends to expand its contract manufacturing presence to facilities in the U.S. and potentially Europe. Commencing with the Polestar 3, Polestar intends to produce vehicles both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina.

Chengdu facility

Polestar opened its Chengdu facility in 2019. Polestar produced the Polestar 1 at this facility until the end of 2021. The facility is a low volume facility designed for small series production runs, for developing new manufacturing processes or procedures and for customizations that cannot be handled in a high-volume factory. Polestar has more recently used the Chengdu facility to create limited editions of Polestar 2 ("Beast" or "BST" edition) and also to support the early pre-production builds of future Polestar vehicles. Chengdu was the first LEED Gold-certified automotive production facility in China. It was designed by the Norwegian architecture firm Snøhetta to run on renewable electricity. As of the date of this Report, Polestar had committed to a plan to sell its Chengdu facility. Refer to "*Note 26—Assets held for sale*" in Polestar's Consolidated Financial Statements for more information.

Luqiao facility

Polestar 2 is produced in the Luqiao facility. The facility opened in 2016 and has a total factory capacity of 180,000 cars per year. The plant is focused on the CMA platform, and also produces Volvo XC40. In October 2021, Geely and Volvo Cars agreed to transfer the Luqiao facility to Volvo Cars. The transfer was effectuated in December 2021 and did not affect production of the Polestar 2 at the facility. In connection with this transfer, the Luqiao facility has been renamed "Taizhou."

Battery suppliers

Polestar has a diversified strategy with respect to the supply of batteries, to reduce supply risk as well as to ensure better flexibility as battery technology continues to develop. Polestar's primary sources of batteries are LG Chem Ltd and Contemporary Amperex Technology Co. Limited with whom Polestar has a long-term supply agreement and the ability to leverage group purchasing power. In addition, Volvo Cars has entered into a supply agreement with battery developer and manufacturer Northvolt, as well as a joint venture with Northvolt in relation to research and development and production in Gothenburg of battery cells that are tailored to power the next generation of fully electric Volvo Cars and Polestar cars. Polestar has also entered into a non-binding letter of intent to secure batteries from SK Innovation, expected to power the Polestar 5. Polestar continues to evaluate potential up and coming startups in this area.

Related Party Agreements with Volvo Cars and Geely

Polestar benefits from the technological, engineering and manufacturing capabilities of Volvo Cars and Geely. These relationships give it access to the developed technology, IT, logistic channels, manufacturing capacity and distribution networks established by Polestar's founding partners, on a global basis. Accordingly, Polestar has entered into a number of contractual arrangements with Volvo Cars and Geely to obtain support and various services in connection with its business. Polestar's agreements with its partners are made on an arms-length basis and it assesses any agreement with related parties on the same basis as an agreement with third parties with respect to the scope of the services offered, timing and fees. While Polestar derives substantial benefit from access to its partner's resources and expertise, Polestar is free to seek technology, manufacturing and other services from third parties based solely on the needs of its business. Polestar's material transactions with related parties are subject to approval by its Board of Directors or other relevant persons in conformity with its related party transactions policy. Polestar has also established a number of steering committees to monitor compliance and performance of its agreements related to development, manufacturing, or service contracts with related parties (the "*Steering Committees*"). Polestar believes the Steering Committees provides a means of ensuring the interests of Polestar are protected and if necessary, provides a means of escalating any concerns or disputes to senior management or the Board. For additional information in relation to materially significant related party transactions during the years ended December 31, 2022, 2021 and 2020, see "*Note 25—Related party transactions*" in Polestar's Consolidated Financial Statements included elsewhere herein. For a further description of Polestar's contracts with related parties, see the section entitled Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions*."

Polestar's agreements with Volvo Cars cover research and development services, intellectual property licenses, purchasing, manufacturing engineering and logistics engineering and manufacturing with respect to the Polestar 1, Polestar 2 and Polestar 3. Polestar has also entered into a design services agreement with Volvo Cars with respect to Polestar 4 and Polestar 5 and entered into development agreements and licensing agreements with Geely with respect to Polestar 4 during 2021. In addition, Polestar has entered into agreements with Volvo Cars for the supply of parts as well as customer service and support agreements, agreements for the supply of general corporate services, IT support agreements and maintenance and operations agreements. In connection with its logistics, it has entered into agreements with Volvo Cars for logistics support services for Europe, North America, China and APAC, including logistics management, customs clearance and claims management, although it contracts directly with transporters as well. For additional information in relation to materially significant related party transactions, see the section entitled Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions*."

Research and development services and intellectual property licenses

Polestar has entered into a number of agreements and licensing agreements with Volvo Cars and/or Geely with respect to research and development services and licensing of intellectual property in connection with the development and manufacture of the Polestar 1, Polestar 2, Polestar 3, Polestar 4, Polestar 5 and Polestar 6. These agreements provide Polestar will pay a fixed fee based on Polestar´s volume share of Volvo Car Corporation's actual development cost. The development cost is calculated based on actual cost and an arm's length hourly rate. For the Polestar 3, Polestar will pay a fixed price for the technology license and development services which is calculated on Polestar's volume share of the development costs. Polestar has also entered into agreements providing for services and a license relating to certain technology such as for technology updates and upgrades and new features to be introduced in Polestar's model year programs for the Polestar 2. During the life-time of the Polestar 2, there are several model years planned. These programs include additional technology content and features for the Polestar 2 that will be developed, assigned or licensed by Volvo Cars to Polestar. Volvo Cars also provides certain development services to Polestar under these agreements. Polestar also entered into licensing agreements and a development service agreement with Geely for the Polestar 4 between late 2021 and early 2022.

Purchasing Agreements

Polestar has entered into several sourcing service agreements and maintenance agreements with Volvo Cars in connection with the Polestar 1, Polestar 2 and Polestar 3. The sourcing service agreements provide for sourcing of direct procurement of materials from third party suppliers as well as indirect procurement of services and other supplies. Services provided by Volvo Cars for such procurement are charged at an hourly rate established annually and billed monthly. Furthermore, direct costs incurred by Volvo Cars are reimbursed by Polestar.

Manufacturing engineering and logistics engineering

Polestar has entered into manufacturing engineering service agreements with Volvo Cars in connection with the production of Polestar 2 and Polestar 3. These agreements provide that Volvo Cars will provide industrial engineering services and manufacturing services with respect to the Polestar 2 and Polestar 3 vehicle programs. Polestar has also entered into a logistical engineering service agreement with Volvo Cars, under which Volvo Cars will provide support in connection with the development and set-up of an inbound and outbound logistic process connected to the plants.

Manufacturing

For the manufacturing of Polestar 2, Polestar has entered into contract manufacturing agreements with the Luqiao (or "Taizhou") plant, which is owned and operated by Volvo Cars. Further, Polestar has entered into financial undertaking agreements with Volvo Cars for investments for Polestar 3 production in a Volvo Cars plant in Chengdu, China as well as at a plant in Charleston, South Carolina. Production for initial launch markets in North America and Europe is planned to begin in Volvo Cars' facility in Chengdu, China, in an incremental ramp-up phase starting in mid-2023, with first deliveries expected in the fourth quarter of 2023. Delivery schedules for secondary launch markets in Asia Pacific and the Middle East are not yet finalized but are expected in 2024. Additional manufacturing at Volvo Cars' Charleston, South Carolina facility in the United States, is expected to follow towards the middle of 2024 – from which point supply to North American and other left-hand drive markets is planned to switch from China to the United States. Initial deliveries from the Volvo Cars' Charleston facility in South Carolina are expected around the middle of 2024. Polestar and Volvo Cars expect to have the detailed agreements for production of Polestar vehicles in Chengdu and in Charleston signed in the second quarter of 2023.

Other Agreements

In addition, Polestar has entered into several agreements regarding outbound logistics according to which Volvo Cars support with supply chain related services for the supply of Polestar vehicles. Polestar has also entered into agreements regarding quality services. Polestar has also entered into commercial, administrative and product creation software license agreements that license IT applications and IT services connected to administration, commercial, research and development and purchasing for use by Polestar globally.

Charging Network

Polestar believes that proprietary charging networks do not encourage customer adoption. Accordingly, Polestar intends to seek to build partnerships with open charging infrastructure providers. Polestar will use aggregators to help simplify the charging and payment experience for its customers, leveraging technology such as in car apps.

Polestar provides regional coverage and preferential pricing through regional strategic partnership with the largest charging network providers. Polestar provides its customers with access to an extended regional charging network using Plugsurfing aggregated CPO network in the EU, Electrify America in the US and CaoCao in China.

Competition

Polestar faces competition from both traditional automotive manufacturers and an increasing number of newer companies focused on electric and other alternative fuel vehicles. Polestar expects this competition to increase, particularly as the transportation sector continues to shift towards low-emission, zero-emission or carbon neutral solutions. In addition, numerous manufacturers offer hybrid vehicles, including plug-in versions, with which Polestar's vehicles also compete.

Polestar believes that the primary competitive factors on which it competes includes, but is not limited to, its focus on design and sustainability, its innovative proprietary technology and its digital first, direct to consumer approach. Polestar also has a start-up culture and a scalable asset-light business model that it believes generates significant competitive advantage. However, many of its current and potential competitors may have substantially greater financial, technical, manufacturing, marketing and other resources than Polestar or may have greater name recognition and longer operating histories than Polestar does (see also Item 3.D "*Risk Factors—Risks Related to the Polestar's Business and Industry—Polestar operates in an intensely competitive market, which is generally*

cyclical and volatile. Should Polestar not be able to compete effectively against its competitors then it is likely to lose market share, which could have a material and adverse effect on the business, financial condition, results of operations and prospects of Polestar."). Polestar believes it can differentiate itself from its competitors due to its focus on design, technology and sustainability its global presence and ability to leverage an established production ecosystem due to its relationships with its founding partners.

On a global basis, Polestar's principal EV competitor is Tesla. Based on production numbers, Tesla is the world's leading manufacturer of premium electric vehicles, having brought desirable electric vehicles to mainstream consumers with the Model S in 2012. Since then, the brand has developed a model range of sedans and SUVs to become one of the leading producers of electric vehicles all over the world. The Tesla model 3 is a principal competitor to Polestar 2, with some cross-relevance in the Model Y, a crossover SUV based on the Model 3. Model Y will also become more relevant with the launch of Polestar 4. Lucid, a US vertically-integrated technology and automotive company headquartered in California, is a potential competitor. While Lucid is engaged in the design, engineering, and construction of electric vehicles, electric vehicle powertrains and battery systems, its Lucid Air sales only started at the end of October 2021. In addition, Lucid does not currently have an SUV model and has focused recent efforts on promoting the Lucid Air, its large luxury sedan offering that is being offered at higher price points than many Polestar offerings.

Porsche is one of Polestar's core competitor brands from a driving experience and performance perspective. As one of the world's most renowned makers of "driver's cars," Porsche represents a strategic benchmark for Polestar. Although previously a manufacturer of solely internal combustion engine cars, Porsche has recently launched the Taycan electric vehicle which brings the brand's renowned dynamic experience to an electric vehicle for the first time. The forthcoming electric Macan is considered a key competitor to Polestar 4. Porsche is also a benchmark brand for future Polestar vehicles in terms of size and segments.

Other competition within the electric vehicle segment of the market, includes other pure play electric vehicle producers, such as Nio, Xpeng, Rivian and Fisker.

Intellectual Property

Research and development, conducted with strategic partners such as Volvo Cars, are one of Polestar's core competencies and Polestar's developments in areas such as lightweight chassis architectures, drivetrains, electric motors, bi-directional compatible battery packs and charging technology significantly enhance the flexibility and utility of its vehicles. In addition, Polestar has created considerable intellectual property related to its design of both the interior and exterior of its vehicles, including various components such as wheel rims and lights. Accordingly, Polestar's commercial success depends in part on its ability to protect and control its proprietary design, technology and other intellectual property assets. Polestar relies on a combination of intellectual property rights, such as patents, design and trademark registrations, to protect and preserve its proprietary technology and intellectual property assets. In addition, Polestar enters into employee, contractor, consultant and third-party non-disclosure and invention assignment agreements and other contractual arrangements to protect its proprietary technology and intellectual property assets.

As of December 31, 2022, Polestar owned 118 issued U.S. patents and 97, 60, and 192 issued patents in Europe, China and other jurisdictions (including European Patent Organisation ("*EPO*") validation states and UK), respectively. Those patents are related to Polestar's core proprietary technology. In addition, Polestar had 60 pending U.S. patent applications and 34, 30, and 20 pending patent applications in the EPO, China and other jurisdictions, respectively. In addition to patents covering Polestar's core proprietary technology, Polestar had 81 pending U.S. design patent applications, plus 61, 96 and 35 issued design or industrial design patents in the U.S., EU and China, respectively, and 166 issued design or industrial design patents issued in other jurisdictions. Another 57 and 44 design applications were pending in the EU (EU filing) and China, respectively, and there were 70 pending design applications in other jurisdictions. As of December 31, 2022, Polestar owned 6 registered U.S. trademarks, 13 pending U.S. trademark applications, as well as 19 and 17 registered trademarks in the EU and China, respectively. Further, 4 and 10 trademark applications were pending in the EU (and UK) and China, respectively.

Regardless of the coverage Polestar seeks under its existing patent applications, there is always a risk that alterations from Polestar's products or processes may provide sufficient basis for a competitor to avoid infringement claims. In addition, the coverage claimed in a patent application can be significantly altered before a patent is issued and courts can reinterpret patent scope after issuance. Many jurisdictions, including the United States, permit third parties to challenge issued patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. Polestar cannot provide any assurance that any patents will be issued from its pending or any future applications or that any current or future issued patents will adequately protect its intellectual property. For this and other risks related to Polestar's proprietary technology, inventions and improvements, please see Item 3.D "*Risk Factors—Risks Related to Intellectual Property*."

Progressive designs force Polestar to innovate and develop new technologies, technologies that in turn can improve customer experience or improve vehicle and sustainability performance. New technologies, not least connectivity and autonomous drive, will create additional intellectual property. Polestar also engages in competitive landscape analysis and forecasting measures, in an effort to identify future areas of interest that may allow it to more competitively engage in the future markets. As Polestar develops its technology, it will continue to build its intellectual property portfolio, including by pursuing patent and other intellectual property protection when Polestar believes it is possible, cost-effective, beneficial and consistent with its overall intellectual property protection strategy.

Polestar's commercial success will also depend in part on not infringing, misappropriating or otherwise violating the intellectual or proprietary rights of third parties. The issuance of third-party patents could require Polestar to alter its development or commercial strategies, change its products or processes, obtain licenses to additional third-party patents or other intellectual property or cease certain activities. Polestar's breach of any license agreements or failure to obtain a license to proprietary rights that it may require to develop or commercialize its future products or technologies may have an adverse impact on Polestar. See Item 3.D "*Risk Factors—*

Risks Related to Intellectual Property" for additional information regarding these and other risks related to Polestar's intellectual property portfolio and their potential effect on Polestar.

In addition to Polestar's proprietary technology and intellectual property assets, it has also acquired, licensed or sub-licensed material portions of the intellectual property that is relevant to its products from Volvo Cars, Geely and Zhejiang Zeekr Automobile Research and Development Co., Ltd. For example, it has acquired intellectual property with respect to fully electrical platform technology, motor vehicle drive units with electric vehicle motors, motor assemblies for operating electric powertrains, and structures specifically designed to protect electric vehicle components, and intellectual property relating to infotainment and connectivity. Polestar has also entered into agreements providing for a license relating to certain technology and features to be introduced in its model year programs.

Regulation

Polestar's products are designed to comply with all applicable regulations in the markets where it operates. As of December 31, 2022, Polestar operates in 27 markets in Europe, the Middle-East, North America, China and Asia Pacific. Polestar's expansion plans include further building its presence in fast growing markets in the Asia Pacific region as well as the Middle East. As Polestar expands its international presence, it will continue to take action to support that its vehicle design and sales comply with all regulations for each market it enters. Currently, the regulatory regimes material to Polestar's business are those established by the United Nations Economic Commission for Europe, the European Union, the United States and China. These regulations are monitored by Polestar's product certification team, supported by Volvo Cars and other external suppliers, to ensure that the internal design requirements reflect the applicable requirements for each product, market, and time frame.

Polestar believes that the following regulations are material to its business:

UNECE

The World Forum for Harmonization of Vehicle Regulations of the United Nations Economic Commission for Europe (the "*UNECE*") has been working towards international harmonization of the technical prescriptions for the construction and approval of wheeled vehicles since 1947. The UNECE has developed certain international rules and regulations in the area of safety, environment, range and energy consumption under the 1958 Agreement concerning the adoption of uniform technical prescriptions for wheeled vehicles, equipment and parts and the conditions for reciprocal recognition of those regulations. Regulations promulgated in accordance with the 1958 Agreement have been adopted in approximately 60 jurisdictions including the EU. The UNECE also adopted similar global technical regulations under the 1998 Agreement of which the United States, the EU, China, and Japan are parties and 21 global technical regulations have been promulgated to date. Polestar's vehicles meet the relevant requirements under the UNECE regulations.

EU

Manufacturers of passenger vehicles in the EU that wish to benefit from the Single Market are required to comply with EU Regulation 2018/858 (the Whole Vehicle Type Approval), which requires that vehicles that are put on the market within the EU must first be type-approved to ensure that they meet all relevant environmental, safety and security standards. A vehicle that has been type-approved in one EU member state can thereafter be sold and registered in all member states without further tests. Polestar's vehicles are type approved and fulfill applicable underlying regulations and directives.

USA

Polestar is required to obtain permits and licenses under the United States laws, regulations, and standards. Violations of these laws, regulations or permits and licenses may result in substantial civil and criminal fines, penalties and possibly orders to cease the violating operations or to conduct or pay for corrective works. In some instances, violations may also result in the suspension or revocation of permits and licenses.

The United States is a self-certification market when it comes to safety compliance. Accordingly, Polestar is required to fully comply with relevant regulations for every vehicle that is put on the market, but no formal approval is granted by the NHTSA. The National Traffic and Motor Vehicle Safety Act of 1966 requires cars and equipment sold in the United States to fulfill safety standards that are continuously updated to meet new technologies and needs.

Polestar's vehicles fulfill the applicable product requirements stipulated by the NHTSA and the EPA on a federal level, and similarly the CARB who is a major regulator on the state level.

China

The regulatory system in China applies type approval for Polestar's vehicles under three regulatory bodies:

- Ministry of Industry and Information Technology ("*MIIT*")—regulates the approval to manufacture vehicles;
- State Administration for Market Regulation ("*SAMR*")—regulates vehicle safety; and
- Ministry of Ecology and Environment ("*MEP*")—regulates range and energy efficiency.

The Chinese government has also enacted a number of macro policies that govern the automobile industry in China. In particular, the Provisions on the Administration of Investments into the Automobile Industry adopted by the National Development and Reform Commission on January 10, 2019, stated that, while the production of traditional gas fuel vehicles should be strictly controlled, the development of new energy vehicles should be promoted but the establishment of fully electric car manufacturing companies should also be subject to strict scrutiny and the establishment of low-level manufacturing companies should be avoided. Additionally,

considering the current large volumes of new energy vehicles in China, MIIT is also starting to strictly control contract manufacturing of new energy vehicles in PRC. As of result of such control, MIIT has possibilities not to approve car model homologation for contract manufacturing, especially foreign related.

Further, in order to be able to operate in China, Polestar and its subsidiaries are subject to permission requirements from the following regulatory bodies:

- SAMR;
- MEP; and
- General Administration of Customs.

Polestar and its subsidiaries have received all requisite permissions to operate in China and have not been denied any permissions in the past. These permissions include the following:

- Business License;
- Pollutants Discharge Permit; and
- Customs Declaration Registration Certificate or Customs Declaration Enterprise Record Receipt.

See Item 3.D "*Risk Factors—Risks Related to Polestar's Business and Industry—Polestar and its subsidiaries (i) may not receive or maintain permissions or approvals from the CAC or other relevant authorities to operate in China, (ii) may inadvertently conclude that such permissions or approvals are not required or (iii) may be required to obtain new permissions or approvals in the future due to changes in applicable laws, regulations, or interpretations related thereto*" for more information regarding risks associated with Polestar's and its subsidiaries' operations in China.

Focused regulatory areas

Some regulatory areas are rapidly changing within all the above-mentioned regulatory frameworks. The ones listed below are of key importance to Polestars products moving forward.

- Cyber security and privacy
- Electric vehicle safety
- Autonomous drive

In some of the relevant markets new requirements are enforced as guidelines and policies rather than regulations. Polestar's ambition is always to meet relevant requirements for each product, market, and time frame.

Cyber security and privacy

Cybersecurity and cybersecurity management systems are being regulated in many markets to enhance data security protection measures and to minimize the risks associated with cyber threats.

Data privacy and data protection laws in the markets where Polestar operates influence Polestar's abilities to collect and use personal information. For most markets, Polestar's connected vehicle services, as well as its sales and marketing activities, are subject to European laws, including the EU General Data Protection Regulation 2016/679 (GDPR), in addition to applicable national law in each market, which impose requirements on processing of personal information. Following general guidance from the European Data Protection Board, much of the data in the context of connected vehicles may be viewed as personal data and therefore subject to the EU GDPR. In the US, Polestar needs to comply with the California Consumer Privacy Act (CCPA) and similar state-level comprehensive privacy laws which enter into force starting from 2023 in e.g. Virginia, Colorado and other states.

Violations of data privacy and data protection laws may result in consequences such as substantial fines, damages, ceasing with the infringing activity and deletion of erroneously collected information.

In China, several pieces of legislation have been adopted in recent years, applicable in part or in full to Polestar's operations in China. These include the Data Security Law and the Personal Information Protection Law, which entered into force in 2021. Both laws impose requirements on data activities or personal information processing activities, including security reviews and specific requirements on activities on data regarding Chinese persons carried out outside of China. The Several Measures on the Automobile Data Security Management (for Trial Implementation) from the CAC, which entered into force in October 2021, imposes requirements on processing of personal information and important data during the process of designing, manufacturing, selling, maintaining, managing automobiles within the territory of China. It specifically requires the operators to store certain personal information and important data within the territory of China, or in case overseas transfers are necessary, to go through the data export security assessment organized by the CAC in accordance with such laws.

The Cybersecurity Review Measures from the CAC, which came into effect in February 2022, requires data processors in China who hold more than one million users' personal information and plan to list on a stock exchange in a foreign country to apply for a cybersecurity review. It also gives the CAC the power to initiate cybersecurity review in certain situations.

The Cross-border Data Transfer Security Measures (the "*Security Assessment Measures*") from the CAC, effective from September 2022, requires security assessment for data being exported. Data handlers must submit application materials to the CAC offices at the provincial level for the security assessment within a six-month "rectification period".

The Industry and Information Technology Field Data Security Administrative Measures (for Trial Implementation) promulgated by the Ministry of Industry and Information Technology of China, which became effective on January 1, 2023, regulate the data processing activities of certain industrial and technology businesses operating in the PRC. Data handlers that fall within this legislation are required to take certain steps to classify, appropriately process and protect the subject data, as well as to submit a catalog of important and core data to the local industrial regulatory department. As Polestar is not a registered manufacturer in the PRC it believes the legal obligations arising from this legislation will primarily sit with its contract manufacturing partners. However, Polestar may nonetheless be negatively impacted should its contract manufacturing partners not meet their obligations under this legislation.

Electric vehicle safety

Upcoming Safety Regulations include requirements concerning driver drowsiness and distraction, intelligent speed assistance, reversing safely with the aid of cameras or sensors, data recording in case of an accident (black box), lane-keeping assistance, advanced emergency braking, and crash-test improved safety. Specifically for battery electric vehicles there are requirements for vehicle-mounted rechargeable electrical energy storage systems, operation safety and fault protection and protection against electric shock, on both component and vehicle level.

AD/ADAS Regulations

Polestar equips its vehicles with certain advanced driver assistance features. Generally, laws pertaining to driver assistance features and self-driving vehicles are evolving globally and, in some cases, may create restrictions on advanced driver assistance or self-driving features that Polestar may develop.

Sustainability and Environmental Regulations

Polestar operates in an industry that is subject to extensive sustainability and environmental-related regulations, which have become more stringent over time. The laws and regulations to which Polestar is or may become subject govern, among other things, water use; air emissions; use of recycled materials; energy sources; the release, storage, handling, treatment, transportation and disposal of, and exposure to, hazardous materials; the protection of the environment, natural resources and endangered species; responsible mineral sourcing; due diligence transparency and the remediation of environmental contamination. Compliance with such laws and regulations at an international, regional, national, state, provincial and local level is and will be an important aspect of Polestar's ability to continue its operations.

Many countries have announced a requirement for the sale of zero-emission vehicles only within proscribed timeframes, some as early as 2035, and Polestar as an electric vehicle manufacturer is already in a position to comply with these requirements across its entire coming product portfolio as it expands.

Emissions Credits

All manufacturers are required to comply with the applicable emission regulations in each jurisdiction in which they operate. Furthermore, since Polestar's electric vehicles have zero or limited emissions compared to internal combustion engine vehicles, it earns emission grams or credits that may be sold to and used by other manufacturers to cover or offset their emissions footprint.

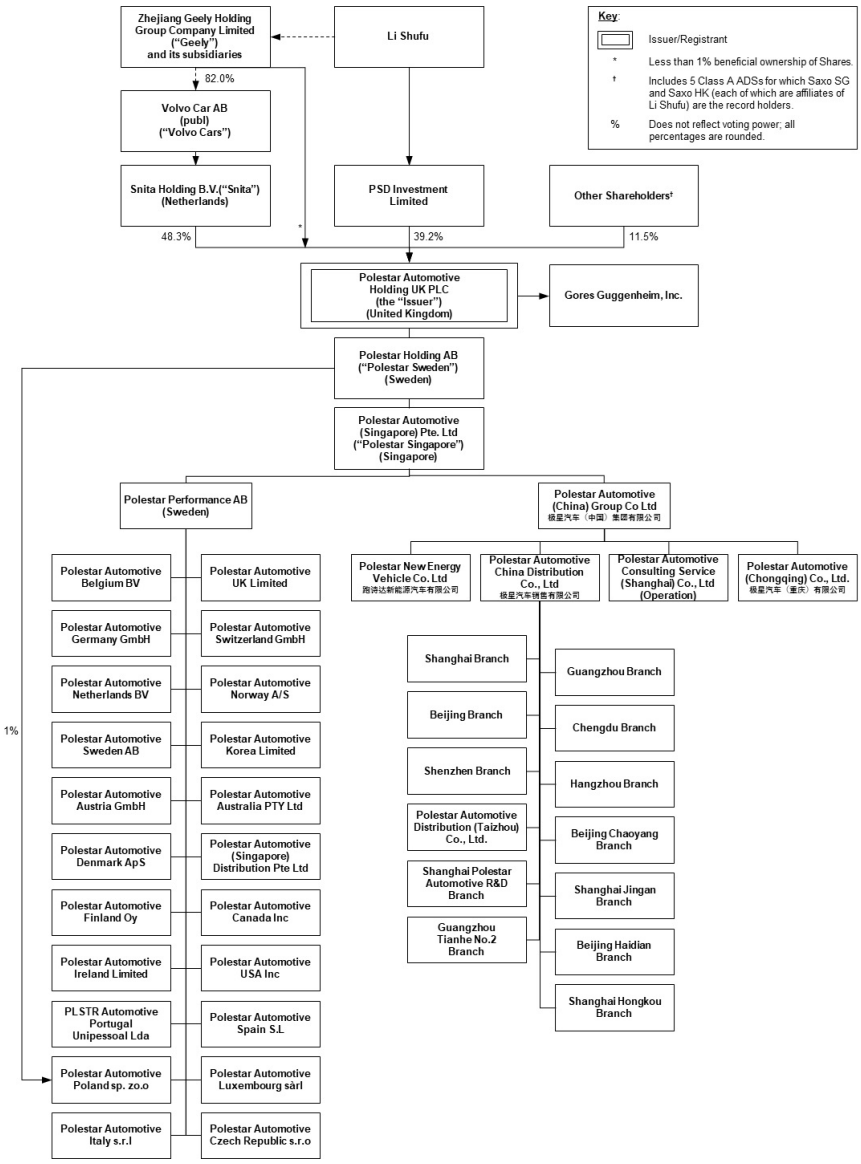
Polestar aims to follow the development and opportunities connected to emission regulations in all geographic regions in which it operates. The ability to earn excess emission grams or credits are dependent on each jurisdictions' regulations and the opportunity to get compensated by others depends on the demand from other manufacturers.

Recall activities

If Polestar vehicles need to be recalled or updated due to quality issues or not fulfilling applicable legal requirements in a market, decisions will be taken according to delegation of authority within Polestar. Reporting to authorities according to local requirements applies.

C. Organizational Structure

The following diagram depicts the organizational structure of the Company as of the date of this Report.


Zhejiang Geely Holding Group Company Limited ("Geely") and its subsidiaries
Li Shufu
Key:
Issuer/Registrant
* Less than 1% beneficial ownership of Shares.
† Includes 5 Class A ADSs for which Saxo SG and Saxo HK (each of which are affiliates of Li Shufu) are the record holders.
% Does not reflect voting power; all percentages are rounded.
82.0%
Volvo Car AB (publ) ("Volvo Cars")
Snita Holding B.V.("Snita") (Netherlands)
PSD Investment Limited
Other Shareholders†
48.3%
*
39.2%
11.5%
Polestar Automotive Holding UK PLC (the "Issuer") (United Kingdom)
Gores Guggenheim, Inc.
Polestar Holding AB ("Polestar Sweden") (Sweden)
Polestar Automotive (Singapore) Pte. Ltd ("Polestar Singapore") (Singapore)
Polestar Performance AB (Sweden)
Polestar Automotive (China) Group Co Ltd 极星汽车（中国）集团有限公司
Polestar Automotive Belgium BV
Polestar Automotive UK Limited
Polestar Automotive Germany GmbH
Polestar Automotive Switzerland GmbH
Polestar Automotive Netherlands BV
Polestar Automotive Norway A/S
1%
Polestar Automotive Sweden AB
Polestar Automotive Korea Limited
Polestar Automotive Austria GmbH
Polestar Automotive Australia PTY Ltd
Polestar Automotive Denmark ApS
Polestar Automotive (Singapore) Distribution Pte Ltd
Polestar Automotive Finland Oy
Polestar Automotive Canada Inc
Polestar Automotive Ireland Limited
Polestar Automotive USA Inc
PLSTR Automotive Portugal Unipessoal Lda
Polestar Automotive Spain S.L
Polestar Automotive Poland sp. zo.o
Polestar Automotive Luxembourg sàrl
Polestar Automotive Italy s.r.l
Polestar Automotive Czech Republic s.r.o
Polestar New Energy Vehicle Co. Ltd 跑诗达新能源汽车有限公司
Polestar Automotive China Distribution Co., Ltd 极星汽车销售有限公司
Polestar Automotive Consulting Service (Shanghai) Co., Ltd (Operation)
Polestar Automotive (Chongqing) Co., Ltd. 极星汽车（重庆）有限公司
Shanghai Branch
Guangzhou Branch
Beijing Branch
Chengdu Branch
Shenzhen Branch
Hangzhou Branch
Polestar Automotive Distribution (Taizhou) Co., Ltd.
Beijing Chaoyang Branch
Shanghai Polestar Automotive R&D Branch
Shanghai Jingan Branch
Guangzhou Tianhe No.2 Branch
Beijing Haidian Branch
Shanghai Hongkou Branch

The significant subsidiaries of the Company as of the date of this Report are listed below.

Legal Name	Jurisdiction of Incorporation	Proportion of Ordinary Shares Held by the Company
Polestar Holding AB	Sweden	100%
Polestar Automotive (Singapore) Pte. Ltd.	Singapore	100%
Polestar Performance AB	Sweden	100%
Polestar Automotive Canada Inc.	Alberta, Canada	100%
Polestar Automotive USA Inc.	Delaware, USA	100%
Gores Guggenheim, Inc.	Delaware, USA	100%
Polestar Automotive Belgium BV	Belgium	100%
Polestar Automotive Germany GmbH	Germany	100%
Polestar Automotive Netherlands BV	Netherlands	100%
Polestar Automotive Sweden AB	Sweden	100%
Polestar Automotive Austria GmbH	Austria	100%
Polestar Automotive Denmark ApS	Denmark	100%
Polestar Automotive Finland Oy	Finland	100%
Polestar Automotive Switzerland GmbH	Switzerland	100%
Polestar Automotive Norway A/S	Norway	100%
Polestar Automotive Korea Limited	South Korea	100%
Polestar Automotive Australia PTY Ltd	Australia	100%
Polestar Automotive (Singapore) Distribution Pte. Ltd.	Singapore	100%
Polestar Automotive Ireland Limited	Republic Ireland	100%
PLSTR Automotive Portugal Unipessoal Lda	Portugal	100%
Polestar Automotive Poland sp. zo. o	Poland	100%
Polestar Automotive UK Limited	United Kingdom	100%
Polestar Automotive Spain S.L	Spain	100%
Polestar Automotive Luxembourg SARL	Luxembourg	100%
Polestar Automotive Czech Republic s.r.o	Czech Republic	100%
Polestar Automotive Italy s.r.l	Italy	100%
Polestar Automotive Shanghai Co., Ltd.	People’s Republic of China	100%
Polestar New Energy Vehicle Co., Ltd.	People’s Republic of China	100%
Polestar Automotive China Distribution Co., Ltd.	People’s Republic of China	100%
Polestar Automotive Consulting Service (Shanghai) Co., Ltd.	People’s Republic of China	100%
Polestar Automotive (Chongqing) Co., Ltd.	People’s Republic of China	100%

D. Property, Plants and Equipment

Polestar is headquartered in Gothenburg, Sweden. Polestar’s research and development teams are located in Sweden and the United Kingdom. In Sweden, Polestar’s headquarters and research and development team are located in Gothenburg close to the facilities and competences at Volvo Cars and its surroundings. This research and development team is focused on collaboration with Volvo Cars in a wide variety of areas, including electrical propulsion, sustainability, lightweight material designs, software, and more. In the United Kingdom, Polestar’s research and development team is located in the Mira Technology Park in Coventry. This location benefits from good access to engineering talent, proving grounds, wind tunnels and workshops. Polestar’s engineering focus in the United Kingdom is chassis and dynamics, aluminum bonding and architecture and sports car design.

Polestar uses a digital first, direct to consumer approach that enables its customers to browse Polestar’s products, configure their preferred vehicle and, where permitted, place their order on-line. Alternatively, Polestar Spaces are where customers can see, feel and test drive Polestar’s vehicles prior to making an on-line purchase. As of December 31, 2022, there were 158 Polestar Spaces. In addition, Polestar leverages the Volvo Cars service center network to provide access to 1,116 customer service points worldwide (as of December 31, 2022) in support of its international operations.

Polestar's vehicles are currently manufactured at a plant in Luqiao, China that is owned and operated by Volvo Cars. The plant, referred to by Volvo Cars as the "Taizhou" plant, was acquired by Volvo Cars from Geely in December 2021. Prior to that time, the plant had been owned by Geely and operated by Volvo Cars. Polestar 2 vehicles have been manufactured at this plant since production commenced in 2020. Commencing with the Polestar 3, Polestar intends to produce vehicles both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina.

Polestar has the benefit of being part of the larger global manufacturing footprint of Volvo Cars and Geely with access to a substantial combined installed production capacity. Polestar intends to expand its contract manufacturing presence to facilities in the U.S. and potentially Europe. Commencing with the Polestar 3, Polestar intends to produce vehicles both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina. Polestar is also exploring the feasibility of producing the Polestar 2 in Europe for sales in the US market.

Chengdu facility

Polestar opened its Chengdu facility in 2019, which is separate from Volvo Cars' Chengdu facility. Polestar produced the Polestar 1 at this facility until the end of 2021. The facility is a low volume facility designed for small series production runs, for developing new manufacturing processes or procedures and for customizations that cannot be handled in a high-volume factory. Polestar has more recently used the Chengdu facility to create limited editions of Polestar 2 (BST) and also to support the early pre-production builds of future Polestar vehicles.

Chengdu was the first LEED Gold-certified automotive production facility in China. It was designed by the Norwegian architecture firm Snøhetta to run on renewable electricity. As of the date of this Report, Polestar had committed to a plan to sell its Chengdu facility. Refer to "*Note 26—Assets held for sale*" in Polestar's Consolidated Financial Statements for more information.

Luqiao facility

Polestar 2 is produced in the Luqiao facility. The facility opened in 2016 and has a total factory capacity of 180,000 cars per year. The plant is focused on the CMA platform, and also produces Volvo XC40. In October 2021, Geely and Volvo Cars agreed to transfer the Luqiao facility to Volvo Cars. The transfer was effectuated in December 2021 and did not affect production of the Polestar 2 at the facility. In connection with this transfer, the Luqiao facility has been renamed "Taizhou."

We believe that our facilities are adequate to meet our needs for the immediate future and that suitable additional space will be procured to accommodate any expansion of our operations, as needed.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion includes information that Polestar's management believes is relevant to an assessment and understanding of Polestar's financial condition and results of operations.

On June 23, 2022, Polestar closed the merger with GGI described elsewhere in this Report. The discussion should be read together with (i) the financial statements of Polestar Automotive Holding UK PLC as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 and the related notes thereto, included elsewhere in this Report. All financial numbers in this discussion are presented in thousands U.S. dollars unless otherwise noted.

Polestar's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed in the sections titled "Risk Factors" (see Item 3.D) and "Cautionary Note Regarding Forward-Looking Statements" included elsewhere in this Report. Certain amounts may not foot due to rounding.

Polestar Automotive Holding UK PLC

Overview

Former Parent and its subsidiaries are collectively referred to herein as "Polestar," "we," "our," or "us."

Polestar is a pure play, premium electric performance vehicle brand headquartered in Sweden, designing products that are engineered to excite consumers and drive change. Polestar defines market-leading standards in design, technology and sustainability. Polestar was established as a premium electric vehicle brand by Volvo Cars and Geely in 2017. Polestar benefits from the technological, engineering and manufacturing capabilities of these established global vehicle manufacturers. Polestar has an asset-light, highly scalable business model with immediate operating leverage. While Polestar has historically offered two performance vehicle models; Polestar 1 and Polestar 2, production of the Polestar 1 ceased during the year ended December 31, 2021. Production of a third performance vehicle model, the Polestar 3, is scheduled to begin during second half of the year ending December 31, 2023. On June 23, 2022, Polestar consummated a capital reorganization via the merger with GGI, a special purpose acquisition company. Polestar subsequently began trading on the Nasdaq on June 24, 2022, under the ticker symbol PSNY.

Polestar's vehicles are currently manufactured at a plant in Luqiao, China that is owned and operated by Volvo Cars. The plant, referred to by Volvo Cars as the "Taizhou" plant, was acquired by Volvo Cars from Geely in December 2021. Prior to that time, the

plant had been owned by Geely and operated by Volvo Cars. Under contract manufacturing agreements with Volvo Cars, Polestar intends to expand its manufacturing presence to facilities in the U.S. and in Europe. Polestar's ability to leverage the manufacturing footprint of both Volvo Cars and Geely gives Polestar's highly scalable business model immediate operating leverage.

Polestar's retail business model focuses on a digital-first, direct-to-consumer approach that enables its customers to browse Polestar's products, configure their preferred vehicle and place their orders online. This direct-to-consumer approach differs in some locations based on local legal jurisdictions (i.e., Polestar uses the dealer model only in the U.S. and Canada). This approach also differs in sales to fleet customers where ordering configured vehicles via the online platform is impracticable. Instead, sales are facilitated through Polestar fleet account managers.

Polestar Spaces are where customers can see, feel and test drive Polestar's vehicles prior to making an online purchase. Polestar believes this combination of digital and physical retail presence delivers a seamless experience for its customers. Polestar currently has 158 Spaces across 27 markets.

Polestar's customer experience is further enhanced by its comprehensive service network that leverages the existing Volvo Cars service center network.

Polestar's research and development expertise is a core competence and Polestar believes it is a significant competitive advantage. Current proprietary technologies under development include bonded aluminum chassis architectures and their manufacture, a high-performance electric motor and bi-directional compatible battery packs and charging technology.

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

Key factors affecting performance

Polestar's growth and success over the past five years has depended on numerous factors and trends. While these factors and trends provide opportunities for Polestar, they also pose risks and challenges such as those discussed in the section Item 3.D "*Risk Factors*." The following paragraphs explain the key factors that continue to have a notable impact on Polestar.

Partnerships with Volvo Cars and Geely

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

Utilizing Volvo Cars' Luqiao facility in China has allowed Polestar to ramp production of its Polestar 2 with over 100,000 units produced by December 31, 2022, while simultaneously producing limited edition variants utilizing Polestar's Chengdu facility. Going forward, Polestar 3 is planned to be produced both in China at Volvo Cars' Chengdu facility and in the United States at Volvo Cars' facility in Charleston, South Carolina, with Polestar 4 and Polestar 5 expected to be manufactured at Geely's Hangzhou Bay and currently under construction Chongquing (expected to be opened in 2024) facilities in China, respectively. Having access to the global manufacturing footprint of Volvo Cars and Geely has and will continue to provide Polestar some flexibility to adjust and optimize its manufacturing plans in response factors such as particular market demand, relative production cost, changing shipping and logistic expenses and the availability of market-specific tax credit schemes.

Premium electric vehicle portfolio

Following the launch of the Polestar 3 in 2022 and the expected launches of Polestar 4 in 2023, Polestar 5 in 2024 and Polestar 6 in 2026, Polestar's all-electric portfolio will comprise a fastback, an SUV, an SUV coupe, a 4-door GT and a roadster. This portfolio has been carefully developed to address the tastes and preferences of premium vehicle customers, one of the fastest growing segments of the global electric car market. The limited edition higher specification Polestar 2 variant, which sells at a higher price point has also received a favorable response from customers. Polestar plans to continue offering higher specification variants, sometimes in limited production runs, for its future models, which it expects will further establish its brand within the premium electric segment and allow for pricing variability within certain markets.

As a premium electric car company, Polestar does not intend to offer models priced below Polestar 2 and does not currently foresee the need to adjust its pricing strategy in response to recent price cuts announced by competitors who are pursuing a different strategy to address the wider electric car market.

Innovative automotive technologies and design

Polestar develops electric vehicles and technologies through cutting edge design and sustainable choices. Polestar has a high-performance, innovation-driven research and development team with safety heritage rooted from Volvo Cars and in-house competencies at its dedicated research and development facility in Coventry, UK. Internal development programs such as the Polestar Precept and P10 electric powertrain have advanced Polestar's organic intellectual property. Further, Polestar continues to display ambition to create industry-leading technologies through partnerships with Volvo Cars, Geely, Nvidia, Luminar, and Zenseact,

among others. This combination of research and development resources allows Polestar flexibility in determining which technologies to develop in-house versus which to outsource to partners. Polestar believes that continued investments such as these are critical to establishing market share, attracting new customers, and becoming a profitable global electric vehicle company. In the years ended December 31, 2022, 2021 and 2020, TUSD313,244, TUSD462,731, and TUSD338,093, respectively, were invested in new intellectual property. These investments have primarily impacted Polestar's results of operations through higher amortization expense.

Direct-to-consumer business model

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

Direct-to-business model

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

Fleet sales

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

Importer markets

During the first half of 2022, Polestar expanded by entering into new importer agreements that cover Hong Kong, New Zealand, Israel, UAE (United Arab Emirates), and Kuwait. This expansion allows Polestar to create a global footprint and tap potential opportunities which may lead to increased sales.

Reverse recapitalization

On June 23, 2022, Polestar consummated a capital reorganization via the merger with GGI, a special purpose acquisition company. Polestar subsequently began trading on the Nasdaq on June 24, 2022 under the ticker symbol "PSNY." In addition to providing Polestar with access to new funding sources in the United States capital markets, the merger, including all related arrangements, raised net cash proceeds of TUSD1,417,973. Gross proceeds of TUSD638,197 was assumed from GGI, TUSD250,000 was sourced from a private placement in public equity ("*PIPE*"), and TUSD588,826 was sourced from a preferential share subscription with Volvo Cars. Total transaction costs of TUSD97,953 were incurred in connection with the merger, of which TUSD59,050 had been recognized by GGI and deducted from the gross proceeds raised. The remaining TUSD38,903 were costs attributable to the Former Parent.

The merger was accounted for as a reverse recapitalization in accordance with International Financial Reporting Standards ("*IFRS*") 2, Share-based Payment, under which Polestar obtained a listing service in exchange for the issuance of 5.1% equity ownership. Accordingly, Polestar recorded a nonrecurring as well as non-cash share-based listing expense of TUSD372,318 that was calculated based on the excess of the fair value of equity ownership in Polestar issued to GGI and third-party PIPE investors over the identifiable net assets and cash assumed on June 23, 2022. The fair value of Polestar equity on June 23, 2022 was based on a closing share price of $11.23 per share, a contributing factor to the size of the listing expense. This non-recurring listing expense is included in operating expenses and reflected in operating loss.

As part of the merger, Polestar exchanged rights and obligations to the public and private warrant instruments of GGI, which maintained fair values of TUSD40,320 and TUSD22,770, respectively, on June 23, 2022. Polestar also issued certain rights to earn out shares to existing owners with a fair value of TUSD1,500,638 on June 23, 2022. These earn out rights were granted to existing owners of Polestar as stipulated by the business combination agreement with GGI, dated on September 27, 2021. These instruments are accounted for as derivative liabilities under International Accounting Standards ("*IAS*") 32, Financial Instruments: Presentation, and IFRS 9, Financial Instruments, that are carried at fair value with subsequent changes in fair value recognized in the Consolidated Statement of Loss at each reporting date. On June 23, 2022, the day of the merger, these earn out rights were recorded as a reduction of equity (and a derivative liability) with an amount of TUSD1,500,638.

Impact of COVID-19 and the Russo-Ukrainian War

In certain instances, Polestar's suppliers and business partners have experienced delays or disruptions from COVID-19, resulting in negative impacts to Polestar. Specifically, the prolonged government mandated quarantines and lockdowns in eastern China during the twelve months ended December 31, 2022 delayed production and delivery of critical components for the Polestar 2.

In February 2022, Russia invaded Ukraine. Uncertain geopolitical conditions, sanctions, and other potential impacts on the global economic environment resulting from Russia's invasion of Ukraine could weaken demand for Polestar's vehicles, which could make it difficult for Polestar to forecast its financial results and manage inventory levels. The uncertainty surrounding these conditions and the current, and potentially expanded, scope of international sanctions against Russia could cause unanticipated changes in customers' buying patterns, adversely impact operations of Polestar's suppliers, or interrupt Polestar's ability to source products from these regions. Sanctions have also created global supply chain disruptions, logistical constraints and inflation that have impacted, and may continue to impact, Polestar's operations and could create or exacerbate risks facing Polestar's business.

Polestar vehicles are manufactured at facilities owned and operated by Volvo Cars. While Polestar understands that Volvo Cars does not directly conduct any business (i.e., Tier 1 supplier) with suppliers from Russia, there can be no assurance that all parts of the supply chain are devoid of any exposure to disruptions caused by the Russia and Ukraine conflict. Due to the complexities surrounding vehicle production and its related supply chain, it is possible there will be some components sourced from suppliers subject to sanctions against Russia and/or that the resulting disruption to the supply chain will have an adverse impact on Polestar's business and operations. Polestar will continue to closely monitor the effect of the conflict between Russia and Ukraine.

Refer to Item 3.D "*Risk Factors*" for information on risks posed by the Russia and Ukraine conflict.

Inflation

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

A. Results of operations

Polestar conducts business under one operating segment with primary commercial operations in Europe and the U.S. While Europe and the U.S. represent Polestar's primary geographic markets, Polestar's presence is quickly expanding in Asia. Refer to "*Note 1—Significant accounting policies and judgements*" in Polestar's Consolidated Financial Statements for more information on the basis of presentation and segment reporting. The following paragraphs describe the key components of revenue and expenses as presented in our Consolidated Statement of Loss.

Revenue

Revenue is comprised of revenue from the sale of vehicles, revenue from the sale of software and performance engineered kits, revenue from sales of carbon credits, vehicle leasing revenue, and other revenue. Revenue from the sale of vehicles constitutes the primary source of revenue and has historically been derived primarily from sales of the Polestar 2. Polestar's main customers for electric vehicles consist of private individuals, fleet management companies, dealers, and our related parties, Volvo Cars and Geely. Revenue from the sale of software and performance engineered kits is derived from intellectual property licensed to Volvo Cars related to software upgrades and enhancements for Volvo Cars' vehicles. Revenue from sales of carbon credits is derived from sales of regulatory credits to external companies or related parties. Vehicle leasing revenue is derived from the Polestar Group's operating lease arrangements. Other revenue is derived from sales of automotive research and development services and intellectual property licensed to Volvo Cars enabling Volvo Cars to source and sell Polestar parts and accessories.

Cost of sales

Cost of sales primarily consists of contract manufacturing costs associated with the production of the Polestar 2, which is outsourced to Volvo Cars (previously outsourced to Geely), depreciation of tooling equipment, amortization of intangible assets related to manufacturing engineering, warehousing and transportation costs for inventory, customs duties, and charges to write down the carrying value of inventory when it exceeds the estimated net realizable value. Costs of sales for the years ended December 31, 2021 and December 31, 2020 also include costs related to direct parts and materials, direct labor, and manufacturing overhead for the Polestar 1, which was manufactured at Polestar's facility in Chengdu, China.

Selling, general, and administrative expenses

Selling, general, and administrative expenses are comprised of personnel expenses for business development and marketing functions, advertising and marketing expenses, personnel-related expenses for corporate, executive, finance, and other administrative functions, expenses for outside professional services, including legal, audit, information technology, and accounting services, as well as expenses for facilities, general software costs and licenses, depreciation, amortization, and travel. Personnel-related expenses consist of salaries, benefits, social security contributions, and incentive programs.

Research and development expenses

Research and development expenses consist of personnel expenses for Polestar's internal engineering, research, and development functions, amortization of intangible assets related to intellectual property used in the PS1 and PS2 and internal development

programs, and expenses for direct materials and facilities used by research and development personnel. Polestar outsources certain development of intellectual property used in its electric vehicles to Volvo Cars and makes payments in accordance with development plans. Such costs are capitalized as intangible assets instead of charged to research and development expense because they are paid in connection with the receipt of intellectual property from Volvo Cars that is expected to provide future economic benefit to Polestar.

Polestar conducts various internal research and development programs focused on advancing new technologies and concepts relevant to the business, such as electric vehicle propulsion systems, infotainment and software systems, and the use of eco-friendly recycled materials in production. Costs associated with Polestar's internal research and development programs are expensed as incurred while they are in the research phase and not yet expected to contribute to future cash flows. Once Polestar's internal research and development programs reach the development phase and are determined to contribute to future cash flows, such costs are capitalized as intangible assets instead of being charged to research and development expenses.

Finance income and expenses

Finance income consists of interest income on bank deposits associated with Polestar's short-term financing facilities and net foreign exchange rate gains on financial activities. Finance expenses are comprised of interest expenses associated with Polestar's short and long-term financing facilities, including amounts owed to related parties, net foreign exchange rate losses on financial activities, and interest expenses associated with lease liabilities.

Fair value change - Earn out rights

Fair value change in earn out rights consists of changes in fair value to the contingent right to receive earn outs of Class A and B shares that were issued to the Former Parent upon the completion of the Business Combination. The value of the earn out rights change with the Polestar share price and other macroeconomic conditions, creating fair value gain or loss.

Fair value change - Class C shares

Fair value change in class C shares consists of changes in fair value to the Class C-1 Shares and Class C-2 Shares that were issued to the Former Parent upon the completion of the Business Combination.

Income tax expenses

Income tax expenses consist of current and deferred income tax expenses. Current income tax expenses primarily represent income taxes generated on income sourced in multiple foreign jurisdictions. Deferred income tax expenses represent differences generated between book carrying values and the corresponding tax basis for assets or liabilities, multiplied by the applicable jurisdiction's income tax rate.

Comparison of the years ended December 31, 2022, 2021 and 2020

The following table summarizes Polestar's historical Consolidated Statement of Loss for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,			2022 vs 2021 Variance		2021 vs 2020 Variance	
	2022	2021	2020	$	%	$	%
	US'Thousand	US'Thousand	US'Thousand	US'Thousand		US'Thousand	
Revenue	2,461,896	1,337,181	610,245	1,124,715	84	726,936	119
Cost of sales	(2,342,453)	(1,336,321)	(553,724)	(1,006,132)	75	(782,597)	141
Gross profit	**119,443**	**860**	**56,521**	**118,583**	**13,789**	**(55,661)**	**(98)**
Selling, general and administrative expense	(864,598)	(714,724)	(314,926)	(149,874)	21	(399,798)	127
Research and development expense	(167,242)	(232,922)	(183,849)	65,680	(28)	(49,073)	27
Other operating income and expenses, net	(1,565)	(48,053)	1,766	46,488	(97)	(49,819)	(2821)
Listing expense	(372,318)	—	—	(372,318)	n/a	—	n/a
Operating loss	**(1,286,280)**	**(994,839)**	**(440,488)**	**(291,441)**	**29**	**(554,351)**	**126**
Finance income	8,552	32,970	3,199	(24,418)	(74)	29,771	931
Finance expense	(108,435)	(45,249)	(34,034)	(63,186)	140	(11,215)	33
Fair value change - Earn-out rights	902,068	—	—	902,068	n/a	—	n/a
Fair value change - Class C Shares	35,090	—	—	35,090	n/a	—	n/a
Loss before income taxes	**(449,005)**	**(1,007,118)**	**(471,323)**	**558,113**	**(55)**	**(535,795)**	**114**
Income tax expense	(16,784)	(336)	(13,535)	(16,448)	4,895	13,199	(98)
Net loss	**(465,789)**	**(1,007,454)**	**(484,858)**	**541,665**	**(54)**	**(522,596)**	**108**

Revenues

Polestar's revenue increased by $1,124,715, or 84.1%, from $1,337,181 for the year ended December 31, 2021 to $2,461,896 for the year ended December 31, 2022. Revenue from related parties increased by $10,602, or 8%, from $128,980 for the year ended December 31, 2021 to $139,582 for the year ended December 31, 2022.

Polestar's revenue increased by $726,936, or 119%, from $610,245 for the year ended December 31, 2020 to $1,337,181 for the year ended December 31, 2021. Revenue from related parties decreased by $18,475, or 13%, from $147,455 for the year ended December 31, 2020 to $128,980 for the year ended December 31, 2021.

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

	For the year ended December 31,			2022 vs 2021 Variance		2021 vs 2020 Variance	
	2022	2021	2020	$	%	$	%
	US$'Thousand	US$'Thousand	US$'Thousand	US$'Thousand		US$'Thousand	
Revenues							
Sales of vehicles	2,404,246	1,290,031	542,783	1,114,215	86	747,248	138
Sales of software and performance engineered kits	21,308	25,881	35,434	(4,573)	(18)	(9,553)	(27)
Sales of carbon credits	10,984	6,299	27,141	4,685	74	(20,842)	(77)
Vehicle leasing revenue	16,719	6,217	—	10,502	169	6,217	100
Other revenue	8,639	8,753	4,887	(114)	(1)	3,866	79
Total	**2,461,896**	**1,337,181**	**610,245**	**1,124,715**	**84**	**726,936**	**119**

Sales of vehicles increased by $1,114,215, or 86%, from $1,290,031 for the year ended December 31, 2021 to $2,404,246 for the year ended December 31, 2022. The increase was driven by greater volumes of Polestar 2 sales across major geographic markets such as the United States, the United Kingdom, Germany, Sweden, and South Korea. Revenue per vehicle decreased year-over-year primarily due to model mix and market mix. During the year ended December 31, 2021, the majority of vehicles sold were long-range dual motor variants of the Polestar 2 while the lower priced long-range single motor and standard range motor variants represented a greater share of revenue for the year ended December 31, 2022. This was partially offset by price increases implemented during the summer that were reflected in selling prices during the latter part of the year. Sales of vehicles increased by $747,248, or 138%, from $542,783 for the year ended December 31, 2020 to $1,290,031 for the year ended December 31, 2021. This increase is primarily due to a full year of commercial sales in 2021, compared to slightly more than three months in 2020 (as commercialization of the Polestar 2 didn't commence until the third quarter of 2020), as well as Polestar's further expansion into new markets in 2021.

Sales of software and performance engineered kits decreased by $4,573, or 18%, from $25,881 for the year ended December 31, 2021 to $21,308 for the year ended December 31, 2022. The decrease is a result of Polestar's shifting focus to its own vehicles and a decrease in Volvo Cars' sales of Polestar's performance engineered kits. Sales of software and performance engineered kits decreased by $9,553, or 27%, from $35,434 for the year ended December 31, 2020 to $25,881 for the year ended December 31, 2021. This decrease is a result of Polestar moving towards a focus on vehicle sales and Volvo Cars offering Polestar's performance engineered kits at a reduced price.

Sales of carbon credits increased by $4,685, or 74%, from $6,299 for the year ended December 31, 2021 to $10,984 for the year ended December 31, 2022. This increase is due to Polestar entering into a new agreement to sell their excess carbon credits to a third party during the year ended December 31, 2022. Sales of carbon credits decreased by $20,842, or 77%, from $27,141 for the year ended for the year ended December 31, 2020 to $6,299 for the year ended December 31, 2021 This decrease is due to prevailing market conditions and lower demand for carbon credits from Volvo Cars and third party OEMs.

Vehicle leasing revenue increased by $10,502, or 169%, from $6,217 for the year ended December 31, 2021 to $16,719 for the year ended December 31, 2022. Polestar began selling vehicles with repurchase obligations during the first half of 2021 and continued to increase the number of vehicles sold with repurchase obligations in the subsequent periods. This resulted in the increase to vehicle leasing revenue during the year ended December 31, 2022. Vehicle leasing revenue increased by $6,217, or 100%, from nil for the year ended December 31, 2020 to $6,217 for the year ended December 31, 2021. The increase was the result of Polestar entering into operating leases for the first time in 2021.

Other revenue decreased by $114, or 1%, from $8,753 for the year ended December 31, 2021 to $8,639 for the year ended December 31, 2022. Other revenue increased by $3,866, or 79%, from $4,887 for the year ended December 31, 2020 to $8,753 for the year ended December 31, 2021. This increase was primarily the result of sales-based royalties received from Volvo Cars on sales of parts and accessories for Polestar vehicles which Volvo Cars began selling to Polestar customers during 2021.

Cost of sales and gross profit

Cost of sales increased by $1,006,132, or 75%, from $1,336,321 for the year ended December 31, 2021 to $2,342,453 for the year ended December 31, 2022. This was primarily due to higher vehicle sales volumes during the year ended December 31, 2022, resulting in increased warranty as well as freight and distribution expenses of $33,986 and $69,938, respectively. Additionally, material costs increased by $947,279 due to the higher sales volumes, combined with rising raw material costs commencing in the end

of 2022. These higher material costs, combined with a deteriorating SEK/CNY foreign exchange rate discussed in the gross profit explanation below, have further contributed to the increase. The activity above was partially offset by decreased manufacturing related costs of $48,092 primarily due to the conclusion of tooling and machinery depreciation related to Polestar 1 in December 2021.

Cost of sales increased by $782,597, or 141%, from $553,724 for the year ended December 31, 2020 to $1,336,321 for the year ended December 31, 2021. This increase was primarily driven by expanded production and commercialization of Polestar 2 vehicles and a deterioration of the SEK/CNY exchange rate throughout 2021. Specifically, sales volume growth in the United States resulted in higher customs import duties and Polestar's SEK/CNY transaction exchange losses on contract manufacturing invoices paid to Geely contributed to higher overall costs of sales.

Gross profit increased by $118,583, or 13,789%, from $860 for the year ended December 31, 2021 to $119,443 for the year ended December 31, 2022. This increase was primarily due to expanded production and commercialization of Polestar 2 vehicles, causing a higher fixed cost absorption when compared to previous periods. This was combined with positive impacts from the decreased fixed manufacturing costs caused by the conclusion of Polestar 1 related depreciation and amortization in December 2021. The increase in Gross profit for the year ended December 31, 2022 is partially offset by continued deterioration of the SEK/CNY foreign exchange rate. The SEK/CNY foreign exchange rate weakened by approximately 5.7% during the year ended December 31, 2022 from 0.70 on January 1, 2022 to 0.66 by December 31, 2022. During the comparative period, the SEK/CNY foreign exchange rate weakened by approximately 11.4% from 0.79 on January 1, 2021 to 0.70 by December 31, 2021. In total, the SEK/CNY foreign exchange rate has weakened by approximately 16% since January 1, 2021. This trend impacts Polestar's gross profit as a transaction effect of contract manufacturing in China when Polestar's purchasing entity is denominated in a functional currency that is weaker than CNY.

Gross profit decreased by $55,661, or 98%, from $56,521 for the year ended December 31, 2020 to $860 for the year ended December 31, 2021. This decrease was primarily due to a negative gross profit impact of $20,842 related to reduced sales of carbon credits, a negative gross profit impact of $9,553 related to reduced sales of software and performance engineered kits and a negative gross profit impact of $4,887 related to reduced sales of research and development services to related parties.

Selling, general and administrative expenses

Selling, general and administrative expenses increased by $149,874, or 21%, from $714,724 for the year ended December 31, 2021 to $864,598 for the year ended December 31, 2022. This increase was primarily due to higher administration costs of $135,171 related to higher wages and salaries associated with scaling headcount across Polestar global operations to meet demands of the growing business. Selling, general and administrative expenses increased by $399,798, or 127%, from $314,926 for the year ended December 31, 2020 to $714,724 for the year ended December 31, 2021. The increase was primarily due to increased investments in advertising, marketing, and promotional activities as part of Polestar's commercial expansion across geographic markets such as the United States and China, increased professional service fees related to accounting, finance, and information technology, and higher wages and salaries associated with scaling headcount of Polestar's sales and administrative personnel to meet the demands of the growing business.

Research and development expenses

Research and development expenses decreased by $65,680, or 28%, from $232,922 for the year ended December 31, 2021 to $167,242 for the year ended December 31, 2022. This decrease was primarily due to a decrease in amortization of product development costs of $118,659 mainly related to the conclusion of Polestar 1 amortization in December 2021. This activity was partially offset by increased R&D personnel costs of $55,267 due to continuing product development for future vehicles and technologies. Research and development expenses increased by $49,073, or 27%, from $183,849 for the year ended December 31, 2020 to $232,922 for the year ended December 31, 2021. This increase was primarily due to increased product development costs related to future vehicles and electronic vehicles technologies and a full year of amortization of capitalized research and development expenses in 2021 related to Polestar 2, as compared to ten months of amortization in 2020.

Other operating income (expenses), net

Other operating income (expenses), net increased by $46,488 from an expense of $48,053 for the year ended December 31, 2021 to an expense of $1,565 for the year ended December 31, 2022. This increase was primarily driven by lower negative foreign exchange effects on working capital, comprised of unrealized gains of $29,506 and realized gains of $16,198. Other operating income (expenses), net decreased by $49,819 from $1,766 for the year ended December 31, 2020 to $48,053 for the year ended December 31, 2021. This decrease was primarily due to an increase in unrealized foreign exchange losses on conversions from the SEK and the Chinese Yuan ("*CNY*") related to Polestar's contract manufacturing agreements in China.

Finance income

Finance income decreased by $24,418, or 74%, from $32,970 for the year ended December 31, 2021 to $8,552 for the year ended December 31, 2022. This decrease was primarily the result of a negative net foreign exchange effect related to financial items for the year ended December 31, 2022. Finance income increased by $29,771, or 931%, from $3,199 for the year ended December 31, 2020 to $32,970 for the year ended December 31, 2021. This increase was primarily driven by net foreign exchange gains on financial activities.

Finance expenses

Finance expenses increased by $63,186, or 140%, from $45,249 for the year ended December 31, 2021 to $108,435 for the year ended December 31, 2022. This increase was primarily the result of interest expense associated with financing arrangements, overdue trade payables to Volvo Cars, and net foreign exchange losses on financial activities. Finance expenses increased by $11,215, or 33%, from

$34,034 for the year ended December 31, 2020 to $45,249 for the year ended December 31, 2021. This increase was primarily driven by interest expense on past due payables to Geely and Volvo Cars and interest expense on related party loans with Volvo Cars.

Fair value change - Earn out rights

The earn-out rights were issued in connection with the capital reorganization that was consummated on June 23, 2022. As such, there is no comparison figure for 2021. The gain on the fair value change of the earn out liability for the year ended December 31, 2022 was $902,068. These gains are primarily attributable to a decrease in Polestar's share price from $11.23 on June 23, 2022 (i.e., closing of the merger with GGI and issuance of the earn-out rights) to $5.31 on December 31, 2022 and increased market volatility. Leveraging on a benchmark of peers, the implied asset volatility used in the Monte Carlo simulation increased from 60% as of June 23, 2022 to 75% as of December 31, 2022.

Fair value change - Class C Shares

As part of the capital reorganization via the merger with GGI on June 23, 2022, Polestar exchanged rights and obligations to the public and private warrant instruments of GGI. The gain on the fair value change of these warrants (Class C Shares in Polestar) for the year ended December 31, 2022 was $35,090. These gains are primarily attributable to a decrease in the price of the Class C-1 Shares from $2.52 on June 23, 2022 (i.e., closing of the merger with GGI and exchange of the warrants) to $1.12 on December 31, 2022 and a decrease in the estimated value of the Class C-2 Shares from $2.53 to $1.12 over the same period. Polestar utilizes a binomial lattice model to calculate the value of the Class C-2 Shares which factors several inputs, including the changes in Polestar's share price from $11.23 to $5.31, implied volatility of publicly traded Class C-1 Shares from 22.5% to 89%, and risk-free rate from 3.12% to 4.01% over the same period.

Income tax expense

Income tax expense increased by $16,448, or 4,895%, from $336 for the year ended December 31, 2021 to $16,784 for the year ended December 31, 2022. This increase was primarily driven by $13,941 in increased income tax expenses due to higher earnings in jurisdictions in which we have taxable income, an increase of $1,307 in income tax expenses related to recognition and derecognition of deferred tax assets on other temporary differences and an increase in foreign taxes of $1,200. Income tax expense decreased by $13,199, or 98%, from $13,535 for the year ended December 31, 2020 to $336 for the year ended December 31, 2021. This decrease was primarily driven by a decrease in deferred taxes on temporary differences, coupled with lower withholding taxes. This was offset by higher income tax expenses generated from the higher earnings at legal entity level for the year ended December 31, 2021.

B. Liquidity and capital resources

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

Polestar continues to generate negative operating and investing cash flows as a result of scaling up commercialization efforts globally and capital expenditures for the Polestar 2, Polestar 3, Polestar 4, and Polestar 5 and does not expect to achieve positive cash flow from operations for several years. Managing the company's liquidity profile and funding needs remains one of Management's key priorities. Substantial doubt about Polestar's ability to continue as a going concern persists as timely realization of financing endeavors is necessary to cover forecasted operating and investing cash outflow. Refer to "*Note 1—Significant accounting policies and judgements*" in the accompanying Consolidated Financial Statements.

As of December 31, 2022, and 2021, Polestar had cash and cash equivalents of $973,877 and $756,677, respectively. Cash and cash equivalents consist of cash in banks with an original term of three months or less. Polestar did not have any restricted cash as of December 31, 2022, and 2021.

If Polestar's cash resources are insufficient to finance its future cash requirements, Polestar will need to finance future cash needs through a combination of public or private equity offerings, debt financings, or other means. To the extent Polestar raises additional capital through the sale of equity or convertible debt securities, the ownership interest of its shareholders may be diluted, and the terms of such securities may include liquidation or other preferences that adversely affect the rights of its existing shareholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting Polestar's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If Polestar is unable to raise additional funds through equity, debt financings, or other means when needed, it may be required to delay, limit, reduce, or, in the worst case, to terminate research and development and commercialization efforts and may not be able to fund continuing operations.

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

Short-term Working Capital Facilities with European and Chinese Banking Partners

Polestar has long-standing relationships with its European and Chinese banking partners. Management expects Polestar to meet all covenants and be able to meet principal and interest payments as they come due during FY 2023. Polestar's relationships with new and existing Chinese and European banking partners continue to provide a reliable source of short-term liquidity.

Debt and equity financing

Equity

In November 2020, Polestar issued 14,371,808 ordinary shares to Polestar's principal owners at $6.15 per share for total proceeds of $438,340.

In March 2021, the Group's Board of Directors distributed 18,032,787 shares of newly authorized Class B common shares at $30.50 (in ones) per share for proceeds of $550,000; related issuance costs amounted to $2,843. Of the 18,032,787 shares issued, 4,262,295 were issued to Geely. In July 2021, 17,345,079 Class A common shares were converted to Class B common shares.

On June 23, 2022, the Former Parent consummated a reverse recapitalization in which Polestar Holding AB and its subsidiaries became wholly owned subsidiaries of Polestar. US Merger Sub merged with GGI, pursuant to which the separate corporate existence of US Merger Sub ceased and GGI became a wholly owned subsidiary of Polestar. Convertible notes, different classes of common stock, public warrants, and private warrants were converted into various equity instruments of Polestar. For additional information, see "*Note 16 - Reverse recapitalization*" for more information.

Liabilities to Credit Institutions

During the periods presented in the accompanying Consolidated Financial Statements, Polestar utilized several short-term working capital loans, one of which includes a covenant tied to the Group's financial performance. All short-term working capital loans that have come due during the periods presented have been repaid on-time.

In June 2020, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding principal balance as of December 31, 2020 was $150,735. The loan carried interest at the interbank loan prime rate plus 0.065%. This loan was fully repaid as of December 31, 2021.

In December 2020, Polestar entered into a 6-month unsecured working capital loan with a bank in China. The outstanding principal balance as of December 31, 2020 was $45,930. The loan carried interest at the latest 12-month national interbank loan prime rate minus 0.37%. This loan was fully repaid as of December 31, 2021.

In December 2020, Polestar entered into a 6-month uncommitted facility with a bank in the United Kingdom. The outstanding principal balance as of December 31, 2020 was $148,082. The loan carried interest at 2.1% per annum over the relevant interbank offered rate, plus a flat arrangement fee of 0.25% to be paid on the value of the facility payable. This loan was fully repaid as of December 31, 2021.

In June 2021, Polestar entered into a 12-month unsecured working capital loan agreement with a bank in China. The outstanding principal balance as of December 31, 2021 was $78,650. The loan carries interest at the latest 12-month national interbank loan prime offer rate plus 1.1%. This loan was fully repaid as of December 31, 2022.

In July 2021, Polestar entered into a 12-month unsecured working capital loan agreement with a bank in China. The outstanding principal balance as of December 31, 2021 was $130,559. The loan carries interest at a rate of 3.915% per annum. This loan was fully repaid as of December 31, 2022.

In December 2021, Polestar entered into a 9-month working capital loan agreement with a bank in China. The loan is secured on certain assets equal to approximately 70% of its value and benefits from a subsidiary guarantee from Polestar Shanghai as well as letters of keep well from both Volvo Cars and Geely. The outstanding principal balance as of December 31, 2021 was $400,000. The loan carries interest at a fixed rate of 1.883%. This loan was fully repaid as of December 31, 2022.

In February 2022, Polestar entered into a 12-month EUR 350,000,000 uncommitted secured green trade finance facility, including an accordion facility of up to EUR 250,000,000, with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC and ING Belgium SA/NV, which was amended and restated on February 26, 2023 to, among other things, extend the facility availability for a further 12 months. The outstanding principal balance as of December 31, 2022 and the date of this Report was EUR 270,000,000 and EUR 220,000,000, respectively. The initial facility carried interest at 3-month Euro Interbank Offering Rate plus 2.1%. Following the February 2023 amendment and restatement, the facility carries interest at 3-month Euro Interbank Offering Rate plus 2.3% per annum. The facility has a repayment period of 90 days and includes a covenant tied to Polestar's cash and cash equivalents position and available commitments under committed credit facilities not falling below EUR 400,000,000.

In June 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding principal balance as of December 31, 2022 was $72,517. The loan carried interest at the interbank loan prime rate plus 1.25%.

In August 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding principal balance as of December 31, 2022 was $103,845. The loan carried interest at the interbank loan prime rate plus .05%.

In August 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding principal balance as of December 31, 2022 was $147,000. The loan carried interest at the interbank loan prime rate plus 2.3%.

In September 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding balance as of December 31, 2022 was $255,000. The loan carried interest at the interbank loan prime rate plus 2.3%.

In September 2022, Polestar entered into a 12-month secured working capital loan agreement with a bank in China. The outstanding principal balance as of December 31, 2022, was $133,000. The loan carries interest at 4.48% per annum.

In September 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding balance as of December 31, 2022 was $100,000. The loan carries interest at the 3-month secured overnight financing rate plus 2.4%.

In December 2022, Polestar entered into a 12-month unsecured working capital loan with a bank in China. The outstanding balance as of December 31, 2022 was $200,000. The loan carries interest at 7.50% per annum.

Related Party financing

In July 2021, Geely and two other third-parties invested in non-interest-bearing convertible notes of $35,231 from Polestar Group. Of the $35,231, $9,531 is held by Geely. The Group accounted for the convertible notes as equity upon issuance and classified them within other contributed capital. As of December 31, 2022, all $35,231 of the convertible notes have been converted into 4,306,466 Class A Shares.

On November 3, 2022, Polestar entered into an 18-month Term Facility Agreement with one of its major shareholders, Volvo Cars, allowing multiple drawings for up to an aggregated principal amount of $800,000. As of December 31, 2022, Polestar had not drawn on the Term Facility Agreement, however as of the date of this Report the drawn amount on the Term Facility Agreement was $300,000. Polestar is required to pay the loans, in full, 18 months from the date of the Term Facility Agreement. The Term Facility Agreement has an interest rate of floating 6-month Secured Overnight Financing Rate ("*SOFR*") with 4.97% per annum. The rate of interest on each loan made under the Credit Facility is the aggregation of the SOFR rate and the 4.97% per annum for the 6-month interest period set on the Quotation Day which is defined as two additional business days before the relevant interest period. Under this agreement, if Polestar announces an offering of shares of any class in the share capital, with a proposed capital raising of at least $350,000, and no fewer than five institutional investors participating in the offering, then Volvo Cars has the right to convert the principal amount of any outstanding loans into equity.

Floor plan and related party facilities

In the ordinary course of business, Polestar, on a market-by-market basis, enters into multiple low value credit facilities with various financial service providers to fund operations related to vehicle sales. The facilities are partially secured by the underlying assets on a market-by-market basis. As of December 31, 2022 and 2021, the aggregate amount outstanding under these arrangements to external credit institutions was $33,615 and $32,453, respectively. The Group maintains a working capital loan with the related party Volvo Cars that is presented separately in Interest bearing current liabilities - related parties within the Consolidated Statement of Financial Position. The aggregated amount outstanding as of December 31, 2022 and 2021 to related parties amounted to $16,690 and $13,789, respectively.

Sale leaseback facilities

Polestar has also entered into contracts to sell vehicles and then lease such vehicles back for a period of up to twelve months. At the end of the lease back period, Polestar is obligated to re-purchase the vehicles. Due to this repurchase obligation, these transactions are accounted for as financial liabilities. As such, consideration received for these transactions was recorded as a financing transaction. As of December 31, 2022 and December 31, 2021, $11,719 and $14,465 of this financing obligation was outstanding, respectively.

Cash flows

	For the year ended December 31,		
	2022	**2021**	**2020**
	US'Thousand	*US'Thousand*	*US'Thousand*
Cash used for operating activities	(1,083,423)	(312,156)	(57,050)
Cash used for investing activities	(715,973)	(129,672)	(243,707)
Cash provided by financing activities	2,083,029	909,572	359,643

Cash used for operating activities

Cash used for operating activities increased by $771,267, from $312,156 for the year ended December 31, 2021 to $1,083,423 for the year ended December 31, 2022. The change is primarily attributable to net loss adjusted for non-cash expenses as well as negative changes in working capital during the year ended December 31, 2022. Negative changes in working capital which led to operating cash outflows in 2022 are largely attributable to increased trade receivables, increased inventories, and higher interest payments related to liabilities to credit institutions and overdue trade payables with Volvo Cars.

Cash provided by changes in trade receivables, prepaid expenses, and other assets decreased by $268,692, from a cash inflow of $48,574 for the year ended December 31, 2021, to a cash outflow of $220,118 for the year ended December 31, 2022. The change from a cash inflow to a cash outflow is primarily due to an increase of $88,354 in third party trade receivables resulting from higher sales volumes, product mix and market mix, as well as an increase of related party trade receivables and accrued income from Volvo Cars of $104,845.

In 2022, change in inventory was a negative $226,638, as an effect of build-up in inventory following a general ramp up in business and a readiness to deliver on orders in 2023.

Cash provided by changes in interest paid increased by $55,566 from $12,564 for the year ended December 31, 2021, to $68,130 for the year ended December 31, 2022. The change is primarily due to $25,449 and $36,480 in interest paid to credit institutions related to working capital loans and Volvo Cars on past due payables, respectively.

Compared to 2021 cash-flow from changes in trade payables, accrued expenses, and other liabilities decreased by $466,875 from $519,676 for the year ended December 31, 2021 to $52,801 for the year ended December 31, 2022, primarily due to higher repayments of trade payables with Volvo Cars during the year ended December 31, 2022.

Cash used for operating activities decreased from $57,050 for the year ended December 31, 2020 to $312,156 for the year ended December 31, 2021. The change was primarily the result of Polestar fulfilling its provisions related to warranties, employee benefits, and other provisions, increased prepaid expenses, and higher levels of inventory due to market expansion, partially offset by higher collections of trade receivables from related parties.

Cash used for investing activities

Cash used for investing activities increased by $586,301, from $129,672 for the year ended December 31, 2021 to $715,973 for the year ended December 31, 2022. The change was primarily the result of significantly more cash settlements with Volvo Cars and Geely for prior period investments in intellectual property related to the Polestar 2, Polestar 3 and Polestar 4. Polestar also made an investment of $2,500 in the fast-charging battery technology innovator, StoreDot, during the year ended December 31, 2022.

Cash used for investing activities decreased from $243,707 for the year ended December 31, 2020 to $129,672 for the year ended December 31, 2021. The change was primarily the result of a decrease in cash payments for investments in property, plant and equipment and lower cash payments for intangible assets in accordance with the terms of agreements with Volvo Cars.

Cash provided by financing activities

Cash provided by financing activities increased by $1,173,457, from $909,572 for the year ended December 31, 2021 to $2,083,029 for the year ended December 31, 2022. The change was primarily the result of (1) the merger with GGI that occurred on June 23, 2022 resulting in total cash received in the transaction of $1,417,973 and (2) increased liquidity provided by eight short-term working capital facilities secured by Polestar during the year ended December 31, 2022. The merger with GGI and related arrangements provided Polestar with gross cash proceeds of $1,417,973, of which $588,826 was provided by Volvo Cars, $250,000 was provided by PIPE investors, and $638,197 was provided by transfer from GGI to the group at close, less transaction costs of $59,050. Polestar's borrowings provided $2,149,799 in gross cash proceeds during the period, of which $1,018,517 was sourced from seven short-term working capital facilities with Chinese banking partners, $966,903 was sourced from a green trade revolving credit facility with a syndicate of European banks, and $160,976 was sourced from multiple low-value floorplan and sale-leaseback facilities, including a small credit facility with Volvo Cars. These gross cash proceeds were partially offset by principal repayments of $1,426,935 during the period, of which $600,722 was used to settle three short-term working capital facilities with Chinese banking partners, $669,582 was used to settle amounts due on the green trade revolving credit facility, and $152,559 was used to settle amounts due on the low-value floorplan and sale-leaseback facilities, including the credit facility with Volvo Cars.

Cash provided by financing activities increased from $359,643 for the year ended December 31, 2020 to $909,572 for the year ended December 31, 2021. The change was primarily the result of the issuance of Class B common shares to third-party investors, the issuance of convertible notes, and increased short-term borrowings, partially offset by principal repayments related to existing short-term credit facilities.

Contractual obligations and commitments

Polestar is party to contractual obligations to make payments to third parties in the form of short-term credit facilities, sale leaseback arrangements, and various other leasing arrangements. Polestar has also entered into capital commitments to purchase property, plant and equipment and intellectual property. Refer to "*Note 10—Leases*," "*Note 23—Liabilities to credit institutions*," and "*Note 27—Commitments and contingencies*" in the accompanying Consolidated financial statements for more detail on contractual obligations and commitments.

The following table summarizes Polestar's estimated future cash expenditures related to contractual obligations and commitments as of December 31, 2022:

	Payments due by period			
	Total	Less than 1 year	Between 1-5 years	After 5 years
	US Thousand	US Thousand	US Thousand	US Thousand
Contractual obligations and commitments				
Capital commitments	396,261	283,400	112,861	—
Credit facilities, including sale leasebacks	1,328,752	1,328,752	—	—
Lease obligations	120,465	21,717	69,135	29,613
Total	**1,845,478**	**1,633,869**	**181,996**	**29,613**

Off-balance sheet arrangements

Other than the capital commitments mentioned in "*Contractual obligations and commitments*" in this "*Operating and Financial Review and Prospectus*," Polestar does not maintain any off-balance sheet activities, arrangements, or relationships with unconsolidated entities (e.g., special purpose vehicles and structured finance entities) or persons that have a material current effect, or are reasonably likely to have a material future effect, on Polestar's Consolidated Financial Statements.

C. Non-GAAP Financial Measures

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

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

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

Non-GAAP financial measures include adjusted operating loss, adjusted EBITDA, adjusted net loss, and free cash flow.

Adjusted Operating Loss

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

Adjusted EBITDA

Adjusted EBITDA is calculated as Net loss, adjusted for listing expense, fair value change of earn-out rights, fair value change of Class C Shares, interest income, interest expense, income tax expense, depreciation, and amortization. Adjusted EBITDA is defined as EBITDA, adjusted for certain income and expenses which are significant in nature and that management considers not reflective of ongoing operational activities. This measure is reviewed by management and is a relevant measure for understanding the underlying operating results and trends of the business prior to the impact of any adjusting items.

Adjusted Net Loss

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

Free Cash Flow

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

Unaudited Reconciliation of GAAP and Non-GAAP Results

Adjusted Operating Loss

	For the year ended December 31,		
	2022	2021	2020
Operating loss	(1,286,280)	(994,839)	(440,488)
Listing expense	372,318	—	—
Adjusted operating loss	**(913,962)**	**(994,839)**	**(440,488)**

Adjusted EBITDA

	For the year ended December 31,		
	2022	2021	2020
Net loss	(465,789)	(1,007,454)	(484,858)
Listing expense	372,318	—	—
Fair value change - Earn-out rights	(902,068)	—	—
Fair value change - Class C Shares	(35,090)	—	—
Interest income	(7,658)	(1,396)	(3,199)
Interest expenses	77,510	44,859	26,501
Income tax expense	16,784	336	13,535
Depreciation and amortization	158,392	239,163	216,076
Adjusted EBITDA	**(785,601)**	**(724,492)**	**(231,945)**

Adjusted Net Loss

	For the year ended December 31,		
	2022	2021	2020
Net loss	(465,789)	(1,007,454)	(484,858)
Listing expense	372,318	—	—
Fair value change - Earn-out rights	(902,068)	—	—
Fair value change - Class C Shares	(35,090)	—	—
Adjusted net loss	**(1,030,629)**	**(1,007,454)**	**(484,858)**

Free Cash Flow

	For the year ended December 31,		
	2022	2021	2020
Net cash used for operating activities	(1,083,423)	(312,156)	(57,050)
Additions to property, plant and equipment	(32,269)	(24,701)	(49,599)
Additions to intangible assets	(681,204)	(104,971)	(194,108)
Free cash flow	**(1,796,896)**	**(441,828)**	**(300,757)**

D. Research and Development, Patents and Licenses, etc.

Full details of our research and development activities and expenditures are given under the description of the “Research and development expenses” in “Results of operations” within this “Operating and Financial Review and Prospects” section.

E. Trend information

Other than what is disclosed elsewhere in this Report, Polestar is not aware of any trends, uncertainties, demands, commitments, or events for the year ended December 31, 2022, that would reasonably be likely to have a material and adverse effect on revenues,

income, profitability, liquidity, or capital resources or that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

Please refer to "Key factors affecting operations" within this "Operating and Financial Review and Prospects" section for a discussion of known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on revenues, income, profitability, liquidity, or capital resources that would cause the disclosed financial information to be not necessarily indicative of future operating results or financial condition.

F. Critical accounting estimates

Polestar prepares its Consolidated Financial Statements in accordance with the IFRS issued by the International Accounting Standards Board ("*IASB*"). The preparation of our Consolidated Financial Statements requires Polestar to make estimates, assumptions, and judgments that affect the reported amounts and related disclosures. All estimates, assumptions, and judgments are based on market information, knowledge, historical experience, and various other factors that Polestar determines reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Other companies in similar businesses may use different estimates, assumptions, and judgments which may impact the comparability of Polestar's Consolidated Financial Statements to those of other companies.

Refer to "*Note 1—Significant accounting policies and judgements*" in the accompanying Consolidated Financial Statements for detailed discussion of all accounting policies and judgements applied by Polestar. The following paragraphs discuss the accounting estimates that are most critical to the portrayal of our financial condition and results of operations and that require significant, difficult, subjective, or complex judgements.

Revenue recognition—determining the transaction price of performance obligations included with sales of vehicles and variable consideration for volume related discounts to fleet customers

Included with the sale of each Polestar vehicle are stand-ready obligations for the provision of certain services and maintenance (e.g., connected services and certified vehicle maintenance). Polestar utilizes an expected cost-plus margin approach for estimating the transaction price associated with these services as this is determined to be the most suitable method for estimating stand-alone selling price due to the materiality and the nature of the services. The residual amount of the transaction price is allocated to the performance obligation associated with the delivery of the vehicle because (i) the vehicle represents the most valuable component of the contract, (ii) Polestar's vehicles are not sold on a stand-alone basis such that an established price exists separate from the Services and Maintenance and (iii) there is wide variation in market price among the limited competitors in this new space. The estimated transaction price allocated to each stand-ready obligation is recognized over time in accordance with the term of each service while the transaction price allocated to the delivery of the vehicle is recognized at a point in time on the delivery date. The majority of Polestar's revenue recognized from the sale of vehicles during the year ended December 31, 2022 was related to transaction price allocated using the residual approach. Polestar has continued to evaluate and monitor the number of observable inputs available for use in estimating the standalone selling price of its vehicles. As part of its ongoing analysis, Polestar has determined that use of the residual method continues to be the most appropriate method for estimating the standalone selling price of its vehicles.

Polestar also offers volume related discounts to fleet customers which impacts its estimation of the consideration it will be entitled to in exchange for the delivery of vehicles. Due to its lack of experience engaging with fleet customers and competitive pressures from more established original equipment vehicle manufacturers, Polestar utilizes the most-likely amount method for estimating volume related discounts instead of the expected value method. Polestar's estimations under the most-likely amount method will improve as Polestar builds more relationships with fleet customers and gathers more reliable data over time.

Intangible assets—capitalizing internally developed intellectual property and determining the useful lives

Polestar conducts various internal development programs for projects such as the Polestar Precept and the P10 electric propulsion system. Programs are divided into the concept phase and the product development phase. In the concept phase, Polestar conducts exploratory research activities and designs an official development program. Management deems a project "program start" and it enters the product development phase if it is aligned with the business plan, financially sustainable, and estimated to contribute to future cash flow benefits. Upon the achievement of program start, internally developed intellectual property is capitalized in intangible assets. Determining program start for a project involves a significant amount of estimation with regards to its future cash benefit expected to stem from such project.

Polestar conducts an analysis to estimate the useful life for internally developed intellectual property, acquired intellectual property, and software at the point in time when they are capitalized in intangible assets. The estimation of useful life is heavily impacted by Polestar's contractual rights and obligations, technological complexities, and competitive pressures that influence technological advancements and obsolescence in the electric vehicle industry. The estimation of useful life ultimately impacts the amortization expense associated with intangible assets.

Impairment testing

Polestar conducts routine evaluations of intangible assets and goodwill for evidence of impairment indicators. At least annually and when impairment indicators exist, Polestar conducts an impairment test at the cash generating unit level (Polestar Group constitutes a single CGU). The recoverable amount for cash generating units is established through a calculation of value in use under a discounted future cash flow model that uses significant estimations regarding future cash flows as seen in the 2023-2027 business plan, a terminal growth rate of 2.0% for cash flows through the next ten years, and an after-tax discount rate of 14.0%.

Valuation of loss carry-forwards

The recognition of deferred tax assets requires estimates to be made about the level of future taxable income and the timing of recovery of deferred tax assets. These estimates take into consideration forecasted taxable income by relevant tax jurisdiction. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that management has sufficient objectively verifiable evidence available which would demonstrate that is has become probable that future taxable profits will be available against which they can be used.

Fair value measurement – methodologies for measuring the fair value of the financial liabilities related to the Class C-2 Shares and the contingent earn-out rights

The Class C-2 Shares and 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 fair value of the financial liability for the Class C-2 Shares is measured using a binomial lattice option pricing model that incorporates a geometric Brownian motion and references the observable price of the Class C-1 Shares. The Class C-1 Shares are almost identical instruments and are publicly traded on the NASDAQ (i.e., an active market). The inputs for this valuation technique include (1) the price of the Class C-1 Shares, (2) the implied volatility of the Class C-2 Shares, determined by reference to the implied volatility of the Class C-1 Shares, (3) the 5-year risk-free rate, and (4) the dividend yield of the Class C-2 Shares. Polestar considers these inputs to be primarily observable by reference to information on the Class C-1 Shares and other information available to the public (e.g., the 5-year risk-free rate is available by reference to the 5-year treasury rate), resulting in a Level 2 measurement methodology.

The fair value of the financial liability for the earn-out rights is measured using a Monte Carlo simulation. The inputs for this valuation technique include (1) the remaining term of the instrument, (2) the five earn-out tranches, (3) the probability of the Polestar'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, as determined by leveraging the implied volatility of the Class A Shares, and (4) the 5-year risk-free rate. The implied volatility of the Class A Shares is the most significant input to the Monte Carlo Simulation and is unobservable, requiring Polestar to calculate this input by reference to estimations of the asset volatilities of common equity of peers. This results in a Level 3 measurement methodology.

Recent accounting pronouncements

Certain new accounting standards and interpretations have been issued by the IASB but are not yet effective for the December 31, 2022 reporting period and have not been early adopted by the Polestar Group. These standards are not expected to have a material impact on Polestar's Consolidated Financial Statements in current or future reporting periods. Refer to "*Note 1—Significant accounting policies and judgements*" in the accompanying Consolidated Financial Statements for information on the new standards.

Quantitative and qualitative disclosures about market risk

Polestar is exposed to certain market risks in the ordinary course of business. These risks primarily consist of foreign exchange risk, interest rate risk, credit risk, and liquidity risk. Refer to "*Note 2—Financial risk management*" in the accompanying Consolidated Financial Statements for detailed discussion of these risks and sensitivity analyses.

Foreign currency exchange risk

The global nature of Polestar's business exposes cash flows to risks arising from fluctuations in exchange rates. Relative changes in the currency rates have a direct impact on Polestar's operating income, finance income, finance expense, Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows. To Group does not currently utilize hedging arrangements to mitigate the impact of currency exchange rate fluctuations for the business operations. Polestar continually assesses its exposure to exchange rate risks and will continue to explore mitigating arrangements.

Translation exposure risk

Currency translation risk arises from the consolidation of foreign subsidiaries that maintain net assets denominated in functional currencies other than USD (i.e., the functional currency of the Former Parent). At each reporting date, 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. Such currency effect is recorded in the Consolidated Statement of Comprehensive Loss. Polestar is primarily exposed to currency translation risk from subsidiaries with functional currencies in SEK, the EUR and the CNY.

Transaction exposure risk

Currency transaction risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Polestar entity. Primarily, Polestar is exposed to currency transaction risk in entities with SEK and CNY as the functional currency. The primary risks in these entities are CNY/SEK, USD/SEK and EUR/SEK due to trade receivables, trade payables and short-term credit facilities.

Market volatility risk

Polestar is exposed to market volatility risk through the financial liabilities for the Class C Shares and earn-out rights. These instruments 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. The Class C-2 Shares and earn-

out rights are not publicly traded and require Level 2 and Level 3 fair value measurements, respectively. As a result, market volatility has a direct impact on the changes in the fair value of these financial liabilities during each reporting period.

Interest rate risk

Polestar's main interest rate risk arises from short-term liabilities to credit institutions with variable and fixed rates, which exposes Polestar to cash flow interest rate risk. As of December 31, 2022 and 2021, the nominal amount of liabilities to credit institutions with floating interest rates was $819,390 and $642,338, respectively. Polestar closely monitors the effects of changes in the interest rates on its interest rate risk exposures, but Polestar currently does not take any measures to hedge interest rate risks. Interest rate risk associated with these loans is limited given their short-term duration.

Credit risk

Polestar is exposed to counterparty credit risks if contractual partners (e.g., fleet customers) are unable or only partially able to meet their contractual obligations. Polestar's credit risk can be divided into financial credit risk and operational credit risk. Credit risk encompasses both the direct risk of default and the risk of a deterioration of creditworthiness as well as concentration risks.

Financial credit risk

Financial credit risk on financial transactions is the risk that Polestar will incur losses as a result of non-payment by counterparties related to Polestar's bank accounts, bank deposits, derivative transactions, and other liquid assets. In order to minimize financial credit risk, Polestar has adopted a policy of dealing with only well-established international banks or other major participants in the financial markets as counterparties. Further, Polestar also considers the credit risk assessment of Polestar's counterparties by the capital markets and priority is placed on high creditworthiness and balanced risk diversification. The rating of financial counterparties used during the years ended December 31, 2022, 2021 and 2020 were in the range of BBB to A+.

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 Polestar. Polestar's trade receivables 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. Polestar 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, 2022, an unrelated customer accounted for $26,649 (13.1%) of Polestar Group's total trade receivables (i.e., trade receivables plus trade receivables—related parties). As of December 31, 2021, an unrelated party accounted for $23,031 (12.5%) of the Group's total trade receivables. Historically, Polestar has not incurred any losses from these customers, and it does not have any contractual right to off-set its payables and receivables.

Polestar has five categories of customers when considering sales of vehicles: (1) end customers who pay up-front for vehicles, (2) fleet customers, (3) dealers, (4) importers, and (5) financial service providers. All credit risk related to sales to end customers who pay up-front for vehicles is eliminated due to the nature of the payment. To reduce risk related to 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. For sales to dealers and importers, 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). 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 Group 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. The maximum amount of credit risk exposure is the carrying amount of trade receivables.

Liquidity risk

Liquidity risk is the risk that Polestar is unable to meet ongoing financial obligations on time. Polestar faces liquidity risk as all loans from financial institutions are short-term in nature, generally with a credit term of one year or less.

Trade payables with related parties represent working capital arrangements under which Polestar's liquidity needs are highly dependent on the continued flexible payment terms offered to Polestar by its related parties. These flexible payment terms are not a contractual right and may be called upon in the future. Refer to "*Note 25—Related party transactions*" in the accompanying Consolidated Financial Statements for additional information on these arrangements.

Polestar needs to have adequate cash and highly liquid assets on hand to ensure it can meet its short-term financing obligations and other working capital needs. Polestar manages its liquidity by holding adequate volumes of liquid assets such as cash, cash equivalents and accounts receivable, by maintaining credit facilities in addition to the cash inflows generated by its business operations, and through historical capital contributions from private equity investors.

As of December 31, 2022 and 2021, Polestar held cash and cash equivalents of $973,877 and $756,677, respectively, that were available for managing liquidity risk. Polestar entered into short-term financing arrangements with credit institutions to enhance short term liquidity and financing needs. Refer to "*Note 23—Liabilities to credit institutions*" in the accompanying Consolidated Financial Statements for further details on short-term borrowings. Polestar's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

Polestar has established a liquidity risk management framework for management of its short, medium and long-term funding and liquidity management requirements and prepares long-term planning in order to mitigate funding and re-financing risks. Depending on liquidity needs, Polestar will enter into financing and debt agreements and/or lending agreements. All draws on loans are evaluated against future liquidity needs and investment plans.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Executive Officers

The directors and executive officers of Polestar are as follows:

Name	Age	Title
Håkan Samuelsson	72	Director (Chairman)
Thomas Ingenlath	59	Chief Executive Officer and Director
Johan Malmqvist	47	Chief Financial Officer
Dennis Nobelius	50	Chief Operating Officer
Carla De Geyseleer	54	Director
Karen C. Francis	60	Director
Donghui (Daniel) Li	52	Director
Dr. Karl-Thomas Neumann	62	Director
David Richter	55	Director
James (Jim) Rowan	57	Director
Zhe (David) Wei	52	Director

Executive Officers

Thomas Ingenlath joined Polestar as its Chief Executive Officer in July 2017 from Volvo Cars, where he served as the Senior Vice President of Design from July 2012. Mr. Ingenlath has also been a member of the Board since April 2022. Prior to joining Polestar, he held various design management roles at Škoda Auto from December 1999 to December 2005 and the Volkswagen Group from January 2006 to December 2011. Mr. Ingenlath brings over 20 years of design, innovation and leadership experience in the automotive industry to Polestar. Mr. Ingenlath holds an undergraduate Diplom degree from Pforzheim University in Transportation Design and a Masters of Art from the Royal College of Art in vehicle design.

The Company believes that Mr. Ingenlath is qualified to serve on the Board based on his significant executive experience at Polestar and in the automobile industry.

Johan Malmqvist joined Polestar as its Chief Financial Officer in September 2021 from Dole Food Company, where he served as Chief Financial Officer from July 2014 to September 2021. Previously, he served as the Chief Financial Officer of Perstorp AB from May 2009 to June 2014 and Duni AB from Aug 1998 to May 2009. Mr. Malmqvist brings over 20 years of financial experience across multiple sectors to Polestar. Mr. Malmqvist holds a BA from San Diego State University in International Business and a Master of Science Business Administration from San Diego State University with a specialization in Finance.

Dennis Nobelius joined Polestar as Chief Operating Officer in September 2020. Since June 2021, Mr. Nobelius also serves on the Advisory Board of StoreDot Ltd, a battery developer and materials innovation leader focusing on fast-charging batteries. He previously served as the Chief Executive Officer of Zenuity (now Zenseact), an assisted and autonomous driving software provider originally set up as a joint venture between Volvo Cars and Veoneer (now wholly owned by Volvo Cars), from September 2016 to September 2020. Mr. Nobelius has 20 years of research and development, operation and leadership experience in the automotive industry, including at Volvo Cars where he served, among others, as Managing Director in Switzerland, Program Leader for all-new Volvo XC90 / S90 / V90 cars and the new Volvo Scalable Product Architecture Platform, Plant Director for final assembly shop at Volvo Cars Torslanda, Program leader for the Volvo C30 car. Mr. Nobelius was also co-founder and Chief Executive Officer for the start-up Expoplanet from May 2000 to September 2001. Mr. Nobelius holds a Ph.D. in R&D Management and a MSc in Industrial Engineering & Management from Chalmers University of Technology.

Non-Employee Directors

Håkan Samuelsson has served as Chairman of the Board since June 2022 and joined the Former Parent Board in May 2020. Mr. Samuelsson also served as a director of Volvo Cars from August 2010 to March 2022 and as President and Chief Executive Officer of Volvo Cars from October 2012 to March 2022. Mr. Samuelsson started his professional career in 1977 at Scania Group, where he worked for more than 20 years and joined the executive board in January 1996. In 2000, Mr. Samuelsson joined MAN AG and became its Chief Executive Officer in 2005. Mr. Samuelsson has also served as a director of Ideella föreningen Teknikarbetsgivarna i Sverige since July 2013, a director of Ideella Föreningen Teknikföretagen i Sverige since July 2013, a director of Lynk & Co Investment Co., Ltd. since 2017 and a deputy board member of Volvo Trademark Holding Aktiebolag since April 2013. Previously, Mr. Samuelsson was a director at AB Volvo from April 2016 to May 2018, a director at China-Euro Vehicle Technology Aktiebolag

from May 2013 to March 2019, a director at Zenuity from May 2017 to July 2018, a director at Lynk & Co Europe AB from November 2018 to September 2020. Mr. Samuelsson holds a Master of Science Degree in Mechanical Engineering from KTH Royal Institute of Technology, Sweden.

The Company believes that Mr. Samuelsson is qualified to serve on the Board based on his significant executive experience in the automotive sector.

Carla De Geyseleer has served on the Board since June 2022 and joined the Former Parent Board in September 2020. Since September 2022, Ms. De Geyseleer also serves as the Chief Financial Officer of Schindler Holding Ltd. Ms. De Geyseleer served as the Chief Financial Officer of Volvo Cars from October 2019 to April 2021. Prior to joining Volvo Cars, Ms. De Geyseleer served as the Chief Financial Officer of Société Générale de Surveillance ("*SGS*"), a Swiss-based publicly listed company specialized in testing, inspection and certification services, from November 2014 to October 2019. Prior to her role at SGS, Ms. De Geyseleer served as the Chief Financial Officer at telecom firm Vodafone Libertel in the Netherlands from April 2012 to October 2014 and as a director of financial controlling at Vodafone Germany from April 2010 to April 2012. She also worked for 15 years at the logistics company DHL Express, where she held responsibilities in various operational and corporate positions in multiple countries from 1995 to 2010. Ms. De Geyseleer started her career as an auditor with accountancy firm EY LLP in Belgium. Since September 2019, Ms. De Geyseleer has also served as a director and chair of the audit committee at Hilti AG in Lichtenstein. Ms. De Geyseleer holds a Master's degree in Economic and Financial Sciences, with a specialization in Accounting, and an Executive MBA from the Institute for Management Development in Lausanne, Switzerland.

The Company believes that Ms. De Geyseleer is qualified to serve on the Board based on her significant experience as a financial executive of publicly listed companies and her experience in the automotive sector.

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

The Company believes that Ms. Francis is qualified to serve on the Board based on her significant experience in the automotive sector, her knowledge in corporate governance and her track record of successfully building companies and businesses across multiple industries.

Donghui (Daniel) Li has served on the Board since June 2022 and joined the Former Parent Board in May 2020. Mr. Li serves as the Chief Executive Officer of Geely since November 2020. Mr. Li joined Geely in April 2011 as Vice President and Chief Financial Officer and has served as a director of Geely since November 2011. From May 2011 to April 2014, he served as Executive Director of Geely Automobile Holdings Co., Ltd. (HK.0175) and from June 2016 to November 2020, he served as Executive Vice President and Chief Financial Officer of Geely. In April 2012, Mr. Li was appointed as a director of Volvo Cars. In July 2016, he was appointed the position of Executive Director and Vice Chairman of Geely Automobile Holdings Co., Ltd. (HK.0175). Mr. Li has also served as a chairman of Group Lotus and a director of Proton Holdings since September 2017. From September 2018 to March 2021, Mr. Li has served as chairman of Saxo Bank and he continues to serve as a director of Saxo Bank after March 2021. Mr. Li also serves as chairman of LEVC Global since April 2021. Mr. Li holds an MBA degree from the Indiana University Kelley School of Business and graduated from the Beijing Institute of Machinery with a Master's degree in management engineering (with a focus on financial management). He also holds a Bachelor's degree in philosophy from China Renmin University.

The Company believes that Mr. Li is qualified to serve on the Board based on his significant executive experience in the automotive sector and his experience in operational management in China.

Dr. Karl-Thomas Neumann has served on the Board since June 2022. Dr. Neumann joined the Former Parent Board in February 2022. Dr. Neumann is the Chief Executive Officer and Founder of KTN Investment and Consulting since March 2018. He also serves as a director of indie Semiconductor, Inc. since June 2021 and as a director of South Korea based Hyundai-Mobis since March 2019. From April 2018 to June 2019, Dr. Neumann held a management position at Canoo Inc., an electric vehicles company, where his responsibilities included technology and marketing. From March 2013 to March 2018, he was Executive Vice President & President Europe for General Motors Company, where he was also a member of the GM Executive Committee. Dr. Neumann was previously

with Volkswagen AG, where he was Chief Executive Officer and Vice President of Volkswagen Group China in Beijing from September 2010 to August 2012. Prior to this position, he held a number of management positions at Volkswagen, beginning in 1999 as Head of Research and Director of Electronics Strategy. From 2004 to 2009, Dr. Neumann was a member of the Executive Board at German automotive supplier Continental AG, responsible for the Automotive Systems Division. From August 2008 to September 2009, he was Chairman of the Executive Board of Continental AG. In December 2009, Dr. Neumann returned to Volkswagen AG and took over company-wide responsibility for electric propulsion. Dr. Neumann began his professional career at the Fraunhofer Institute as a research engineer before moving to Motorola Semiconductor, where he worked as an engineer and strategy director responsible for the automobile industry. Dr. Neumann holds a Ph.D. in Microelectronics from the University of Duisburg, as well as a diploma in Electrical Engineering from the University of Dortmund.

The Company believes that Dr. Neumann is qualified to serve on the Board based on his significant executive experience in the automotive sector.

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

The Company believes that Mr. Richter is qualified to serve on the Board based on his significant experience in the fast-moving shared mobility industry and as a business development and start-up executive.

James (Jim) Rowan has served on the Board since June 2022. Mr. Rowan joined Volvo Cars as its Chief Executive Officer in March 2022. Prior to his role at Volvo Cars, Mr. Rowan worked with Ember Technologies, Inc. as a director and its Chief Executive Officer from February 2021 to March 2022. Previously, Mr. Rowan served at Dyson as Chief Operating Officer from August 2012 to September 2017, Chief Executive Officer from September 2017 to April 2020 and as a director from August 2012 to July 2020. Mr. Rowan also served as the Chief Operating Officer of BlackBerry (NYSE: BB) from December 2007 to August 2012, Executive Vice President at Celestica from January 2005 to October 2007 and Vice President of Operations at Flex from February 1998 to January 2005. Mr. Rowan also serves as a member of the Shareholders' Committee of Henkel AG since April 2021. Mr. Rowan was a senior advisor to the global investment firm KKR & Co. Inc. (NYSE: KKR) between November 2020 and February 2022. He was the Chairman of Sydrogen from August 2021 to February 2022, a director at PCH International from August 2020 to February 2022, and a director at Nanofilm Technologies International Limited from October 2020 to February 2022. Earlier in his career, Mr. Rowan also held senior management positions at International Components Corporation and was the founder of Electroconnect, a specialist contract electronics manufacturer, which was acquired by Prestwick Holdings in 1992. Mr. Rowan holds a Master's degree in Business with specializations in supply chain management and logistics. Mr. Rowan also holds certifications from Glasgow College of Technology and Glasgow Caledonian University, including a Mechanical Engineering Apprenticeship, as well as an HNC in Mechanical and Production Engineering and an ONC in Electrical & Electronics Engineering.

The Company believes that Mr. Rowan is qualified to serve on the Board based on his significant global experience as a technology executive.

Zhe (David) Wei has served on the Board since June 2022. Mr. Wei has over 20 years of experience in both investment and operational management in China. Prior to launching Vision Knight Capital, a private equity investment fund, in 2011, Mr. Wei served from 2007 to 2011 as an executive director and the Chief Executive Officer of Alibaba.com Limited, a leading worldwide wholesale e-commerce company wholly owned by the Alibaba Group (NYSE: BABA). Mr. Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q (China) Co., Ltd., a subsidiary of Kingfisher PLC, a leading home improvement retailer in Europe and Asia. From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to joining B&Q and Kingfisher, Mr. Wei served as the head of investment banking at Orient Securities Company Limited from 1998 to 2000 and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr. Wei was appointed as an independent non-executive director of PCCW Ltd. (HKSE: 0008) ("*PCCW*") in November 2011 and was re-designated as a non-executive director of PCCW in May 2012. Mr. Wei has also served as a director of Zall Smart Commerce Group Ltd. (HKSE: 02098) since April 2016 and as a director at JNBY Design Limited (HKSE: 03306) since June 2013. Mr. Wei was a director of Informa PLC (LON: INF) from June 2018 to May 2019, a director of Zhong Ao Home Group Limited (HKSE: 01538) from April 2015 to June 2020, an independent director of Leju Holdings Limited (NYSE: LEJU) from April 2014 to March 2021, an independent director of OneSmart International Education Group Limited (NYSE: ONE) from March 2018 to April 2021, and as a director of several private companies. Mr. Wei holds a Bachelor's degree in international business management from Shanghai International Studies University and has completed a corporate finance program at the London Business School.

The Company believes that Mr. Wei is qualified to serve on the Board based on his significant experience in investment and operational management in China.

Board Diversity

Board Diversity Matrix (As of December 31, 2022)

Country of Principal Executive Offices	**Sweden**
Foreign Private Issuer	**Yes**
Disclosure Prohibited under Home Country Law	**No**
Total Number of Directors	**9**

	Female	Male		Non-Binary	Did Not Disclose Gender
Part I: Gender Identity					
Directors	2	7		0	0
Part II: Demographic Background					
Underrepresented Individual in Home Country Jurisdiction			0		
LGBTQ+			0		
Did Not Disclose Demographic Background			1		

B. Executive Officer and Director Compensation

Compensation of Polestar's Key Management and Directors

The aggregate amount of compensation, including cash, equity awards and other benefits the Company's executive officers (Thomas Ingenlath, Johan Malmqvist and Dennis Nobelius) received from Polestar for the year ended December 31, 2022 was approximately SEK 35,445,650 (or TUSD3,374). The compensation paid to Polestar's executive officers in fiscal year 2022 consisted of base salary, short-term variable pay, equity awards and the value of pension benefits and other employee benefits.

Incentive Programs

Polestar Bonus Program

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

For fiscal year 2022, the Polestar Bonus Program was based on the following five KPIs: (i) operational growth and retail deliveries volume; (ii) financial growth; (iii) customer experience; (iv) market expansion and (v) retail expansion. After the conclusion of the fiscal year 2022 performance period on December 31, 2022, the Board determined that the KPIs were achieved at 106% of target levels on a weighted basis, resulting in a payout equal to 106% of target bonus levels, as shown below.

Performance Targets							
Metric	**Weighting**	**Threshold**	**On target**	**Maximum**	**Actual**	**% Vesting**	**% Of max bonus opportunity**
Operational Growth	20%	75%	100%	200%	77.5%	77.5%	38.6%
Financial Growth	20%	75%	100%	200%	86.5%	86.5%	43.3%
Customer Experience	20%	75%	100%	200%	140%	140%	70%
Market Expansion	20%	75%	100%	200%	100%	100%	50%
Retail Expansion	20%	75%	100%	200%	100%	100%	50%
Total						**106%**	**53%**

	Financial measures (% of bonus achieved, max 100%)	Non-financial measures (% of bonus achieved, max 100%)	Total vesting percentage (%, max 100%)	Vesting amount as % of salary	Bonus amount (SEK)
Thomas Ingenlath	40.95%	56.66%	53%	106%	7,568,400

LTVP Program

The Long Term Variable Pay Program ("*LTVP Program*") is a long-term, cash program for certain management personnel who joined Polestar from Volvo Cars during a start-up period, including Messrs. Ingenlath and Nobelius. Mr. Malmqvist does not participate in the LTVP Program. The LTVP Program mirrors the Volvo Cars Long Term Variable Pay Programs and is administered by Volvo Cars. For the avoidance of doubt, the LTVP Program is a Polestar program, with no recharges back to Volvo Cars. Awards under the LTVP Program are paid based on achievement of performance conditions and the market value of Volvo Car Group at the end of a three-year performance period. For fiscal year 2022, performance conditions under the LTVP Program were based on (i) value creation, as measured by an independent third-party valuation, and (ii) Volvo Cars Group performance, measured based on average three-year Operating Margin and average three-year Revenue Growth. Fiscal year 2022 was the last year during which Polestar employees (including Messrs. Ingenlath and Nobelius) will participate in the LTVP Program.

Employee Agreements

Messrs. Ingenlath, Malmqvist and Nobelius are each party to an employment agreement with Polestar. Pursuant to the employment agreements with Messrs. Ingenlath, Malmqvist and Nobelius, each such executive is eligible to receive an annual base salary and vacation pay and to participate in Polestar's cash incentive programs (as described above). In addition, each executive is eligible to participate in Polestar's company car scheme, with a portion of the cost borne by the executive, and to participate in collectively and contractually agreed pension and insurance benefit schemes and in accordance with Swedish law. Mr. Ingenlath, Mr. Nobelius and Mr. Malmqvist are entitled to health care insurance at the expense of Polestar. Mr. Ingenlath was also entitled to a benefit in respect of family educational expenses during 2022. Mr. Malmqvist was also entitled to a housing benefit during 2022.

Messrs. Ingenlath, Malmqvist and Nobelius are each subject to restrictive covenants under their employment agreements relating to assignment of intellectual property and confidentiality. In addition, Messrs. Ingenlath, Malmqvist and Nobelius are subject to restrictive covenants relating to non-competition, non-solicitation of customers and non-solicitation and non-hire of employees during the term of their employment. In the event Mr. Ingenlath, Malmqvist or Nobelius breaches any restrictive covenant under their respective employment agreements, they may owe liquidated damages to Polestar in respect of each such breach in an amount equal to six times their average monthly gross salary.

Messrs. Ingenlath, Malmqvist and Nobelius' employment may be terminated by Polestar subject to 12 months' notice and be terminated by the executive subject to six months' notice. In the event of termination of employment by Polestar, Messrs. Ingenlath, Malmqvist and Nobelius are each entitled to severance pay equal to 12 times monthly base salary, payable in installments.

Health and Welfare and Retirement Benefits

Messrs. Ingenlath, Malmqvist and Nobelius are entitled to certain health and welfare insurances pursuant to the Swedish collective bargaining agreement Teknikavtalet between Teknikarbetsgivarna and Unionen, Sveriges Ingenjörer and Ledarna, including disability and life insurances. They are also entitled to receive Executive Management Health Care Insurance, and travel insurance.

The ITP Pension Plan is an occupational pension plan for private sector salaried employees and is based on a collective bargaining agreement between the Confederation of Swedish Enterprise and the Council for Negotiation and Cooperation. The ITP Pension Plan is divided into two parts: ITP 1 (applicable to employees born 1979 and later), which is a defined contribution plan and ITP 2 (applicable to employees born before 1979), which is primarily a defined benefit plan. Furthermore, it is also possible for employees born in 1978 or earlier that are earning at least 10 Swedish income base amounts to agree with the employer to instead apply the ITP 1 pension plan.

Messrs. Malmqvist and Nobelius are covered by the defined contribution pension plan (ITP 1) as per the Swedish collectively agreed "Avtal om ITP och TGL," and the VFF pension (Volvo Företagspension), a defined contribution pension scheme.

Mr. Ingenlath is covered by the defined benefit pension plan (ITP 2) as per the Swedish collectively agreed "Avtal om ITP och TGL" and the Volvo Management Pension (VMP), a supplementary pension plan.

The defined benefit pension plan (i.e. the ITP 2 pension plan) through the Swedish ITP collective bargaining agreement is a final salary-based plan, and is funded through regular insurance payments. This plan is secured with the mutual insurance company Alecta, and the portion secured through such insurance refers to a defined benefit plan that comprises several employers and is reported according to a pronouncement by the Swedish Financial Reporting Board, UFR 10. Polestar's share of the total saving premiums for the ITP pension plan in Alecta as of December 31, 2022 amounted to 0.20597 per cent and Polestar's share of the total number of active policy holders amounted to 0.07340 per cent. 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, which do not conform to IAS 19. The collective funding ratio is normally allowed to vary between 125 and 175 per cent. At year-end 2022, the consolidation level amounts to 189 per cent.

Compensation of Non-Employee Directors

Polestar has established a compensation program for its non-employee directors.

The Company is party to letter agreements with the non-employee directors, pursuant to which non-employee directors are eligible to receive (i) an annual fee of $200,000 (or $350,000 if the director serves as the chair of the Board), (ii) an additional annual fee of $10,000 if the director serves on a committee of the Board (or $20,000 for the chairs of the committees of the Board) and (iii) a Polestar car, subject to certain conditions. Pursuant to the letter agreements, 50% of the net annual fee (but not including any additional annual fee described above) for each non-employee directors is used to purchase the maximum number of Class A ADSs as may be purchased in the market at the prevailing rate. The Company is also expected to agree to reimburse each non-employee director for reasonable and properly documented expenses they incur in connection with their service as a non-employee director.

During the year ended December 31, 2022, the aggregate amount of Polestar's non-employee directors' compensation paid to or earned by such directors for service on the Board of the Company or Former Parent (prior to June 2022) was approximately $1,121,000 in the form of a cash retainer for the performance of duties as a director. Polestar also reimbursed its non-employee directors for reasonable out-of-pocket expenses incurred in connection with the performance of their duties as directors, including, without limitation, travel expenses in connection with their attendance in-person at board of directors and committee meetings.

Equity Plan

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

The following description of the Equity Plan is qualified in its entirety by reference to the Equity Plan, a copy of which is filed as an exhibit to the registration statement on form S-8 filed with the SEC on August 29, 2022.

Securities Offered

Subject to adjustment in the event of certain transactions or changes of capitalization in accordance with the Equity Plan, a total of 10,000,000 shares of Class A ADSs (or Class A Shares, as the context may require) were initially reserved for issuance pursuant to awards under the Equity Plan when adopted in 2022. The total number of shares reserved for issuance under the Equity Plan is subject to increase on January 1 of each calendar year during the term of the Equity Plan, by the lesser of (i) 0.5% of the total number of Shares outstanding on each December 31 immediately prior to the date of increase or (ii) such number of Shares determined by the Board. No more than 10,000,000 Class A ADSs under the Equity Plan may be issued pursuant to ISOs (subject to the overall limit of shares that may be used in the Equity Plan). Class A ADSs subject to an award that expires or is tendered in payment of an option, delivered or withheld to satisfy any tax withholding obligations, covered by a stock-settled SAR or other award that were not issued upon settlement, or shares subject to an award that expires or is canceled, forfeited, or terminated without issuance of the full number of shares to which such award related (only to the extent of such cancellation, forfeiture or termination) will again be available for issuance or delivery pursuant to other awards under the Equity Plan. Any award settled in cash shall not be counted toward the maximum number of shares reserved for issuance under the Equity Plan.

Administration

The Equity Plan is administered by a committee of the Board that has been authorized to administer the Equity Plan, except if no such committee is authorized by the Board, the Board will administer the Equity Plan (as applicable, the "Committee"). The Committee has broad discretion (subject to the terms and conditions of the Equity Plan) to administer the Equity Plan, including the power to determine the eligible individuals to whom awards will be granted, the number and type of awards to be granted and the terms and conditions of awards. The Committee may also accelerate the vesting or exercise of any award and make all other determinations and to take all other actions necessary or advisable for the administration of the Equity Plan.

Eligibility

Employees of the Company and its affiliates are eligible to receive awards under the Equity Plan. Consultants and non-employee directors of the Company and its affiliates may receive awards granted under the Annex.

Types of Awards

Options. The Company may grant options to the Company's employees and employees of its affiliates, except that ISOs may only be granted to persons who are Company's employees or employees of one of Company's parents or subsidiaries, in accordance with Section 422 of the Code. Except as otherwise permitted by applicable law in the case of eligible employees located outside the United States, the exercise price of an option cannot be less than 100% of the fair market value of a Class A ADS on the date on which the option is granted and the option must not be exercisable for longer than ten years following the date of grant. However, in the case of an incentive option granted to an individual who owns (or is deemed to own) more than 10% of the total combined voting power of all classes of Company's equity securities or of the Company's parents or subsidiaries, the exercise price of the option must be at least 110% of the fair market value of a Class A ADS on the date of grant and the option must not be exercisable more than five years from the date of grant.

SARs. A SAR is the right to receive an amount (payable in Class A ADSs) equal to the excess of the fair market value of one Class A ADS on the date of exercise over the grant price of the SAR. Except as otherwise permitted by applicable law in the case of eligible employees located outside the United States, the grant price of a SAR cannot be less than 100% of the fair market value of a Class A ADS on the date on which the SAR is granted. The term of a SAR may not exceed ten years. SARs may be granted in connection with, or independent of, other awards. The Committee has the discretion to determine other terms and conditions of an SAR award.

Restricted Stock Awards. A restricted stock award is a grant of Class A ADSs subject to the restrictions on transferability and risk of forfeiture imposed by the Committee. Unless otherwise determined by the Committee and specified in the applicable award agreement, the holder of a restricted stock award has rights as a shareholder, including the right to vote the Class A ADSs subject to the restricted stock award or to receive dividends on the Class A ADSs subject to the restricted stock award during the restriction period. The Committee has the discretion to determine the terms and conditions that the participant will be entitled to dividends payable on the shares of restricted stock.

Restricted Stock Units. A RSU is a right to receive Class A ADSs at the end of a specified period equal to the fair market value of one Class A ADS on the date of vesting. RSUs may be subject to the restrictions, including a risk of forfeiture, imposed by the Committee, and holders of RSUs are not entitled to rights as shareholders unless and until shares are delivered in settlement of such RSUs. The Committee may determine that a grant of RSUs will provide a participant a right to receive dividend equivalents, which entitles the participant to receive the equivalent value (in Class A ADSs) of dividends paid on the underlying Class A ADSs. Dividend equivalents may be paid currently or credited to an account, settled in shares, and may be subject to the same restrictions as the RSUs with respect to which the dividend equivalents are granted.

Performance Awards. A performance award is an award that vests and/or becomes exercisable or distributable subject to the achievement of certain performance goals during a specified performance period, as established by the Committee. Performance awards may be granted alone or in addition to other awards under the Equity Plan, and will be settled in Class A ADSs.

Other Share-Based Awards. Other share-based awards are awards denominated and payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of Class A ADSs.

Cash Awards. Under the Annex to the Equity Plan, cash awards may be granted on a free-standing basis or as an element of, a supplement to, or in lieu of any other award. SARs, RSUs and performance awards that may be settled in cash may be granted under the Annex to the Equity Plan.

Substitute Awards. Awards may be granted under the Equity Plan in substitution for similar awards held for individuals who become participants as a result of a merger, consolidation or acquisition of another entity by or with the Company or one of its affiliates.

Certain Transactions

If any change is made to the Company's capitalization, such as a stock split, stock combination, stock dividend, exchange of stock or other recapitalization, merger or otherwise, which results in an increase or decrease in the number of outstanding Class A ADSs, appropriate adjustments will be made by the Committee in the shares subject to an award under the Equity Plan. The Committee will also have the discretion to make certain adjustments to awards in the event of a change in control (which includes a "scheme of arrangement" under the Companies Act 2006 enacted under the laws of England and Wales or under any other substantially equivalent local legislation), such as the assumption or substitution of outstanding awards, the purchase of any outstanding awards in cash based on the applicable change in control price, the ability for participants to exercise any outstanding stock options, SARs or other stock-based awards upon the change in control (and if not exercised such awards will be terminated), and the acceleration of vesting or exercisability of any outstanding awards.

Clawback

All awards granted under the Equity Plan are subject to reduction, cancellation or recoupment under any written clawback policy that the Company may adopt and that the Company determines should apply to awards under the Equity Plan.

Plan Amendment and Termination

The Board or the Committee may amend or terminate any award, award agreement or the Equity Plan at any time, provided that the rights of a participant granted an award prior to such amendment or termination may not be impaired without such participant's consent. In addition, shareholder approval will be required for any amendment to the extent necessary to comply with applicable law or exchange listing standards. The Committee will not have the authority, without the approval of shareholders, to amend any outstanding option or share appreciation right to reduce its exercise price per share. The Equity Plan will remain in effect for a period of ten years (unless earlier terminated by the Board).

Employee Stock Purchase Plan

The Company adopted the Polestar Automotive Holding UK PLC 2022 Employee Stock Purchase Plan. The following is a summary of the material features of the Employee Stock Purchase Plan. This summary is qualified in its entirety by reference to the complete text of the Employee Stock Purchase Plan, a copy of which is filed as an exhibit to the registration statement on form S-8 filed with the SEC on August 29, 2022.

Purpose of the Employee Stock Purchase Plan

The purpose of the Employee Stock Purchase Plan is to provide the Company's employees and employees of the Company's participating subsidiaries with the opportunity to purchase Class A ADSs (or Class A Shares, as the context may require) through post-tax deductions (or contributions) from payroll during successive offering periods, and, under the Non-Section 423 Component (as described below), to be eligible to receive additional benefits in the form of "matching shares" which are awarded following a specified retention period, for no further payment by the participant. The Company believes that the Employee Stock Purchase Plan enhances such employees' sense of participation in the Company's performance, aligns their interests with those of the Company's shareholders, and is a necessary and powerful incentive and retention tool that benefits the Company's shareholders.

The Employee Stock Purchase Plan includes a "Section 423 Component" and a "Non-Section 423 Component." Offerings under the Section 423 Component are intended to meet the requirements under Section 423(b) of the Code. In connection with offerings under the Non-Section 423 Component, purchase options may be granted to eligible employees that need not satisfy the requirements for purchase options granted pursuant to an "employee stock purchase plan" that are set forth under Section 423 of the Code.

Eligibility and Administration

The Employee Stock Purchase Plan is administered by a committee of the Board that has been authorized to administer the Employee Stock Purchase Plan, except if no such committee is authorized by the Board, the Board will administer the Employee Stock Purchase Plan. Such committee, as the administrator of the Employee Stock Purchase Plan, administers and has authority to interpret the terms of the Employee Stock Purchase Plan and determine eligibility of participants. The administrator may designate certain of the Company's subsidiaries as participating "designated subsidiaries" in the Employee Stock Purchase Plan and may change these designations from time to time. The Company's employees and employees of the Company's participating designated subsidiaries are eligible to participate in the Employee Stock Purchase Plan if they meet the eligibility requirements under the Employee Stock Purchase Plan established from time to time by the administrator. However, for the Section 423 Component, an employee may not be granted rights to purchase shares under the Employee Stock Purchase Plan if such employee, immediately after the grant, would own (directly or through attribution) shares possessing 5% or more of the total combined voting power or value of all classes of the Company's outstanding stock and stock of any of the Company's subsidiaries.

Eligible employees become participants in the Employee Stock Purchase Plan by enrolling and authorizing deductions (or contributions) from payroll prior to the first day of the applicable offering period. Non-employee directors and consultants are not eligible to participate in the Employee Stock Purchase Plan. Employees who choose not to participate, or are not eligible to participate at the start of an offering period but who become eligible thereafter, may enroll in any subsequent offering period.

Shares Available for Awards

A total of 2,000,000 Class A ADSs were initially reserved for issuance under the Employee Stock Purchase Plan when adopted in 2022, which reserve amount will be increased on the first day of each fiscal year during the term of the Employee Stock Purchase Plan following the fiscal year in which the effective date of the Employee Stock Purchase Plan occurs by the least of (i) 0.1% of the total number of Shares outstanding on the last day of the immediately preceding fiscal year, (ii) a lesser amount determined by the Board or (iii) 2,000,000. The number of shares subject to the Employee Stock Purchase Plan may be adjusted for changes in the Company's capitalization and certain corporate transactions, as described below under the heading "*—Adjustments*." The Company cannot precisely predict its share usage under the Employee Stock Purchase Plan as it will depend on a range of factors including the level of the Company's employee participation, the contribution rates of participants, the trading price of Class A ADSs and the Company's future hiring activity.

Participating in an Offering Under the Section 423 Component

Offering Periods and Purchase Periods. Class A ADSs are offered to eligible employees under the Employee Stock Purchase Plan during offering periods. Offering periods under the Employee Stock Purchase Plan commence when determined by the administrator. The length of an offering period under the Employee Stock Purchase Plan is determined by the administrator and may be up to 27 months long. Employee payroll deductions (or contributions) are used to purchase Class A ADSs on the exercise date of an offering period. The exercise date for each offering period is the final trading day in the offering period. The administrator may, in its discretion, modify the terms of future offering periods.

Enrollment and Contributions. The Employee Stock Purchase Plan permits participants to purchase Class A ADSs through payroll deductions (or contributions) of at least 1% of their eligible compensation, but not more than 5% of their eligible compensation as of each payroll date during an offering period (in each case, except as may otherwise be determined by the administrator). The administrator will establish the maximum number of shares that may be purchased by a participant during any offering period. In addition, except as described below under "*—Matching Shares*," no participant is permitted to accrue the right to purchase stock at a rate in excess of $25,000 worth of shares during any calendar year.

Purchase Rights. On the first trading day of each offering period, each participant is automatically granted an option to purchase Class A ADSs. The option expires on the last trading day of the applicable offering period and is exercised at that time to the extent of the payroll deductions (or contributions) accumulated during the offering period. Any remaining balance is carried forward to the next offering period unless the participant has elected to withdraw from the Employee Stock Purchase Plan, as described below, or has ceased to be an eligible employee. In the case of the portion of the Employee Stock Purchase Plan intended to qualify under the provisions of Section 423 of the Code, in no event will a participant be permitted to purchase more than 25,000 shares during each offering period (subject to certain adjustments).

Purchase Price. The purchase price of the Class A ADSs under the Employee Stock Purchase Plan, in the absence of a contrary designation by the administrator, is 85% of the lower of the fair market value of Class A ADSs on the first trading day of the offering

period or on the final trading day of the offering period. The fair market value per Class A ADS under the Employee Stock Purchase Plan generally is the closing sales price of Class A ADSs on the date for which fair market value is being determined, or if there is no closing sales price for Class A ADSs on the date in question, the closing sales price for Class A ADSs on the last preceding date for which such quotation exists.

Withdrawal and Termination of Employment. Participants may voluntarily end their participation in the Employee Stock Purchase Plan at any time during an offering period prior to the end of the offering period by delivering written notice to the Company, and can elect to either (i) be paid their accrued payroll deductions (or contributions) that have not yet been used to purchase Class A ADSs or (ii) exercise their option at the end of the applicable offering period, and then be paid any remaining accrued payroll deductions (or contributions). Participation in the Employee Stock Purchase Plan ends automatically upon a participant's termination of employment and any remaining accrued payroll deductions in the participant's account will be paid to such participant following such termination.

Participating in an Offering Under the Non-Section 423 Component

The Company has adopted a "Share Matching Plan" which will be operated within the Non-Section 423 Component of the Employee Stock Purchase Plan, as outlined below.

Offering Periods and Purchase Periods. Class A ADSs will be offered to eligible employees under the Share Matching Plan during offering periods. Offering periods under the Share Matching Plan will commence when determined by the administrator. The length of an offering period for the Share Matching Plan will be determined by the administrator, with the Company's intent being to maintain successive twelve-month offering periods under the Share Matching Plan. It is anticipated that employee payroll deductions (or contributions) will be used to purchase Class A ADSs on a purchase date occurring in each calendar month during an offering period. The administrator may, in its discretion, modify the terms of future offering period and/or purchase periods.

Enrollment and Contributions. The Share Matching Plan will permit participants to purchase Class A ADSs through deductions (or contributions) from payroll of no more than 5% of their eligible compensation as of each payroll date during an offering period (unless otherwise determined by the administrator). The administrator will establish the maximum number of shares that may be purchased by a participant during any offering period.

Purchase Rights. A participant's payroll deductions (or contributions) will be used to purchase Class A ADSs on their behalf on the relevant purchase date. Any remaining balance will be carried forward to the next purchase date unless the participant has elected to withdraw from the Share Matching Plan, as described below, or has ceased to be an eligible employee.

Purchase Price. The purchase price of the Class A ADSs for the Share Matching Plan, in the absence of a contrary designation by the administrator, will be equal to the fair market value of Class A ADSs on the relevant purchase date. The fair market value per Class A ADS under the Employee Stock Purchase Plan, including the Share Matching Plan, generally is the closing sales price of Class A ADSs on the date for which fair market value is being determined, or if there is no closing sales price for Class A ADSs on such date, the closing sales price for Class A ADSs on the last preceding date for which such quotation exists.

Matching Shares. The administrator may, in its discretion, offer matching shares denominated in Class A ADSs to all participants under the Share Matching Plan, in an amount equal to up to 100% of the number of Class A ADSs purchased on behalf of a participant during the applicable offering period. To receive matching shares, the participant must (i) retain the Class A ADSs purchased during the applicable offering period under the Share Matching Plan until the date which is twelve months following the end of such offering period, and (ii) remain an eligible employee on such date.

Withdrawal from Share Matching Plan; Termination of Employment. Participants may voluntarily end their participation in the Share Matching Plan at any time during the applicable offering period by delivering written notice to the Company. In the event a participant elects to withdraw from the Share Matching Plan, then generally any accrued payroll deductions or contributions that have not yet been used to purchase Class A ADSs under the Share Matching Plan will be applied in the purchase of Class A ADSs on the next applicable purchase date, following which the participant will be paid any remaining accrued payroll deductions or contributions. If a participant withdraws from the Share Matching Plan, rights to matching shares may be retained in respect of the Class A ADSs purchased during the applicable offering period, but will be forfeited if such purchased Class A ADSs are sold less than twelve months following the end of that offering period. Matching shares that have not yet been delivered will generally be forfeited upon a participant's termination of employment. Subject to the immediately preceding sentence, upon termination of employment, a participant will no longer be eligible to participate in the Share Matching Plan, and any remaining accrued payroll deductions or contributions in the participant's account will be paid to such participant as soon as practicable following such termination.

Adjustments

In the event of certain transactions or events affecting the Class A ADSs, such as any stock split, reverse stock split, stock dividend, combination or reclassification of the Class A ADSs, or any other increase or decrease in the number of Class A ADSs effected without receipt of consideration by the Company, the administrator will make equitable adjustments to the Employee Stock Purchase Plan and the Share Matching Plan and outstanding rights under the Employee Stock Purchase Plan and the Share Matching Plan.

Corporate Events - the Section 423 Component (Employee Stock Purchase Plan)

In addition, in the event of a proposed sale of all or substantially all of the Company's assets, a merger with or into another corporation, or other transaction as set forth by the administrator in an offering document, each outstanding option will be assumed or an equivalent option will be substituted by the successor corporation or a parent or subsidiary of the successor corporation. If the successor corporation or a parent or subsidiary of the successor corporation refuses to assume or substitute outstanding options, any offering periods then in progress will be shortened with a new exercise date prior to the proposed sale or merger. The administrator

will notify each participant in writing at least ten business days prior to such new exercise date that the exercise date has been changed and the participant's option will be automatically exercised on such new exercise date. Further, in the event of a proposed dissolution or liquidation, any offering periods then in progress will be shortened with a new exercise date prior to the proposed dissolution or liquidation, and the administrator will notify each participant in writing in a similar manner as described above.

Corporate Events - the Non-Section 423 Component (Share Matching Plan)

In the event of a proposed sale of all or substantially all of the Company's assets, a merger with or into another corporation, or other transaction as set forth in the rules of the Share Matching Plan, then unless the applicable successor corporation or a parent or subsidiary of the applicable successor corporation agrees to assume or substitute outstanding rights under the Share Matching Plan, or except as otherwise permitted under the Share Matching Plan, (i) any offering periods then in progress will generally be shortened and will end prior to the proposed sale or other transaction, with the administrator to notify each participant of the final purchase date for that offering period, and (ii) rights to matching shares will be deemed fully vested, and matching shares which have not previously been delivered will be delivered to participants, in each case, on or as soon as reasonably practicable following the closing of the applicable transaction. Further, in the event of a proposed dissolution or liquidation, a similar treatment of matching shares will generally apply.

Transferability

A participant may not transfer rights granted under the Employee Stock Purchase Plan or the Share Matching Plan other than by will or the laws of descent and distribution, and such rights are generally exercisable only by the participant.

Plan Amendment and Termination

The Board may amend, suspend or terminate the Employee Stock Purchase Plan (including the Share Matching Plan) at any time and from time to time. However, shareholder approval must be obtained for any amendment that increases the aggregate number or changes the type of shares that may be sold pursuant to rights under the Employee Stock Purchase Plan, changes the designation or class of employees who are eligible to participate in the Employee Stock Purchase Plan or changes the Employee Stock Purchase Plan in any way that would cause the Section 423 Component of the Employee Stock Purchase Plan to no longer be an "employee stock purchase plan" under Section 423(b) of the Code.

The administrator may provide special terms, establish supplements to, or amendments, restatements or alternative versions of the Employee Stock Purchase Plan, subject to the share limits described above, in order to facilitate grants of awards subject to the laws and/or stock exchange rules of relevant jurisdictions.

Material U.S. Federal Income Tax Consequences

The U.S. federal income tax consequences of the Employee Stock Purchase Plan under current income tax law are summarized in the following discussion, which deals with the general tax principles applicable to the Employee Stock Purchase Plan and is intended for general information only. Other federal taxes and foreign, state and local income taxes are not discussed, and may vary depending on individual circumstances and from locality to locality.

The Section 423 Component of the Employee Stock Purchase Plan, and the right of participants to make purchases thereunder, is intended to qualify under the provisions of Section 423 of the Code. Under the applicable Code provisions, no income will be taxable to a participant until the sale or other disposition of the shares purchased under the Employee Stock Purchase Plan. This means that an eligible employee will not recognize taxable income on the date the employee is granted an option under the Employee Stock Purchase Plan. In addition, the employee will not recognize taxable income upon the purchase of shares. Upon such sale or disposition of shares, the participant generally will be subject to tax in an amount that depends upon the length of time such shares are held by the participant prior to selling or disposing of them. If the shares are sold or disposed of more than two years from the date of grant and more than one year from the date of purchase, or if the participant dies while holding the shares, the participant (or the participant's estate) will recognize ordinary income measured as the lesser of (1) the excess of the fair market value of the shares at the time of such sale or disposition (or death) over the purchase price or (2) the excess of the fair market value of the shares at the time the option was granted over the purchase price. Any additional gain will be treated as long-term capital gain. If the shares are held for the holding periods described above but are sold for a price that is less than the purchase price, there is no ordinary income and the participating employee has a long-term capital loss for the difference between the sale price and the purchase price.

If the shares are sold or otherwise disposed of before the expiration of the holding periods described above, or in the event a U.S. participant receives matching Class A ADSs as described above under "*—Participating in an Offering Under the Non-Section 423 Component*," the participant will recognize ordinary income generally measured as the excess of the fair market value of the shares on the date the shares are purchased over the purchase price (which purchase price shall be zero in the case of matching shares delivered under the Share Matching Plan) and the Company will be entitled to a tax deduction for compensation expense in the amount of ordinary income recognized by the employee. Any additional gain or loss on such sale or disposition will be long-term or short-term capital gain or loss, depending on how long the shares were held following the date they were purchased by the participant prior to disposing of them. If the shares are sold or otherwise disposed of before the expiration of the holding periods described above but are sold for a price that is less than the purchase price, the participant will recognize ordinary income equal to the excess of the fair market value of the shares on the date of purchase over the purchase price (and the Company will be entitled to a corresponding deduction), but the participant generally will be able to report a capital loss equal to the difference between the sales price of the shares and the fair market value of the shares on the date of purchase. A U.S. participant will not recognize income upon purchase of Class A ADSs under the Share Matching Plan where the purchase price of the Class A ADSs is equal to the fair market value of Class A ADSs on the relevant purchase date.

THE DISCUSSION ABOVE IS INTENDED ONLY AS A SUMMARY AND DOES NOT PURPORT TO BE A COMPLETE DISCUSSION OF ALL POTENTIAL TAX EFFECTS RELEVANT TO RECIPIENTS OF AWARDS UNDER THE EMPLOYEE STOCK PURCHASE PLAN AND THE SHARE MATCHING PLAN. AMONG OTHER ITEMS THIS DISCUSSION DOES NOT ADDRESS ARE TAX CONSEQUENCES UNDER THE LAWS OF ANY STATE, LOCALITY OR FOREIGN JURISDICTION, OR ANY TAX TREATIES OR CONVENTIONS BETWEEN THE UNITED STATES AND FOREIGN JURISDICTIONS. THIS DISCUSSION IS BASED UPON CURRENT LAW AND INTERPRETATIONAL AUTHORITIES WHICH ARE SUBJECT TO CHANGE AT ANY TIME.

C. Board Practices

The Board is divided into three classes of directors, designated as "Class I," "Class II" and "Class III." The term of office of directors serving in Class I, consisting of Thomas Ingenlath, Daniel Li and David Richter, will expire at the Company's first annual general meeting. The term of office of directors serving in Class II, consisting of Carla De Geyseleer, Karl-Thomas Neumann and Håkan Samuelsson will expire at the Company's second annual general meeting. The term of office of directors serving in Class III, consisting of Karen Francis, Jim Rowan and David Wei, will expire at the Company's third annual general meeting. At each succeeding annual general meeting following the third annual general meeting following Business Combination Closing, directors will be elected to serve for a term of three years to succeed the directors of the class whose terms expire at such annual general meeting.

For a period of three years following the Business Combination Closing, a majority of the Board will be (i) independent under applicable stock exchange rules and (ii) unaffiliated with Volvo Cars/Geely. In addition, for a period of three years following the Business Combination Closing, except as required by applicable law, the Board may not convene a general meeting which proposes a resolution to remove an independent director unless a majority of the directors (including at least two independent directors) approve of such resolution and following any such removal, a majority of the directors (including at least two independent directors) must approve the appointment of any new independent director to fill the vacancy.

In addition, pursuant to the Shareholder Acknowledgement Agreement, Former Parent and the Former Parent Shareholders have undertaken that (i) the initial Board after the Business Combination Closing will include nine directors, a majority of whom will be independent directors, (ii) for a period of three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not vote in favor of the removal of any independent director of the Company unless at least two independent directors vote in favor of such removal, (iii) for a period of three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not require the Company to convene a general meeting for the purpose of removing an independent director and (iv) for three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not vote in favor of any amendment to the Polestar Articles relating to the composition of the Board or the appointment or removal of Company directors. The GGI Sponsor has third party beneficiary rights to enforce the aforementioned undertakings.

The holders of the Company securities will have the right to elect the Board at a general meeting of shareholders by a simple majority of the votes validly cast. Subject to the requirements of the Polestar Articles, the Board may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the then-existing Board but the total number of directors shall not exceed fifteen. The Board will also have power at any time to appoint any person who is willing to act as a director, either to fill a vacancy or as an addition to the then-existing Board but the total number of directors shall not exceed fifteen.

Director Independence

Karen Francis, Carla De Geyseleer, Karl-Thomas Neumann, David Richter and David Wei qualify as independent, as defined under the listing rules of Nasdaq.

Election of Directors

The holders of the Company securities will have the right to elect the Board at a general meeting of shareholders by a simple majority of the votes validly cast. Subject to the requirements of the Polestar Articles, the Board may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the then-existing Board but the total number of directors shall not exceed fifteen. The Board will also have power at any time to appoint any person who is willing to act as a director, either to fill a vacancy or as an addition to the then-existing Board but the total number of directors shall not exceed fifteen.

Service Contracts of Directors

There are no service contracts between the Company and any of its current non-employee directors providing for benefits upon termination of their service. For a discussion of compensation, including post-termination benefits, of employee directors, see Item 6.B. and the section titled "*—Executive Officer and Director Compensation*."

Board Committees

The Board has three standing committees: an audit committee, a compensation committee and a nominating and governance committee. The members of each committee will serve until their successors are elected and qualified, unless they are earlier removed or resign. Each committee reports to the Board as it deems appropriate and as the Board may request. The composition, duties and responsibilities of the standing committees are set forth below. In the future, the Board may establish other committees, as it deems appropriate, to assist it with its responsibilities.

Audit Committee

The Company has established an audit committee that consists of Carla De Geyseleer, David Richter and David Wei, with Carla De Geyseleer serving as the chair of the audit committee. All of the audit committee members are independent directors, in accordance with Nasdaq and the SEC requirements for a company listed on Nasdaq.

The audit committee, among other matters, oversees (i) the Company's financial reporting, auditing and internal control activities; (ii) the integrity and audits of the Company's financial statements; (iii) the Company's compliance with legal and regulatory requirements; (iv) the qualifications and independence of Polestar's independent auditors; (v) the performance of the Company's internal audit function and independent auditors; and (vi) the Company's overall risk exposure and management.

Duties of the audit committee include the following:

- annually reviewing and assessing the adequacy of the audit committee charter and reviewing the performance of the audit committee;
- being responsible for recommending the appointment, retention and termination of the Company's independent auditors and determining the compensation of the Company's independent auditors;
- reviewing the plans and results of the audit engagement with the independent auditors;
- evaluating the qualifications, performance and independence of the Company's independent auditors;
- having the authority to approve in advance all audit and non-audit services by the Company's independent auditors, the scope and terms thereof and the fees therefor; reviewing the adequacy of the Company's internal accounting controls;
- ensuring the Company maintains a robust risk management function, including in respect of IT and cybersecurity risk management; and
- meeting at least quarterly with the Company's Chief Financial Officer and the Company's independent auditors.

The audit committee has the power to investigate any matter brought to its attention within the scope of its duties and to retain counsel for this purpose where appropriate. Each of the audit committee members meet the financial literacy requirements of Nasdaq listing standards, and Carla De Geyseleer qualifies as an "audit committee financial expert," as defined in the rules of the SEC. The designation does not impose on the audit committee financial expert any duties, obligations or liabilities that are greater than those generally imposed on members of the Company's audit committee and the Board.

The audit committee operates under a written charter, which satisfies the applicable rules of the SEC and the listing standards of Nasdaq, and which is available on the Company's website. All audit services to be provided to the Company and all permissible non-audit services, other than de minimis non-audit services, to be provided to Polestar by the Company's independent registered public accounting firm are to be approved in advance by the audit committee. Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Compensation Committee

The Company's compensation committee consists of Karen Francis, Daniel Li, Jim Rowan and Karl-Thomas Neumann, with Karen Francis serving as the chair of the compensation committee.

The compensation committee has the sole authority to retain, and terminate, any compensation consultant to assist in the evaluation of employee compensation and to approve the consultant's fees and the other terms and conditions of the consultant's retention. The compensation committee's duties include, among other matters:

- at the request of the Board, reviewing and making recommendations to the Board relating to management succession planning;
- administering, reviewing and making recommendations to the Board regarding the Company's compensation plans;
- reviewing and approving the Company's corporate goals and objectives with respect to compensation for executive officers and evaluating each executive officer's performance in light of such goals and objectives to set his or her annual compensation, including salary, bonus and equity and non-equity incentive compensation, subject to approval by the Board; and
- providing oversight of management's decisions regarding the performance, evaluation and compensation of other officers.

The compensation committee operates under a written charter, which satisfies the applicable rules of the SEC and Nasdaq listing standards, and is available on the Company's website. Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Nominating and Governance Committee

The Company's nominating and governance committee consists of Karen Francis, Daniel Li, Jim Rowan and Håkan Samuelsson, with Håkan Samuelsson serving as the chair of the nominating and governance committee. The nominating and governance committee's duties include, among other matters:

- selecting and recommending to the Board nominees for election by the shareholders or appointment by the Board;
- annually reviewing with the Board the composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity of the Board members;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the Board;
- developing and recommending to the Board a set of corporate governance guidelines applicable to the Company and periodically reviewing such guidelines and recommending changes to the Board for approval as necessary; and
- overseeing the annual self-evaluation of the Board.

The nominating and governance committee operates under a written charter, which satisfies the applicable rules of the SEC and the Nasdaq listing standards and is available on the Company's website. Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Code of Conduct

The Board has adopted a code of conduct that establishes the standards of ethical conduct applicable to all of the Company's directors, officers, employees, and, as applicable, consultants and contractors. Key compliance areas for Polestar include anti-corruption, data privacy, human rights, environmental compliance, and socioeconomic compliance including competition law, labor law and trade sanctions. The code of conduct addresses, among other things, competition, intellectual property, conflicts of interest, compliance with applicable governmental laws, rules and regulations, company assets, confidentiality requirements and the process for reporting violations of the code of conduct. Polestar encourages a speak-up culture where employees and other stakeholders can ask questions and raise concerns without fear of retaliation. Suspected breach of laws or regulations, or any conduct that is not consistent with Polestar's code of conduct, corporate policies or directives can be reported through Polestar's whistleblowing system SpeakUp with a guaranteed full anonymity.

Any waiver of the code of conduct with respect to any director or executive officer will be promptly disclosed and posted on the Company's website. Amendments to the code will be promptly disclosed and posted on the Company's website. The code of conduct is available on Polestar's website. Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Foreign Private Issuer

As a foreign private issuer, the Company is subject to different U.S. securities laws than domestic U.S. issuers. As long as the Company continues to qualify as a foreign private issuer under the Exchange Act, the Company is exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

In addition, the Company is not required to file annual reports and financial statements with the SEC as promptly as U.S. domestic companies whose securities are registered under the Exchange Act, and is not required to comply with Regulation FD, which restricts the selective disclosure of material information.

Further, the Company is exempt from certain corporate governance requirements of Nasdaq by virtue of being a foreign private issuer. Although the foreign private issuer status exempts the Company from most of Nasdaq's corporate governance requirements, the Company has decided to voluntarily comply with these requirements, except for the requirement to have a compensation committee and a nominating and governance committee consisting entirely of independent directors.

Furthermore, Nasdaq rules also generally require each listed company to obtain shareholder approval prior to the issuance of securities in certain circumstances in connection with the acquisition of the stock or assets of another company, equity-based compensation of officers, directors, employees or consultants, change of control and certain transactions other than a public offering. As a foreign private issuer, the Company is exempt from these requirements and may, if not required by the laws of England and Wales, elect not to obtain shareholders' approval prior to any further issuance of its Class A ADSs or prior to adopting or materially revising equity compensation plans or share incentive plans.

Subject to requirements under the Polestar Articles and Shareholder Acknowledgment Agreement that the Board be comprised of a majority of independent directors for the three years following the Business Combination Closing, the Company may in the future elect to avail itself of these exemptions or to follow home country practices with regard to other matters. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Controlled Company

By virtue of being a controlled company under Nasdaq listing rules, the Company may elect not to comply with certain Nasdaq corporate governance requirements, including that:

- a majority of the board of directors consist of independent directors (however, pursuant to the Polestar Articles and Shareholder Acknowledgment Agreement, for the three years following the Business Combination Closing, the Board must be comprised of a majority of independent directors);
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the compensation and nominating and governance committees.

Other than as specified above, the Company may in the future elect to avail itself of these exemptions. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

D. Employees

As of December 31, 2022, the Company had more than 2,377 employees. The Company's employees are mainly located in Sweden, China, UK and USA.

The Company follows local national requirements for collective bargaining agreements where such requirements exist. Currently, the Company has instituted collective bargaining agreements with employees in Sweden, Finland, the Netherlands and Austria. Sweden is the only country where the Company is actively engaged with employee union representatives. The Company believes relations with these union representatives are good and its engagement with these union representatives is constructive.

E. Share Ownership

Ownership of the Company's shares by its directors and executive officers is set forth below in Item 7.A of this Report.

F. Disclosure of a registrant's action to recover erroneously awarded compensation.

Not Applicable.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED TRANSACTIONS

A. Major Shareholders

The following table sets forth information regarding the beneficial ownership of the Company in the form of American depositary shares by:

- each beneficial owner of more than 5% of the outstanding Shares;
- each executive officer or a director of the Company; and
- all of the Company's executive officers and directors as a group.

Unless otherwise indicated, the Company believes that all persons named in the table have sole voting and investment power with respect to all shares beneficially owned by them. Except as otherwise noted herein, the number and percentage of Shares beneficially owned is determined in accordance with Rule 13d-3 of the Exchange Act, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rule, beneficial ownership includes any Shares as to which the holder has sole or shared voting power or investment power and also any Shares which the holder has the right to acquire within 60 days of the date of this Report through the exercise of any option, warrant or any other right.

Each outstanding Class A Share is entitled to one vote on all matters submitted to a vote of shareholders. Each Class B Share is entitled to 10 votes on all matters submitted to a vote of shareholders. Each Class C Share is entitled to one vote on all matters submitted to a vote of shareholders. Volvo Cars Preference Subscription Shares, Deferred Shares and GBP Redeemable Preferred Shares (each as defined below) carry no voting rights and do not entitle their holders to receive notice of, to attend, to speak or to vote at any general meeting of the Company. Holders of Shares have no cumulative voting rights. None of the Company's shareholders are entitled to vote at any general meeting or at any separate class meeting in respect of any share unless all calls or other sums payable in respect of that share have been paid.

The beneficial ownership of the Shares is based on 2,109,911,248 Shares issued and outstanding as of December 31, 2022. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, Shares subject to options or other rights (as set forth above) held by that person that are currently exercisable, or will become exercisable within 60 days thereafter, are deemed outstanding, while such Shares are not deemed outstanding for purposes of computing percentage ownership of any other person. The beneficial ownership percentage set forth below does not take into account (i) Earn Out Shares that might be

issued and (ii) Class A Shares in the form of Class A ADSs that will vest pursuant to the Equity Plan and Employee Stock Purchase Plan.

Unless otherwise noted, the business address of each beneficial owner is Assar Gabrielssons Väg 9, 405 31 Gothenburg, Sweden.

Name of Beneficial Owner	Number of Shares	Approximate Percentage of Outstanding Shares
Executive Officers and Directors:		
Thomas Ingenlath	335,620[1]	*
Johan Malmqvist	17,468[2]	—
Dennis Nobelius	12,521[3]	—
Håkan Samuelsson	781,000	*
Carla De Geyseleer	196,750	*
Karen C. Francis	25,275[4]	*
Donghui (Daniel) Li	7,000	—
Dr. Karl-Thomas Neumann	5,250	—
David Richter	135,655	*
James Rowan	13,600	—
Zhe (David) Wei	5,900	—
All directors and executive officers as a group (eleven individuals)	1,536,039	*
Five Percent or More Holders:		
Li Shufu[5]	1,866,576,927	88.5%

* Less than one percent.

(1) Number of shares owned by Mr. Ingenlath. Additionally, Mr. Ingenlath has been granted 77,635 Restricted Stock Units as part of the Polestar At Listing share program, whereof 25,620 have vested (and are accounted for in the above table). Mr. Ingenlath has also been granted 58,226 Performance Stock Units as part of the Polestar Post Listing share program, which have not yet vested.

(2) Number of shares owned by Mr. Malmqvist. Additionally, Mr. Malmqvist has been granted 52,933 Restricted Stock Units as part of the Polestar At Listing share program, whereof 17,468 have vested (and are accounted for in the above table). Mr. Malmqvist has also been granted 42,346 Performance Stock Units as part of the Polestar Post Listing share program, which have not yet vested.

(3) Number of shares owned by Mr. Nobelius. Additionally, Mr. Nobelius has been granted 37,943 Restricted Stock Units as part of the Polestar At Listing share program, whereof 12,521 have vested (and are accounted for in the above table). Mr. Nobelius has also been granted 28,457 Performance Stock Units as part of the Polestar Post Listing share program, which have not yet vested.

(4) Represents Class A ADSs that Ms. Francis has purchased in connection with the March Sponsor Investment.

(5) Includes 828,013,737 Class B ADSs for which PSD Investment Limited is the record holder. It also includes 204,572,624 Class A ADSs and 814,219,838 Class B ADSs for which Snita is the record holder, 6,106,660 Class A ADSs for which Northpole GLY 1 LP is the record holder, 13,664,063 Class A ADSs for which GLY New Mobility 1. LP is the record holder, 3 Class A ADSs for which Saxo Capital Markets Pte. Ltd ("*Saxo SG*") is the record holder and 2 Class A ADSs for which Saxo Capital Markets HK Limited ("*Saxo HK*") is the record holder. Li Shufu controls PSD Investment Limited and directly or indirectly owns approximately 91.9% of equity interests in Geely, which owns approximately 82.0% of equity interests in Volvo Cars and approximately 86.0% of GLy Capital Management Partners (Cayman) Limited. GLy Capital Management Partners (Cayman) Limited controls Northpole GLY GPI, GLY New Mobility GP1 and Northpole GLY GP1, the general partners of Northpole GLY 1 LP, GLY New Mobility 1. LP and Northpole GLY 2 LP, respectively. Saxo SG and Saxo HK are owned and controlled by Geely. Consequently, since voting and dispositive decisions with respect to such securities are ultimately made by Li Shufu, he is deemed to have beneficial ownership over 1,866,576,927 Class A ADSs, assuming the conversion of all Class B ADSs into Class A ADSs. Li Shufu disclaims beneficial ownership of these securities except to the extent of any pecuniary interest therein. The business address of Li Shufu and Former Parent is 13/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Central, Hong Kong and the business address of Snita is Stationswerg 2, 4153 RD Beesd, Netherlands.

Holders

As of December 31, 2022, Polestar had approximately 86 shareholders of record for its Class A ADSs, two shareholders of record for its Class B ADSs and four shareholders of record for its Class C ADSs. The actual number of shareholders is greater than this number of record holders and includes shareholders who are beneficial owners but whose shares are held in street names by brokers and other nominees. This number of holders of record also does not include shareholders whose shares may be held in trust or by other entities.

Significant Changes in Ownership by Major Shareholders

Prior to the Business Combination and Pre-Closing Reorganization, 42.7% of Former Parent was owned by PSD Investment Limited and 48.8% of Former Parent was owned by Volvo Cars. After the Business Combination Closing, Li Shufu was deemed to have beneficial ownership interest of 94.7% of the issued and outstanding Shares. Following the liquidation of Former Parent and the distribution of the Shares held by Former Parent to its shareholders, Li Shufu is the beneficial owner of approximately 85.7% of the issued and outstanding Shares, as described in the beneficial ownership table above.

B. Related Party Transactions

The agreement descriptions set forth below do not purport to be complete and are qualified in their entirety by the terms and conditions of the agreements filed as exhibits to this Report.

Business Combination Related Agreements

PIPE Subscription Agreements

On September 27, 2021, GGI and the Company entered into the Initial PIPE Subscription Agreements with the Initial PIPE Investors, pursuant to which the Initial PIPE Investors purchased an aggregate of 7,425,742 Class A Shares in the form of Class A ADSs for a purchase price of $9.09 per share in a private placement, for an aggregate amount of TUSD67,500. As a result of the December PIPE Subscription Agreements and the March PIPE Subscription Agreements, Polestar sold an aggregate of 25,423,445 Class A ADSs for an aggregate amount of TUSD238,826 to the Initial PIPE Investors, December PIPE Investors and March PIPE Investors. The December PIPE Subscription Agreements and the March PIPE Subscription Agreements are substantially similar to the Initial PIPE Subscription Agreements, except with regard to purchase price.

As a result of the December PIPE Assignment and the March PIPE Assignments, the aggregate investment amount and number of Class A ADSs purchased pursuant to the Subscription Agreements remained unchanged.

Pursuant to the PIPE Subscription Agreements, the Company agreed to file with the SEC (at the Company's sole cost and expense), within 30 calendar days after the date of the Business Combination Closing, the resale registration statement registering the resale of the PIPE Shares (the "*Resale Registration Statement*"), and to use its commercially reasonable efforts to have the Resale Registration Statement declared effective as soon as practicable after the filing thereof.

Sponsor Subscription Agreement

On September 27, 2021, GGI and the Company entered into the Sponsor Subscription Agreement with the GGI Sponsor, pursuant to which, the GGI Sponsor purchased 9,075,908 Class A Shares in the form of Class A ADSs for a purchase price of $9.09 per share on the Business Combination Closing Date, for an aggregate investment of TUSD82,500. Pursuant to the Sponsor Subscription Agreement, the GGI Sponsor had the right to assign its commitment to purchase the Class A ADSs under the Sponsor Subscription Agreement in advance of the Business Combination Closing. As a result of the assignments pursuant to the December Sponsor Subscription Agreement and the March Sponsor Subscription Agreement, and following the purchase by an affiliate of Sponsor of 891,209 Class A ADSs for a purchase price of $9.09 per Class A ADS on the Business Combination Closing Date, for an aggregate investment of TUSD8,101, GGI Sponsor ultimately assigned its commitment under the Sponsor Subscription Agreement to other parties. The Sponsor Subscription Agreement is substantially similar to the Initial PIPE Subscription Agreements, except that the GGI Sponsor had the right to assign its commitment to acquire the Class A ADSs to be purchased under the Sponsor Subscription Agreement in advance of the Business Combination Closing.

Volvo Cars PIPE Subscription Agreement

On September 27, 2021, GGI and the Company entered into the Volvo Cars PIPE Subscription Agreement with Snita, a corporation organized under the laws of Netherlands and a wholly owned indirect subsidiary of Volvo Cars, pursuant to which Snita purchased 10,000,000 Class A Shares in the form of Class A ADSs for a purchase price of $10.00 per share on the Business Combination Closing Date. Pursuant to the Volvo Cars PIPE Subscription Agreement, Snita had the right to assign its commitment to purchase the Class A ADSs under the Volvo Cars PIPE Subscription Agreement in advance of the Business Combination Closing. As a result of the assignments pursuant to the December Volvo Cars PIPE Subscription Agreement and the March Volvo Cars PIPE Subscription Agreement, Volvo Cars via its subsidiary Snita ultimately purchased 1,117,390 Class A ADSs for a purchase price of $10 per Class A ADS on the Business Combination Closing Date, for an aggregate investment of TUSD11,174. The Volvo Cars PIPE Subscription Agreement is substantially similar to the Initial PIPE Subscription Agreements, except with regards to purchase price.

Volvo Cars Preference Subscription Agreement

On September 27, 2021, the Company entered into the Volvo Cars Preference Subscription Agreement with Snita. Pursuant to the Volvo Cars Preference Subscription Agreement, Snita purchased Volvo Cars Preference Subscription Shares for an aggregate subscription price of $10.00 per share, for an aggregate investment amount equal to the Volvo Cars Preference Amount. The proceeds of such subscription will be used to satisfy certain accounts payable that are or will be due and payable by certain subsidiaries of Former Parent to Volvo Cars. The Volvo Cars Preference Subscription Shares converted into Class A ADSs at the Business Combination Closing, in accordance with, and subject to, the terms of the Volvo Cars Preference Subscription Shares.

Registration Rights Agreement

On September 27, 2021, the Company, Former Parent, the Former Parent Shareholders, the GGI Sponsor and the independent directors of GGI entered into a Registration Rights Agreement, which was amended by the Registration Rights Agreement Amendment No. 1 to provide for certain administrative changes to reflect the Amendment No. 1 to the Business Combination Agreement and the December PIPE Subscription Agreements and further amended by the Registration Rights Agreement Amendment No. 2 to provide for certain administrative changes to reflect the Amendment No. 2 to the Business Combination Agreement and the March PIPE Subscription Agreements, which provides customary demand and piggyback registration rights. On December 17, 2021, the parties to the Registration Rights Agreement entered into the Registration Rights Agreement Amendment to provide for certain administrative changes to reflect the Amendment No. 1 to the Business Combination Agreement and the December PIPE Subscription Agreements. On March 24, 2022, the parties to the Registration Rights Agreement entered into the Registration Rights Agreement Amendment No. 2 to provide for certain administrative changes to reflect the Amendment No. 2 to the Business Combination Agreement and the March PIPE Subscription Agreements. Pursuant to the Registration Rights Agreement, the Company filed the Shelf Registration Statement.

The foregoing summary of the Registration Rights Agreement is not complete and is qualified in its entirety by the terms and conditions of the Registration Rights Agreement, a copy of which is filed as an exhibit to this Report.

Class C Warrant Amendment

GGI and Computershare entered into the Class C Warrant Amendment, which is included as an exhibit to this Report. The Class C Warrant Amendment amended the SPAC Warrant Agreement. Pursuant to the Class C Warrant Amendment, (i) each GGI Public Warrant was automatically cancelled and extinguished and converted into the right to receive one Class C-1 ADS representing one Class C-1 Share representing the right to acquire one Class A ADS (or one Class A Share if at the time of exercise the Company no longer uses the ADR Facility) at an exercise price of $11.50 per Class C-1 ADS, subject to adjustment, terms and limitations as described in the Polestar Articles, (ii) each GGI Private Placement Warrant was automatically cancelled and extinguished and converted into the right to receive one Class C-2 ADS representing one Class C-2 Share representing the right to acquire one Class A ADS (or one Class A Share if at the time of exercise the Company no longer uses the ADR Facility) at an exercise price of $11.50 per Class C-2 ADS, subject to adjustment, terms and limitations described in the Polestar Articles and (iii) the SPAC Warrant Agreement was terminated, in the case of each of clauses (i), (ii) and (iii) above, subject to the terms and conditions set forth therein.

Shareholder Acknowledgment

On September 27, 2021, Former Parent, the Former Parent Shareholders, Volvo Car Corporation and the Company entered into the Shareholders Acknowledgement Agreement, which is included as an exhibit to this Report. Pursuant to the Shareholders Acknowledgement Agreement, the Former Parent and the Former Parent Shareholders undertook that (i) at the Business Combination Closing, the initial Board was to include nine directors, a majority of whom would be independent directors, (ii) for a period of three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not vote in favor of the removal any independent directors of the Company unless at least two independent directors vote in favor of such removal, (iii) for a period of three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not require the Company to convene a general meeting for the purpose of removing an independent director and (iv) for three years following the Business Combination Closing, Former Parent and the Former Parent Shareholders will not to vote in favor of any amendment to the Polestar Articles relating to the composition of the Board or the appointment or removal of Company directors. The GGI Sponsor has third party beneficiary rights to enforce the aforementioned undertakings.

Company Relationships and Related Party Transactions

Agreements with Volvo Cars and Geely

The Snita Term Loan Facility provides a credit facility of up to USD 800,000,000 for an 18 month term. The facility is denominated in U.S. dollars and is available for general corporate purposes. The interest rate applicable to borrowings under the facility is Term SOFR (as described in the facility and subject to a zero floor) plus 4.97%. The interest period of the facility is 6 months and default interest is calculated as an additional 1% on the overdue amount. The facility is required to be repaid on the final termination date, subject to Snita exercising an option to convert all or part of the loan into shares of the Company in connection with a QEO at the QEO Conversion Price (such shares, the "Conversion Shares"). A "QEO" refers to an offer of shares (or depositary receipts or other securities representing shares) of any class in the share capital of the Company, where the proposed capital raising is in an amount equal to at least USD 350,000,000 (or such other amount as the Borrower and Agent may agree from time to time), and in which no fewer than five (or such other number as the Borrower and Agent may agree from time to time) institutional investors participate in the offering. The "QEO Conversion Price" refers to the price per share at which the relevant shares are offered for sale pursuant to the QEO, converted into U.S. dollars (if the offering price is not in U.S. dollars) at the Prevailing Rate (as defined in the facility). The Company may not reborrow any part of the Snita Term Loan Facility which has been repaid. The Company's obligations under the facility are not guaranteed or secured. The facility contains customary negative covenants, including, but not limited to, restrictions on the Company's ability to make certain acquisitions, loans and guarantees. The facility also contains certain affirmative covenants, including, but not limited to, certain information undertakings and access to senior management. The facility contains certain customary representations and warranties, subject to certain customary materiality, best knowledge and other qualifications. The facility provides that, upon the occurrence of certain events of default, the Company's obligations thereunder may be accelerated. Such events of default include payment defaults to Snita thereunder, material inaccuracies of representations and warranties, covenant defaults, cross-acceleration with respect to our other indebtedness, corporate arrangement, winding-up, liquidation or similar proceedings, creditors' process affecting assets over a certain minimum amount, and other customary events of default. The facility is governed by English law.

The *Framework Assignment and License Agreement* among Volvo Car Corporation and Polestar Performance AB, dated October 31, 2018 and the *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 are agreements governing the assignment of and license to technology for use in the Polestar 1 and Polestar 2. These agreements provide that Polestar Performance AB will pay Volvo Car Corporation a fee based on specified percentages of Volvo Car Corporation's costs plus an arm's length mark-up. The Car Model Assignment and License Agreement remains in force during the validity of the license period of the license granted under the contract. The Framework Assignment and License Agreement remains in effect until six months after all Car Model Assignment and License Agreements entered into between the parties have expired or been terminated. Further, the Car Model Assignment and License Agreement may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has certain termination and cancellation rights under the agreements. Pursuant to the Side Letter, dated as of October 31, 2018, between Volvo Car Corporation, Polestar Performance AB and Polestar New Energy Vehicle Co. Ltd., the Car Model Assignment and License Agreement described here and the Car Model Assignment and License Agreement in the paragraph below are meant to constitute the same agreement. On December 23, 2020, Volvo Car Corporation and Polestar Performance AB entered into a Settlement Agreement relating to a dispute that arose pursuant to the Car Model Assignment and License Agreement. The Settlement Agreement provided that Volvo Car Corporation would compensate Polestar Performance AB for costs and losses associated with delayed deliveries of certain components and the delivery of defective components resulting in a recall of Polestar vehicles. Volvo Car Corporation agreed to settle these claims under the Car Model and License Agreement.

The *Framework Assignment and License Agreement*, dated as of October 31, 2018, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd. and the *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 are agreements governing the assignment of and license to technology related to Polestar vehicles. Fees paid under the agreements are in part based on actual development costs and take into account the full cost incurred plus an arm's length mark-up. The fee also takes into account the value of "Existing Know-How and Technology" (as defined in the Car Model Assignment and License Agreement). The hourly rates charged under the agreements are reviewed and updated annually by the parties. The Framework Assignment and License Agreement remains in effect until six months after all Car Model Assignment and License Agreements entered into between the parties have expired or been terminated. Further, the Framework Assignment and License Agreement may terminate within 60 days of written notice for breach of the Framework Assignment and License Agreement or of a Car Model Assignment and License Agreement or immediately upon the insolvency of either party. The Car Model Assignment and License Agreement remains in force during the validity of the license period of the license granted under the contract. Further, a Car Model Assignment and License Agreement may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Polestar also has additional termination and cancellation rights under the Car Model Assignment and License Agreements. The termination of the Framework Assignment and License Agreement terminates all of the Car Model Assignment and License Agreements, while the termination of one Car Model Assignment and License Agreement does not automatically affect the validity of the Framework Assignment and License Agreement or any other Car Model Assignment and License Agreement.

Pursuant to the Side Letter, the termination of one Car Model Assignment and License Agreement gives Volvo Car Corporation the right to immediately terminate the other Car Model Assignment and License Agreement.

PHEV IP Sub-License Agreement, dated as of September 4, 2018, between Volvo Car Corporation and Polestar Performance AB is a sub-license agreement relating to certain technology used in Polestar vehicles. The agreement provides that Polestar Performance AB will pay Volvo Cars a per vehicle fee determined in accordance with the agreement and paid on a monthly basis. The agreement may terminate within 90 days of written notice for breach or immediately upon the insolvency of the other party.

PHEV IP Sub-License Agreement, dated as of September 7, 2018, 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 is a sublicense agreement relating to certain technology used in Polestar vehicles. The agreement provides that Polestar Performance AB will pay Volvo Cars a per vehicle fee determined in accordance with the agreement and paid on a monthly basis. In addition, if an "Event of Default" (as defined in the agreement) occurs, the non-defaulting party may terminate the agreement with immediate effect.

Change Management Agreement, dated as of June 12, 2020, between Volvo Car Corporation and Polestar Performance AB is an agreement regulating certain updates and upgrades made to certain technology in the Polestar 1. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a fee based on 100% of Volvo Car Corporation's actual development cost, as calculated on a time and material basis applying an arm's length mark-up. The hourly rates charged under the agreement are reviewed and updated annually. The agreement remains in effect during the validity of the license period of the license granted under the agreement unless terminated upon 12 months' written notice. In addition, the agreement may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Further, Polestar Performance AB also has certain termination and cancellation rights under the agreement.

Service Agreement, dated as of October 31, 2018, 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 is a service agreement governing certain sourcing services provided by Volvo Car Corporation to Polestar Automotive China Distribution Co., Ltd. (to which Polestar New Energy Vehicle Co., Ltd. transferred its rights and obligations under the agreement in accordance with a novation agreement). The agreement provides that

Polestar Automotive China Distribution Co., Ltd. will pay Volvo Car Corporation a semi-annual service charge calculated on a time and material basis applying an arm's length mark-up to the full cost incurred, and the hourly rates are reviewed and updated annually by mutual agreement of the parties. The agreement terminates on the date of the final status report, though either party may terminate for convenience upon 60 days' written notice. Polestar Automotive China Distribution Co., Ltd. also has the right to cancel for convenience the services performed under the agreement upon 30 days' written notice. In addition, the agreement may terminate within 14 days of written notice for breach or immediately upon the insolvency of the other party.

Service Agreement, dated as of November 17, 2020, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar New Energy Vehicle Co., Ltd. is a service agreement under which Volvo Cars Technology (Shanghai) Co., Ltd. provides Polestar New Energy Vehicle Co., Ltd. with procurement services needed for Polestar vehicle maintenance at the Chengdu plant. The agreement provides that Polestar New Energy Vehicle Co., Ltd. will pay Volvo Cars Technology (Shanghai) Co., Ltd. a monthly service charge based on the actual hours required for the services to be performed charged at hourly rates. The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Cars Technology (Shanghai) Co., Ltd. on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar New Energy Vehicle Co., Ltd. also has certain service cancelation rights and has an immediate termination right with respect to certain breaches by Volvo Cars Technology (Shanghai) Co., Ltd. *The Service Agreement*, dated as of November 13, 2020, between Volvo Car Corporation and Polestar New Energy Vehicle Co., Ltd. also governs procurement services needed for Polestar vehicles at the Chengdu plant and its terms largely mirror the previously described agreement, but with Volvo Car Corporation acting as the service provider under the contract.

Service Agreement, dated as of October 31, 2018, 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 is a service agreement under which Volvo Cars provides Polestar New Energy Vehicle Co. Ltd. and Polestar Automotive China Distribution Co., Ltd. with manufacturing engineering services connected with Polestar 1 and Polestar 2, respectively. The agreement provides that the applicable Polestar entity will pay Volvo Cars a semi- annual service charge based on the estimated hours required for the services to be performed charged at hourly rates. The hourly rates used to calculate the service charges are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by the parties on an annual basis. This agreement remains in effect until the date of the final status report as described in the agreement. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 14 days of written notice for breach or immediately upon the insolvency of the other party. The applicable Polestar entity also has the right to cancel the services performed for convenience upon 30 days' written notice. The *Service Agreement*, dated as of December 21, 2018, between Daqing Volvo Car Manufacturing Co. Ltd. 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 Daqing Volvo Car Manufacturing Co. Ltd. also governs the provision of manufacturing engineering services in relation to the production of Polestar vehicles and its terms largely mirror the previously described agreement, but with Daqing Volvo Car Manufacturing Co. Ltd. acting as the service provider. On December 23, 2020, Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd. entered into a Settlement Agreement relating to a dispute that arose pursuant to the Service Agreement. The Settlement Agreement provided that Volvo Car Corporation would compensate Polestar New Energy Vehicle Co. Ltd. for costs and losses associated with delayed deliveries of certain components and the delivery of defective components resulting in a recall of Polestar vehicles.

Service Agreement, dated as of October 31, 2018, 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 is a service agreement under which Volvo Car Corporation provides Polestar New Energy Vehicle Co. Ltd. and Polestar Automotive China Distribution Co., Ltd. with logistics engineering services connected with the Polestar 1 and Polestar 2, respectively. The agreement provides that the applicable Polestar entity will pay Volvo Car Corporation a semi-annual service charge based on the estimated hours required for the services to be performed charged at hourly rates. The hourly rates used to calculate the service charges are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by the parties on an annual basis. The agreement remains in effect until the date of the final status report as described in the agreement. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 14 days of written notice for breach or immediately upon the insolvency of the other party. The applicable Polestar entity also has the right to cancel the services performed for convenience upon 30 days written notice. The *Service Agreement*, dated as of December 21, 2018, between Volvo Car (Asia Pacific) Investment Holding Co. Ltd. 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 (Asia Pacific) Investment Holding Co. Ltd. also governs the provision of logistics engineering services in relation to the production of Polestar vehicles and its terms largely mirror the previously described agreement, but with Volvo Car (Asia Pacific) Investment Holding Co. Ltd. acting as the service provider.

Service Agreement, dated as of August 9, 2018, between Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd. and Polestar New Energy Vehicle Co. Ltd., as amended by the *Amendment Agreement to the Service Agreement*, dated as of August 26, 2020, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar New Energy Vehicle Co., Ltd., AB is a service agreement governing certain services that Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd. provides to Polestar New Energy Vehicle Co. Ltd. relating to the electrocoating of the Polestar 1. The agreement provides that Polestar New Energy Vehicle Co. Ltd. will pay Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd. a monthly service fee based on an actual total cost basis with a mark-up to an arm's length price using the cost plus method. This service charge is reviewed and updated annually by the parties and is based on a benchmarking study. The agreement remains in effect until terminated. The agreement may be terminated for convenience by either party upon six months' written notice. Further, the agreement may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar New Energy Vehicle Co. Ltd. also has additional service cancellation and termination rights under the agreement.

Service Agreement, dated as of December 17, 2019, between Volvo Car Belgium NV, Ltd. and Polestar Performance AB, as amended by the *Amendment to the Service Agreement*, dated as of March 4, 2020, between Volvo Car Belgium NV, Ltd. and Polestar Performance AB governs the performance of various services relating to Polestar vehicles that are provided by Volvo Car Belgium NV, Ltd. to Polestar Performance AB at ESDIC in Gent, Belgium. The agreement provides that Polestar Performance AB will pay Volvo Car Belgium NV, Ltd. a monthly service charge based on hourly rates using the cost plus method. The hourly rates are determined annually by Volvo Car Belgium NV, Ltd., and Polestar Performance AB reimburses Volvo Car Belgium NV, Ltd. for all of its costs incurred to provide the services. The agreement remains in effect until the services are completed or the agreement is otherwise terminated. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement.

Component Supply Agreement, dated as of 2018, between Polestar New Energy Vehicle Co., Ltd. and Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch is a supply agreement governing Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch's purchase of components from Polestar New Energy Vehicle Co., Ltd. The agreement provides that Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch must compensate Polestar New Energy Vehicle Co., Ltd. in the aggregate for all components that Polestar New Energy Vehicle Co., Ltd. supplies during a calendar year. Such compensation is calculated using an arm's length pricing principle. The agreement automatically extends on January 1 of each year unless terminated. The agreement, in whole or in part, may be terminated immediately upon the insolvency of the other party, and either party may terminate for convenience upon 12 months' written notice.

General Distributor Agreement, effective as of January 1, 2020, between Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch and Polestar Automotive China Distribution Co., Ltd. is an agreement governing the manufacturing and distribution of Polestar products. The agreement provides that Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch will supply certain goods to Polestar Automotive China Distribution Co., Ltd., which Polestar Automotive China Distribution Co., Ltd. will then distribute either itself or through an authorized dealer. Polestar Automotive China Distribution Co., Ltd. will compensate Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch for the full cost of the contract products. The agreement may be terminated only in two years' intervals by giving two months' notice with effect as per December 31 of any subsequent second year. Unless a termination notice is given, the agreement continues in effect for an additional two years. Further each party may immediately terminate the agreement for "good cause" as described in and pursuant to the agreement.

License, License Assignment and Service Agreement, dated as of February 15, 2021, between Volvo Car Corporation and Polestar Performance AB is a license assignment and service agreement under which Volvo Car Corporation provides development services to Polestar Performance AB. The agreement relates to certain technology to be developed, assigned or licensed by Volvo Car Corporation to Polestar Performance AB for use in future model year programs of the Polestar 2. The monthly fee paid under the agreement is based on estimated development costs using the cost plus method and the actual hours required for the services billed at an hourly rate. The hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect during the performance of the services and the validity of the license period of the license granted under the agreement. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement. In the event of certain breaches by Volvo Car Corporation, Polestar Performance AB is also entitled to terminate the agreement with 120 days' written notice. While Polestar Performance AB may cancel the delivery of "Polestar Technology" or "PS Unique Volvo Technology" (each as defined in the agreement) for convenience upon 30 days' written notice, both parties are limited in their ability to cancel the delivery of "Volvo Technology" (as defined in the agreement).

License and License Assignment Agreement, dated as of February 15, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd. is a license agreement under which Volvo Car Corporation will provide certain development services for Polestar Automotive China Distribution Co. Ltd. relating to the development of technology to be used in future model year programs of the Polestar 2. The terms of the agreement largely mirror those of the License, License Assignment and Service Agreement described in the above paragraph.

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. is an agreement governing the manufacturing of the Polestar 2 at the manufacturing plant in Luqiao. Under the agreement, Asia Euro Automobile Manufacturing (Taizhou) Co., Ltd. manufactures and assembles the vehicle up to close-to-final status, and First Automobile Branch of Zhejiang Haoqing Automobile Manufacturing Co., Ltd. then completes and sells the completed product to Polestar Automotive China Distribution (Taizhou) Co., Ltd. (who replaced Polestar New Energy Vehicle Co., Ltd. pursuant to the novation agreement). The products are priced based on their full cost of production, including Polestar Automotive China Distribution (Taizhou) Co., Ltd.'s pro rata portion of the common cost of the plant, plus a mark-up that is reviewed and adjusted according to certain benchmarks. The prices for vehicles produced in the plant are determined annually based on reserved volumes and the estimated cost for producing the vehicles, as determined by First Automobile Branch of Zhejiang Haoqing Automobile Manufacturing Co., Ltd., and are subject to review and amendment on a monthly basis. The agreement terminates seven years after becoming effective, and either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. If Polestar Automotive China Distribution (Taizhou) Co., Ltd. discontinues having vehicles produced at the Luqiao plant under the agreement prior to its termination, Polestar Automotive China Distribution (Taizhou) Co., Ltd. must pay certain exit costs.

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. is an agreement governing the manufacturing of completed Polestar 2 vehicles at the Luqiao plant by Asia Euro Automobile Manufacturing (Taizhou) Co. Ltd. and sold to Polestar Performance AB. The terms of the agreement largely mirror those of the Car Model Manufacturing Agreement described in the paragraph above.

License, License Assignment and Service Agreement, dated as of June 30, 2019, between Volvo Car Corporation and Polestar Performance AB, as supplemented by the *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 Agreement and Service Agreement*, dated as of December 19, 2019, between Volvo Car Corporation and Polestar Performance AB is a license assignment and service agreement relating to certain development services and technology. The agreement remains in effect during the performance of the services and the validity of the license period of the license granted under the agreement. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. In the event of certain breaches by Volvo Car Corporation, Polestar Performance AB is also entitled to terminate the agreement with 120 days' written notice. While Polestar Performance AB may cancel the delivery of "Polestar Technology" or "PS Unique Volvo Technology" (each as defined in the agreement) for convenience upon 30 days' written notice, both parties are limited in their ability to cancel the delivery of "Volvo Technology" (as defined in the agreement).

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 is a license agreement relating to certain technology associated with the Polestar 3 in China. The agreement remains in effect during the validity of the license period of the license granted under the agreement. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. In the event of certain breaches by Volvo Car Corporation, Polestar is also entitled to terminate the agreement with 120 days' written notice. While Polestar may cancel the delivery of "PS Unique Volvo Technology" (as defined in the agreement) for convenience upon 30 days' written notice, both parties are limited in their ability to cancel the delivery of "Volvo Technology" (as defined in the agreement).

Service 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 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 is a service agreement in relation to manufacturing engineering, logistic engineering and direct material procurement services for the Polestar 3 provided by Volvo Car Corporation to the applicable Polestar entity in all countries except China. The agreement remains in effect during the performance of the services and the validity of the license period of the license granted to the applicable Polestar entity. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. The applicable Polestar entity also has the right to cancel the services performed by Volvo Car Corporation for convenience upon 90 days' written notice.

Service Agreement, dated as of June 30, 2019, between Volvo Cars (China) Investment Co., Ltd. and Polestar New Energy Vehicle Co. Ltd., as supplemented by the *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 Service Agreement*, dated as of November 28, 2019, between Volvo Cars (China) Investment Co. Ltd. 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 Cars (China) Investment Co., Ltd. is a service agreement in relation to manufacturing engineering, logistic engineering and procurement services for the Polestar 3 provided to the applicable Polestar entity in China. The agreement provides that the applicable Polestar entity will pay three affiliates of Volvo Cars (China) Investment Co., Ltd. ((i) Volvo Car (Asia Pacific) Investment Holding Co., Ltd., (ii) Volvo Cars Technology (Shanghai) Co., Ltd. and (iii) Zhongjia Automobile (Chengdu) Co., Ltd.) a fixed fee for their services provided under the agreement. The agreement remains in effect during the performance of the services and the validity of the license period of the license granted to the applicable Polestar entity. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. The applicable Polestar entity also has the right to cancel the services performed by Volvo Cars (China) Investment Co., Ltd. for convenience upon 90 days' written notice.

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., provides that the intention of these parties is for each of the main agreements described in the four previous paragraphs to actually constitute one agreement. In light of the foregoing, the side letter provides that it is the parties' intention to share the total amount payable to the Volvo entities under the four agreements fairly between the Polestar entities as described in the side letter.

Service Agreement, dated as of August 31, 2020, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd. is a service agreement governing certain indirect procurement services provided by Volvo Cars Technology (Shanghai) Co., Ltd. to Polestar Automotive China Distribution Co. Ltd. relating to the production of the Polestar 3 at the Chengdu plant. The agreement provides that Polestar Automotive China Distribution Co. Ltd. will pay Volvo Cars Technology (Shanghai) Co., Ltd. a monthly service charge based on the actual hours required for the services to be performed. The hourly rates are calculated using the full cost incurred plus an arm's length mark-up and are determined annually by Volvo Cars Technology (Shanghai) Co., Ltd. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution Co. Ltd. also has additional service cancellation and termination rights under the agreement.

Service Agreement, dated as of September 1, 2020, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd. is a service agreement governing certain indirect procurement services provided by Volvo Car Corporation to Polestar Automotive China Distribution Co. Ltd. relating to the production of the Polestar 3 at Volvo Car Corporation's Chengdu plant. The agreement provides that Polestar Automotive China Distribution Co. Ltd. will pay Volvo Car Corporation a monthly service charge based on the actual hours required for the services to be performed. The hourly rates are calculated using the full cost incurred plus an arm's length mark-up and are determined annually by Volvo Car Corporation. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution Co. Ltd. also has additional service cancellation and termination rights under the agreement.

License Agreement, dated as of December 23, 2020, between Polestar Performance AB and Volvo Car Corporation is a license agreement relating to certain intellectual property developed by Polestar Performance AB. The agreement remains in effect during the validity of the license period of the license granted under the agreement, which is until model year 2024. Either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party.

Performance Software Agreement, dated as of January 1, 2020, between Polestar Performance AB and Volvo Car Corporation is an agreement relating to the design, development and supply of performance enhancing software by Polestar Performance AB for Volvo Car Corporation to distribute in their infrastructure for software download. The agreement remains in effect until either party terminates the agreement. Either party may terminate the agreement for convenience by giving notice to the other party at least six months before the start the start of the next model year, which is week seventeen, day one of each year. If the agreement is terminated for convenience, the agreement will remain in force until the start of the next model year. Either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party.

Financial Undertaking Agreement—Investments for Vehicle Assembly, dated as of February 27, 2020, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd. is an agreement that establishes Polestar Automotive China Distribution Co., Ltd.'s binding commitment to pay for investments made by Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. relating to the production of the Polestar 3 at Volvo Car Corporation's Chengdu plant. The agreement also sets forth the parties' intention to enter into another agreement governing the actual production of Polestar vehicles at the Chengdu plant. The agreement remains in force until the parties sign the next production agreement for the Polestar vehicles. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Prior to a certain point specified in the agreement, Polestar Automotive China Distribution Co., Ltd. may terminate the agreement for convenience upon 60 days' written notice, and Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. may terminate in the event of an unremedied material breach.

Service Agreement, dated as of February 2021, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd. is a service agreement under which Polestar Automotive China Distribution Co. Ltd. purchases Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd.'s IT services to support the production of the Polestar 3 in the Chengdu plant. The agreement provides that Polestar Automotive China Distribution Co. Ltd. will pay Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. a monthly service charge based on the actual hours required to perform the services. The hourly rates take into account the full cost incurred plus an arm's length mark-up, and such hourly rates are determined by Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. annually. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution Co. Ltd. also has additional service cancellation and termination rights under the agreement. The *Service Agreement*, dated as of April 28, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd. largely mirrors the previously described agreement but with Volvo Car Corporation acting as the service provider.

Financial Undertaking Agreement—Investments for Vehicle Assembly, dated as of March 17, 2021, between Volvo Car Corporation and Polestar Performance AB is an agreement relating to the planned production of Polestar 3 vehicles in Volvo Cars' South Carolina, USA plant. The agreement imposes a binding commitment on Polestar Performance AB to fund certain investments, relating to common equipment, for example, necessary to manufacture and assemble Polestar 3 vehicles at the South Carolina plant and confirms both parties' intention to enter into a more robust agreement governing production no later than one year before such production's planned start. The agreement provides that the general principle to be applied to the pricing of such vehicle production will be one of actual cost plus a mark-up. The agreement terminates when the more detailed production agreement is signed. In addition, either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has the right to terminate the agreement for convenience upon 60 days' written notice. The *Financial Undertaking Agreement— Investments for Vehicle Assembly*, dated as of March 23, 2021, between Volvo Car Corporation and Polestar Performance AB largely mirrors the previously described agreement but instead imposes investment commitments on Polestar Performance AB relating to Polestar 3 unique equipment (rather than common equipment that is used in the production of both Volvo's and Polestar's vehicles).

Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation will provide design services for a new Polestar vehicle. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge based on the actual hours required to perform the services. The hourly rates take into account the full cost incurred plus an arm's length mark-up, and such hourly rates are determined by Volvo Car Corporation annually. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement.

Service Agreement, dated as of November 27, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation will provide complete design services (i.e., from the concept phase until the start of production) for a new Polestar vehicle. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge based on the actual hours required to perform the services. The hourly rates take into account the full cost incurred plus an arm's length mark-up, and such hourly rates are determined by Volvo Car Corporation annually. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement.

Service Agreement, dated as of January 18, 2021, between Ningbo Geely Automobile Research & Development Co., Ltd. and Polestar Performance AB is a service agreement under which Ningbo Geely Automobile Research & Development Co., Ltd. provides research and development services to Polestar Performance AB for the concept phase of the development of a new Polestar vehicle. The agreement provides that Polestar Performance AB will pay Ningbo Geely Automobile Research & Development Co., Ltd. a fixed price service charge, for which Polestar Performance AB has paid two out of the three total installments. This fixed price is based on an estimate of the hours and resources required to perform the services. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement.

Service Agreement, dated as of January 28, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation provides Polestar Performance AB with customer care, consumer and care services. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge taking into account operations costs, implementation costs, development costs and central administrative costs. The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 12 months' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has an immediate termination right with respect to certain breaches by Volvo Car Corporation.

Service Agreement, dated as of September 4, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation provides Polestar Performance AB with technical support to dealers or workshops who are repairing, maintaining and/or servicing Polestar vehicles. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge taking into account a base price (the full cost of the forecasted number of hours multiplied by the hourly rate) and an excess case price (the cost per case over and above the capacity of the number of forecasted hours covered by the base price charge). The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon six months' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has an immediate termination right with respect to certain breaches by Volvo Cars.

Service Agreement, dated as of September 4, 2020, between Polestar Performance AB and Volvo Bil i Göteborg AB is a service agreement under which Volvo Bil i Göteborg AB personnel provides support in operating Polestar Performance AB's Damage Repair European Centre and repairing Polestar 1 vehicles. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a service charge taking into account an hourly work rate (which varies depending on the type of activity performed) and the amount of time worked. The hourly rates and material cost used to calculate the service charges are determined by Volvo Bil i Göteborg AB on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has additional service cancellation and termination rights under the agreement.

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 is a license agreement under which Volvo Car Corporation will develop and license to Polestar Performance AB a digital platform to be used for making vehicle repair and maintenance information available for independent operators (the "*GOLD Platform*"). The license fee is determined by Volvo Car Corporation on an annual basis and is based on the activities performed when Volvo Car Corporation develops project results. The license fee should equal 50% of the actual development cost, which take into account the full cost incurred plus an arm's length mark-up. The agreement remains in force during the validity of the license period granted to Polestar Performance AB thereunder. Neither party may unilaterally terminate the agreement for convenience, however, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has immediate termination rights with respect to certain not insignificant breaches by Volvo Car Corporation.

Service Agreement, dated as of December 6, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation provides Polestar Performance AB with various operation and maintenance services related to the GOLD Platform. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge based on Polestar Performance AB's share of actual hours required for the services to be performed by Volvo Car Corporation. The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance

AB also has certain service cancellation rights and has an immediate termination right with respect to certain breaches by Volvo Car Corporation.

Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation provides Polestar Performance AB with outbound logistics services via the use of Volvo Car Corporation's existing vehicle distribution network. The agreement is one of six agreements that the parties have agreed to enter into relating to such outbound logistics services. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a monthly service charge taking into account the estimated hours and other costs for the services to be performed. The service charges are updated each new calendar year based on changes in required resources, costs and forecasted volumes. The hourly rates used to calculate the service charges are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect until the services are complete. Either party may terminate the agreement for convenience upon 12 months' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has an immediate termination right with respect to certain breaches by Volvo Car Corporation.

Service Agreement, dated as of January 19, 2020, between Volvo Car UK Limited and Polestar Performance AB is a service agreement under which Volvo Car UK Limited provides Polestar Performance AB with certain services pertaining to customs clearance and duty declarations relating to the import of Polestar vehicles into the United Kingdom. The agreement provides that Polestar Performance AB will pay Volvo Car UK Limited a monthly service charge based on the actual cost for external resources and actual hours worked by Volvo Car UK Limited's staff required for the services to be carried out. The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car UK Limited on an annual basis. Polestar Performance AB is also responsible for the cost for the services provided by the customs broker. The agreement remains in effect until terminated by at least one party in accordance with the agreement. Either party may terminate the agreement for convenience upon 90 days' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB also has an immediate termination right with respect to certain breaches by Volvo Car UK Limited.

European CO2 Emission Credit Payment Agreement, dated as of November 27, 2020, between Volvo Car Corporation and Polestar Performance AB is an agreement under which Volvo Car Corporation agreed to pay Polestar Performance AB an amount equal to approximately 33% of the carbon credits attributable to Volvo Cars under an Open Pool Commercial Agreement, dated as of October 29, 2020, between Volvo Car Corporation and Ford Werke GmbH. The payment reflects the proportion of carbon credits attributable to Volvo Cars under the Open Pool Commercial Agreement that are, in turn, attributable to Polestar vehicles and is based on the number of Polestar vehicles registered during the period, the average specific emission and the specific emissions target for those vehicles.

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 is a supply and license agreement under which Volvo Car Distribution (Shanghai) Co., Ltd distributes the aftermarket parts and accessories of Polestar Automotive China Distribution Co., Ltd in China. Under this agreement, Polestar Automotive China Distribution Co., Ltd also grants Volvo Car Distribution (Shanghai) Co., Ltd certain licensing rights with respect to Polestar Automotive China Distribution Co., Ltd's intellectual property in China. The agreement provides that Volvo Car Distribution (Shanghai) Co., Ltd will pay a monthly license fee to Polestar Automotive China Distribution Co., Ltd, and this license fee will be set at a rate that enables Volvo Car Distribution (Shanghai) Co., Ltd to receive an arm's length compensation for its services. If the "Parts Profit" is less than the "Distribution Profit" (each as defined in the agreement), Polestar Automotive China Distribution Co., Ltd must pay Volvo Car Distribution (Shanghai) Co., Ltd for the shortfall. The license fee is determined in accordance with the provisions of the agreement and is subject to adjustment. The agreement remains in effect until terminated by either party. Either party may terminate the agreement for convenience with 18 months' written notice to the other. Further, the agreement may terminate within 30 days of written notice for a material breach or immediately upon the insolvency of the other party.

Service Agreement, effective as of July 1, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution., Ltd. is a service agreement under which Volvo Car Corporation provides maintenance and procurement services related to the Polestar 2 at the Luqiao plant. The agreement provides that Polestar Automotive China Distribution., Ltd. will pay Volvo Car Corporation a monthly service charge based on the actual hours worked charged at an hourly rate. This hourly rate takes into account the full cost incurred plus a mark-up, and it is determined annually by Volvo Car Corporation. The agreement remains in effect until the services are completed. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate the agreement within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution., Ltd. may cancel the services performed under the agreement upon 30 days' written notice and has additional immediate termination rights with respect to certain breaches by Volvo Car Corporation as described in the agreement.

Service Agreement, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd., is a service agreement under which Volvo Cars Technology (Shanghai) Co., Ltd. provides procurement and management services to Polestar Automotive China Distribution Co., Ltd. related to the Polestar 2 at the Luqiao plant. The agreement provides that Polestar Automotive China Distribution Co., Ltd. will pay Volvo Cars Technology (Shanghai) Co., Ltd. a monthly service charge based on the actual hours worked charged at an hourly rate. This hourly rate takes into account the full cost incurred plus a mark-up, and it is determined annually by Volvo Cars Technology (Shanghai) Co., Ltd. The agreement remains in effect until the services are completed. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate the agreement within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution Co., Ltd. may cancel the services performed under the agreement upon 30 days' written notice and has additional immediate termination rights with respect to certain breaches by Volvo Cars Technology (Shanghai) Co., Ltd. as described in the agreement.

Service Agreement, dated as of June 23, 2021, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd. is a service agreement under which Volvo Car Corporation provides commercial purchasing and end-of-production services, amongst other things, to Polestar New Energy Vehicle Co. Ltd. The agreement provides that Polestar New Energy Vehicle Co. Ltd. will pay Volvo Car Corporation a monthly service charge based on the actual hours worked charged at an hourly rate. This hourly rate takes into account the full cost incurred plus a mark-up, and it is determined annually by Volvo Car Corporation. The agreement remains in effect until the services are completed. Either party may terminate the agreement for convenience upon 60 days' written notice. Further, either party may terminate the agreement within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar New Energy Vehicle Co. Ltd. may cancel the services performed under the agreement upon 30 days' written notice and has additional immediate termination rights with respect to certain breaches by Volvo Car Corporation as described in the agreement. The *Service Agreement*, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd. largely mirrors the *Service Agreement*, dated as of June 23, 2021, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd. but with Volvo Cars Technology (Shanghai) Co., Ltd. acting as the service provider under the agreement.

Service Agreement, dated as of June 23, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution, Ltd., and the *Service Agreement*, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd. are agreements governing the procurement of services and the sustainability evaluation for Polestar branded vehicles. For providing such services, the Volvo entities are paid a monthly service charge based on the actual hours worked charged at an hourly rate. These agreements remain in full force and effect until the services are completed. The agreements may be terminated by either party within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy. Additionally, Polestar is entitled to cancel the services performed by Volvo Cars for convenience upon 30 days written notice to Volvo Cars, and both parties to each agreement are entitled to terminate such agreement for convenience upon 60 days' written notice to the other party.

Service Agreement, dated as of December 28, 2021, between Ningbo Geely Automobile Research & Development Co., Ltd and Polestar Performance AB is an agreement governing the outsourcing of development services for Polestar vehicles. The agreement remains in full force and effect until the services are completed. Polestar Performance AB pays Ningbo Geely Automobile Research & Development Co., Ltd a fixed service charge for the services provided. The agreement may be terminated by either party within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy. Additionally, Polestar Performance AB is entitled to cancel the services performed by Ningbo Geely Automobile Research & Development Co., Ltd for convenience upon 30 days' written notice to Ningbo Geely Automobile Research & Development Co., Ltd.

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. is an agreement relating to Ningbo Hangzhou Bay Geely Automotive Parts Co., Ltd.'s provision to Polestar Automotive China Distribution Co., Ltd. of manufacturing services. The parties also commit to making certain investments under the agreement. The agreement remains in full force until the agreed fees are paid and may be terminated by either party within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

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. is an agreement governing the purchase and sale of Polestar Unique vendor tooling from Geely for Polestar. Polestar Automotive China Distribution Co., Ltd. pays Ningbo Geely Automobile Research & Development Co., Ltd. for each unique vendor tooling as the actual costs occur. This agreement remains in force and effect until Polestar Automotive China Distribution Co., Ltd. has paid the full price for the purchase of the vendor tooling. The agreement may be terminated within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

Technology License Agreement, dated as of March 4, 2022, between Zhejiang Zeekr Automobile Research and Development Co., Ltd. and Polestar Performance AB, and the *Technology License Agreement*, effective as of March 4, 2022, between Zhejiang Liankong Technologies Co., Ltd and Polestar Automotive Distribution China Co., Ltd. are agreements governing the license of technology for Polestar branded vehicles. These agreements remain in force and effect during the validity of the licensed intellectual property included in the license granted under the agreement. The agreements may be terminated within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

Technology License Agreement, dated as of December 10, 2021, between Zhejiang Zeekr Automobile Research and Development Co., Ltd and Polestar Automotive China Distribution Co., Ltd. is an agreement governing the license of technology for Polestar branded vehicles. Polestar Automotive China Distribution Co., Ltd pays Zhejiang Zeekr Automobile Research and Development Co., Ltd a licensing fee under the agreement. This agreement remains in force and effect during the validity of the licensed intellectual property included in the license granted under the agreement. The agreement may be terminated within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

Technology License Agreement, dated as of December 30, 2021, between Zhejiang Zeekr Automobile Research and Development Co., Ltd and Polestar Performance AB is an agreement governing the license of technology for Polestar branded vehicles. Polestar Automotive China Distribution Co., Ltd pays Zhejiang Zeekr Automobile Research and Development Co., Ltd a licensing fee under the agreement. This agreement remains in force and effect during the validity of the licensed intellectual property included in the license granted under the agreement. The agreement may be terminated within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

Parts Supply and License Agreement Polestar Aftermarket Parts and Accessories (ROW), dated as of January 1, 2020, between Polestar Performance AB and Volvo Car Corporation, is a supply and license agreement under which Volvo Car Corporation distributes the aftermarket parts and accessories of Polestar Performance AB throughout the world, besides in China. Under this agreement, Polestar Performance AB also grants Volvo Car Corporation certain licensing rights with respect to Polestar Performance AB's intellectual property. The agreement provides that Volvo Car Corporation will pay a monthly license fee to Polestar Performance AB, and this license fee will be set at a rate that enables Volvo Car Corporation to receive an arm's length compensation for its services. If the "Parts Profit" for a month is less than the "Distribution Profit" (each as defined in the agreement), Polestar Performance AB must pay Volvo Car Corporation for the shortfall. The agreement remains in effect until terminated by either party. Either party may terminate the agreement for convenience with 18 months' written notice to the other. Further, either party may terminate the agreement within 30 days of written notice for a material breach or immediately upon the insolvency of the other party.

New, Used and Demonstrator Funding Agreement, dated June 14, 2021, by and among Volvo Car Financial Services UK Limited, a joint venture between Volvo Car Corporation and Santander Consumer (UK) plc, and Polestar Automotive UK Limited, is an agreement under which Volvo Car Financial Services UK Limited has agreed to make a standing offer to sell Floorplan Vehicles to Polestar Automotive UK Limited, and Polestar has agreed to purchase such Floorplan Vehicles. Under the agreement, Polestar may display Floorplan Vehicles for sale via the internet or in its premises or those premises operated by third party entities approved by and acting for or on behalf of Polestar for the purpose of marketing and in return, Polestar has agreed to pay certain charges to Volvo. The agreement may be terminated by either party at any time with written notice to the other party.

Service Agreement, effective as of January 28, 2022, by and between Volvo Cars USA LLC and Polestar Automotive USA Inc. is an agreement governing the outbound logistics through the utilization of Volvo Cars USA LLC's existing vehicle distribution process. Under the agreement, Polestar pays Volvo for the estimated hours of work performed and other costs incurred by Volvo Cars. The agreement remains in full force and effect until the services are completed and may be terminated by either party within 30 days of written notice for breach that is unable to be remedied or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy.

Finance Cooperation Agreement, dated as of May 28, 2021, by and between Volvo Car Financial Services UK Limited and Polestar Automotive UK LTD. Under this agreement, Volvo Car Financial Services UK Limited (i) provides financing to Polestar Automotive UK LTD to enable Polestar Automotive UK LTD to purchase Polestar vehicles, (ii) markets and sells retail finance arrangements to customers in accordance with the terms of the agreement and (iii) agrees to develop and operate a technical infrastructure to be used to market and sell such financial arrangements. Should Polestar Automotive UK LTD be interested in additional financing services not included in the "Services" (as defined in the agreement), it promises to use its best endeavors to engage Volvo Car Financial Services UK Limited as their financial partner for such services. The agreement continues in effect until the third anniversary of when the Services commenced. After such initial term, the agreement automatically continues in effect for subsequent terms of 36 months unless one of the parties provides a written termination notice to the other at least six months prior to the expiration of the original term or any subsequent 36 month extension term. In addition, Polestar Automotive UK LTD and Volvo Car Financial Services UK Limited each have certain termination rights as described in the agreement. Further, if certain severe market disruptions occur, Volvo Car Financial Services UK Limited has the right to unilaterally revise any of the commercial terms of the agreement. Volvo Car Financial Services UK Limited also has the right to revise the commercial terms of the agreement once every 12 months should a "Trigger Event" (as defined in the agreement) occur.

Corporate Guarantee and Indemnity Relating to Polestar Automotive UK Limited, dated as of June 14, 2021, between Polestar Performance AB and Volvo Car Financial Services UK Limited. Under this deed, Polestar Performance AB (i) guarantees to Volvo Car Financial Services UK Limited timely performance by Polestar Automotive UK Limited of all of the "Guaranteed Obligations" (as defined in the agreement), (ii) promises to immediately pay any amount due should Polestar Automotive UK Limited not pay any Guaranteed Obligation and (iii) promises to indemnify Volvo Car Financial Services UK Limited in certain circumstances. There is no limit on the amount recoverable by Volvo Car Financial Services UK Limited from Polestar Performance AB under the deed, and the deed is a continuing guarantee. Polestar Performance AB can terminate the deed at any time by giving at least three months' written notice specifying the termination date to Volvo Car Financial Services UK Limited, though Polestar Performance AB has certain continuing liabilities under the deed.

Cooperation Agreement, dated as of April 1, 2020, between Polestar Automotive China Distribution Co., Ltd. and Hangzhou Easybao Technology Co., Ltd. is a cooperation agreement under which Hangzhou Easybao Technology Co., Ltd. provides technical support to Polestar Automotive China Distribution Co., Ltd. for Polestar Automotive China Distribution Co., Ltd. to connect with the IT system of the insurance company and improve the processing capacity of Polestar Automotive China Distribution Co., Ltd.'s online business. The services Hangzhou Easybao Technology Co., Ltd. provides under this agreement enable Polestar Automotive China Distribution Co., Ltd.'s clients to purchase insurance products online through Polestar Automotive China Distribution Co., Ltd.'s app. Hangzhou also agrees to operate and maintain the online insurance purchase process under this agreement and to provide necessary training requested by Polestar Automotive China Distribution Co., Ltd. In exchange for Hangzhou Easybao Technology Co., Ltd.'s services, Polestar Automotive China Distribution Co., Ltd. facilitates Hangzhou Easybao Technology Co., Ltd.'s collection of fees from Polestar Automotive China Distribution Co., Ltd.'s cooperative insurance company. The fee is paid per insurance policy at a set rate and excludes traffic compulsory insurance. If the annual total amount collected by Hangzhou Easybao Technology Co., Ltd. is less than the annual total amount specified in the agreement, then Polestar Automotive China Distribution Co., Ltd. must pay that difference to Hangzhou Easybao Technology Co., Ltd. If the cooperative insurance company does not pay the fee, then Hangzhou Easybao Technology Co., Ltd. may suspend this agreement and recover certain costs from Polestar Automotive China Distribution Co., Ltd. Polestar Automotive China Distribution Co., Ltd. has certain rights to terminate or rescind the agreement. The agreement terminates on December 31, 2022, though the parties are obligated to discuss the possible extension of the agreement's term.

Finance Cooperation Agreement, dated as of June 1, 2021, between Polestar Automotive China Distribution Co., Ltd and Genius Auto Finance Co., Ltd. is an agreement under which Genius Auto Finance Co., Ltd. provides finance services to Polestar Automotive China

Distribution Co., Ltd., including retail finance to end customers in order to assist them with buying vehicles from Polestar, among other things. Genius Auto Finance Co., Ltd. helps to make retail finance credit available to end customers, offers competitive rates and terms for such customers and provides Polestar a service fee as compensation for the services Polestar provides to them, such as explaining the retail finance to customers, assisting with collecting application documents from customers and reviewing such documents. The Finance Cooperation Agreement continues for an initial term of three years, after which it continues unless terminated by either party with at least six months' prior written notice.

The *Framework Agreement on Import and Export of Polestar Vehicles* between Volvo Car Corporation and Polestar Performance AB, dated June 21, 2022, establishes the framework for import of Polestar vehicles into the United States by Volvo Cars. The Volvo Cars entity will purchase Polestar vehicles from Polestar and resell those vehicles to the Polestar distributor. In calculating the sales price of Polestar vehicles to Volvo Cars, the Volvo Cars purchase price will include the amount of duties refunded to the Volvo Cars under the US duty drawback regulations. This Agreement will continue until claims for duty drawback have been made on all eligible Polestar vehicles.

The sale of Polestar vehicles to Volvo Cars is set forth in the *Importer Agreement* between Polestar Performance AB and Volvo Cars LLC, dated June 21, 2022, which provides that the purchase price will be calculated on an arms-length basis as set forth therein applying a transactional net margin method and apply the Berry Ratio that would be achieved by comparable unrelated agreements among third parties performing the same function. The agreement will remain in force until December 31, 2023.

Sale and Purchase Agreement between Volvo Car USA LLC and Polestar Automotive USA LLC, dated June 21, 2022, provides for the sale of Polestar vehicles imported by Volvo Cars to Polestar for sale in the United States. The agreement will remain in force until December 31, 2023.

The *Research and Development Frame Agreement*, dated as of July 5, 2022, between Polestar Performance AB and China Euro Vehicle Technology AB governs China Euro Vehicle Technology AB's provision to Polestar Performance AB of facilities, skills, material and human resources for conducting activities of research and development in connection with automotive goods such as passenger cars, auto components and parts and service parts. Fees paid under the agreement are in part based on actual development and disbursement costs and take into account the full costs incurred plus an arm's length mark-up. The agreement is in effect for two years, unless terminated for convenience by either party with six months' prior written notice or for good cause or default.

The *Service Agreement*, dated as of July 4, 2022, between Zhongjia Automobile Manufacturing (Chengdu) CO., Ltd. and Polestar Automotive China Distribution Co. Ltd. governs Zhongjia Automobile Manufacturing (Chengdu) CO., Ltd.'s provision of certain services related to manufacturing engineering support for running change program upgrades of the Polestar 2 vehicle. Service charges are based on actual hours required for the service to be performed, and the hourly rates are determined on an annual basis. The agreement is in effect until the end of production of the Polestar 2 car (until the services are completed) and may be terminated by either party with immediate effect in the event of a material breach. Polestar Automotive China Distribution Co. Ltd. may terminate the agreement for certain types of breach with immediate effect and also may terminate the agreement for convenience with 30 days' prior written notice to Zhongjia Automobile Manufacturing (Chengdu) CO., Ltd. Either party is also entitled to terminate the agreement for convenience with 60 days' prior written notice to the other party.

Service Agreement, executed as of September 27, 2022, between Volvo Car Corporation and Polestar Performance AB is a service agreement under which Volvo Car Corporation provides to and manages on behalf of Polestar Performance AB various cloud infrastructure and connected services. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a service charge based on the development, operations and maintenance costs and determined using the cost plus method. Polestar Performance AB also reimburses Volvo Car Corporation for all costs Volvo Car Corporation incurs in order to provide unique development services for Polestar. The agreement is effective retroactively from January 1, 2018 and remains in effect until terminated in accordance with the agreement. The agreement may be terminated by either party upon a material breach that has not been remedied within 30 days of written notice from the other party to remedy such breach or immediately if the other party becomes insolvent or is contemplating or enters into bankruptcy. Polestar Performance AB is also entitled to terminate the agreement with immediate effect under certain circumstances as specified in the agreement. Further, either party may terminate the agreement for convenience upon providing 18 months written notice to the other party.

Amendment Agreement no 1, dated February 3, 2023 to *Prototype Supply Agreement*, effective as of July 1, 2022, among Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd., a subsidiary of Geely, Polestar Performance AB and Polestar Automotive (Chongqing) Co., Ltd. is an agreement governing Polestar Performance AB's purchase of "Prototypes" (as defined in the agreement), which Polestar Performance AB uses for research and development activities, from Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd. The price for the "Prototypes" is determined based on arm's length terms applying the cost plus method. Polestar Performance AB also compensates Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd. for the financing it assumed related to the direct materials purchased for the "Prototype" build. The agreement remains in effect until terminated in accordance with the terms of the agreement. The agreement may be terminated by either party with immediate effect in the event of a material breach that has not been remedied within a certain amount of time after receiving written notice from the other party to remedy such breach or if the other party becomes insolvent or is contemplating or enters bankruptcy.

Framework Service Agreement, dated as of December 23, 2022, between Polestar Performance AB and Volvo Car Corporation, is a framework service agreement under which Volvo Car Corporation's aftermarket organization provides Polestar Performance AB with services supporting Polestar's aftermarket deliveries to car customers and Polestar workshops who are repairing, maintaining and/or servicing Polestar vehicles. The services provided are called off by Polestar according to an agreed call off process. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a service charge for the services called off, taking into account

the actual hours required for the services to be performed, plus a fee for the use of the VOICE system supporting automated translation and publication. The hourly rates used to calculate the service charge are calculated using the full cost incurred plus an arm's length markup, and the hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect until December 31, 2023, where after it need to be extended. Either party may terminate the agreement for convenience, or cancel a called off service, upon 6 months' written notice. Further, either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. The parties can agree on shorter cancellation notice on individual call offs/services.

Amendment Agreement No. 1, dated December 13, 2022, 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. is a license assignment and service agreement under which Volvo Car Corporation provides development services to Polestar Automotive China Distribution Co. Ltd. The agreement relates to certain technology to be developed, assigned or licensed by Volvo Car Corporation to Polestar Automotive China Distribution Co. Ltd. for use in future model year programs of the Polestar 2. The Amendment Agreement is adding an additional model year program. The monthly fee paid under the agreement is based on estimated development costs using the cost plus method and the actual hours required for the services billed at an hourly rate. The hourly rates are determined by Volvo Car Corporation on an annual basis. The agreement remains in effect during the performance of the services and the validity of the license period of the license granted under the agreement. Either party may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Automotive China Distribution Co. Ltd. also has additional service cancellation and termination rights under the agreement. In the event of certain breaches by Volvo Car Corporation, Polestar Automotive China Distribution Co. Ltd. is also entitled to terminate the agreement with 120 days' written notice. While Polestar Automotive China Distribution Co. Ltd. may cancel the delivery of "Polestar Technology" or "PS Unique Volvo Technology" (each as defined in the agreement) for convenience upon 30 days' written notice, both parties are limited in their ability to cancel the delivery of "Volvo Technology" (as defined in the agreement). The *Amendment Agreement No. 1*, dated September 22, 2022, between Volvo Car Corporation and Polestar Performance AB largely mirrors the previously described Amendment Agreement No. 1, relating to the License and License Assignment Agreement, dated April 2021, but with Polestar Performance AB acting as the relevant Polestar party.

Change Management Agreement, dated as of December 31, 2022, between Volvo Car Corporation and Polestar Performance AB is an agreement regulating certain updates and upgrades made to certain technology in the Polestar 2. The agreement provides that Polestar Performance AB will pay Volvo Car Corporation a fee based on Polestar´s volume share of Volvo Car Corporation's actual development cost, as calculated on a time and material basis applying an arm's length mark-up. The hourly rates charged under the agreement are reviewed and updated annually. The agreement remains in effect during the validity of the license period of the license granted under the agreement unless terminated upon 12 months' written notice. In addition, the agreement may terminate within 60 days of written notice for breach or immediately upon the insolvency of the other party. Further, Polestar Performance AB also has certain termination and cancellation rights under the agreement.

*Service Agreemen*t, dated as of July 7, 2022, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd., as amended by *Amendment Agreement No 1*, dated as of March 22, 2023, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd., is a service agreement under which Volvo Car Corporation provides manufacturing engineering services related to future model year programs of the Polestar 2. The monthly service charge is based on actual hours required for the service to be performed. The hourly rate is determined by Volvo Car Corporation on an annual basis. The agreement remains in effect during the performance of the services. Either party may terminate within 30 days of written notice for breach or immediately upon the insolvency of the other party. Polestar Performance AB has the right to termination for convenience within 30 days written notice and Volvo Car Corporation has the right to terminate for convenience within 60 days written notice. The *Service Agreement*, dated November 22, 2022, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd., as amended by *Amendment Agreement No 1*, dated March 22, 2023, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd., largely mirrors the previously described Service Agreement, but with Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. acting as the service provider.

Declarations of Intent by Snita and PSD Investment Limited

On March 3, 2022, Snita and PSD Investment Limited each executed a Declaration of Intent. These Declarations of Intent are substantially identical and set forth the parties' intention to subscribe for their pro rata share of equity or equity linked securities issued by the Company in the event of any offering of such securities by the Company until March 31, 2024. The Declarations of Intent also provide that (i) Polestar will actively seek appropriate debt financing and engage in raising capital from the market and (ii) to the extent either Snita and/or PSD Investment Limited decide to make such investments, those investments will be made on market terms and conditions substantially identical to, or better than, those offered to third party investors and will be subject to all necessary corporate and/or regulatory approvals of Snita, Volvo Cars and/or PSD Investment Limited, as the case may be. The Declaration of Intent also states that any investment made by either Snita or PSD Investment Limited will not result in its direct and indirect aggregated beneficial interest in the issued and outstanding share capital of the Company or its share of votes in the Company exceeding 49.5%.

Indemnification Under Articles of Incorporation; Indemnification Agreements

To the extent permitted by the Companies Act and the Polestar Articles, the Company is empowered to indemnify its directors and officers, as well as members of Polestar Group's senior management against liabilities in connection with their service at Polestar. The Company has also entered into indemnification agreements with its directors and officers, as well as members of Polestar Group's senior management.

These agreements, among other things, require the Company to indemnify such directors, officers and members of Polestar Group's senior management for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director, officer or member of Polestar Group's senior management in any action or proceeding arising out of their services in the Polestar Group. The Company plans to maintain an insurance policy pursuant to which such persons will also be insured against liability for actions taken in their respective capacities.

The Company believes that the indemnification of directors, officers and members of Polestar Group's senior management is necessary to attract and retain qualified persons. Insofar as such indemnification for liabilities arising under the Securities Act may be permitted to such individuals or control persons in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

C. Interests of Experts and Counsel.

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Consolidated Financial Statements

The financial statements required by this item are included at Part III. Item 18. Financial Statements.

Legal Proceedings

From time to time, Polestar is subject to various legal proceedings that arise from the normal course of business activities. In addition, from time to time, third parties may assert claims of intellectual property infringement, misappropriation or other violation against Polestar in the form of letters and other forms of communication. If an unfavorable ruling were to occur, there exists the possibility of a material adverse impact on its results of operations, prospects, cash flows, financial position and brand.

Dividends and Distributions

The Company has not paid any cash dividends on its capital stock to date and does not intend to pay cash dividends in the foreseeable future and expect to reinvest all undistributed earnings to expand our operations, which we believe would be of the most benefit to our shareholders. The declaration of dividends, if any, will be subject to the discretion of the Board, which may consider such factors as our results of operations, financial condition, capital needs and acquisition strategy, among others. Also see Exhibit 2.11 (Description of Securities).

B. Significant Changes

Except as disclosed elsewhere in this Report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this Report.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Class A ADSs and Class C-1 ADSs are listed on Nasdaq under the symbols "PSNY" and "PSNYW," respectively. Holders of Class A ADSs and Class C-1 ADSs should obtain current market quotations for their securities.

Information regarding Class A ADSs is described in Item 12.D "*Description Of Securities Other Than Equity Securities—American Depositary Shares—ADSs*" and incorporated by reference herein.

Information regarding Class C-1 ADSs is described in Item 12.D "*Description Of Securities Other Than Equity Securities—American Depositary Shares—ADSs*" and incorporated by reference herein.

B. Plan of Distribution

Not applicable.

C. Markets

Class A ADSs and Class C-1 ADSs are listed on Nasdaq under the symbols "PSNY" and "PSNYW," respectively.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information required by this section, including a summary of certain key provisions of the Polestar Articles, is set forth in Exhibit 2.11 (Description of Securities) filed as an exhibit to this Report and is incorporated herein by reference.

C. Material Contracts

Material Contracts Relating to the Company's Operations

Information pertaining to certain of the Company's material contracts is set forth in Item 3.D "*Risk Factors*," Item 4 "*Information on the Company*," Item 5 "*Operating and Financial Review and Prospects*," and Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions*."

Material Contracts Relating to the Business Combination

Business Combination Agreement

On September 27, 2021, GGI, Former Parent, Polestar Singapore, Polestar Sweden, the Company and Merger Sub, entered into a Business Combination Agreement, which is included as an exhibit to this Report. At the Business Combination Closing, the Company completed the Pre-Closing Reorganization, pursuant to which, among other things, Polestar Singapore, Polestar Sweden and their respective subsidiaries became wholly owned subsidiaries of the Company. See "*Explanatory Note*" in this Report for additional information regarding the Business Combination.

Related Agreements

Director Agreements

The Company entered into letter agreements with the non-employee directors, pursuant to which non-employee directors will receive (i) an annual fee of $200,000 (or $350,000 if the director serves as the chair of the Board), (ii) an additional annual fee of $10,000 if the director serves on a committee of the Board (or $20,000 for the chairs of the committees of the Board), and (iii) a Polestar car, subject to certain conditions. Pursuant to the letter agreements, each non-employee director will direct the Company to purchase the maximum number of Class A ADSs as may be purchased in the market at the prevailing rate with 50% of the net annual fee (but not including any additional annual fee described above) each non-employee directors is eligible to receive. The Company is also expected to agree to reimburse each non-employee director for reasonable and properly documented expenses they incur in connection with their service as a non-employee director.

Indemnity of Directors

See "*—Additional Information—Articles of Association—Polestar Articles and English Law Considerations—Indemnity of Directors*" in Item 10.B above.

At the Business Combination Closing, Polestar adopted the Equity Plan and the Employee Stock Purchase Plan (each, as defined and described below). See Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions*" for descriptions of material contracts.

For additional information on agreements related to the Business Combination, please see Item 7.B "*Major Shareholders and Related Party Transactions—Related Party Transactions—Business Combination Related Agreements*," which is incorporated herein by reference.

D. Exchange Controls

There is no exchange control legislation or regulation in England or Wales except by way of such as freezing of funds of, and/or prohibition of new investments in, certain jurisdictions subject to international sanction.

E. Taxation

Material U.S. Federal Income Tax Considerations

This section describes the material U.S. federal income tax considerations to U.S. Holders (as defined below) of the ownership and disposition of AD securities. This discussion applies only to AD securities held as capital assets for U.S. federal income tax purposes

(generally, property held for investment) and does not discuss all aspects of U.S. federal income taxation that might be relevant to U.S. Holders in light of their particular circumstances or status, including the Medicare contribution tax on net investment income, or U.S. Holders who are subject to special rules, including:

- brokers or dealers;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- S-corporations;
- governments or agencies or instrumentalities thereof;
- a person subject to the base erosion and anti-abuse tax;
- mutual funds;
- pension funds;
- trusts and estates;
- investors subject to the alternative minimum tax provisions of the Code;
- accrual method taxpayers that file applicable financial statements as described in Section 451(b) of the Code; investors subject to the U.S. "anti-inversion" rules;
- tax-exempt organizations (including private foundations), qualified retirement plans, individual retirement accounts or other tax deferred accounts;
- banks or other financial institutions, underwriters, insurance companies, real estate investment trusts or regulated investment companies;
- U.S. expatriates or former long-term residents of the United States;
- persons that own (directly, indirectly, or by attribution) 5% or more (by vote or value) of any class of AD securities or of the Company in the aggregate;
- persons holding AD securities as part of a straddle, hedging or conversion transaction, constructive sale, or other arrangement involving more than one position;
- U.S. Holders (as defined below) whose functional currency is not the U.S. dollar;
- persons who purchased Subscription Shares as part of the Subscription Investments or the Volvo Cars Preference Subscription Investment;
- the GGI Sponsor and the initial independent directors of GGI;
- persons that received AD securities as compensation for services; or
- controlled foreign corporations or passive foreign investment companies.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds AD securities, the tax treatment of a partner in such partnership will depend upon the status and activities of the partner and the activities of the partnership. Partners should consult their tax advisors regarding the U.S. federal income tax treatment of the ownership and disposition of AD securities.

This discussion is based on the Code, its legislative history, existing and proposed Treasury regulations promulgated under the Code (the "*Treasury Regulations*"), published guidance by the IRS and court decisions, all as of the date hereof, and does not take into account proposed changes in such tax laws. These laws are subject to change, possibly on a retroactive basis. This discussion is necessarily general and does not address all aspects of U.S. federal income taxation, including the effect of any U.S. federal alternative minimum tax, or U.S. federal estate and gift tax, or any state, local or non-U.S. tax laws to a holder of AD securities. The Company has not sought and does not intend to seek any rulings from the IRS regarding the AD securities. There is no assurance that the IRS will not take positions concerning certain tax consequences of the ownership and disposition of AD securities that are different from those discussed below, or that any such different positions would not be sustained by a court.

ALL HOLDERS OF AD SECURITIES ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE TAX CONSIDERATIONS RELATING TO THE OWNERSHIP AND DISPOSITION OF AD SECURITIES, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE, AND LOCAL AND NON-U.S. TAX LAWS.

U.S. Federal Income Tax Treatment of the Company

A corporation generally is considered to be a tax resident for U.S. federal income tax purposes in the jurisdiction of its organization or incorporation. Accordingly, under the generally applicable U.S. federal income tax rules, the Company, which is incorporated under the laws of the United Kingdom, would be classified as a non-U.S. corporation (and, therefore, not a U.S. tax resident) for U.S. federal income tax purposes. Section 7874 of the Code provides an exception to this general rule (more fully discussed below), under which a non-U.S. incorporated entity may, in certain circumstances, be treated as a U.S. corporation for U.S. federal income tax purposes. These rules are complex and there is limited guidance regarding their application.

Under Section 7874 of the Code, a corporation created or organized outside the United States (*i.e.*, a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes (and, therefore, as a U.S. tax resident subject to U.S.

federal income tax on its worldwide income) if each of the following three conditions are met: (i) the non-U.S. corporation, directly or indirectly, acquires substantially all of the properties held directly or indirectly by one or more U.S. corporations (including through the acquisition of all of the outstanding shares of a U.S. corporation); (ii) the non-U.S. corporation's "expanded affiliated group" does not have "substantial business activities" in the non-U.S. corporation's country of organization or incorporation and tax residence relative to the expanded affiliated group's worldwide activities (this test is referred to as the "substantial business activities test"); and (iii) after the acquisition, the percentage of the shares of the non-U.S. acquiring corporation held by former shareholders of the acquired U.S. corporation(s) by reason of holding shares in the U.S. acquired corporation(s) (taking into account the receipt of the non-U.S. corporation's shares in exchange for each U.S. corporation's shares) as determined for purposes of Section 7874 of the Code (the "*Section 7874 ownership percentage*") is at least 80% (by either vote or value) (this test is referred to as the "80% ownership test" and the three-prong test described in clauses (i)–(iii) above is referred to as the "*Section 7874(b) expatriation test*").

Further, Section 7874 of the Code can limit the ability of U.S. corporations and their U.S. affiliates acquired by "surrogate foreign corporations" to utilize certain U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. These limitations will potentially apply if the Section 7874(b) expatriation test would be satisfied if the 80% ownership test were applied by substituting "60%" for "80%," in which case the taxable income of the U.S. corporations (and any U.S. person considered to be related to the U.S. corporations pursuant to applicable rules) for any given year, within a period beginning on the first date the U.S. corporations' properties were acquired directly or indirectly by the non-U.S. acquiring corporation and ending 10 years after the last date the U.S. corporations' properties were acquired, will be no less than that person's "inversion gain" for that taxable year. A person's inversion gain includes gain from the transfer of shares or any other property (other than property held for sale to customers) and income from the license of any property that is either transferred or licensed as part of the acquisition or after the acquisition to a non-U.S. related person. In general, the effect of this provision is to deny the use of net operating losses, foreign tax credits or other tax attributes to offset the inversion gain. In addition, dividends paid by the Company would not qualify for "qualified dividend income" treatment. Further, there are additional requirements imposed on a U.S. corporation that has failed the substantial business activities test and met the 60% ownership test, including that such U.S. corporation must include, as base erosion payments that may be subject to a minimum tax, any amounts treated as reductions in gross income paid to a related non-U.S. person within the meaning of Section 59A of the Code.

Based upon the terms of the Business Combination and Pre-Closing Reorganization, the rules for determining share ownership under Section 7874 of the Code and the Treasury Regulations promulgated thereunder, and certain factual assumptions, we believe that the Section 7874 ownership percentage was less than 60% after the Business Combination. Accordingly, we do not believe the Company will be treated as a U.S. corporation for U.S. federal income tax purposes, dividends paid by the Company may be "qualified dividends" (subject to the discussion below regarding the passive foreign investment company rules and other applicable requirements under Section 1 of the Code) and we do not expect the U.S. subsidiaries of the Company to be subject to the limitations and other rules described above under Section 7874 of the Code. However, the rules for determining ownership under Section 7874 of the Code are complex and unclear and there is no assurance the IRS will agree with our determination that the Section 7874 ownership percentage was less than 60% following the Business Combination.

If the IRS successfully asserts that the Company were to be treated as a U.S. corporation for U.S. federal income tax purposes, it could be subject to substantial liability for additional U.S. income taxes. However, if the Company were to be treated as a U.S. corporation for U.S. federal income tax purposes, dividend payments would generally constitute "qualified dividends" and be subject to tax at the rates accorded to long-term capital gains. Furthermore, if the IRS were to successfully assert that the 60% ownership test has been met, the ability of the U.S. subsidiaries of the Company to utilize certain U.S. tax attributes against income or gain recognized pursuant to certain transactions may be limited.

The remainder of this discussion assumes that the Company will not be treated as a U.S. corporation for U.S. federal income tax purposes, that dividends of the Company could be eligible to be treated as "qualified dividends" (if all other requirements are satisfied), and that the U.S. subsidiaries of the Company will not be subject to the limitations and other rules under Section 7874 of the Code.

American Depositary Shares

Each AD security represents the right to receive, and to exercise the beneficial ownership interests in, one Class A Share, one Class C-1 Share or Class C-2 Share (as applicable) on deposit with the Depositary and/or custodian. An AD security also represents the right to receive, and to exercise the beneficial interests in, any other property received by the Depositary or the custodian on behalf of the owner of the AD security but that has not been distributed to the owners of AD securities because of legal restrictions or practical considerations.

The remainder of this discussion assumes that, for U.S. federal income tax purposes, ownership of AD securities will be treated as ownership of the underlying Class A Shares or Class C Shares (as applicable).

U.S. Holders

For purposes of this discussion, a U.S. Holder means a beneficial owner of AD securities that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or

- a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust; or (2) the trust has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

Consequences to Holders of Class A ADSs

a. Distributions on Class A ADSs

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*," the gross amount of any distribution on Class A ADSs generally will be taxable to a U.S. Holder as ordinary dividend income on the date such distribution is actually or constructively received, but only to the extent that the distribution is paid out of the Company's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because the Company does not maintain, nor is it required to maintain, calculations of its earnings and profits under U.S. federal income tax principles, it is currently expected that any distributions generally will be reported to U.S. Holders as dividends. Any such dividends generally will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

With respect to non-corporate U.S. Holders, dividends will be taxed at the lower applicable long-term capital gains rate if Class A ADSs are readily tradable on an established securities market in the United States (which they will be if the Class A ADSs are traded on the Nasdaq) and certain other requirements are met, including that the Company is not classified as a passive foreign investment company during the taxable year in which the dividend is paid or the preceding taxable year and certain holding period requirements are met. There can be no assurance that Class A ADSs will be considered readily tradable on an established securities market in future years. U.S. Holders should consult their own tax advisors regarding the potential availability of the lower rate for any dividends paid with respect to Class A ADSs.

b. Sale, Exchange, Redemption or Other Taxable Disposition of Class A ADSs

Subject to the discussion below under "*—Passive Foreign Investment Company Rules*," a U.S. Holder generally will recognize gain or loss on any sale, exchange or other taxable disposition of Class A ADSs in an amount equal to the difference between (i) the amount realized on the disposition and (ii) such U.S. Holder's adjusted tax basis in such securities. Any gain or loss recognized by a U.S. Holder on a taxable disposition of Class A ADSs generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder's holding period in such Class A ADS exceeds one year at the time of the disposition. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. Holders (including individuals). The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. Holder on the sale or exchange of Class A ADSs generally will be treated as U.S. source gain or loss for foreign tax credit purposes.

If the Company redeems Class A ADSs, the treatment of such redemption for U.S. federal income tax purposes will depend on whether the redemption qualifies as a sale of such Class A ADSs pursuant to Section 302 of the Code or whether the U.S. Holder will be treated as receiving a corporate distribution. Whether that redemption qualifies for sale treatment will depend largely on the total number of shares of the Company's stock treated as held by the U.S. Holder (including any stock constructively owned by the U.S. Holder as a result of, among other things, owning multiple classes of AD securities) relative to all of shares of the Company's stock both before and after the redemption. A redemption of stock generally will be treated as a sale of the stock (rather than as a corporate distribution) if the redemption is "substantially disproportionate" with respect to the U.S. Holder, results in a "complete termination" of the U.S. Holder's interest in the Company or is "not essentially equivalent to a dividend" with respect to the U.S. Holder. These tests are explained more fully below.

In determining whether any of the foregoing tests are satisfied, a U.S. Holder takes into account not only Class A ADSs actually owned by the U.S. Holder, but also shares of stock of the Company that are actually or constructively owned by such U.S. Holder. A U.S. Holder may constructively own, in addition to AD securities owned directly, AD securities owned by certain related individuals and entities in which the U.S. Holder has an interest or that have an interest in such U.S. Holder, as well as any AD securities the U.S. Holder has a right to acquire by exercise of an option. In order to meet the substantially disproportionate test, the percentage of the Company's outstanding voting stock actually and constructively owned by the U.S. Holder immediately following the redemption of such Class A ADSs must, among other requirements, be less than 80% of the percentage of the Company's outstanding voting AD securities actually and constructively owned by the U.S. Holder immediately before the redemption. There will be a complete termination of a U.S. Holder's interest if either all the AD securities actually and constructively owned by the U.S. Holder are redeemed or AD securities actually owned by the U.S. Holder are redeemed and the U.S. Holder is eligible to waive, and effectively waives in accordance with specific rules, the attribution of stock owned by certain family members and the U.S. Holder does not constructively own any other shares of stock of the Company. The redemption of Class A ADSs will not be essentially equivalent to a dividend if the redemption from a U.S. Holder's results in a "meaningful reduction" of the U.S. Holder's proportionate interest in the Company. Whether the redemption will result in a meaningful reduction in a U.S. Holder's proportionate interest in the Company will depend on the particular facts and circumstances. However, the IRS has indicated in a published ruling that even a small reduction in the proportionate interest of a small minority stockholder in a publicly-held corporation who exercises no control over corporate affairs may constitute such a "meaningful reduction."

If the redemption qualifies as a sale of stock by the U.S. Holder under Section 302 of the Code, the U.S. Holder generally will be required to recognize gain or loss with the consequences described in the first paragraph under this heading.

If the redemption does not qualify as a sale of stock under Section 302 of the Code, then the U.S. Holder will be treated as receiving a distribution as described above in "*—Distributions on Class A ADSs*."

Consequences to Holders of Class C ADSs

The U.S. federal income tax treatment of the Class C ADSs is uncertain because there is no authority addressing instruments with the terms like the Class C ADS. We intend to treat the Class C ADSs as stock of the Company for U.S. federal income tax purposes, however, it is possible that the Class C ADSs could be treated as warrants exercisable for stock of the Company. However, holders of Class C ADSs are urged to consult their tax advisors regarding the U.S. federal income tax considerations relating to the ownership, conversion, or disposition of Class C ADSs.

a. Class C ADSs Treated as Stock

The following discussion assumes that the Class C ADSs are treated as stock for applicable U.S. federal income tax purposes.

i. Sale, Exchange, Redemption or Other Taxable Disposition of Class C ADSs

If the Class C ADSs are treated as stock for U.S. federal income tax purposes, then the consequences of a sale, exchange, redemption or other taxable disposition of a Class C ADSs are the same as described above under the heading "*—Sale, Exchange, Redemption or Other Taxable Disposition of Class A ADSs*."

ii. Conversion of a Class C ADS

The treatment of a conversion of Class C ADSs to Class A ADSs is unclear. Subject to the PFIC rules and the discussion of cashless conversion discussed below, U.S. Holder may be treated as in part exchanging the converted Class C ADSs for Class A ADSs, and in part "exercising" such Class C ADSs. In this case, a U.S. Holder generally will not recognize gain or loss upon the conversion of a Class C ADS to a Class A ADS and would generally bifurcate its holding period in the Class A ADSs received upon conversion of the Class C ADSs, with a portion of the holding period of the Class A ADSs including the holding period of the Class C ADSs converted thereto, and a portion of the holding period of the Class A ADSs beginning on the date following the conversion. The ratio of such portions should be equal to the ratio of the fair market value of the converted Class C ADSs to the amount of the conversion price. A U.S. Holder's tax basis in a Class A ADS received upon conversion of a Class C ADS generally should be an amount equal to the sum of (i) the U.S. Holder's tax basis in the Class C ADS exchanged therefor and (ii) the conversion price. In the event that a Class C ADS is not converted to a Class A ADS prior to the applicable expiration date (a "conversion expiration"), a U.S. Holder may be able to recognize a capital loss equal to such U.S. Holder's tax basis in such Class C ADS.

Additionally, under the terms of the Class C ADSs, there are certain circumstances in which there may be a cashless conversion of the Class C ADSs. The tax consequences of such cashless conversion of a Class C ADS are not clear under current U.S. federal income tax law. A cashless conversion may be tax-deferred, either because the conversion is treated as a recapitalization for U.S. federal income tax purposes or because the conversion is not a realization event. In either tax-deferred situation, a U.S. Holder's basis in the Class A ADSs received would equal the U.S. Holder's basis in the Class C ADSs converted therefor. If the cashless conversion were treated as a recapitalization, the holding period of the Class A ADSs would include the holding period of the Class C ADSs converted therefor. If the cashless conversion were treated as not being a realization event, it is unclear whether a U.S. Holder's holding period for the Class A ADSs would be treated as commencing on the date of conversion of the Class C ADSs or the day following the date of conversion of the Class C ADSs. Further, under certain conditions, the Company has the right to redeem Class C ADSs for cash or for Class A ADSs. If the Class C ADSs are redeemed for Class A ADSs, the tax consequences of such redemption generally will be similar to those of a cashless conversion as discussed above.

Due to the uncertain nature of the U.S. federal income tax treatment of the Class C ADSs, there is no assurance that a conversion of Class C ADSs or redemption of Class C ADSs for Class A ADSs would be treated as described above, and it is possible the IRS or a court of law could take a position that such a conversion or redemption for Class A ADSs should be treated as part of a taxable exchange in which gain or loss would be recognized. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the tax consequences of a conversion of Class C ADSs or redemption of Class C ADSs for Class A ADSs.

b. Class C ADS Treated as Warrants

The following section assumes that the Class C ADSs are treated as warrants exercisable for Class A common stock, notwithstanding the Company's position that the Class C ADSs are treated as stock.

i. Sale, Exchange, Redemption or Other Taxable Disposition of Class C ADSs

If the Class C ADSs are treated as warrants for U.S. federal income tax purposes, then the consequences of a sale, exchange, redemption or other taxable disposition of a Class C ADSs are the same as described above under the heading "*—Sale, Exchange, Redemption or Other Taxable Disposition of Class A ADSs*."

ii. Conversion of a Class C ADS

If Class C ADSs are treated as warrants exercisable for Class A ADSs for U.S. federal income tax purposes, subject to the PFIC rules discussed below, and except as discussed below with respect to a cashless conversion, a U.S. Holder generally will not recognize gain or loss upon the conversion of a Class C ADS to Class A ADSs. A U.S. Holder's tax basis in Class A ADSs received upon conversion of Class C ADSs generally should be an amount equal to the sum of (i) the U.S. holder's tax basis in the Class C ADSs exchanged therefor and (ii) the conversion price. The U.S. Holder's holding period for Class A ADSs received upon conversion of Class C ADSs will begin on the date following the date of conversion (or possibly the date of conversion) of the Class C ADSs and will not include the period during which the U.S. Holder held the Class C ADSs. If a Class C ADS is not converted to a Class A ADS prior to the applicable expiration date (a "conversion expiration"), a U.S. Holder generally will recognize a capital loss equal to such U.S. Holder's tax basis in the Class C ADS.

If the Class C ADSs are treated as warrants for U.S. federal income tax purposes, the tax consequences of a cashless conversion of a Class C ADS are not clear under current U.S. federal income tax law. If the cashless conversion is treated as tax-deferred, the consequences are as described in the section above titled "*—Class C ADSs Treated as Stock.*"

It is also possible that a cashless exercise of Class C ADS could be treated in part as a taxable exchange in which gain or loss would be recognized. In such event, a U.S. Holder would recognize gain or loss with respect to the portion of the exercised Class C ADSs treated as surrendered to pay the exercise price of the Class A ADSs (the "*surrendered Class C ADSs*"). The U.S. Holder would recognize capital gain or loss with respect to the surrendered Class C ADSs in an amount generally equal to the difference between (i) the fair market value of the Class C ADSs deemed surrendered and (ii) the U.S. Holder's tax basis in the surrendered Class C ADSs. In this case, a U.S. Holder's tax basis in the Class A ADSs received would equal the U.S. Holder's tax basis in the Class C ADSs converted (meaning, the Class C ADSs disposed of by the U.S. Holder in the cashless conversion, other than the surrendered Class C ADSs) and the exercise price of such Class C ADSs. It is unclear whether a U.S. Holder's holding period for the Class A ADSs would commence on the date of the conversion of the Class C ADSs or the day following the date of exercise of the Class C ADSs.

Further, under certain conditions, the Company has the right to redeem Class C ADSs for cash or for Class A ADSs, as discussed in the sections titled " *—Redemption of Class C Shares for Cash*," and "*—Redemption of Class C Shares for Class A ADSs*," respectively. If the Class C ADSs are redeemed for cash, the tax consequences generally will be as described in the section titled "*—Sale, Exchange, Redemption or Other Taxable Disposition of Class A ADSs*."

If the Class C ADSs are redeemed for Class A ADSs, the tax consequences of such redemption generally will be similar to those of a cashless conversion as discussed above. Due to the absence of authority on the U.S. federal income tax treatment of a cashless exercise of warrants, there can be no assurance which, if any, of the alternative tax consequences and holding periods described above would be approved by the IRS or a court of law. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the tax consequences of the cashless conversion of Class C ADSs.

Possible Constructive Distributions

The terms of each Class C ADS provide for an adjustment to the number of Class A ADSs for which an Class C ADS may be exercised or converted, or to the exercise or conversion price of a Class C ADS in certain events, as discussed in Exhibit 2.11 (Description of Securities) of this Report. An adjustment which has the effect of preventing dilution generally is not taxable. A U.S. Holder of a Class C ADS would, however, be treated as receiving a constructive distribution from the Company if, for example, the adjustment increases such U.S. Holder's proportionate interest in the Company's assets or earnings and profits (e.g., through an increase in the number of the Class A ADSs that would be obtained upon exercise or conversion) as a result of a distribution of cash to the holders of Class A ADSs which is taxable to the U.S. Holders of such Class A ADSs as described under "*—Distributions on Class A ADSs*" above. Such constructive distributions would be subject to tax as described under that section in the same manner as if the U.S. holder received a cash distribution from the Company equal to the fair market value of such increased interest.

Passive Foreign Investment Company Rules

The treatment of U.S. Holders of the AD securities could be materially different from that described above if the Company is treated as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. A PFIC is any non-U.S. corporation with respect to which either: (i) 75% or more of the gross income for a taxable year constitutes passive income for purposes of the PFIC rules, or (ii) 50% or more of such non-U.S. corporation's assets in any taxable year (generally based on the quarterly average of the value of its assets during such year) is attributable to assets, including cash, that produce passive income or are held for the production of passive income. Passive income generally includes dividends, interest, royalties and certain rents. The determination of whether a non-U.S. corporation is a PFIC is based upon the composition of such non-U.S. corporation's income and assets (including, among others, its proportionate share of the income and assets of any other corporation in which it owns, directly or indirectly, 25% or more (by value) of the stock), and the nature of such non-U.S. corporation's activities. A separate determination must be made after the close of each taxable year as to whether a non-U.S. corporation was a PFIC for that year. Once a non-U.S. corporation qualifies as a PFIC it is, with respect to a shareholder during the time it qualifies as a PFIC, and subject to certain exceptions, always treated as a PFIC with respect to such shareholder, regardless of whether it satisfied either of the qualification tests in subsequent years.

Based on the projected composition of the Company's income and assets (including the income and assets of each subsidiary for which the Company owns, directly or indirectly, 25% or more (by value) of its stock), the Company does not believe it was classified as a PFIC for its most recent taxable year ended on December 31, 2022 and does not expect to be classified as a PFIC for its current taxable year or, to the best of its current estimates, for subsequent taxable years. However, the application of the PFIC rules is subject to uncertainty as the composition of the Company's income and assets may change in the future and, therefore, no assurances can be provided that the Company will not be a PFIC for the current taxable year or in a future year.

If the Company is or becomes a PFIC during any year in which a U.S. Holder holds AD securities and such U.S. Holder does not make a mark-to-market election, as described below, the U.S. Holder will be subject to special tax rules with respect to (i) any gain realized on a sale or other disposition (including a pledge) of its AD securities, and (ii) any "excess distributions" it receives on its Class A ADSs (generally, any distributions in excess of 125% of the average of the annual distributions on Class A ADSs during the preceding three years or the U.S. Holder's holding period, whichever is shorter). Generally, under this excess distribution regime:

- the gain or excess distribution will be allocated ratably over the period during which the U.S. Holder held its AD securities;
- the amount allocated to the current taxable year will be treated as ordinary income; and

- the amount allocated to prior taxable years will be subject to the highest tax rate in effect for that taxable year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In lieu of being subject to the special tax rules discussed above with regard to its Class A ADSs, a U.S. Holder may make a mark-to-market election with respect to its AD securities and with respect to its Class C ADSs if treated as stock. A U.S. Holder may make a mark-to-market election if such shares are treated as "marketable stock." A mark-to-market election is not available with respect to the Class C ADSs if they are treated as warrants. The AD securities generally will be treated as marketable stock if they are regularly traded on a national securities exchange that is registered with the SEC, including Nasdaq, or on a qualified non-U.S. exchange or other market (within the meaning of the applicable Treasury regulations). Although the AD securities are expected to be listed on Nasdaq, no assurance can be given that the AD securities will be "regularly traded" for purposes of the mark-to-market election. The Company currently does not intend to provide information necessary for U.S. Holders to make a "qualified electing fund" election which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If the Company is classified as a PFIC for any taxable year, a U.S. Holder of AD securities will be required to file an annual report on IRS Form 8621. Failure to file IRS Form 8621 for each applicable taxable year may result in substantial penalties and result in the U.S. Holder's taxable years being open to audit by the IRS until such Forms are properly filed.

U.S. Holders are urged to consult their tax advisors concerning the U.S. federal income tax consequences of holding AD securities in the event that the Company is considered a PFIC in any taxable year.

Additional Reporting Requirements

U.S. Holders who are individuals and certain entities will be required to report information with respect to such U.S. Holder's investment in "specified foreign financial assets" on IRS Form 8938 (Statement of Specified Foreign Financial Assets), subject to certain exceptions (including an exception for AD securities held in accounts maintained at certain financial institutions). An interest in AD securities constitutes a specified foreign financial asset for these purposes. Persons who are required to report specified foreign financial assets and fail to do so may be subject to substantial penalties and the period of limitations on assessment and collection of U.S. federal income taxes will be extended in the event of a failure to comply. U.S. Holders are urged to consult their tax advisors regarding the foreign financial asset and other reporting obligations and their application to the ownership and disposition of AD securities.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries are subject to information reporting and may be subject to backup withholding. Backup withholding generally will not apply, however, to a U.S. Holder if (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against such U.S. Holder's U.S. federal income tax liability and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for a refund with the IRS and furnishing any required information.

Material United Kingdom Tax Considerations

The following is intended as a general guide to current United Kingdom tax law and HMRC published practice applying as at the date of this Report (both of which are subject to change at any time, possibly with retrospective effect) relating to (i) the United Kingdom withholding tax implications of dividends paid by the Company in respect of Class A Shares and Class C-1 Shares and (ii) the United Kingdom stamp duty and SDRT implications of transfers of, and agreements to transfer, AD securities. It does not constitute legal or tax advice and does not purport to be an analysis of any other United Kingdom tax considerations relating to the acquisition, holding or disposing of AD securities or any other shares or securities that may be issued by the Company from time to time.

THESE PARAGRAPHS ARE A SUMMARY OF MATERIAL UNITED KINGDOM TAX CONSIDERATIONS AND ARE INTENDED AS A GENERAL GUIDE ONLY. IT IS RECOMMENDED THAT ALL HOLDERS OF AD SECURITIES OBTAIN ADVICE AS TO THE CONSEQUENCES OF THE ACQUISITION, OWNERSHIP AND DISPOSAL OF THE AD SECURITIES IN THEIR OWN SPECIFIC CIRCUMSTANCES FROM THEIR OWN TAX ADVISORS.

Dividend Withholding Tax

Dividends paid by the Company in respect of Class A Shares and Class C-1 Shares should not be subject to any withholding or deduction for or on account of United Kingdom income tax.

Stamp Duty and Stamp Duty Reserve Tax—Transfers of AD securities

The statement in this section assumes that the AD securities are held at all relevant times through the clearance service facilities of DTC and that all transfers of the AD securities take place in paperless form without the creation of any written instrument of transfer. This section does not consider the implications of transfers of, or agreements to transfer, any Company securities held in certificated form.

No SDRT should be required to be paid on a paperless transfer of AD securities through the clearance service facilities of DTC, provided that DTC has not made an election under section 97A of the United Kingdom Finance Act 1986, and such AD securities are held through DTC at the time of any agreement for their transfer.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to certain of the informational filing requirements of the Exchange Act. Since we are a "foreign private issuer," we are exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act, with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC an Annual Report on Form 20-F containing financial statements audited by an independent accounting firm. We also may, but are not required to, furnish to the SEC, on Form 6-K, unaudited financial information after each of our first three fiscal quarters. The SEC also maintains a website at http://www.sec.gov that contains reports and other information that we file with or furnish electronically with the SEC. You may read and copy any report or document we file, including the exhibits, at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room.

I. Subsidiary Information

Not applicable.

J. Annual Report to Security Holders

The Company intends to furnish to the SEC with a Form 6-K its UK annual report along with the convening notice and proxy forms when such materials are distributed to its shareholders in advance of the Company's annual general meeting.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See the information contained in this Report under Item 5.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

For a description the Company's ADSs, see Exhibit 2.11 (Description of Securities) of this Report.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the applicable deposit agreement:

Service	Fees
• Other than the initial deposit in connection with the Business Combination, issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A Shares or Class C Shares, upon a change in the ADS(s)-to-Share ratio or conversion of Class C Shares/ Class C ADSs or for any other reason), excluding ADS issuances as a result of distributions of Class A Shares or Class C Shares	Up to US$0.05 per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Share ratio, or for any other reason)	Up to US$0.05 per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to US$0.05 per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to US$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to US$0.05 per ADS held
• ADS Services	Up to US$0.05 per ADS held on the applicable record date(s) established by the Depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and vice versa, or for any other reason)	Up to US$0.05 per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, upon conversion of Class C ADSs into Class A ADSs, or upon conversion of Restricted ADSs (each as defined in the applicable deposit agreement) into freely transferable ADSs, and vice versa).	Up to US$0.05 per ADS (or fraction thereof) converted

As an ADS holder, you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges (including any applicable stamp duty or SDRT);
- the registration fees as may from time to time be in effect for the registration of Shares on the share register and applicable to transfers of Shares to or from the name of the custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the Depositary and/or service providers (which may be a division, branch or affiliate of the Depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the Depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Shares, ADSs and ADRs;
- the fees, charges, costs and expenses incurred by the Depositary, the custodian, or any nominee in connection with the ADR program; and
- the amounts payable to the Depositary by any party to the applicable deposit agreement pursuant to any ancillary agreement to the applicable deposit agreement in respect of the ADR program, the ADSs, and the ADRs.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is

deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the Depositary fees, the Depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the Depositary fees from any distribution to be made to the ADS holder. Note that the fees and charges you may be required to pay may vary over time and may be changed by the Company and by the Depositary. You will receive prior notice of such changes.

Fees and Other Payments Made by the Depositary to Us

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Depositary also has agreed to pay certain legal expenses on behalf of the Company.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Polestar management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis.

Polestar and its independent registered public accounting firm were not required to, and did not, perform an evaluation of Polestar's internal controls over financial reporting as of December 31, 2022 or any prior period in accordance with the provisions of the Sarbanes-Oxley Act.

Polestar management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act) as of December 31, 2022. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of December 31, 2022 were not effective for the reasons set forth below. In connection with the audit of Polestar's financial statements as of the year ended December 31, 2022, management concluded that there were four material weaknesses in internal control over financial reporting as of December 31, 2022: (i) The controlling department does not have a sufficient number of qualified personnel connecting operations and finance and the accounting function does not have fully formalized accounting processes or a sufficient number of personnel with technical accounting and SEC regulatory reporting expertise to perform reviews of financial reporting matters and other key controls, including performing timely reviews of work performed by external advisors. This caused a failure to design and maintain an effective control environment with the appropriate associated control activities; (ii) A lack of appropriate processes and controls to recognize revenue in accordance with IFRS 15; (iii) A lack of appropriate processes and controls to properly recognize intangible assets at period end in accordance with service agreements for upcoming car models; and (iv) Insufficient processes and controls over the existence, completeness and valuation of inventory.

The material weaknesses related to the control environment and lack of sufficient qualified finance personnel within the controlling and accounting function resulted in material adjustments to certain accounts and disclosures. The Consolidated Statement of Financial Position was corrected prior to the issuance of Polestar's Consolidated Financial Statements for the year ended December 31, 2022. While neither the deficiencies related to revenue recognition nor proper recognition of intangible assets as well as inventory count/inventory valuation resulted in any material adjustment to the Consolidated Statement of Financial Position for the year ended December 31, 2022, such deficiencies could result in misstatements potentially impacting financial statement accounts and disclosures that would not be prevented or detected in a timely manner.

During the year ended December 31, 2022, management completed the following remediation actions:

(i) designed and implemented internal control framework to cover entity level, business processes and information technology risks;

(ii) strengthened finance function through the addition of accounting and financial compliance personnel and training; and

(iii) designed and implemented controls to support appropriate revenue recognition.

In addition to the remediation activities performed to date, Polestar is considering the full extent of procedures to fully remediate the material weaknesses described above. The current remediation plan includes the following:

(i) continue hiring additional accounting and finance resources with appropriate technical accounting and reporting experience to execute key controls related to various financial reporting processes;

(ii) continue to document, evaluate, remediate, and test internal controls over financial reporting, including those that operate at a sufficient level of precision and frequency or that evidence the performance of the control; and

(iii) continue to assess information technology general controls and, as necessary, design and implement enhancements to such controls.

Polestar will monitor the effectiveness of internal control over financial reporting in the areas affected by the material weaknesses described above and will continue to perform additional procedures prescribed by management. Refer to Item 3.D "*Risk Factors*" for more information on risks related to material weakness in Polestar's internal controls.

Management's Annual Report on Internal Control over Financial Reporting

This Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by the rules of the SEC for newly public companies.

Attestation Report of the Registered Public Accounting Firm

This Report does not include an attestation report of our registered public accounting firm due to a transition period established by the rules of the SEC for newly public companies.

Changes in Internal Control over Financial Reporting

Other than the changes intended to remediate the material weaknesses noted above, no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the year ended December 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16. [Reserved]

Item 16A. Audit committee financial expert.

The Board has determined that Carla De Geyseleer is an "audit committee financial expert" as defined by SEC rules and has the requisite financial sophistication under the applicable rules and regulations of Nasdaq. Ms. De Geyseleer is independent within the meaning of the listing rules of Nasdaq. Information related to members of Polestar's audit committee is set forth under the Item 6C. "*Directors, Senior Management and Employees—Board Practices—Audit Committee*."

Item 16B. Code of Ethics

The Board has adopted a code of conduct that establishes the standards of ethical conduct applicable to all of the Company's directors, officers, employees, and, as applicable, consultants and contractors. The code addresses, among other things, competition and fair dealing, conflicts of interest, compliance with applicable governmental laws, rules and regulations, company assets, confidentiality requirements and the process for reporting violations of the code. Any waiver of the code with respect to any director or executive officer will be promptly disclosed and posted on the Company's website. Amendments to the code will be promptly disclosed and posted on the Company's website. The code is available on Polestar's website at https://legal.polestar.com/uk/ethics/. Information contained on the Company's website is not incorporated by reference into this Report, and you should not consider information contained on the Company's website to be part of this Report.

Item 16C. Principal Accountant Fees and Services

Deloitte AB served as Polestar's principal external auditor in 2022 and 2021. Deloitte AB's offices are located at Rehnsgatan 11, SE-113 79 Stockholm, Sweden and its PCAOB ID is 1126. The following table shows the aggregate fees billed or to be billed by Deloitte AB for the services indicated during the years ended December 2022 and 2021:

	For the year ended December 31,	
	2022	**2021**
	($ thousands)	
Audit fees	11,159	491
Audit-related fees	412	—
Tax fees	—	—
All other fees	—	2,306
Total	**11,571**	**2,797**

"Audit fees" consists of the aggregate fees billed or to be billed for the audit of Polestar's annual consolidated financial statements and the statutory financial statements of certain subsidiaries. This includes interim review services that Deloitte AB provides related to regulatory filings with the SEC and the provision of comfort letters in connection with funding transactions.

"Audit-related fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Polestar's financial statements and are not reported under Audit fees. This includes Sarbanes-Oxley Act readiness and internal control review services.

"Tax fees" are the aggregate fees billed for tax advisory and compliance services.

"All other fees" are the aggregate fees billed for other professional services that are not related to the above categories. This includes advisory services related to marketing and advertising.

The Audit Committee has adopted a pre-approval policy that provides guidelines for audit, audit-related and other non-audit services that may be provided to Polestar. All of the fees in the table above were approved in accordance with this policy. The policy (a)

identifies the guiding principles that must be considered by the Audit Committee in approving services to ensure that Deloitte AB's independence is not impaired; (b) describes the audit and audit-related services that may be provided and the non-audit services that are prohibited; and (c) sets forth pre-approval requirements for all permitted services. Under the policy, all services to be provided by Deloitte AB must be pre-approved by the Audit Committee. The Audit Committee has delegated authority to approve permitted services up to certain fee thresholds to the Audit Committee's Chair. Such approval must be reported to the entire Audit Committee at the next scheduled Audit Committee meeting. Once the Audit Committee or its Chair has approved the overall fees for certain audit, audit-related or non-audit services to be provided by Deloitte AB, the Polestar Chief Financial Officer may then authorize specific fees of Deloitte AB up to certain capped amounts depending on the type of service.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Polestar is exempt from certain corporate governance requirements of Nasdaq by virtue of being a foreign private issuer. Although the foreign private issuer status exempts Polestar from most of Nasdaq's corporate governance requirements, Polestar has decided to voluntarily comply with these requirements, except for the requirement to have a compensation committee and a nominating and governance committee consisting entirely of independent directors.

Furthermore, Nasdaq rules also generally require each listed company to obtain shareholder approval prior to the issuance of securities in certain circumstances in connection with the acquisition of the stock or assets of another company, equity based compensation of officers, directors, employees or consultants, change of control and certain transactions other than a public offering. As a foreign private issuer, Polestar is exempt from these requirements and may, if not required by the laws of England and Wales, elect not to obtain shareholders' approval prior to any further issuance of its Class A ADSs or prior to adopting or materially revising equity compensation plans or share incentive plans.

Subject to requirements under the Polestar Articles and Shareholder Acknowledgment Agreement that the Board be comprised of a majority of independent directors for the three years following the Business Combination Closing, Polestar may in the future elect to avail itself of foreign private issuer exemptions or to follow home country practices with regard to other matters. As a result, its shareholders will not have the same protections afforded to shareholders of companies that are subject to all of Nasdaq's corporate governance requirements.

Further, by virtue of being a controlled company under Nasdaq listing rules, Polestar may elect not to comply with certain Nasdaq corporate governance requirements, including that:

- a majority of the board of directors consist of independent directors (however, pursuant to the Polestar Articles and Shareholder Acknowledgment Agreement, for the three years following the Business Combination Closing, the Board must be comprised of a majority of independent directors);
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- there be an annual performance evaluation of the compensation and nominating and governance committees.

Due to Polestar's status as a foreign private issuer, its directors and senior management are not subject to short-swing profit and insider trading reporting obligations under Section 16 of the Exchange Act. They are, however, be subject to the obligations to report changes in share ownership under Section 13 of the Exchange Act and related SEC rules.

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

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.

Table of Contents

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.	8-K**	4.1, Exhibit A	June 27, 2022
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*	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†	Settlement Agreement, dated as of December 23, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.10	May 23, 2022
4.13	Framework Assignment and License Agreement, dated as of October 31, 2018, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd.	F-4/A	10.11	May 23, 2022
4.14†	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
4.15†	Settlement Agreement, dated as of December 23, 2020, between Volvo Car Corporation and Polestar New Energy Vehicle Co., Ltd.	F-4/A	10.13	May 23, 2022
4.16†	PHEV IP Sub-License Agreement, dated as of September 4, 2018, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.14	May 23, 2022
4.17†	PHEV IP Sub-License Agreement, dated as of September 7, 2018, 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	10.15	May 23, 2022
4.18†	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
4.19†	Service Agreement, dated as of October 31, 2018, 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	10.17	May 23, 2022

4.20†	Service Agreement, dated as of November 17, 2020, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar New Energy Vehicle Co., Ltd.	F-4/A	10.18	May 23, 2022
4.21†	Service Agreement, dated as of November 13, 2020, between Volvo Car Corporation and Polestar New Energy Vehicle Co., Ltd.	F-4/A	10.19	May 23, 2022
4.22†	Service Agreement, dated as of October 31, 2018, 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	10.20	May 23, 2022
4.23†	Service Agreement, dated as of December 21, 2018, between Daqing Volvo Car Manufacturing Co. Ltd. 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 Daqing Volvo Car Manufacturing Co. Ltd.	F-4/A	10.21	May 23, 2022
4.24†	Service Agreement, dated as of October 31, 2018, 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	10.22	May 23, 2022
4.25†	Service Agreement, dated as of December 21, 2018, between Volvo Car (Asia Pacific) Investment Holding Co. Ltd. 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 (Asia Pacific) Investment Holding Co. Ltd.	F-4/A	10.23	May 23, 2022
4.26†	Service Agreement, dated as of August 9, 2018, between Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd. and Polestar New Energy Vehicle Co. Ltd., as amended by the Amendment Agreement to the Service Agreement, dated as of August 26, 2020, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar New Energy Vehicle Co., Ltd., AB.	F-4/A	10.24	May 23, 2022
4.27†	Service Agreement, dated as of December 17, 2019, between Volvo Car Belgium NV, Ltd. and Polestar Performance AB, as amended by the Amendment to the Service Agreement, dated as of March 4, 2020, between Volvo Car Belgium NV, Ltd. and Polestar Performance AB.	F-4/A	10.25	May 23, 2022
4.28†	Component Supply Agreement, dated as of 2018, between Polestar New Energy Vehicle Co., Ltd. and Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch.	F-4/A	10.26	May 23, 2022
4.29†	General Distributor Agreement, effective as of January 1, 2020, between Zhejiang Haoqing Automobile Manufacturing Co., Ltd. Chengdu Branch and Polestar Automotive China Distribution Co., Ltd.	F-4/A	10.27	May 23, 2022

4.30†	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
4.31†	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
4.32†	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
4.33†	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
4.34†	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
4.35†	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
4.36†	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

4.37†	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
4.38†	Service Agreement, dated as of June 30, 2019, between Volvo Cars (China) Investment Co., Ltd. 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 Amendment Agreement to the Service Agreement, dated as of November 28, 2019, between Volvo Cars (China) Investment Co. Ltd. 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 Cars (China) Investment Co., Ltd.	F-4/A	10.36	May 23, 2022
4.39†	Service Agreement, dated as of August 31, 2020, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd.	F-4/A	10.37	May 23, 2022
4.40†	Service Agreement, dated as of September 1, 2020, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.	F-4/A	10.38	May 23, 2022
4.41†	Financial Undertaking Agreement—Investments for Vehicle Assembly, dated as of February 27, 2020, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd.	F-4/A	10.39	May 23, 2022
4.42†	Service Agreement, dated as of February 2021, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd.	F-4/A	10.40	May 23, 2022
4.43†	Service Agreement, dated as of April 28, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.	F-4/A	10.41	May 23, 2022
4.44†	License Agreement, dated as of December 23, 2020, between Polestar Performance AB and Volvo Car Corporation.	F-4/A	10.42	May 23, 2022
4.45†	Performance Software Agreement, dated as of January 1, 2020, by and between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.43	May 23, 2022
4.46†	Financial Undertaking Agreement—Investments for Vehicle Assembly, dated as of March 17, 2021, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.44	May 23, 2022

4.47†	Financial Undertaking Agreement—Investments for Vehicle Assembly, dated as of March 23, 2021, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.45	May 23, 2022
4.48†	Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.46	May 23, 2022
4.49†	Service Agreement, dated as of November 27, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.47	May 23, 2022
4.50†	Service Agreement, dated as of January 18, 2021, between Ningbo Geely Automobile Research & Development Co., Ltd. and Polestar Performance AB.	F-4/A	10.48	May 23, 2022
4.51†	Service Agreement, dated as of January 28, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.49	May 23, 2022
4.52†	Service Agreement, dated as of September 4, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.50	May 23, 2022
4.53†	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
4.54†	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
4.55†	Service Agreement, dated as of December 6, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.54	May 23, 2022
4.56†	Service Agreement, dated as of March 24, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.55	May 23, 2022
4.57†	Service Agreement, dated as of January 19, 2021, between Volvo Car UK Limited and Polestar Performance AB.	F-4/A	10.56	May 23, 2022
4.58†	European CO2 Emission Credits 2020 Payment Agreement, dated as of November 27, 2020, between Volvo Car Corporation and Polestar Performance AB.	F-4/A	10.57	May 23, 2022
4.59†	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
4.60†	Service Agreement, dated as of June 23, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution., Ltd.	F-4/A	10.59	May 23, 2022
4.61†	Service Agreement, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd.	F-4/A	10.60	May 23, 2022

4.62†	Service Agreement, effective as of July 1, 2021, between Volvo Car Corporation and Polestar Automotive China Distribution,, Ltd.	F-4/A	10.61	May 23, 2022
4.63†	Service Agreement, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd.	F-4/A	10.62	May 23, 2022
4.64†	Service Agreement, dated as of June 23, 2021, between Volvo Car Corporation and Polestar New Energy Vehicle Co. Ltd.	F-4/A	10.63	May 23, 2022
4.65†	Service Agreement, dated as of December 7, 2021, between Volvo Cars Technology (Shanghai) Co., Ltd. and Polestar Automotive China Distribution Co., Ltd.	F-4/A	10.64	May 23, 2022
4.66†	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
4.67†	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
4.68†	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
4.69†	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
4.70†	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
4.71†	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
4.72+†	Employment Agreement, effective as of July 1, 2017, by and between Polestar Performance AB and Thomas Ingenlath.	F-4/A	10.71	May 23, 2022
4.73+†	Employment Agreement, dated as of September 17, 2021, by and between Polestar Performance AB and Johan Malmqvist.	F-4/A	10.72	May 23, 2022
4.74+†	Employment Agreement, dated as of July 13, 2020, by and between Polestar Performance AB and Dennis Nobelius.	F-4/A	10.73	May 23, 2022

4.75	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
4.76†	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
4.77	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
4.78	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
4.79†	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
4.80†	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
4.81†	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
4.82†	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
4.83	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

4.84†	Cooperation Agreement, dated April 1, 2020, by and between Polestar Automotive China Distribution Co., Ltd. and Hangzhou Easybao Technology Co., Ltd.	F-4/A	10.85	May 23, 2022
4.85†	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
4.86†	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
4.87†	Sale & Purchase Agreement, dated as of June 21, 2022, by and between Volvo Car USA LLC and Polestar Automotive USA Inc.	20-F	4.92	June 29, 2022
4.88†	Importer Agreement, dated as of June 21, 2022, by and between Polestar Performance AB and Volvo Car USA LLC.	20-F	4.93	June 29, 2022
4.89†	Form of Letter of Appointment as Non-Executive Director of Polestar Automotive Holding UK PLC.	20-F	4.94	June 29, 2022
4.90†	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
4.91†	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
4.92†	Prototype Supply Agreement, dated as of July 26, 2022, between Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd., Polestar Performance AB and Polestar Automotive (Chongqing) Co., Ltd.	F-1/A	10.95	August 18, 2022
4.93*†	Service Agreement, executed as of September 27, 2022, between Volvo Car Corporation and Polestar Performance AB.			
4.94*†	Amendment Agreement 1 to Prototype Supply Agreement, dated as of February 3, 2023, between Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd., Polestar Performance AB and Polestar Automotive (Chongqing) Co., Ltd.			
4.95*†	Framework Service Agreement, dated as of December 23, 2022, between Volvo Car Corporation and Polestar Performance AB.			
4.96*†	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.			
4.97*†	Change Management Agreement, dated as of December 31, 2022, between Volvo Car Corporation and Polestar Performance AB.			

4.98*†	Service Agreement, dated as of July 7, 2022, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd., as amended by Amendment Agreement No 1, dated as of March 22, 2023, between Volvo Car Corporation and Polestar Automotive China Distribution Co. Ltd.			
4.99	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
4.100*†	Amendment and Restatement Agreement to Trade Finance Facility Agreement, dated February 26, 2023, between Polestar Performance AB, as Borrower and Obligors' Agent, Standard Charter Bank, as Agent, and Standard Chartered Bank, as Security Agent.			
4.101*†	Amendment Agreement No. 1, dated September 22, 2022, between Volvo Car Corporation and Polestar Performance AB.			
4.102*†	Service Agreement, dated November 22, 2022, between Zhongjia Automobile Manufacturing (Chengdu) CO., Ltd. and Polestar Automotive China Distribution Co. Ltd., as amended by Amendment Agreement No 1, dated March 22, 2023, between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. and Polestar Automotive China Distribution Co. Ltd.			
8.1*	Subsidiaries of Polestar Automotive Holding UK PLC.			
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 (formerly known as Polestar Automotive Holding UK Limited).			
15.2	Declaration of Intent, dated March 3, 2022, by Snita Holding B.V.	F-4/A	99.13	May 23, 2022
15.3	Declaration of Intent, dated March 3, 2022, by PSD Investment Ltd.	F-4/A	99.14	May 23, 2022
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).

* 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 14, 2023

POLESTAR AUTOMOTIVE HOLDING UK PLC

By: /s/ Thomas Ingenlath
Name: Thomas Ingenlath
Title: Chief Executive Officer

By: /s/ Johan Malmqvist
Name: Johan Malmqvist
Title: Chief Financial Officer

INDEX TO FINANCIAL STATEMENTS

Polestar Automotive Holding UK PLC

Consolidated Financial Statements — For the years ended December 31, 2022, 2021 and 2020

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 (formerly known as Polestar Automotive Holding UK Limited) (the "Company") as of December 31, 2022 and 2021, 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, 2022, 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, 2022 and 2021 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

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 concerning 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 Public Company Accounting Oversight Board (United States) (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.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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 judgments. 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 a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue — Refer to Notes 1 and 4 to the financial statements

Critical Audit Matter Description

The Company's revenue primarily consists of revenue from the sales of vehicles, which are sold to individuals, fleet customers, financial service providers, dealers and importers based on contractual agreements. The Company recognizes revenue at the point in time when the customer obtains control of the vehicle, and thus has the ability to direct the use of, and obtain the benefits from, the vehicle. During the year ended December 31, 2022, the Company recognized $2,404 million of revenue related to sales of vehicles.

We identified revenue recognition related to the sales of vehicles as a critical audit matter because of the nature of the various agreements and the complexity of certain terms in these contracts that may affect the timing or measurement of revenue recognition. This required both extensive audit effort due to the variation and complexity in terms in some of the contracts and a high degree of auditor judgment in determining the audit procedures as well as the nature and extent of audit evidence required to determine that revenue recognition was appropriate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to revenue recognized for the sale of vehicles included, but were not limited to:

- We obtained an understanding of management's process for identifying and reviewing contracts with all types of customers and determining the revenue recognition treatment in accordance with IFRS 15, *Revenue from Contracts with Customers.*

- For a sample of agreements with customers, we obtained the contract and assessed the contract for those terms that could impact the appropriateness of revenue recognition. For those contracts identified with complex terms, we evaluated whether the Company appropriately accounted for those contracts in accordance with IFRS 15.
- We performed detailed transaction testing for a sample of revenue from the sale of vehicles, by obtaining and inspecting sales orders or contracts with the customer and other related source documents, including delivery documents, invoices and cash receipts, as applicable, to determine that control had transferred to the customer.
- For a sample of revenue from the sale of vehicles for certain customers, we also confirmed directly with the customers the contract terms and conditions.
- We considered audit evidence obtained throughout our audit as to whether there is any wider information relevant to the point in time at which the Company recognizes revenue.
- We addressed this matter by performing procedures to evaluate audit evidence and the nature and extent of audit procedures performed in connection with forming our overall opinion on the consolidated financial statements.

Inventories — Refer to Notes 1 and 18 to the financial statements

Critical Audit Matter Description

The Company had inventories of $659 million at December 31, 2022. Inventories includes new, used, and internal vehicles that are held in geographically disparate locations. Management employs a range of procedures, including physical counts to record and verify the existence, completeness, and condition of inventories. Inventories are valued at the lower of cost or net realizable value.

We identified the existence, completeness, and valuation of inventories as a critical audit matter because of the extent of effort in performing procedures and evaluating audit evidence due to the geographical dispersion of the Company’s inventories.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to inventory existence, completeness and valuation included, but were not limited to:

- For a selection of inventory locations:
  - we observed management's inventory count procedures close to the year-end date and performed independent sample counts and tested the Company’s roll-forward or roll-back of balances, between the time of the inventory count and December 31, 2022, or
  - we obtained confirmations to test the inventory held at third-party locations.
- For a sample of inventory, we obtained third-party invoices and other relevant documents to recalculate the vehicle cost.
- We developed an independent expectation of the net realizable value of inventory using historic inventory activity and selling price and compared our independent expectation to the amount recorded.
- We performed procedures to evaluate the sufficiency and appropriateness of audit evidence and the nature and extent of audit procedures performed in connection with forming our overall opinion on the consolidated financial statements.

/*s*/Deloitte AB
Gothenburg, Sweden
April 14, 2023

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)

Consolidated Statement of Loss		**For the year ended December 31,**		
	Note	**2022**	**2021**	**2020**
Revenue	4	2,461,896	1,337,181	610,245
Cost of sales	5	(2,342,453)	(1,336,321)	(553,724)
Gross profit		**119,443**	**860**	**56,521**
Selling, general and administrative expense	5	(864,598)	(714,724)	(314,926)
Research and development expense	5	(167,242)	(232,922)	(183,849)
Other operating income and expense	8	(1,565)	(48,053)	1,766
Listing expense	16	(372,318)	—	—
Operating loss		**(1,286,280)**	**(994,839)**	**(440,488)**
Finance income	9	8,552	32,970	3,199
Finance expense	9	(108,435)	(45,249)	(34,034)
Fair value change - Earn-out rights	16	902,068	—	—
Fair value change - Class C Shares	16	35,090	—	—
Loss before income taxes		**(449,005)**	**(1,007,118)**	**(471,323)**
Income tax expense	11	(16,784)	(336)	(13,535)
Net loss		**(465,789)**	**(1,007,454)**	**(484,858)**
Net loss per share (in U.S. dollars)	12			
Basic and diluted		(0.23)	(0.53)	(0.29)

Consolidated Statement of Comprehensive Loss			
Net loss	**(465,789)**	**(1,007,454)**	**(484,858)**
Other comprehensive income (loss):			
Items that may be subsequently reclassified to the Consolidated Statement of Loss:			
Exchange rate differences from translation of foreign operations	4,519	(33,149)	30,266
Total other comprehensive income (loss)	**4,519**	**(33,149)**	**30,266**
Total comprehensive loss	**(461,270)**	**(1,040,603)**	**(454,592)**

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

		As of the year ended December 31,	
	Note	2022	2021
Assets			
Non-current assets			
Intangible assets and goodwill	13	1,396,477	1,368,356
Property, plant and equipment	10, 14	258,048	208,193
Vehicles under operating leases	10	92,198	120,626
Other non-current assets	15	5,306	1,682
Deferred tax asset	11	7,755	3,850
Other investments	15	2,333	—
Total non-current assets		**1,762,117**	**1,702,707**
Current assets			
Cash and cash equivalents	15	973,877	756,677
Marketable securities	15	—	1,258
Trade receivables	17	246,107	157,753
Trade receivables - related parties	17, 25	74,996	14,688
Accrued income - related parties	25	49,060	5,103
Inventories	18	658,559	545,743
Current tax assets		7,184	5,562
Assets held for sale	26	63,224	—
Other current assets	19	107,327	120,202
Total current assets		**2,180,334**	**1,606,986**
Total assets		**3,942,451**	**3,309,693**
Equity			
Share capital		(21,165)	(1,865,909)
Other contributed capital		(3,584,232)	(35,231)
Foreign currency translation reserve		12,265	16,784
Accumulated deficit		3,726,775	1,761,860
Total equity	20	**133,643**	**(122,496)**
Liabilities			
Non-current liabilities			
Non-current contract liabilities	4	(50,252)	(28,922)
Deferred tax liabilities	11	(476)	(509)
Other non-current provisions	21	(73,985)	(38,711)
Other non-current liabilities	15	(14,753)	(11,764)
Earn-out liability	16	(598,570)	—
Other non-current interest-bearing liabilities	10, 15	(85,556)	(66,575)
Total non-current liabilities		**(823,592)**	**(146,481)**
Current liabilities			
Trade payables	15	(98,458)	(114,296)
Trade payables - related parties	15, 25	(957,497)	(1,427,678)
Accrued expenses - related parties	25	(164,902)	(315,756)
Advance payments from customers	15	(40,869)	(36,415)
Current provisions	21	(74,907)	(44,042)
Liabilities to credit institutions	23	(1,328,752)	(642,338)
Current tax liabilities		(10,617)	(13,089)
Interest-bearing current liabilities	10, 15	(21,545)	(10,283)
Interest-bearing current liabilities - related parties	25	(16,690)	(13,789)
Current contract liabilities	4	(46,217)	(58,368)
Class C Shares liability	16	(28,000)	—
Other current liabilities	22	(393,790)	(364,662)
Other current liabilities - related parties	25	(70,258)	—
Total current liabilities		**(3,252,502)**	**(3,040,716)**
Total liabilities		**(4,076,094)**	**(3,187,197)**
Total equity and liabilities		**(3,942,451)**	**(3,309,693)**

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

	Note	For the year ended December 31, 2022	2021	2020
Cash flows from operating activities				
Net loss		(465,789)	(1,007,454)	(484,858)
Adjustments to reconcile net loss to net cash flows:				
Depreciation and amortization		158,392	239,164	216,077
Warranties		84,992	63,114	58,651
Inventory impairment		27,877	31,984	35,984
Finance income		(8,552)	(32,969)	(3,199)
Finance expense		108,435	45,249	34,034
Fair value change - Earn-out rights		(902,068)	—	—
Fair value change - Class C Shares		(35,090)	—	—
Listing expense		372,318	—	—
Income tax expense		16,784	336	13,535
Losses on disposals of assets		—	—	16
Other non-cash expense and income		18,997	11,560	14,048
Change in operating assets and liabilities:				
Inventories		(226,638)	(290,442)	(428,067)
Contract liabilities		13,373	70,220	17,071
Trade receivables, prepaid expenses and other assets		(220,118)	48,574	(268,004)
Trade payables, accrued expenses and other liabilities		52,801	519,676	764,661
Interest received		8,552	1,396	3,199
Interest paid		(68,130)	(12,564)	(30,198)
Taxes paid		(19,559)	—	—
Cash used for operating activities		**(1,083,423)**	**(312,156)**	**(57,050)**
Cash flows from investing activities				
Additions to property, plant and equipment	14, 24	(32,269)	(24,701)	(49,599)
Additions to intangible assets	13, 24	(681,204)	(104,971)	(194,108)
Additions to other investments		(2,500)	—	—
Cash used for investing activities		**(715,973)**	**(129,672)**	**(243,707)**
Cash flows from financing activities				
Change in restricted deposits		—	48,830	134,681
Proceeds from short-term borrowings		2,149,799	698,882	569,087
Principal repayments of short-term borrowings		(1,426,935)	(411,950)	(780,167)
Principal repayments of lease liabilities		(18,905)	(8,578)	(2,298)
Proceeds from the issuance of share capital and other contributed capital		1,417,973	582,388	438,340
Transaction costs		(38,903)	—	—
Cash provided by financing activities		**2,083,029**	**909,572**	**359,643**
Effect of foreign exchange rate changes on cash and cash equivalents		(66,433)	(27,491)	21,340
Net increase (decrease) in cash and cash equivalents		**217,200**	**440,253**	**80,226**
Cash and cash equivalents at the beginning of the period		**756,677**	**316,424**	**236,198**
Cash and cash equivalents at the end of the period		**973,877**	**756,677**	**316,424**

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, 2020	20	—	879,232	(13,901)	(274,169)	591,162
Net loss		—	—	—	(484,858)	(484,858)
Other comprehensive income		—	—	30,266	—	30,266
Total comprehensive loss		**—**	**—**	**30,266**	**(484,858)**	**(454,592)**
Changes in the consolidated group	3	880,412	(879,232)	—	4,621	5,801
Issuance of new shares		438,340		—	—	438,340
Balance as of December 31, 2020		**1,318,752**	**—**	**16,365**	**(754,406)**	**580,711**
Net loss		—	—	—	(1,007,454)	(1,007,454)
Other comprehensive loss		—	—	(33,149)	—	(33,149)
Total comprehensive loss		**—**	**—**	**(33,149)**	**(1,007,454)**	**(1,040,603)**
Issuance of Convertible Notes		—	35,231	—	—	35,231
Issuance of new shares		547,157	—	—	—	547,157
Balance as of December 31, 2021		**1,865,909**	**35,231**	**(16,784)**	**(1,761,860)**	**122,496**
Net loss		—	—	—	(465,789)	(465,789)
Other comprehensive income		—	—	4,519	—	4,519
Total comprehensive loss		**—**	**—**	**4,519**	**(465,789)**	**(461,270)**
Merger with Gores Guggenheim Inc.	16					—
Changes in the consolidated group		(1,846,472)	1,846,472	—	1,512	1,512
Issuance of Volvo Cars Preference Shares		589	588,237	—	—	588,826
Issuance to Convertible Note holders		43	(43)	—	—	—
Issuance to PIPE investors		265	249,735	—	—	250,000
Issuance to GGI shareholders		822	521,285	—	—	522,107
Listing expense		—	372,318	—	—	372,318
Transaction costs		—	(38,903)	—	—	(38,903)
Earn-out rights		—	—	—	(1,500,638)	(1,500,638)
Equity-settled share-based payment	7	9	9,900	—	—	9,909
Balance as of December 31, 2022		**21,165**	**3,584,232**	**(12,265)**	**(3,726,775)**	**(133,643)**

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Note 1 - Significant accounting policies and judgements

General information

Polestar Automotive Holding UK PLC (formerly known as Polestar Automotive Holding UK Limited) (the "Parent"), together with its subsidiaries, hereafter referred to as "Polestar," "Polestar Group" and the "Group," is a limited company incorporated in the United Kingdom. Polestar Group operates principally in the automotive industry, engaging in research and development, manufacturing, branding and marketing, and the commercialization and selling of vehicles, technology solutions and services related to battery electric vehicles. Polestar Group has a presence in 27 markets across Europe, North America, and Asia. Polestar Group has its management headquarters located at Assar Gabrielssons väg 9, 405 31 Göteborg, Sweden.

Merger with Gores Guggenheim, Inc.

Gores Guggenheim, Inc. ("GGI") was a special purpose acquisition company ("SPAC") formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or a similar business combination. GGI was incorporated in Delaware on December 21, 2021 and completed its initial public offering ("IPO") on March 25, 2021.

On September 27, 2021, GGI entered into a Business Combination Agreement ("BCA") with Polestar Automotive Holding Limited, a Hong Kong incorporated company ("Former Parent"), Polestar Automotive (Singapore) Pte. Ltd., a private company limited by shares in Singapore ("Polestar Singapore"), Polestar Holding AB, a private limited liability company incorporated under the laws of Sweden ("Polestar Sweden"), Polestar Automotive Holding UK Limited, a limited company incorporated under the laws of England and Wales and a direct wholly owned subsidiary of the Former Parent, and PAH UK Merger Sub Inc., a Delaware corporate and a direct wholly owned subsidiary of the Parent ("US Merger Sub").

On June 23, 2022 ("Closing"), the Former Parent consummated a reverse recapitalization pursuant to the terms and conditions of the BCA. At the Closing, Polestar Holding AB and its subsidiaries became wholly owned subsidiaries of Parent. US Merger Sub merged with GGI, pursuant to which the separate corporate existence of US Merger Sub ceased and GGI became a wholly owned subsidiary of the Parent. Simultaneously, the following events occurred:

- the Convertible Notes of the Former Parent outstanding immediately prior to the Closing were automatically converted into 4,306,466 Class A Shares in the Parent in the form of American depositary shares;
- the Former Parent was separated from Polestar Group and issued 294,877,349 Class A Shares in the Parent in the form of American depositary shares, 1,642,233,575 Class B Shares in the Parent in the form of American depositary shares, and the right to receive an earn out of a variable number of additional Class A Shares and Class B Shares, depending on the daily volume weighted average price of Class A Shares in the future;
- all GGI units outstanding immediately prior to the Closing held by GGI Stockholders were automatically separated and the holder was deemed to hold one share of GGI Class A Common Stock and one-fifth of a GGI Public Warrant;
- all GGI Class A Common Stock issued and outstanding, other than those held in treasury, were exchanged for 63,734,797 Class A Shares in the Parent in the form of American depositary shares;
- all GGI Class F Common Stock issued and outstanding, other than those held in treasury, were exchanged for 18,459,165 Class A Shares in the Parent in the form of American depositary shares;
- all GGI Common Stock held in treasury were canceled and extinguished without consideration;
- all GGI Public Warrants issued and outstanding immediately prior to the Closing were exchanged for 15,999,965 Class C-1 Shares in the Parent in the form of American depositary shares with effectively the same terms as the GGI Public Warrants and are exercisable for Class A Shares in the Parent;
- all GGI Private Warrants issued and outstanding immediately prior to the Closing were exchanged for 9,000,000 Class C-2 Shares in the Parent in the form of American depositary shares with effectively the same terms as the GGI Private Warrants and are exercisable for Class A Shares in the Parent;
- pursuant to the PIPE Subscription Agreements, third-party investors purchased 25,423,445 Class A Shares in Parent in the form of American depositary shares and Volvo Cars purchased 1,117,390 Class A Shares in Parent in the form of American depositary shares, for a total of 26,540,835 Class A Shares in Parent in the form of American depositary shares for an aggregate total of $250,000; and
- pursuant to the Volvo Cars Preference Subscription Agreement, Volvo Cars purchased 58,882,610 Preference Shares in the Parent for an aggregate total of $588,826 which automatically converted to Class A Shares in the Parent in the form of American depositary shares thereafter.

The merger with GGI, including all related arrangements, raised net cash proceeds of $1,417,973. Gross proceeds of $638,197 was assumed from GGI, $250,000 was sourced from the PIPE Subscription Agreements, and $588,826 was sourced from the Volvo Cars Preference Subscription Agreement. Polestar incurred total transaction costs of $97,953 in connection with the merger, of which $59,050 had been recognized by GGI and deducted from the gross proceeds raised. The merger was accounted for as a reverse recapitalization, in accordance with the relevant International Financial Reporting Standards ("IFRS"). Refer to Note 16 - Reverse recapitalization for additional information on the reverse recapitalization.

Immediately following the closing of the transaction, Parent changed its name to Polestar Automotive Holding UK PLC and began trading on the National Association of Securities Dealers Automated Quotations ("Nasdaq") under the ticker symbol PSNY. Net loss

per share has been recast to retroactively reflect the shares issued by the parent to the former parent for December 31, 2021 and December 31, 2020. Refer to Note 12 - Net loss per share and Note 20 - Equity for additional information.

As of December 31, 2022, the Former Parent owns 89.2% of the Group. The remaining 10.8% is owned by external investors.

Basis of preparation

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

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

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

Going Concern

Polestar Group's financial statements have been prepared on a basis that assumes Polestar Group will continue as a going concern and the ordinary course of business will continue in alignment with Management's 2023-2027 business plan.

Management assessed Polestar Group's ability to continue as a going concern and evaluated whether there are certain events or conditions, considered in the aggregate, that may cast substantial doubt about Polestar Group's ability to continue as a going concern. All information available to Management pertaining to the twelve-month period after the issuance date of these Consolidated Financial Statements was used in performing this assessment.

Historically, Polestar Group has financed its operations primarily through short-term working capital loan arrangements with credit institutions (i.e., 12 months or less), contributions from shareholders, and extended trade credit from related parties. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the years ended December 31, 2022, 2021 and 2020, amounted to $465,789, $1,007,454, and $484,858, respectively. Negative operating and investing cash flows for the years ended December 31, 2022, 2021 and 2020, amounted to $1,799,396, $441,828, and $300,757, respectively. Management forecasts that Polestar Group will continue to generate negative operating and investing cash flows in the near future, until sustainable commercial operations are achieved. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group.

Management's 2023-2027 business plan indicates that Polestar Group depends on additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, shareholder loans with related parties, and executing capital market transactions through offerings of debt and/or equity. The timely realization of these financing endeavors is crucial for Polestar Group's ability to continue as a going concern. If Polestar is unable to obtain financing from these sources or if such financing is not sufficient to cover forecasted operating and investing cash flow needs, Polestar Group will need to seek additional funding through other means (e.g., issuing new shares of equity or issuing bonds). Management has no certainty that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned.

Based on these circumstances, Management has determined there is substantial doubt about Polestar Group's ability to continue as a going concern. There are ongoing efforts in place to mitigate the uncertainty. The Consolidated Financial Statements do not include any adjustments to factor for the going concern uncertainty.

Adoption of new and revised standards

Effects of new and amended IFRS

Management has concluded the adoption of any of the below accounting pronouncements has not or will not have a material impact on the Group's financial statements.

In May 2020, the IASB issued amendments to IAS 16 - Property, Plant and Equipment. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. This became effective annual reporting period beginning on January 1, 2022 and does not have a material effect on the Groups financial statements.

In May 2020, the IASB issued amendments to IAS 37 related to onerous contracts - cost to fulfilling a contract. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract.' Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). This became effective annual reporting period beginning on January 1, 2022 and does not have a material effect on the Groups financial statements.

In May 2020, the IASB issued Annual Improvements to IFRSs 2018 – 2020 Cycle. The improvements have amended four standards with effective date January 1, 2022: i) IFRS 1 – First-time Adoption of International Financial Reporting Standards ("IFRS 1") in relation to allowing a subsidiary to measure cumulative translation differences using amounts reported by its parent, ii) IFRS 9 in relation to which fees an entity includes when applying the '10 percent' test for derecognition of financial liabilities, iii) IAS 41 – Agriculture in relation to the exclusion of taxation cash flows when measuring the fair value of a biological asset, and iv) IFRS 16 in relation to an illustrative example of reimbursement for leasehold improvements.

New and amended IFRS issued but not yet effective

Management has concluded the adoption of any of the below accounting pronouncements, that were issued but not effective for the period ended December 31, 2022, will not have a material impact on the Group's financial statements.

In January 2020, the IASB published amendments to IAS 1 which clarify the presentation of liabilities as current or non-current based off the rights that are in existence at the end of the reporting period, not the expectations about an entity's exercise of certain rights to defer the settlement of a liability or other subsequent events. The amendments are applied retrospectively for annual periods beginning on or after January 1, 2024.

In June 2020, the IASB published amendments to IFRS 4 which deferred the expiry date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after January 1, 2023.

In June 2020, the IASB published amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendment revised the effective date to January 1, 2023 but may be applied earlier provided the entity applies IFRS 9 and IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") at or before the date of initial application of the Standard. Further, among other changes, the amendment (1) includes additional scope exceptions, (2) includes additional guidance for recognition of insurance acquisition cash flows, (3) clarifies the application of IFRS 17 in interim financial statements, and (4) simplifies the presentation of insurance contracts in the statement of financial position. The improvements are applicable for annual periods beginning on or after January 1, 2023.

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective on or after January 1, 2024.

In February 2021, the IASB issued amendments to IAS 8: Definition of Accounting Estimates which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective on or after January 1, 2023.

In May 2021, the IASB issued amendments to IAS 12 – Income Taxes ("IAS 12"): Deferred Tax related to Assets and Liabilities Arising From a Single Transaction that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. These amendments are effective on or after January 1, 2023.

In December 2021, the IASB issued an amendment to IFRS 17: Initial Application of IFRS 17 and IFRS 9 – Comparative Information, which provides a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract comparative information for users of financial statements. The amendment is effective on or after January 1, 2023.

In September 2022, the IASB issued an amendment to IFRS 16 which clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. This amendment is effective on or after January 1, 2024.

In October 2022, the IASB issued an amendment to IAS 1 which clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendment is effective on or after January 1, 2024.

Presentation

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 or is expected to be settled within twelve months of the date of the Consolidated Statement of Financial Position. All other liabilities are classified as non-current.

Presentation reclassifications

The following presentation reclassifications have been made for the comparative information for the year ended December 31, 2021:

- Consolidated Statement of Cash Flows
  - Cash used for Vehicles under operating leases of $120,626 is now presented together with Inventories. Vehicles are reclassified from Inventories to Assets under operating leases when sold with a repurchase commitment and subsequently reclassified to Inventories when they are repurchased. Since the Group presents the non-cash impact on cash from depreciation of Assets under operating leases within Depreciation and amortization in the Consolidated Statement of Cash Flows, this presentation better reflects the nature of cash movements related to vehicles as all vehicles purchased and sold by Polestar are initially recognized and subsequently derecognized via Inventories.
- Note 1 - Significant accounting policies and judgements
  - Under Segment reporting, the Group's revenue from external customers by geographical location for Belgium, Canada, Denmark, Finland, and Switzerland of $53,339, $17,493, $38,538, $10,048, and $41,115, respectively, have been separated from Other regions. The Group's non-current assets by geographical location for Norway and Netherlands of $1,660 and $2,541, respectively, have been collapsed into Other regions. These changes have been made to align with the presentation with that of the year ended December 31, 2022.
- Note 4 - Revenue
  - Total contract liabilities Utilized during the year of $54,146 is now separated into the two lines: (1) Settled during the year of $43,469 and (2) Released during the year of $10,677. Settled during the year corresponds to contract

liabilities that initially resulted in a reduction of revenue at contract inception and have subsequently been paid out in cash during the year. Utilized during the year corresponds to contract liabilities that initially resulted in a constraint on revenue at contract inception that has been subsequently released (i.e., non-cash) and recognized as revenue during the year. This presentation better reflects the nature of the each category of contract liability and the related impact in the Consolidated Financial Statements.

The following presentation reclassifications have been made for the comparative information for the year ended December 31, 2020:

- Note 1 - Significant accounting policies and judgements
  - Under Segment reporting, the Group's revenue from external customers by geographical location for Belgium, Canada, and Switzerland of $22,974, $3,007, and $580, respectively, have been separated from Other regions. These changes have been made to align with the presentation with that of the year ended December 31, 2022.

Basis of consolidation

The consolidated accounts include the Parent company and all subsidiaries 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 control is transferred to the Parent. They are deconsolidated from the date that control ceases. All inter-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated upon consolidation. As of December 31, 2022, 2021 and 2020, the Parent had thirty-three, thirty-three, and eighteen fully consolidated subsidiaries, respectively.

Segment reporting

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 manufacturing and selling electric vehicles. 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 tables show the breakdown of Polestar Group’s revenue from external customers and non-current assets (PPE, vehicles under operating leases, and intangibles and goodwill) by geographical location where Polestar company recognizing the revenue is located:

	For the year ended December 31,		
	2022	**2021**	**2020**
Revenue			
USA	523,537	248,168	25,077
Sweden	368,277	189,656	162,062
UK	338,182	206,866	41,605
Germany	289,213	117,549	34,880
Norway	232,357	231,456	156,077
Korea	119,498	—	—
Netherlands	108,966	135,030	150,133
Belgium	88,812	53,339	22,974
Canada	85,521	17,493	3,007
Denmark	67,235	38,538	—
Australia	64,539	—	—
Finland	42,281	10,048	—
Switzerland	39,274	41,115	580
China	38,218	40,819	13,850
Other regions[1]	55,986	7,104	—
Total	**2,461,896**	**1,337,181**	**610,245**

1 - Revenue: Other regions primarily consist of Austria and Singapore in 2022 and 2021.

	As of December 31,	
	2022	2021
Non-current assets[2]		
Sweden	1,151,920	954,842
China	474,301	532,492
USA	37,752	64,072
Germany	36,747	24,009
United Kingdom	22,777	2,484
Other regions[3]	28,532	13,869
Total	**1,752,029**	**1,591,768**

2 - Non-current assets: excludes Financial assets,, Deferred tax asset, and Other investments.
3 - Other regions primarily consist of Belgium, Switzerland and Australia in 2022 and Canada and Netherlands in 2021.

Foreign currency

In preparing the financial statements of the Group, transactions in currencies other than the 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, 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 translation differences are recognized in the Consolidated Statement of Loss and Comprehensive Loss.

For more information about currency risk, see Note 2 - Financial risk management.

Accounting policies

Use of estimates and judgements

The preparation of these Consolidated Financial Statements, in accordance with IFRS, requires management to make judgements, estimates, and assumptions that affect the application of the Group's accounting policies, the reported amount of assets, liabilities, revenues, expenses, and other related financial items. Management reviews its estimates and assumptions on a continuous basis; changes in accounting estimates are recognized in the period in which the estimates are revised, and prospectively thereafter. Details of critical estimates and judgements which the Group considers to have a significant impact upon the financial statements are set out below and the corresponding impacts can be seen in the following notes:

- Revenue recognition – The expected cost plus margin approach is used for determining the transaction price of performance obligations included with sales of vehicles. and the residual amount of the transaction price is allocated to the performance obligation associated with the delivery of the vehicle. Polestar also offers volume related discounts to fleet customers which impacts its estimation of the consideration it will be entitled to in exchange for the delivery of vehicles. Sales of vehicles with repurchase obligations are accounted for as operating leases and the related revenue is recorded as lease income. – Note 4 - Revenue.
- Intangible assets – Polestar conducts various internal development projects which are divided into the concept phase and product development phase. Once a project reaches the product development phase, internally developed intellectual property is capitalized in intangible assets. Polestar conducts an analysis to estimate the useful life for internally developed intellectual property, acquired intellectual property, and software at the point in time when they are capitalized in intangible assets. – refer to Note 13 - Intangible assets and goodwill.
- Impairment – Polestar conducts routine evaluations of intangible assets and goodwill for evidence of impairment indicators. At least annually and when impairment indicators exist, Polestar conducts an impairment test at the cash generating unit level (Polestar Group constitutes a single CGU). – refer to Note 13 - Intangible assets and goodwill.
- Valuation of loss carry-forwards – The recognition of deferred tax assets requires estimates to be made about the level of future taxable income and the timing of recovery of deferred tax assets, taking into account the relevant tax jurisdictions – refer to Note 11 - Income tax expense.
- Valuation of the financial liability for the Class C-1 Shares and Class C-2 Shares (collectively, "Class C Shares") – Class C-1 Shares are publicly traded on the NASDAQ (i.e., an active market). Class C-2 Shares 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 – refer to Note 16 - Reverse recapitalization.
- Valuation of the financial liability for the Former Parent's contingent 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 – refer to Note 16 - Reverse recapitalization.

Actual results could differ materially from those estimates using different assumptions or under different conditions.

Cash and cash equivalents

Cash consists of cash in banks with an original term of three months or less. All highly-liquid, short-term investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value are classified as cash equivalents and presented as such in the Consolidated Statement of Cash Flows.

Marketable securities

Marketable securities are financial instruments with maturities less than one year when acquired that can quickly be converted into cash. Polestar's marketable securities consist of short-term money market funds (i.e., time deposits in banks). The balance in marketable securities as of December 31, 2022 and 2021 amounted to nil and $1,258, respectively.

Restricted cash

Restricted cash are Cash and cash equivalents held by Polestar for specified use which are unavailable to the overall Group for general, operational purposes. As of December 31, 2022 and 2021, the Group had no restricted cash.

Government grants

The Group's subsidiaries based in the People's Republic of China received government grants which were conditioned to be used for production related costs and grants for non-specified purposes. The groups subsidiary based in UK received government grants conditioned to be used for product development activities. Both these grants are not tied to the future trends or performance of the Group and are not required to be refunded under any circumstance. The Group's subsidiary based in Singapore received government grants related to incentivizing job growth. The Job growth incentive is given by Inland Revenue Authority of Singapore (IRAS) SG government agency to support employers to expand local hiring. Receipt of such grants are either reported as a deduction to the related expense or as other operating income, depending on the nature of the grant received. The amount of government grants received as of December 31, 2022 and 2021 was $3,773 and $309, respectively.

Revenue recognition

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In determining the transaction price, the Group evaluates whether the contract includes other promises that constitute a separate performance obligation to which a portion of the transaction price needs to be allocated. 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. The Group makes judgements related to potential returns, liabilities to customers related to performance obligations and potential sales discounts when considering revenue.

For contracts that contain more than one performance obligation, Polestar Group allocates the transaction price to each performance obligation on a relative standalone selling price basis. The standalone 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 standalone 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.

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

Sales of vehicles

Revenue from the sales of vehicles includes sales of the Group's vehicles as well as related accessories and services. Revenue is recognized when the customer obtains control of delivered goods or services, and thus has the ability to direct the use of, and obtain the benefits from, the goods or services. Polestar Group includes various services and maintenance (i.e., extended service) offers with the sale of each vehicle for a period of time specified in the contract.

Polestar Group also provides connected services, including access to the internet and over-the-air software and performance updates, which provide Polestar's customers new features and improvements to existing vehicle functionality. Although Polestar's connected services improve the in-vehicle experience, it is not required when driving a Polestar vehicle.

These services and maintenance and connected services are considered stand-ready obligations as Polestar cannot determine (1) when a customer will access a service, or (2) the quantity of a service the customer will require (i.e., delivery is within control of the customer). Polestar uses an expected cost-plus margin approach for estimating the transaction price for these stand-ready obligations as this is determined to be the most suitable method for estimating stand-alone selling price for performance obligations other than the vehicle. These services are available throughout the automotive industry, there is public information that is readily accessible, and there is a stable market and cost structure to determine the appropriate inputs to the cost-plus margin calculation. The related performance obligations are satisfied in accordance with the terms of each service, and revenue is deferred and recognized on a straight-line basis over the contract period as a stand-ready obligation. The deferred revenue is presented as contract liabilities, since the customers' payments are made before the services are transferred.

Polestar will recognize revenue related to the extended service on a straight-line basis over the 3-year period following initial recognition, consistent with the terms of the contractually offered services. Polestar will recognize revenue related to connected services on a straight-line basis over the 8-year period following initial recognition, consistent with the expected utilization of the services.

The residual amount of the transaction price is allocated to the performance obligation associated with the delivery of the vehicle because the vehicle represents the most valuable component of the contract, Polestar's vehicles are not sold on a stand-alone basis such that an established price exists separate from the services and maintenance, and there is wide variation in market price among the limited competitors in this new space. The transaction price allocated to the delivery of the vehicle is recognized at a point in time on

the delivery date. Polestar has continued to evaluate and monitor the number of observable inputs available for use in estimating the standalone selling price of its vehicles. As part of its ongoing analysis, Polestar has determined that use of the residual method continues to be the most appropriate method for estimating the standalone selling price of its vehicles.

Vehicles were historically only sold to individuals (end customers), fleet customers, financial service providers, and dealers. During the year ended December 31, 2022, Polestar began selling to importers as well. Importer markets exist where the Group does not have its own direct sales unit, so a third party imports Polestar vehicles and sells them to end users.

Since commercialization of Polestar vehicles commenced in the third quarter of 2020, the Group had not recognized a significant number of customer returns, and therefore has not accrued any obligations for returns, refunds, or other similar obligations for the years ended December 31, 2022 and 2021. Further, contracts with importers specify the importer does not have the right to return vehicles.

As part of certain dealer contracts, Polestar provides a residual value guarantee ("RVG"). The RVG does not affect the customer's control of the vehicle (i.e., the customer is not constrained in its ability to direct the use of, and obtain substantially all of the benefits from, the vehicle), but it does impact the transaction price as the guarantee effectively reduces the compensation to which Polestar is entitled. Polestar evaluates variables such as recent car auction values, future price deterioration due to expected changes in market conditions, vehicle quality data, and repair and recondition costs to determine the amount of the residual value. Polestar pays the difference between the determined residual value and the contracted residual value up-front, in cash, and accounts for it under IFRS 15 as a direct reduction to the transaction price. Polestar will continue to evaluate its method for recognizing RVGs and amend how it accounts for them, if necessary.

There are no significant payment terms for end customers, fleet customers, financial service providers, dealers or importers as payment is due on or near the date of invoice. Consideration received by fleet customers is variable in nature as the customer can receive volume related discounts, which are annual rebates based on the number of vehicles ordered throughout the year. There is no variability in consideration received from importers as they are charged a fixed price per vehicle. There is no significant variability in consideration received from other customers.

Sales of software and performance engineered kits

Revenue from the sales of software is related to intellectual property licensed to Volvo Cars under which Volvo Cars obtained rights to provide software upgrades to their customers' vehicle computer systems in exchange for sales-based royalties to Polestar Group. Software upgrades are downloaded and installed at Volvo Cars' dealerships at a point in time. 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.

Revenue from the sales of performance engineered kits is related to intellectual property licensed to Volvo Cars under which Volvo Cars obtained rights to provide optimizations and enhancements to their customers' vehicles in exchange for sales-based royalties to Polestar Group. Performance engineered kits are installed at Volvo Cars manufacturing plants as part of Volvo Cars' normal manufacturing processes. 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 vehicles with the performance engineered kits occur. During the year ended December 31, 2020, revenue from the sale of performance engineered kits was inclusive of a one-time contract termination fee paid by Volvo Cars that was accounted for as a contract modification. Polestar Group and Volvo Cars entered into a new license agreement in December 2020.

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

Sales of carbon credits

Revenue from the sale of carbon credits is recognized when the performance obligation is satisfied and when the customer, an original equipment manufacturer ("OEM"), obtains control of the carbon credits and has the ability to direct the use of, and obtain the benefits from, the carbon credits transferred.

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

Vehicle leasing revenue

During the years ended December 31, 2022 and December 31, 2021, Polestar Group entered into operating lease arrangements that mainly relate to vehicles sold with repurchase obligations. The Group entered into transactions to sell vehicles under which the Group maintains the right or obligation to repurchase the vehicles from the customer in the future (i.e., a forward or call option). The Group accounts for such arrangements as operating leases and records revenue from the sale of related vehicles as lease income.

Operating leases are initially measured at cost and depreciated on a straight-line basis over the lease term to the estimated residual value. Incremental direct costs incurred in connection with the acquisition of operating lease contracts are capitalized and also amortized on a straight-line basis over the lease term. In the Consolidated Statement of Financial Position, such operating leases are presented as vehicles under operating leases and recognized as non-current assets. Vehicle leasing revenue is recognized on a straight-line basis over the lease term. For sales of vehicles with repurchase obligations that are accounted for as operating leases, the entire amount due to Polestar is paid up-front at contract inception. Deferred revenue is recorded for the difference between the cash received from the sale of the vehicle and the vehicle's repurchase value, where the associated liability is recorded in Other current liabilities in the Consolidated Statement of Financial Position.

Other revenue

Other revenue consists of revenue generated through the Group's sale of research and development services and intellectual property licensed to Volvo Cars under which Volvo Cars obtained rights to source and sell parts and accessories for the Group's vehicles to customers in exchange for sales-based royalties to Polestar Group. The performance obligation related to the sale of research and

development services is satisfied over time as Polestar maintains an enforceable right to payment as costs are incurred and services are provided. As such, revenue from the sale of research and development services is recognized over time.

The performance obligation related to intellectual property licensed to Volvo Cars 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 parts and accessories occur.

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

Contract liabilities

Contract liabilities to customers are obligations related to contracts with customers and are recognized when Polestar Group is obligated to transfer goods or services for which consideration has already been received. Contract liabilities to customers include sales generated obligations, deferred revenue from service contracts (i.e., services to be performed) and operating leases, and Connected Services related to the Polestar 1 ("PS1") and Polestar 2 ("PS2").

As the Group satisfies its performance obligations, revenue is recognized, and the contract liability is reduced. As stated above, delivery of services and maintenance is within the customer's control. Accordingly, the Group expects to recognize revenue related to such service contract liabilities over the 3-year period following initial recognition, consistent with the terms of the contractually offered services. Related to connected services, the Group expects to recognize revenue over the 8-year period following initial recognition, consistent with the expected utilization of the services. In the case of volume related discounts that are triggered over time, a short-term contract liability will also be recognized as payment is due within a twelve-month period, in line with contractual payment terms. For deferred revenue generated through operating leases, the Group expects to recognize revenue on a straight-line basis, consistent with the terms of the contract.

Cost of sales

For the years ended December 31, 2022, 2021 and 2020, cost of sales amounted to $2,342,453, $1,336,321, and $553,724, respectively. Costs of sales are related to the sales of vehicles and related accessories and services, which primarily consists of contract manufacturing costs, depreciation related to PPE and right-of-use ("ROU") assets, amortization of intangible assets related to manufacturing engineering, warehousing and transportation costs for inventory, customs duties, and charges to write down the carrying value of inventory when it exceeds the estimated net realizable value. Sales of software and performance engineered kits and other revenue are related to items which were originally developed with the intent of internal use, not with the intent to sell. As such, all costs were appropriately capitalized or expensed as described in *Accounting policies – Intangible assets and goodwill – Internally developed IP*.

Employee benefits

Polestar Group compensates its employees through short-term employee benefits, other long-term benefits, and post-employment benefits. Generally, an employee benefit is recognized in accordance with IAS 19, Employee Benefits, when an employee has provided service in exchange for employee benefits to be paid in the future or when Polestar Group is contractually committed to providing a benefit without a realistic probability of withdrawal from its commitment.

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 when the liabilities are settled and presented within current provisions and other current liabilities in the Consolidated Statement of Financial Position.

Short-term employee benefits include Polestar Group's Annual Bonus Program (the "Polestar Bonus"), which is a cash-settled short-term incentive program for all permanent employees in all countries. The bonus is based on certain key performance indicators ("KPIs"). Bonuses are expressed as a percentage of employees' annual base salaries and the target bonus varies by employee location and level. The program runs during the calendar year and bonus pay-out is made on a pro-rata basis based on employment during the year. Employees need to have joined the organization as of December 1st of the year in order to be eligible for the program. An estimate of the expected costs of the program are calculated and recognized at the end of each reporting period.

Other long-term benefits

The annual Long Term Variable Pay Program ("LTVP") is a cash-settled incentive program for certain key management personnel that is based on (1) valuation of Volvo Cars after a three year period (i.e., the vesting period) and (2) Volvo Car's achievement of certain profit and revenue growth metrics. The LTVP program was instituted at Polestar Group to incentivize key management personnel who transferred employment from Volvo Cars to Polestar Group. Payouts are based on a synthetic share price derived from an independent third-party valuation that is calculated using a discounted cash flow analysis of Volvo Cars and a market analysis of peer companies. Depending on the employee's position, they are eligible to receive an award equivalent to a certain percentage of their annual base salary that is capped at a 300% ceiling. Employees must remain employed to be eligible to receive the award. The fair value of the LTVP is recognized on the annual grant date, subsequently remeasured at the end of reach reporting date, and presented within current and non-current provisions 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 defined benefit pension ("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 and presented within

current and non-current provisions in the Consolidated Statement of Financial Position. Contribution rates are unique to each employee.

Polestar Group's only defined benefit plan is the ITP 2 plan in Sweden. This plan is accounted for as a multi-employer defined contribution plan under IAS 19 because Alecta does not distribute sufficient information that enables employers to identify their share of the underlying financial position and performance of ITP 2. This treatment is specific to companies operating in Sweden under the guidance discussed in the Swedish Financial Reporting Board pronouncement UFR 10, Accounting for the pension plan ITP 2 financed through an insurance in Alecta, and IAS 19.32–39, Multi-employer plans. 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 $3,507 are estimated to be paid to Alecta for the year ended December 31, 2022 related to ITP 2.

Polestar Group's share of the total savings premiums for ITP 2 in Alecta for the years ended December 31, 2022, 2021 and 2020, amounted to 0.20597%, 0.13056%, and 0.05375%, respectively. Further, Polestar Group's share of the total number of active policy holders as of December 31, 2022, 2021 and 2020, amounted to 0.07340%, 0.04485%, and 0.02605%, respectively. The collective consolidation level comprises the market value of Alecta's asset as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial methods and assumptions. The collective funding ratio is normally allowed to vary between 125% and 175%. If the consolidation level falls below 125% or exceeds 175%, measures are taken to increase the contract price for new subscriptions and to expand exiting benefits or introduce premium reductions. As of December 31, 2022 and 2021, Alecta's surplus of consolidation level amounted to 172%, 172%, and 148%, respectively.

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 date of grant and not remeasured thereafter. 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.

As of December 31, 2022, the Group granted equity settled share-based payments to employees in the form of free shares, restricted stock units ("RSU"), and performance stock units ("PSU") through the 2022 Omnibus Incentive Plan. The Group also granted equity settled share-based payments in exchange for certain marketing services through November 1, 2023 and the service of a public listing of the Group on the Nasdaq through the merger with GGI. Refer to Note 16 - Reverse recapitalization for detail on the merger with GGI. Refer to Note 7 - Share-based payment for more detail on the 2022 Omnibus Incentive Plan and marketing service agreement.

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. As of December 31, 2022 and 2021, no material lease extension options existed.

At the lease commencement date, an ROU asset and a lease liability are recognized on the Consolidated Statement of Financial Position with respect to all lease arrangements in which the Group is a lessee. 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 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. For more information regarding amortization of the ROU asset, refer to Note 10 - 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 account for leases with lease terms which end within twelve months of the initial date of application as a short-term lease. The Group also elected the practical expedient to not recognize a ROU asset and lease liability for short-term and low-value leases. Low value assets are defined as asset classes that are typically of low value, for example, small IT equipment (cellphones, laptops, computers, printers) and office furniture. 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.

On the Consolidated Statement of Financial Position, the lease liabilities are presented within current interest-bearing liabilities and other non-current interest-bearing liabilities in the Consolidated Statement of Financial Position. 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, amortization of the lease liability is presented as an adjustment to arrive at cash flows from operating activities, lease related interest expense is presented within cash flows from operating activities, and principal repayments of lease liabilities is presented within cash flows from financing activities.

The Group has certain 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 at certain suppliers and vendors. 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.

Sale 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. 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

In the Consolidated Statement of Financial Position, vehicles associated with the Group's operating leases are recognized as non-current assets and 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. Incremental direct costs incurred in connection with the acquisition of lease contracts are capitalized and amortized on a straight-line method over the lease term. Liabilities related to repurchase obligations are recognized as other non-current and current liabilities. Following repurchase by Polestar, the vehicles are reclassified to inventory.

Finance income and expense

Finance income and expense represent items outside the Group's core business. These items are presented separately from operating income and include net foreign exchange rate gains (losses) on financial activities, interest income on bank deposits, expenses to credit facilities, interest expense, and other finance expenses.

Income tax expense

Polestar Group's Income tax expense 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 at the nominal amount and at 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 deductible temporary differences and loss carry forwards are recognized to the extent it is probable that they will be utilized in the future. Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis and the affected company has a legally adopted right to offset tax assets against tax liabilities.

The recognition of deferred tax assets requires assumptions to be made about the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take into consideration forecasted taxable income by relevant tax jurisdiction. The measurement of deferred tax assets is subject to uncertainty and the actual result may diverge from judgements due to future changes in projected earnings by the company, business climate, and changes to tax laws. 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. If needed, the carrying amount of the deferred tax asset will be altered.

Earnings per share

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

EPIS is calculated as (1) the consequential effect on profit or loss from the assumed conversion of the class of POS (i.e., the numerator adjustment) divided by (2) the weighted average number of outstanding POSs for the class (i.e., the denominator adjustment). The

EPIS denominator adjustment depends on the class of POS. The Group's classes of POSs and their related EPIS denominator adjustment methods are as follows:

POS Class	EPIS Denominator Adjustment Method
Unvested equity-settled RSUs	Treasury share[1]
Class C Shares	Treasury share
Earn-out Rights and PSUs	The number of shares issuable if the reporting date were the end of the contingency period
Convertible Notes	The number of shares issued assuming conversion occurred at the beginning of the reporting period

1 - The treasury share method prescribed by IAS 33, *Earnings Per Share* ("IAS 33"), includes only the bonus element as the EPIS denominator adjustment. The bonus element is the difference between the number of ordinary shares that would be issued at the exercise of the options and the number of ordinary shares deemed to be repurchased at the average market price.

Intangible assets and goodwill

An intangible asset is recognized when it is identifiable, Polestar Group controls the asset, and it is expected to generate future economic benefits. Intangible assets have either finite or indefinite lives. Finite lived intangible assets are intellectual property ("IP"), 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. Intangible assets with finite lives are amortized on a straight-line basis. The Group makes estimates and judgements related to expected usage of intangible assets in accordance with Management's 2023-2027 business plan, product life cycles, technological obsolescence, developments, and advancements specific to the battery electric vehicle industry. 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. Intangible assets with indefinite useful lives are tested for impairment annually or if an event which could give rise to impairment occurs.

Manufacturing engineering

Amortization for manufacturing engineering, reflecting engineering performed in terms of production facility layout, is included in Cost of sales.

Acquired IP

Polestar Group has entered into agreements with Volvo Car Group ("Volvo Cars") and Zhejiang Geely Holding Group Company Limited ("Geely"), a related party, 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, either through a license or through ownership of the IP.

Acquired IP are finite-lived intangible assets which are amortized once the acquired IP is ready for its intended use, over their estimated useful lives for 3-7 years. The remaining useful life of acquired IP is between 1-6 years. Amortization of acquired IP related to the PS1 and PS2 is included in research and development expenses as it represents foundational IP that is leveraged across multiple functions of the Group. Amortization of acquired IP related to the PS1 terminated in connection with the end of PS1 production in accordance with plan as of December 31, 2021. All PS1 assets have been fully amortized.

Internally developed IP

Internally developed IP are finite-lived intangible assets which are amortized over their estimated useful lives for 3-7 years. Amortization of internally developed IP is included in research and development expenses and commences when the internally developed IP is ready for its intended use. 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, whereas costs related to the product development phase are capitalized upon the commencement of product development. Each phase is identified by work plans, budgeted, and tracked internally by research and development personnel.

Costs incurred in the concept phase are expensed as incurred when (1) the Group is conducting research activities such as obtaining new knowledge, formulating a project concept, and searching for components to support the project (e.g., materials, devices, and processes) and (2) the Group cannot yet demonstrate that an intangible asset exists that will generate probable future economic benefits.

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) related expenditures can be reliably measured.

Research and development expense recognized for the years ended December 31, 2022, 2021 and 2020, amounted to $167,242, $232,922, and $183,849, respectively, and was substantially related to the amortization of PS1 technology (ceased amortization in December 2021) and PS2 technology.

Software

Software is a finite-lived intangible asset 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 fair value at 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. For more detailed information on goodwill and intangible assets, see Note 13 - Intangible assets and goodwill.

Property plant and equipment

Items of PPE are recognized 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. 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.

Buildings under development are measured at actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before the building is ready for intended use, and other relevant costs. Buildings under development are not depreciated and are transferred to fixed assets when ready for the intended use.

PPE are depreciated on a straight-line basis down to their residual value, which is typically estimated to be zero, over their estimated useful lives. Each part of a tangible asset, with a cost that is significant in relation to the total cost of the item, is depreciated separately when the useful life for that part differs from the useful life of the other parts of the item.

The following useful lives are applied in Polestar Group:

Asset	Useful lives (in years)
Buildings	30-50
Machinery and equipment	3-7

Depreciation of PPE is included in costs of sales as well as selling or administrative expense, depending on the nature of the item being depreciated.

Tangible assets are 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 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 and expense.

Impairment

At the end of each reporting period, tangible and definite-lived intangible assets are assessed for indications of impairment. Tangible and definite-lived intangible assets are tested for impairment when an impairment indicator is determined to exist. Indefinite-lived intangible assets, 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 assessment, 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). Polestar Group does not test assets for impairment individually because Polestar Group constitutes a single CGU in which assets do not generate cash flows that are independent of those of other assets. All assets are concentrated around battery electric vehicle technologies and processes that are utilized in Polestar Group's operations.

In testing the CGU for impairment, the CGU's carrying amount is compared to its recoverable amount. The recoverable amount is the higher of the CGU's fair value less costs of disposal or "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). For the year ended December 31, 2022, this discounted cash flow was calculated based on estimations regarding future cash flows as seen in the 2023-2027 business plan, a terminal growth rate of 2.0% for cash flows through the following 10 years, and an after-tax discount rate of 14.0%. For the year ended December 31, 2022, this discounted cash flow was calculated based on estimations regarding future cash flows as seen in the 2021-2025 business plan, a terminal growth rate of 2.0% for cash flows through the following 10 years, and an after-tax discount rate of 10.1%. 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 estimates, assumptions, and judgements related to future economic conditions, market share, market growth, and product profitability which are consistent with Polestar Group'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 the CGU's goodwill and then reducing other assets in the CGU on a pro rata basis. For the years ended December 31,

2022 and 2021, no impairment losses were recognized. No impairment loss would have been recognized in the years ended December 31, 2022 and 2021 under a stress case scenario utilizing an after-tax discount rate of 15.1% to calculate the recoverable amount of the CGU.

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.

Classification of financial assets and liabilities

The classification of financial instruments is based on the business model in which these instruments are held, on their contractual cash flows and takes place at initial recognition. Assessments of the contractual cash flows are made on an instrument-by-instrument basis. Polestar Group applies one business model for interest-bearing instruments. All interest-bearing instruments are held to collect contractual cash flows and are carried at amortized cost.

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 ("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 (i.e., Fair Value).

Subsequent measurement

For the purpose of subsequent measurement, financial instruments are measured at amortized cost or financial fair value through profit or loss ("FVTPL").

Financial instruments carried at FVTPL consist of financial assets 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 and loss as finance income (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 the financial assets carried at amortized cost are impaired 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.

Financial assets

Financial assets on the Consolidated Statement of Financial Position consist of trade receivables, other current and non-current financial assets, derivative assets, marketable securities and cash and cash equivalents.

A financial asset or a portion of a financial asset is derecognized when substantially all significant risks and benefits 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 liabilities to credit institutions, trade payables, other current and non-current financial liabilities, and derivative liabilities (i.e., Earn out rights and Class C Shares).

A financial liability or a portion of a financial liability is derecognized when the obligation in the contract has been fulfilled, cancelled or has expired.

The Group classifies its derivative financial instruments and marketable securities as carried at FVTPL, while all other financial assets and liabilities are carried at amortized cost. Refer to Note 16 - Reverse recapitalization for additional information on the Earn out rights and the Class C Shares.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit loss associated with financial assets measured at amortized cost. For the initial recognition of financial assets carried at amortized cost, primarily trade receivables with similar risk characteristics, an analysis is made to identify the need for a provision for expected credit losses ("ECL"). The Group uses the simplified approach for estimating ECLs, which requires expected lifetime losses to be recognized from the initial recognition of the receivable. The Group considers historical credit loss experience, current economic conditions, supportable forecasts for future economic conditions, macroeconomic conditions (e.g., impacts of the Covid-19 pandemic), and other expectations of collectability. The ECL provision is reevaluated on an ongoing basis after initial recognition.

When an ECL is calculated, and if it is material, it is recognized in an allowance account which decreases the amount of gross trade receivables. The amount of the expected credit loss will be recognized as an expense in the Consolidated Statement of Loss and Comprehensive Loss. As of December 31, 2022 and 2021 no ECLs have been recognized for the Group's financial assets, as historically credit losses have been nil, and no expected credit losses are in view.

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, in active markets for identical 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 of the Group primarily consist of cash and cash equivalents, marketable securities, restricted cash, trade receivables, trade payables, short-term and long-term borrowings, the earn-out rights, and Class C shares. 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 fair value through profit and loss ("FVTPL") by reference to Level 2 measurement inputs because an observable price for the Class C-1 Shares, which are almost identical instruments, is available in the active market. Class C Shares are presented in current liabilities within the Consolidated Statement of Financial Position as they can be exercised by the holder at any time. The related liability is measured at fair value, with any changes in fair value recognized in earnings. The fair value of the Class C-2 Shares is determined using a binomial lattice option pricing model in a risk-neutral framework whereby the future prices of the Class A Shares are calculated assuming a geometric Brownian motion ("GBM"). For each future price, the Class C-2 payoff amount is calculated based on the contractual terms of the Class C-2 Shares, including assumptions for optimal early exercise and redemption, and then discounted at the term-matched risk-free rate. The final fair value of the Class C-2 Shares is calculated as the probability-weighted present value over all modeled future payoff amounts. As of December 31, 2022, the fair value of the Class C-2 Shares was determined to equal $10,080 by leveraging the closing price of the Class C-1 Shares on the Nasdaq of $1.12 per share, an implied volatility of 89.0%, a risk-free rate of 4.0%, a dividend yield of nil, and a 1,000 time-steps for the binomial lattice option pricing model. Refer to Note 16 - Reverse recapitalization for more detail on the Class C-2 Shares.

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

The Former Parent's contingent earn out right represents a derivative financial instrument that is carried at FVTPL by reference to Level 3 measurement inputs because a quoted or observable price for the instrument or an identical instrument is not available in active markets. The earn-out liability is presented in non-current liabilities within the Consolidated Statement of Financial Position to align with the expected timing of the underlying earn-out payments. The fair value of the earn out is determined using a Monte Carlo simulation that incorporates a term of 4.98 years, the five earn-out tranches, and the probability of the Class A Shares in Parent 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. As of December 31, 2022, the fair value of the earn-out was determined to equal $598,570 by leveraging an implied volatility of 75% and a risk-free rate of 4.0%. The implied volatility represents the most significant unobservable input utilized in this Level 3 valuation technique. The calculated fair value would increase (decrease) if the implied volatility were higher (lower). Refer to Note 16 - Reverse recapitalization for more detail on the Former Parent's earn-out rights.

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

The fair value of the RSUs granted was determined by reference to the Group's share price of $6.72 on the grant date (i.e., $6.72 per RSU). The fair value of PSUs granted was determined by calculating the weighted-average fair value of the 214,705 units linked to market-based vesting conditions and the 644,116 units linked to non-market-based vesting conditions. The units linked to non-market-based vesting conditions were fair valued by reference to the Group's share price of $6.72 on the grant date (i.e., $6.72 per unit). The units linked to market-based vesting conditions were fair valued using a Monte Carlo simulation in a risk-neutral option pricing framework whereby the future share prices of Polestar's Class A Shares and shares of the peer group over the performance period were calculated assuming a GBM. For each simulation path, the payoff amount of the awards was calculated as the simulated price of the Class A Shares multiplied by the simulated total shareholder return vesting (i.e., the number of awards simulated to vest based on the probability of achievement of certain performance conditions) and then discounted to the grant date at the term-matched risk-free rate. The fair value per unit of the units linked to non-market-based vesting conditions was determined to be $7.93 by leveraging an implied volatility of 70%, a peer group historical average volatility of 81.9%, a risk-free rate of 3.5%, a simulation term of 2.3 years, a dividend yield of nil, and a 100,000 simulation iterations. As such, the weighted-average fair value per PSU was calculated to be $7.02. Refer to Note 7 - Share-based payment for more detail on the 2022 Omnibus Incentive Plan.

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 acquisition or manufacturing cost and net realizable value and consist primarily of finished goods as of December 31, 2022 and 2021. Net realizable value is calculated as the selling price in the ordinary course of business less estimated costs of completion and selling costs. The acquisition or manufacturing costs of inventory includes costs incurred in acquiring the inventories and bringing them to their present location and condition,

including, but not limited to, costs such as freight and customs duties. Costs for research and development, selling, administration and financial expenses are not included. For groups of similar products, a group valuation method is applied. The cost of inventories of similar assets is established using the first-in, first-out method (FIFO).

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 the main owner, they are recognized in equity.

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, 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. 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 financial cost.

Warranty

Polestar Group issues various types of product warranties, under which the Group generally guarantees the performance of products delivered and services rendered for a certain period of time. The estimated warranty costs include those costs which are related to contractual warranties, warranty campaigns (i.e., recalls), 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 provision are based on historical warranty statistics, considering factors like known quality improvements and costs for remedying defaults. The warranty provision is subsequently adjusted if recalls for specific quality problems are made. On a semi-annual basis, the provisions are adjusted to reflect the latest available data such as actual spend and exchange rates. The provisions are reduced by warranty reimbursements from suppliers. 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.

Other provisions

Other provisions primarily comprise expected costs for provisions for the Group's long-term incentive plan, short-term incentive plan, and other taxes and related charges. Other provisions can also include provisions for claims and litigation and anticipated losses, giving 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.

Assets held for sale

Non-current assets, groups of assets, and liabilities which comprise disposal groups are presented as assets held for sale where the asset or disposal group is available for immediate sale in its present condition and the sale is highly probable. For a sale to be highly probable related to an asset held for sale or disposal group, management must be committed to a plan to achieve the sale, there must be an active program to find a buyer, the non-current asset or disposal group must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and the sale must be anticipated to be completed within one year from the date of classification.

In its Consolidated Statement of Financial Position, Polestar records non-current assets and disposal groups held for sale, that are not investment properties, at the lower of carrying amount and fair value less costs to sell. Any gain or loss arising from the change in measurement basis as a result of reclassification is recognized in the profit or loss at the time of reclassification.

Where a component of an entity has been disposed of, or is classified as held for sale, and it represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, the related results of operations and gain or loss on reclassification or disposition are presented in discontinued operations. As of December 31, 2022 Polestar's held for sale asset does not represent a separate major line of business or geographical area, nor is it a subsidiary acquired exclusively with a view to resale; therefore, the non-current asset is not presented as a discontinued operation.

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.

Note 2 - Financial risk management

Management of financial risks

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

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. To mitigate the impact of currency exchange rate fluctuations on business operations, the Group continually assesses its exposure to exchange rate risks.

Transaction and translation exposure risk

Currency transaction risk arises from future commercial transactions and settlement of recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. Primarily, the Group is exposed to currency transaction risk in Group companies with SEK as the functional currency. The primary risks in these companies are SEK/CNY, USD/SEK and EUR/SEK due to trade receivables, trade payables, and short-term credit facilities.

For example, Polestar purchases vehicles via a SEK denominated legal entity from Volvo Cars' CNY denominated Taizhou plant in China (see Note 25 - Related party transactions for further discussion on contract manufacturing arrangements). Under this contract manufacturing arrangement with Volvo Cars, Polestar's purchasing entity bears the currency transaction risk upon purchasing and recognizing the vehicles in inventories, which are denominated in SEK. As the SEK/CNY exchange rate fluctuates, the amount of SEK required to purchase a vehicle in CNY has a corresponding fluctuation. During the year ended December 31, 2022, the SEK deteriorated against the CNY by approximately 5.7%, from 0.70 SEK/CNY on January 1, 2022 to 0.66 SEK/CNY as of December 31, 2022. During the comparative period, the SEK deteriorated against the CNY by approximately 11.4%, from 0.79 SEK/CNY on January 1, 2021 to 0.70 SEK/CNY as of December 31, 2021. In total, since January 1, 2021, the SEK foreign exchange rate deteriorated against the CNY by approximately 16%, indicating that the cost per vehicle purchased has increased over time as Polestar has been required to spend more SEK for every vehicle purchased in CNY.

Currency translation risk arises from the consolidation of foreign subsidiaries that maintain net assets denominated in their respective functional currencies other than USD (i.e., the functional currency of the Parent). Translation risk also arises from the conversion of balances denominated in foreign currencies to the functional currency using monthly closing exchange rates. Such currency effects (i.e., foreign currency gains and losses) are recorded in the Consolidated Statement of Loss and Comprehensive Loss. The Group is primarily exposed to currency translation risk from subsidiaries with functional currencies in the Swedish Krona ("SEK"), the Euro ("EUR") and the Chinese yuan ("CNY").

During the year ended December 31, 2022, the Group was primarily exposed to changes in SEK/CNY, EUR/SEK and GBP/SEK foreign exchange rates. The following table illustrates the estimated impact of a 10% change in these foreign exchange rates:

		Impact on loss before income taxes
SEK/CNY exchange rate - increase/decrease 10%	-/+	210,810
USD/SEK exchange rate - increase/decrease 10%	+/-	45,359
EUR/SEK exchange rate - increase/decrease 10%	+/-	35,831
GBP/SEK exchange rate - increase/decrease 10%	+/-	30,201
NOK/SEK exchange rate - increase/decrease 10%	+/-	16,118

During the year ended December 31, 2021, the Group was primarily exposed to changes in SEK/CNY, USD/SEK, and EUR/SEK foreign exchange rates. The following table illustrates the estimated impact of a 10% change in these foreign exchange rates:

		Impact on loss before income taxes
SEK/CNY exchange rate - increase/decrease 10%	+/-	111,743
USD/SEK exchange rate - increase/decrease 10%	-/+	56,052
EUR/SEK exchange rate - increase/decrease 10%	+/-	46,871
GBP/SEK exchange rate - increase/decrease 10%	-/+	41,688
NOK/SEK exchange rate - increase/decrease 10%	+/-	36,493

During the year ended December 31, 2020, the Group was primarily exposed to changes in the EUR/CNY and EUR/SEK foreign exchange rate. The following table illustrates the impact of a 10% change in these foreign exchange rates:

		Impact on loss before income taxes
SEK/CNY exchange rate - increase/decrease 10%	+/-	86,794
EUR/SEK exchange rate - increase/decrease 10%	-/+	34,732

The Group's overall 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 risk

The Group is exposed to market volatility risk through the financial liabilities for the Class C Shares and Earn-out rights. These instruments 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. 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 - Significant accounting policies and judgements and Note 16 - Reverse recapitalization 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 market volatility:

		Impact on loss before income taxes
Earn-out liability - increase 10%	+	60,531
Earn-out liability - decrease 10%	-	(55,828)

		Impact on loss before income taxes	
		Fair value change - Class C-1 Shares	Fair value change - Class C-2 Shares
Class C Shares liability - increase of 10%	+	800	450
Class C Shares liability - decrease of 10%	-	(960)	(540)

Interest rate risk

The Polestar Group's main interest rate risk arises from short-term liabilities to credit institutions with variable rates, which exposes the Group to cash flow interest rate risk. As of December 31, 2022 and 2021, the nominal amount of liabilities to credit institutions with floating interest rates was $819,390 and $642,338, respectively. 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 these loans is limited given their short-term duration.

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 one percent on all loans. 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 or available for sale with fixed interest rates, and the fixed rate element of interest rate caps. The analysis is performed on the same basis for 2022 and 2021.

	Impact on loss before income taxes			
	2022		2021	
Interest rates - increase/decrease by 1%	+/-	5,219	+/-	1,791

Credit risk

The Polestar Group is exposed to counterparty credit risks if contractual partners, fleet customers for example, are unable or only partially able to meet their contractual obligations. Polestar Group's credit risk can be divided into financial credit risk and operational credit risk. 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, 2022 and 2021 were in the range of BBB to A+.

Assets that potentially subject the Group to concentrations of credit risk primarily consist of cash and cash equivalents, marketable securities, restricted cash, and trade receivables. Cash and cash equivalents, restricted cash and marketable securities 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.

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, 2022, an unrelated party accounted for $26,649 (13.1%) of the Group's total trade receivables (i.e., trade receivables plus trade receivables - related parties). As of December 31, 2021, an unrelated party accounted for $23,031 (12.5%) 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.

Polestar has five categories of customers when considering sales of vehicles: (1) end customers who pay up-front for vehicles, (2) fleet customers, (3) dealers, (4) importers, and (5) financial service providers. All credit risk related to sales to end customers who pay up-front for vehicles is eliminated due to the nature of the payment. To reduce risk related to 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. For sales to dealers and importers, 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). 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 Group 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. The maximum amount of credit risk exposure is the carrying amount of trade receivables. See Note 15 - Financial instruments for further details.

Liquidity risk

Liquidity risk is the risk that Polestar Group is unable to meet ongoing financial obligations on time. The Group faces liquidity risk as all loans from financial institutions are short-term in nature, typically with a credit term of one year or less, and trade payables with related parties represent working capital arrangements under which the liquidity needs of the Group are highly dependent on the continued flexible payment terms offered to the Group by its related parties. These flexible payment terms are not a contractual right and may be called upon in the future. Refer to Note 25 - Related party transactions for additional information on these arrangements. Polestar Group needs to have adequate cash and highly liquid assets on hand to ensure the Group can meet its short-term financing obligations and other working capital needs. Polestar manages its liquidity by holding adequate volumes of liquid assets such as cash and cash equivalents and accounts receivable, by maintaining credit facilities in addition to the cash inflows generated by its business operations and through capital contributions from private equity investors.

As of December 31, 2022 and 2021, the Group held cash and cash equivalents of $973,877 and $756,677, respectively, that were available for managing liquidity risk. The Group entered into short-term financing arrangements with credit institutions and other financial service providers to enhance short term liquidity and financing needs. Refer to Note 23 - Liabilities to credit institutions for further details on short-term borrowings. The Group's short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

Management has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements and 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.

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. 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. Capital is calculated as total equity as shown on the Consolidated Statement of Financial Position plus total borrowings and lease liabilities, less cash and cash equivalents.

Note 3 - Common control transaction

On September 14, 2020, Polestar Automotive (Shanghai) Co., Ltd (incorporated in the People's Republic of China) ("Old Parent") along with its consolidated subsidiaries ("Former Group") was restructured so that 100% of ownership interests in the Former Group were transitioned from Old Parent to Polestar Automotive (Singapore) Pte. Ltd, which is a wholly owned entity of Polestar Automotive Holding Limited (incorporated in Hong Kong) ("New Parent"). The restructuring represented a common control transaction rather than a business combination under the guidance in IFRS 3, Business Combinations ("IFRS 3"), because (1) the New Parent was a shell company that did not meet the definition of a business at the time of the transaction, (2) ultimate control of the Former Group was the same before and after the transaction, and (3) control of the Former Group was not transitory (i.e., organized to effect a 'grooming' transaction).

Accordingly, the restructuring was recognized using the historic value method (i.e., the assets and liabilities are measured using the existing book value) and the impact of the restructuring is reflected in the Consolidated Statement of Changes in Equity under the "Changes in the consolidated group" subheading. Additionally, the presentation of the Consolidated Statement of Changes in Equity was required to be adjusted following the restructuring. Prior to the restructuring, the concept of share capital did not exist under the

Old Parent's limited company structure in China. Ownership interests were only represented by percentages of paid-in capital, as adjusted by accumulated losses and cumulative translation adjustments. Under the New Parent's private company limited structure in Hong Kong, share capital was introduced to the Former Group's equity and the Consolidated Statement of Changes in Equity. Therefore, capital infusions in the Old Parent are shown as other contributed capital in the Consolidated Statement of Changes in Equity prior to the restructuring. Total equity prior to the restructuring did not change, and restructuring resulted in issued share capital in the New Parent equivalent to the ownership percentages under the Old Parent.

Consideration transferred for the Former Group from the New Parent to the Old Parent under the restructuring was equal to the initial investment of the controlling owners in the Former Group. However, when the Polestar Group was separated from the Old Parent, the intercompany relationship between the Old Parent and the Former Group was severed. This resulted in the realization of accumulated gains in equity of $5,801 in the Old Parent, which were historically eliminated upon consolidation. The $5,801 adjustment to equity does not reflect cash consideration transferred, but rather, the non-cash impact of separating intercompany interests and changing parent entities under the same controlling owners.

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 as seen in the table below:

	For the year ended December 31,		
	2022	**2021**	**2020**
Sales of vehicles[1]	2,404,246	1,290,031	542,783
Sales of software and performance engineered kits	21,308	25,881	35,434
Sales of carbon credits	10,984	6,299	27,141
Vehicle leasing revenue	16,719	6,217	—
Other revenue	8,639	8,753	4,887
Total	**2,461,896**	**1,337,181**	**610,245**

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

For the years ended December 31, 2022 and 2021, other revenue primarily consisted of license revenue generated from sales-based royalties received from Volvo Cars on sales of parts and accessories for Polestar vehicles, which Volvo Cars began selling to customers during 2021. For the year ended December 31, 2020, other revenue primarily consisted of revenue generated through the sale of technology to a related party.

For the year ended December 31, 2022, no sole customer exceeded 10% of total revenue. The Group's two largest customers that are third parties accounted for $135,544 (10.14%) and $129,873 (9.71%) of revenue, respectively, for the year ended December 31, 2021. For the year ended December 31, 2020, Volvo Cars accounted for $107,948 (17.7%) of the Group's revenue and a third party customer accounted for $71,361 (11.69%) of the Group's revenue. Refer to Note 25 - Related party transactions for further details on revenues from related parties.

Contract liabilities

	Sales generated obligation	**Deferred revenue - extended service**	**Deferred revenue - connected services**	**Deferred revenue - operating leases & other**	**Total**
Balance as of January 1, 2021	2,436	8,967	5,669	—	17,072
Provided for during the year	65,862	20,612	14,472	25,869	126,815
Settled during the year	(43,469)	—	—	—	(43,469)
Released during the year	—	(3,673)	(1,450)	(5,554)	(10,677)
Effect of foreign currency exchange rate differences	(127)	(2,226)	(98)	—	(2,451)
Balance as of December 31, 2021	**24,702**	**23,680**	**18,593**	**20,315**	**87,290**
of which current	24,702	11,178	2,521	19,967	58,368
of which non-current	—	12,502	16,072	348	28,922
Provided for during the year	66,769	31,928	17,325	14,197	130,219
Settled during the year	(77,667)	—	—	—	(77,667)
Released during the year	—	(13,882)	(3,859)	(21,437)	(39,178)
Effect of foreign currency exchange rate differences	(735)	(934)	(1,966)	(560)	(4,195)
Balance as of December 31, 2022	**13,069**	**40,792**	**30,093**	**12,515**	**96,469**

of which current	13,069	18,979	4,431	9,738	46,217
of which non-current	—	21,813	25,662	2,777	50,252

As of December 31, 2022, contract liabilities amounted to $96,469, of which $13,069 was related to variable consideration payable to fleet customers in the form of volume related bonuses and $83,400 was related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue. As of December 31, 2021, the aggregate amount of the transaction price related to sales of vehicles allocated to the remaining performance obligations was $87,290.

Revenue recognized during the year ended December 31, 2022 related to contract liabilities outstanding as of January 1, 2022 was $33,666, and no revenue was recognized during the period related to performance obligations fully (or partially) satisfied in prior periods. Revenue recognized during the year ended December 31, 2021 related to contract liabilities outstanding as of January 1, 2021 was $4,648, and no revenue was recognized during the period related to performance obligations fully (or partially) satisfied in prior periods. Since Polestar Group did not enter the commercial space until the third quarter of 2020, there was no revenue recognized during the year ended December 31, 2020 related to contract liabilities outstanding as of January 1, 2020 or performance obligations fully (or partially) satisfied.

Note 5 - Depreciation and amortization by function

Polestar utilizes acquired research and development related to PS1 and PS2 as a foundation for the development of future car models and technology. As such, amortization of these intangible assets is included in research and development expense. The following table illustrates depreciation and amortization by function:

2022	Property, plant and equipment	Right-of-use assets	Assets under operating leases	Intangible assets	Total
Cost of sales	16,188	7,852	14,004	7,232	45,276
Research and development expense	23	389	—	95,624	96,036
Selling, general and administrative expense	5,154	11,926	—	—	17,080
Total	**21,365**	**20,167**	**14,004**	**102,856**	**158,392**
2021					
Cost of sales	30,557	9,822	—	13,672	54,051
Research and development expense	1,845	385	—	174,639	176,869
Selling, general and administrative expense	3,774	4,404	—	65	8,243
Total	**36,176**	**14,611**	**—**	**188,376**	**239,163**
2020					
Cost of sales	38,671	6,947	—	14,447	60,065
Research and development expense	—	—	—	152,395	152,395
Selling, general and administrative expense	1,402	2,170	—	44	3,616
Total	**40,073**	**9,117**	**—**	**166,886**	**216,076**

Note 6 - Employee benefits

The following table discloses total expenses related to employee benefits:

	For the year ended December 31,		
	2022	2021	2020
Short-term employee benefits	187,202	100,461	70,555
Post-employment benefits	26,294	18,600	10,590
Share-based compensation	4,958	—	—
Total employee benefits	**218,454**	**119,061**	**81,145**

Post-employment benefits expense reflects those related to defined contribution plans for the years ended December 31, 2022, 2021 and 2020, inclusive of expenses related to the ITP 2. Expenses related to defined contribution plans amounted to $20,664, $13,916 and $7,975 for the years ended December 31, 2022, 2021 and 2020, respectively.

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

	For the year ended December 31,		
	2022	2021	2020
Short-term employee benefits	8,486	5,094	5,788
Post-employment benefits	996	525	351

Other long-term benefits	228	417	600
Share-based compensation	1,294	—	—
Total benefits to key management personnel only	**11,004**	**6,036**	**6,739**

The Group's EMT has the authority and responsibility for planning, directing, and controlling the Polestar Group's activities. As of December 31, 2022 and 2021, the EMT consisted of the following individuals:

- Thomas Ingenlath (CEO);
- Johan Malmqvist (Chief Financial Officer, "CFO"); and
- Dennis Nobelius (Chief Operating Officer, "COO").

As of December 31, 2020, the EMT consisted of:

- Thomas Ingenlath (CEO);
- Ian Zhang (CFO); and
- Dennis Nobelius (COO).

The CEO has the ultimate authority for approval of actions proposed by each member of the EMT.

Note 7 - Share-based payment

As noted in Note 1 - Significant accounting policies and judgements, Polestar granted shares to employees under the Omnibus Plan as part of the Group's employee compensation. Under the Omnibus Plan, there are three kinds of programs: At-listing Plan, Post-listing Plan, and the Free Share Plan, all of which are equity-settled. The following table illustrates share activity for the year ended December 31, 2022:

	Number of PSUs	Number of RSUs	Number of Free Shares	Total
Outstanding as of January 1, 2022	—	—	—	—
Granted	858,821	629,303	334,990	1,823,114
Vested	—	(170,683)	(330,768)	(501,451)
Cancelled	—	—	—	—
Outstanding as of December 31, 2022	**858,821**	**458,620**	**4,222**	**1,321,663**

There was no share activity under the Omnibus Plan for the years ended December 31, 2021 and 2020.

The following table illustrates total share-based compensation expense for the years ended December 31, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	2021	2020
Selling, general and administrative expense	7,128	—	—
Research and development expense	2,781	—	—
Total	**9,909**	**—**	**—**

At-listing plan

All executives and other key management members are eligible to receive RSUs under this plan. RSUs were granted on September 9, 2022 with the vesting commencement date of June 24, 2022; 33% of the RSUs vested on October 3, 2022 and the remaining RSUs will vest in two installments, with 33% of the awards vesting on June 24, 2023, and the remaining 34% of awards vesting on June 24, 2024. In order for the RSUs to vest, the employee must remain employed with Polestar at each vesting date.

The total number of RSUs granted was 517,220, with a fair value of $3,476 as of the grant date. The total number of shares vested during the period was 170,683 with a fair value of $1,147. There were no changes to the number of shares granted during the period due to leavers or any vesting/non-vesting conditions.

Post-listing plan

Under this plan, the EMT (i.e., CEO, CFO, and COO), are eligible to receive PSUs and other key management members are eligible to receive RSUs and PSUs. Awards were granted on September 9, 2022. The Post-listing plan has a three-year cliff vesting period, where the first vesting date is October 3, 2022 with a final vesting date of June 24, 2025. The vesting commencement date for the Post-listing plan was June 24, 2022. In order for the participants to receive the awards, they must remain employees at Polestar throughout the three-year vesting period, and achieve certain market and non-market performance-based targets in order to receive the PSUs:

Market condition

- 25% Value Creation – The target is equal to positive relative market value development compared to a specified peer group. This is measured by Relative Total Shareholder Return (“rTSR”) which captures share price change (of a single share) and dividend reinvestment. Relative rTSR is a metric that will be externally measured.

Non-market conditions

- 25% Cash flow – The target is equal to unleveraged free cash flow accumulated from 2022 – forecasted 2024.
- 20% Environmental, Social, Governance ("ESG") – The target is equal to Polestar’s total yearly greenhouse gas emissions divided by the number of cars sold for the applicable year. The greenhouse gas emissions are calculated every year according to Greenhouse gas protocol reporting standards. Polestar includes Scope 1, 2 and 3 emissions. The results and methodology are reported in the annual sustainability report.
- 30% Operational milestones – The target is the fulfillment of operational milestones driving growth and stand-alone capabilities. The total number of RSUs granted was 112,083, with a fair value of $753 as of the grant date. The total number of PSUs granted was 858,821, with a fair value of $6,031 as of the grant date. There were no changes to the number of shares granted during the period due to leavers or any vesting/non-vesting conditions.

Free share plan

All permanent employees hired no later than December 31, 2021 who remained employed were granted free shares on September 30, 2022. The awards vested on October 3, 2022 and are subject to a one-year holding period. The total number of Free Shares granted and vested was 334,990 and 330,768, respectively, with vested shares fair value of $1,715 as of the grant date. The fair value was determined using the market value of the shares listed on the Nasdaq. Under the Free Share plan, Polestar must withhold the tax obligation related to the share-based payment and transfer that amount in cash to the tax authority on the employee's behalf. Polestar does not withhold shares in order to settle the employee's tax obligations.

Marketing consulting services agreement

On March 24, 2022, Polestar granted an equity-settled share-based payment in exchange for marketing services through November 1, 2023. Per the terms of the agreement, 250,000 Class A Shares vested on August 31, 2022, the date the F-1 Registration Statement became effective. The remaining 250,000 Class A Shares vest over eight equal quarterly installments with a final vesting date of November 1, 2023. The grant date fair value of the marketing consulting agreement was $5,308 which was determined using the market value of the shares listed on the Nasdaq. Of the 500,000 Class A Shares granted, 375,000 Class A Shares with a fair value of $4,946 have vested as of December 31, 2022.

Note 8 - Other operating income and expense

The following table details the Group’s other operating income and expense:

	For the year ended December 31,		
Other operating income	**2022**	**2021**	**2020**
Net foreign exchange rate differences	—	—	2,478
Sold services	—	847	—
Other operating income	4,724	1,776	1,598
Total	**4,724**	**2,623**	**4,076**

	For the year ended December 31,		
Other operating expense	**2022**	**2021**	**2020**
Net foreign exchange rate differences	3,595	49,298	—
Non-income tax	1,502	1,064	1,347
Other operating expense	1,192	314	963
Total	**6,289**	**50,676**	**2,310**

Note 9 - Finance income and expense

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

	For the year ended December 31,		
Finance income	**2022**	**2021**	**2020**
Net foreign exchange rate gains on financial activities	—	31,574	—
Interest income on bank deposits	7,658	1,396	3,199
Other finance income	894	—	—
Total	**8,552**	**32,970**	**3,199**

	For the year ended December 31,		
Finance expense	**2022**	**2021**	**2020**
Interest expense on credit facilities and financing obligations	33,331	11,681	13,169
Interest expense to related parties	37,978	30,801	11,210
Net foreign exchange rate losses on financial activities	30,920	—	7,527
Interest expense related to lease liabilities	6,201	2,377	2,122
Credit facility expenses	—	377	—
Other finance expenses	5	13	6
Total	**108,435**	**45,249**	**34,034**

For the years ended December 31, 2022, 2021 and 2020, interest expense to related parties was comprised of interest on overdue trade payables balances and interest on related party borrowings. Refer to Note 25 - Related party transactions for further discussion.

Note 10 - Leases

Polestar Group as Lessee

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, with the exception of one long term land lease with a term of 50 years. The lease term for machinery and equipment is generally 2-6 years.

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

	Buildings and land	Machinery and equipment	Total
Acquisition cost			
Balance as of January 1, 2021	33,965	48,946	82,911
Additions	12,345	31	12,376
Effect of foreign currency exchange rate differences	(1,197)	1,122	(75)
Balance as of December 31, 2021	**45,113**	**50,099**	**95,212**
Additions	53,870	—	53,870
Reclassification to Assets held for sale	(4,975)	—	(4,975)
Effect of foreign currency exchange rate differences	(4,399)	(4,683)	(9,082)
Balance as of December 31, 2022	**89,609**	**45,416**	**135,025**
Accumulated depreciation			
Balance as of January 1, 2021	(4,196)	(6,838)	(11,034)
Depreciation expense	(6,180)	(8,431)	(14,611)
Effect of foreign currency exchange rate differences	217	(178)	39
Balance as of December 31, 2021	**(10,159)**	**(15,447)**	**(25,606)**
Depreciation expense	(12,389)	(7,778)	(20,167)
Reclassification to Assets held for sale	430	—	430
Effect of foreign currency exchange rate differences	3,184	2,457	5,641
Balance as of December 31, 2022	**(18,934)**	**(20,768)**	**(39,702)**
Carrying amount as of December 31, 2021	**34,954**	**34,652**	**69,606**
Carrying amount as of December 31, 2022	**70,675**	**24,648**	**95,323**

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

	For the year ended December 31,		
	2022	**2021**	**2020**
Income from sub-leasing right-of-use assets	1,415	—	—
Expense relating to short-term leases	(1,598)	(1,300)	(1,390)

Expense relating to lease of low value assets	(4,454)	(4,218)	(25)
Interest expense on leases	(6,201)	—	—
Effect of foreign currency exchange rate differences	—	39	584

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

	As of December 31,	
	2022	**2021**
Current lease liability	21,545	10,250
Non-current lease liability	85,556	66,575
Total	**107,101**	**76,825**

Expected future lease payments to be made to satisfy the Group´s lease liabilities are as follow:

	As of December 31,	
	2022	**2021**
Within 1 year	21,717	10,250
Between 1 and 2 years	24,484	11,715
Between 2 and 3 years	20,739	10,375
Between 3 and 4 years	17,924	8,596
Between 4 and 5 years	5,987	42,032
Later than 5 years	29,613	6,361
Total	**120,464**	**89,329**

For the years ended December 31, 2022, 2021 and 2020, total cash outflows for leases amounted to $18,905, $8,578 and $2,298, respectively.

Polestar Group as lessor

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

	For the year ended December 31,		
	2022	**2021**	**2020**
Vehicle leasing revenue	16,719	6,217	—

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, 2021	—
Reclassification from inventories	124,764
Balance at December 31, 2021	**124,764**
Reclassification from inventories	41,134
Reclassification to inventories	(58,581)
Effect of foreign currency exchange rate differences	(2,317)
Balance at December 31, 2022	**105,000**
Accumulated depreciation & impairment	
Balance as of January 1, 2021	—
Depreciation expense	(4,138)
Balance at December 31, 2021	**(4,138)**
Depreciation expense	(14,004)
Reclassification to inventories	4,578
Effect of foreign currency exchange rate differences	762
Balance at December 31, 2022	**(12,802)**
Carrying amount as of December 31, 2021	**120,626**
Carrying amount as of December 31, 2022	**92,198**

Note 11 - Income tax expense

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

	For the year ended December 31,		
	2022	**2021**	**2020**
Current income tax for the year	(17,277)	(3,336)	(1,966)
Deferred taxes	4,210	5,517	(4,422)
Foreign taxes	(3,717)	(2,517)	(7,147)
Total	**(16,784)**	**(336)**	**(13,535)**

Information regarding current year income tax expense based on the applicable UK and Hong Kong tax rates are as follows:

	For the year ended December 31,		
	2022	**2021**	**2020**
Loss before tax for the year	(449,005)	(1,007,118)	(471,323)
Tax according to the applicable tax rate [1]	85,311	166,174	74,449
Operating income/costs, non-taxable[2]	86,504	(5,407)	(2,178)
Effect of different tax rates	17,142	64,384	34,700
Tax effect on deferred tax due to change of tax rate	—	—	(575)
Withholding tax	(3,717)	(2,517)	(7,147)
Non-recognition of deferred tax assets on temporary differences	(13,672)	(9,042)	(32,223)
Not recognized loss carry-forward	(188,352)	(213,928)	(80,434)
Other	—	—	(127)
Total	**(16,784)**	**(336)**	**(13,535)**

1 – 2022: 19% (UK rate), 2021: 16.5% and 2020: 15.8% (Hong Kong rates).
2 – Primarily attributable to the Listing expense being non-tax deductible, corresponding tax $70,740 and Fair value changes of the Earn-out rights being non-taxable income, corresponding tax $171,393. Other non-tax items net $14,148.

The 2021 and 2020 income tax expense is based on the applicable Hong Kong tax rate as a result of the change in group composition that occurred in September 2020. The 2020 restructuring represented a common control transaction and resulted in certain tax losses in Sweden of $30,418 to be forfeited. Refer to Note 3 - Common control transaction for further discussion. The 2021 Hong Kong tax rate in the table above is reflective of the Inland Revenue (Amendment (No. 7) Bill 2017 (the "Bill"), which was passed by the Hong Kong Legislative Council in 2018. The Bill introduces the two-tiered profits tax rates regime, under which, the first 2,000,000 Hong Kong Dollar ("HKD") of profits of the qualifying group entity will be taxed at 8.25%, and profits above 2,000,000 HKD will be taxed at 16.5%.

Information regarding the composition of recognized deferred tax assets is as follows:

	As of December 31,	
Specification of deferred tax assets	**2022**	**2021**
Tax loss carry-forwards	49,804	29,737
Other temporary differences	7,755	3,850
Recognized value of deferred tax assets as of December 31	**57,559**	**33,587**
Netting of asset and liability tax positions	(49,804)	(29,737)
Deferred tax asset as of December 31	**7,755**	**3,850**

Information regarding the composition of recognized deferred tax liabilities is as follows:

	As of December 31,	
Specification of deferred tax liabilities	**2022**	**2021**
Intangible assets	41,452	28,753
Inventory	7,890	408
Warranty	938	1,085
Recognized value of deferred tax liabilities as of December 31	**50,280**	**30,246**
Netting of asset and liability tax position	(49,804)	(29,737)
Deferred tax liability as of December 31	**476**	**509**

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, 2022, 2021 and 2020, respectively. Deferred taxes have been calculated by applying the tax rate per jurisdiction.

Information regarding unrecognized deferred tax assets:

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. 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. Significant management judgements and assumptions are required in determining the recognition of deferred tax assets related to tax losses and other temporary deductible differences. A change in judgement or assumption could have a material impact on the recognition of deferred tax assets.

As of December 31, 2022 and 2021, 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 for a tax effected amount of $479,926 and $339,389 as of December 31, 2022 and 2021, respectively.

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

	As of December 31,	
	2022	**2021**
Year of expiration		
2023	—	—
2024	67,221	74,736
2025	174,128	193,596
2026	142,496	158,427
2027	201,454	12,672
2028 onwards	1,616,709	1,113,882
Tax loss carryforwards as of December 31	**2,202,008**	**1,553,313**

The increase in tax losses available for carryforward are mainly attributable to losses incurred as a consequence of the Group scaling headcount and research and development expense to meet the demands of the growing business. Further, for the year ended December 31, 2022, tax loss carryforwards and other temporary differences of $117,229 were attributable to the Chengdu facility

which is held for sale. Refer to Note 26 - Assets held for sale for further details. As of December 31, 2022, the Group had unused tax losses of $2,202,008, for which no deferred tax asset has been recognized due to unpredictability of future profit streams. As of December 31, 2022 and 2021, tax losses in Sweden of $1,605,529 and $1,113,842, respectively, have an indefinite carryforward period. As of December 31, 2022 and 2021, tax losses in China of $585,299 and $430,035, 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 $251,566 and $40,544 as of December 31, 2022 and 2021, respectively, where no deferred tax assets have been recognized.

Note 12 - Net loss per share

For the year ended December 31, 2022, potentially dilutive instruments issued were the Class C Shares and the earn out to the Former Parent related to the Closing of the BCA discussed in Note 16 - Reverse recapitalization, and unvested equity-settled payments discussed in Note 7 - Share-based payment. The Convertible Notes of the Former Parent were the only dilutive instrument outstanding prior to the reverse recapitalization and were converted to Class A Shares in the Group upon the Closing of the BCA. These financial instruments were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. For the year ended December 31, 2021, 4,306,466 shares issuable upon conversion of the Convertible Notes were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. No dilutive event occurred for the year ended December 31, 2020. Dilutive Net loss per share was the same as basic Net loss per share for all periods presented.

Loss per share for the periods prior to the reverse recapitalization are retrospectively adjusted to reflect the number of equivalent shares issued by the parent to the former parent, based on the number of shares outstanding on the reporting dates multiplied by the exchange ratio of 8.335. Refer to Note 20 - Equity for further details. The following table presents the computation of basic and diluted Net loss per share for the years ended December 31, 2022, 2021, and 2020 when applying the exchange ratio:

	For the year ended December 31,		
	2022	**2021**	**2020**
	Class A and B Common Shares		
Net loss attributable to common shareholders	**(465,789)**	**(1,007,454)**	**(484,858)**
Weighted-average number of common shares outstanding:			
Basic and diluted	**2,027,328**	**1,911,580**	**1,681,417**
Net loss per share (in ones):			
Basic and diluted	**(0.23)**	**(0.53)**	**(0.29)**

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, 2022, 2021 and 2020:

	For the year ended December 31,		
	2022	**2021**	**2020**
Earn-out Shares	158,177,609	—	—
Class C-1 Shares	15,999,965	—	—
Class C-2 Shares	9,000,000	—	—
PSUs	858,821	—	—
RSUs	458,620	—	—
Marketing consulting services agreement	125,000	—	—
Convertible Notes	—	4,306,466	—
Total antidilutive shares	**184,620,015**	**4,306,466**	**—**

Note 13 - Intangible assets and goodwill

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

	As of December 31,	
	2022	**2021**
Intangible assets	1,347,709	1,312,427
Goodwill and trademarks	48,768	55,929
Total	**1,396,477**	**1,368,356**

Intangible assets were as follows:

	Internally developed IP	Software	Acquired IP	Total
Acquisition cost				
Balance as of January 1, 2021	44,002	1,343	1,273,314	1,318,659
Additions[1]	112,844	11	349,876	462,731
Effect of foreign currency exchange rate differences	(4,962)	(87)	(81,335)	(86,384)
Balance as of December 31, 2021	**151,884**	**1,267**	**1,541,855**	**1,695,006**
Additions[1]	95,213	—	218,031	313,244
Replacement cost development project	(10,007)	—	—	(10,007)
Effect of foreign currency exchange rate differences	(19,490)	(153)	(190,491)	(210,134)
Balance as of December 31, 2022	**217,600**	**1,114**	**1,569,395**	**1,788,109**
Accumulated amortization and impairment				
Balance as of January 1, 2021	(16,246)	(138)	(193,004)	(209,388)
Amortization expense	(1,025)	(157)	(187,194)	(188,376)
Effect of foreign currency exchange rate differences	1,612	12	13,561	15,185
Balance as of December 31, 2021	**(15,659)**	**(283)**	**(366,637)**	**(382,579)**
Amortization expense	(1,211)	(144)	(101,501)	(102,856)
Effect of foreign currency exchange rate differences	2,014	38	42,983	45,035
Balance as of December 31, 2022	**(14,856)**	**(389)**	**(425,155)**	**(440,400)**
Carrying amount as of December 31, 2021	**136,225**	**984**	**1,175,218**	**1,312,427**
Carrying amount as of December 31, 2022	**202,744**	**725**	**1,144,240**	**1,347,709**

1 - Of $313,244 in additions for the year ended December 31, 2022, $238,463 has been settled in cash. These $238,463 are included in the $681,204 cash used for investing activities related to additions to intangible assets, and the remaining $442,741 relates to increases in Trade payables - related parties from prior years which were settled in cash during the year ended December 31, 2022. Of $462,731 in additions for the year ended December 31, 2021, $104,971 has been settled in cash and included in cash used for investing activities related to additions to intangible assets.

Additions to internally developed IP are primarily related to the Polestar Precept concept car and various other internal programs, such as model year changes, for the year ended December 31, 2022. Additions to acquired IP during the year ended December 31, 2022 were related to acquisitions of model year changes of the Polestar 2 (“PS2”) and Polestar 3 (“PS3”) IP from Volvo Cars. Polestar also acquired IP related to the Polestar 4 (“PS4”) from Geely. Refer to Note 25 - Related party transactions for further details.

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

	Goodwill	Trademarks	Total
Balance as of January 1, 2021	59,129	2,937	62,066
Effect of foreign currency exchange rate differences	(5,847)	(290)	(6,137)
Balance as of December 31, 2021	**53,282**	**2,647**	**55,929**
Effect of foreign currency exchange rate differences	(6,822)	(339)	(7,161)
Balance as of December 31, 2022	**46,460**	**2,308**	**48,768**

Note 14 - Property, plant and equipment

As of December 31, 2022 and 2021, PPE are recognized in the Consolidated Statement of Financial Position with carrying amounts of $258,048 and $208,193, respectively. Of these amounts, $70,675 and $34,954 is related to ROU assets for leased buildings and land, and $24,648 and $34,652 is related to ROU assets for leased machinery and equipment, respectively. Refer to Note 10 - Leases for more details on the Groups ROU assets and operating leases.

Property, plant and equipment was as follows:

	Buildings and land	Machinery and equipment	Machinery under development	Total
Acquisition cost				
Balance as of January 1, 2021	48,820	131,479	1,878	182,177
Additions	2,106	6,315	33,622	42,043
Reclassifications	—	7,977	(7,977)	—
Effect of foreign currency exchange rate differences	1,304	2,206	143	3,653

Balance as of December 31, 2021	**52,230**	**147,977**	**27,666**	**227,873**
Additions[1]	2,789	6,254	58,171	67,214
Divestments and disposals	(604)	(919)	—	(1,523)
Reclassifications[2]	(1,976)	44,447	33	42,504
Reclassified to Assets held for sale	(44,342)	(20,041)	—	(64,383)
Effect of foreign currency exchange rate differences	(4,027)	(10,217)	(1,976)	(16,220)
Balance as of December 31, 2022	**4,070**	**167,501**	**83,894**	**255,465**
Depreciation and impairment				—
Balance as of January 1, 2021	(2,376)	(50,007)	—	(52,383)
Depreciation expense	(2,266)	(33,910)	—	(36,176)
Effect of foreign currency exchange rate differences	(70)	(657)	—	(727)
Balance as of December 31, 2021	**(4,712)**	**(84,574)**	**—**	**(89,286)**
Depreciation expense	(3,101)	(18,264)	—	(21,365)
Divestments and disposal	47	447	—	494
Reclassification	195	(195)	—	—
Reclassification to Assets held for Sale	5,623	5,385	—	11,008
Effect of foreign currency exchange rate differences	938	5,471	—	6,409
Balance as of December 31, 2022	**(1,010)**	**(91,730)**	**—**	**(92,740)**
Carrying amount at December 31, 2021	**47,518**	**63,403**	**27,666**	**138,587**
Carrying amount at December 31, 2022	**3,060**	**75,771**	**83,894**	**162,725**

1 - Of $67,214 in additions for the year ended December 31, 2022, $30,881 has been settled in cash. These $30,881 are included in the $32,269 in the cash-flow from investing activities related to additions to property, plant and equipment, and the remaining $1,388 relates to increases in Trade payables - related parties from prior years which were settled in cash during the year ended December 31, 2022. Of $42,043 in additions for the year ended December 31, 2021, $17,341 has been settled in cash. These $17,341 are included in the $24,701 cash-flow from investing activities related to additions to property, plant and equipment, while $7,360 is settled in cash in 2021, but added as investments through Trade payables in prior years.
2 - $42,504 is a reclassification from Inventory to Property, plant and equipment for vehicles that are in the process of being repurposed permanently for leasing business with customers and will not be sold.

Note 15 - Financial instruments

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

	As of December 31, 2022				As of December 31, 2021			
Assets measured at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Marketable securities	—	—	—	—	1,258	—	—	1,258
Other investments	—	—	2,333	2,333	—	—	—	—
Total assets	**—**	**—**	**2,333**	**2,333**	**1,258**	**—**	**—**	**1,258**
Liabilities measured at FVTPL								
Earn-out rights	—	—	598,570	598,570	—	—	—	—
Class C-1 Shares	17,920	—	—	17,920	—	—	—	—
Class C-2 Shares	—	10,080	—	10,080	—	—	—	—
Total liabilities	**17,920**	**10,080**	**598,570**	**626,570**	**—**	**—**	**—**	**—**

During the year ended December 31, 2022, Polestar made a $2,500 investment in the fast charging innovator, StoreDot. This investment is presented in Other investments in the Consolidated Statement of Financial Position and is valued at $2,333 as of December 31, 2022.

Refer to Note 1 - Significant accounting policies and judgements and Note 16 - Reverse recapitalization for more details on the financial liabilities related to the Class C Shares and the Earn-out rights.

The following table shows the carrying amounts of financial assets and liabilities measured at amortized cost:

	As of December 31, 2022
Financial assets	
Trade receivables and trade receivables - related parties	321,103
Cash and cash equivalents	973,877
Accrued income - related parties	49,060
Other current receivables	10,840
Total	**1,354,880**
Financial liabilities	
Trade payables and trade payables - related parties	1,055,955
Liabilities to credit institutions	1,328,752
Accrued expenses and accrued expenses - related parties	367,005
Advance payments from customers	40,869
Liabilities related to repurchase commitments	79,501
Interest-bearing current liabilities[1] and interest-bearing current liabilities - related parties	38,235
Other current liabilities - related parties	70,258
Other non-current liabilities	14,753
Other non-current interest-bearing liabilities[1]	85,556
Total	**3,080,884**

	As of December 31, 2021
Financial assets	
Trade receivables and trade receivables - related parties	172,441
Cash and cash equivalents	756,677
Other current receivables	38,741
Other non-current receivables	1,682
Total	**969,541**
Financial liabilities	
Trade payables and trade payables - related parties	1,541,974
Liabilities to credit institutions	642,338
Accrued expenses and accrued expenses - related parties	502,809
Interest-bearing current liabilities[1] and interest-bearing current liabilities - related parties	24,072
Other non-current liabilities	11,764
Total	**2,722,957**

1 – The Group's current and non-current lease liabilities are included in Interest-bearing current liabilities and Other non-current interest-bearing liabilities, respectively. These amounts are presented separately in Note 10 - Leases.

Total interest income arising on financial assets measured at amortized cost related to cash and cash equivalents as of December 31, 2022, 2021, and 2020, and amounted to $7,658, $1,396, and $3,199, respectively. Total interest expense arising on financial liabilities measured at amortized cost related to liabilities to credit institutions, lease liabilities, other financing obligations, and related party liabilities as of December 31, 2022 amounted to $77,510. Total interest expense arising on financial liabilities measured at amortized cost related mainly to liabilities to credit institutions and other financing obligations as of December 31, 2021, and 2020, and amounted to $42,482 and $24,379, respectively.

The following table shows the maturities for the Group's non-derivative financial assets and liabilities as of December 31, 2022:

	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Trade receivables and trade receivables - related parties	321,103	—	—	321,103
Accrued income - related parties	49,060	—	—	49,060
Other current receivables	10,840	—	—	10,840

Other non-current receivables	—	—	—	—
Total	**381,003**	**—**	**—**	**381,003**
Financial liabilities				
Trade payables and trade payables - related parties	1,055,955	—	—	1,055,955
Liabilities to credit institutions	1,328,752	—	—	1,328,752
Accrued expenses and accrued expenses - related parties	367,005	—	—	367,005
Advance payments from customers	40,869	—	—	40,869
Liabilities related to repurchase commitments	79,501	—	—	79,501
Interest-bearing current liabilities and interest-bearing current liabilities - related parties	38,235	—	—	38,235
Other current liabilities - related parties	70,258	—	—	70,258
Other non-current liabilities	—	14,753	—	14,753
Other non-current interest-bearing liabilities and other non-current interest-bearing liabilities - related parties	—	85,556	—	85,556
Total	**2,980,575**	**100,309**	**—**	**3,080,884**

The following table shows the maturities for the Group’s non-derivative financial assets and liabilities as of December 31, 2021:

	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Trade receivables and trade receivables - related parties	172,441	—	—	172,441
Cash and cash equivalents	756,677	—	—	756,677
Marketable securities	1,258	—	—	1,258
Other current receivables	38,741	—	—	38,741
Other non-current receivables	—	1,682	—	1,682
Total	**969,117**	**1,682**	**—**	**970,799**
Financial liabilities				
Trade payables and trade payables - related parties	1,541,974	—	—	1,541,974
Liabilities to credit institutions	642,338	—	—	642,338
Accrued expenses and accrued expenses - related parties	502,809	—	—	502,809
Interest-bearing current liabilities and interest-bearing current liabilities - related parties	24,072	—	—	24,072
Other non-current liabilities	—	11,764	—	11,764
Total	**2,711,193**	**11,764**	**—**	**2,722,957**

Maturities are not provided for the Group's derivative liabilities related to the Earn-out rights and the Class C Shares that were assumed as part of the merger with GGI on June 23, 2022. The derivative liability related to the Earn-out rights can only be equity settled and therefore will never have a cash flow impact on the Group. 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. However, the timing of those circumstances are uncertain and any cash flow impacts cannot be forecasted in a useful manner. Refer to Note 1 - Significant accounting policies and judgements and Note 16 - Reverse recapitalization for more details on the financial liabilities related to the Class C Shares and the Earn-out rights.

The Group did not have any derivative financial liabilities as of December 31, 2021. For the years ended December 31, 2022 and 2021, the realized gain/loss on derivatives was nil. For the year ended December 31, 2020, the realized gain on derivatives was $554. No financial instruments were offset by the Group.

Note 16 - Reverse recapitalization

As previously outlined in Note 1 - Significant accounting policies and judgements, Polestar underwent a reverse recapitalization through the merger with GGI and related arrangements. Under this type of transaction structure, Polestar Group is the accounting acquirer and accounting predecessor while GGI is treated as the acquired entity for financial reporting purposes. The Group was deemed to be the accounting acquirer based on an evaluation of the following facts and circumstances:

- Shareholders of the Former Parent retained the largest voting interest in the Group with over 99% of the voting interests;
- the Board of Directors of the Group comprises four members nominated by the Former Parent, as compared to one member nominated by certain investors in GGI;

- the Former Parent has the ability to appoint the remaining members of the Board as deemed necessary;
- the Former Parent's senior management is the senior management of the Group;
- the Former Parent's operations comprise substantially all of the ongoing operations of the Group following the merger with GGI; and
- the Group was the larger entity by substantive operations and employee base while GGI lacked operating activities and maintained net assets principally comprised of cash.

GGI did not meet the definition of a business in accordance with IFRS 3 and the merger with GGI was instead accounted for within the scope of IFRS 2, Share-based payment ("IFRS 2"), as a share-based payment transaction in exchange for a public listing service. Under IFRS 2, the Group recorded a one-time share-based expense of $372,318 at the Closing of the BCA that was calculated based on the excess of the fair value of the Group issued to public investors via Class A Shares in Parent utilizing the publicly traded share price at the Closing of $11.23 over the fair value of the identifiable net assets of GGI that were acquired. The amount of GGI's identifiable net assets of acquired at Closing, were as follows:

Cash and cash equivalents	579,146
Prepaid assets	6,050
Public warrant liability	(40,320)
Private warrant liability	(22,770)
Total GGI identifiable net assets at fair value	**522,106**

The net assets of GGI are stated at fair value, with no goodwill or other intangible assets recorded. The IFRS 2 listing expense was calculated as follows:

Fair value of Polestar[1]	22,183,823
Equity interest in Polestar issued to GGI shareholders	5.1 %
Equity interest in Polestar issued to Former Parent shareholders	94.9 %
Deemed cost of shares issued by Polestar[1]	1,131,375
GGI identifiable net assets at fair value	522,106
Sponsor and third-party PIPE Cash	236,951
IFRS 2 Listing Expense	**372,318**

1 - The deemed cost of the shares issued by Polestar was estimated based on the fair value of Polestar at Closing, less an adjustment in respect to the fair value of the earn out rights (discussed below).

Class C Shares

On the Closing of the BCA, 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. Class C-1 Shares have the following terms:

- Each whole Class C-1 Share entitles the holder to purchase one Class A Share in Parent at an exercise price of $11.50, subject to adjustments for split-ups and dividends. The Class C-1 Shares may also be exercised on a cashless basis by the holder
- Each whole Class C-1 Share is exercisable 30 days after the Closing of the BCA and expires on the earlier of:
  - June 23, 2027,
  - the date the Class C-1 Shares are redeemed by the Group, or
  - the liquidation of the Group.
- The Group may (1) redeem the outstanding whole Class C-1 Shares at a price of $0.01 per Class C-1 Share or (2) convert the outstanding whole Class C-1 Shares in Class A Shares in Parent on a cashless basis any time while the warrants are exercisable upon a minimum of 30 days prior written notice of redemption if, and only if, the last sales price of the Class A Shares in Parent equals or exceeds $18 per share (as adjusted for split-ups, dividends, and the like) on each of 20 trading days within any 30 trading day period ending on the third business day prior to the date on which redemption notice is given.
- The Group may require the conversion of all of the outstanding Class C-1 Shares into Class A Shares in Parent on a cashless basis beginning on October 24, 2022, provided:
  - that the last reported price of the Class A Shares in Parent was at least $10.00 per share (as adjusted for split-ups, dividends, and the like) on the trading day prior to the date on which redemption notice is given,
  - the Class C-2 Shares are converted on the same basis as the outstanding Class C-1 Shares, and
  - there is an effective registration statement covering the Class A Shares in Parent arising upon conversion of the Class C Shares is available for 30 days prior to the date the Class C-1 Shares are redeemed by the Group.
- The Class C-1 Shares may be exercised, on a cash or cashless basis at any time after a notice of redemption shall have been given by the Group and prior to the date the Class C-1 Shares are redeemed by the Group.

The Class C-2 Shares are identical to the Class C-1 Shares, except that the Class C-2 Shares:

- are not redeemable by the Group as long as they are held by certain GGI investors and their permitted transferees;
- automatically convert to Class C-1 Shares if they are transferred to individuals other than certain GGI investors and their permitted transferees;
- may be converted to Class C-1 Shares at any time by the holder upon notification to the Group; and
- are exercisable on a cashless basis by the holder.

The Group applied the provisions of IAS 32, *Financial Instruments: Presentation* ("IAS 32"), and IFRS 9, *Financial Instruments* ("IFRS 9"), in accounting for the Class C Shares. Under IAS 32 and IFRS 9, 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.

	As of December 31, 2022
Class C-1 Shares	17,920
Class C-2 Shares	10,080
Total Class C Shares	**28,000**

The Class C-1 Shares are publicly traded on the Nasdaq (i.e., Level 1 input) and the closing share price of the GGI Public Warrants on June 23, 2022 was used to measure their fair value upon initial recognition, at which time the 15,999,965 Class C-1 Shares had a fair value of $40,320. On December 31, 2022, the fair value of the Class C-1 Shares was remeasured at $17,920, for a total unrealized gain related to the change in fair value of $22,400.

	Class C-1 Shares
As of January 1, 2022	—
Class C-1 Shares issued	40,320
Change in fair value measurement	(22,400)
As of December 31, 2022	**17,920**

The 9,000,000 Class C-2 Shares had a fair value as of June 23, 2022, of $22,770. On December 31, 2022, the fair value of the Class C-2 Shares was remeasured at $10,080, for a total gain related to the change in fair value of $12,690. The Class C-2 Shares are not publicly traded and require a valuation approach leveraging Level 2 inputs. Refer to Note 1 - Significant accounting policies and judgements for further details on the valuation methodology utilized to determine the fair value of the Class C-2 Shares.

	Class C-2 Shares
As of January 1, 2022	—
Class C-2 Shares issued	22,770
Change in fair value measurement	(12,690)
As of December 31, 2022	**10,080**

The fair value change for Class C Shares are as follows:

	For the year ended December 31,		
	2022	2021	2020
Fair value change - Class C-1 Shares	22,400	—	—
Fair value change - Class C-2 Shares	12,690	—	—
Fair value change - Class C Shares	**35,090**	**—**	**—**

Earn-out rights

On the Closing of the BCA, the Former Parent (or the shareholders of the Former Parent if the Former Parent is dissolved or liquidated) was issued a contingent right to receive earn outs of up to 24,078,638 Class A Shares and 134,098,971 Class B Shares in Parent, issuable in five tranches that each comprise 4,815,728 Class A Shares and 26,819,794 Class B Shares in Parent. 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. The daily volume weighted average price of Class A Shares in Parent that is required to trigger each tranche is as follows:

- Tranche 1 — $13 per share
- Tranche 2 — $15.50 per share
- Tranche 3 — $18 per share
- Tranche 4 — $20.50 per share
- Tranche 5 — $23 per share

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.

The Group applied the provisions of IAS 32 and IFRS 9 in accounting for the contingent earn out rights of the Former Parent. Under IAS 32 and IFRS 9, the contingent earn out right 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 the Consolidated Statement of Loss and Comprehensive Loss at each reporting date. However, since it provides value to owners of the Former Parent effectively in the form of a pro rata dividend, the fair value at the Closing of the BCA was charged to Accumulated deficit.

At the Closing of the BCA, the fair value of the contingent earn out rights was approximately $1,500,638. The financial liability was remeasured on December 31, 2022 at $598,570, resulting in a total gain related to the change in fair value of $902,068. Refer to Note 1 - Significant accounting policies and judgements for further details on the valuation methodology utilized to determine the fair value of the earn out.

	Earn-out Rights
As of January 1, 2022	—
Earn-out rights issued	1,500,638
Change in fair value measurement	(902,068)
As of December 31, 2022	**598,570**

The fair value change of earn-out rights are as follows:

	For the year ended December 31,		
	2022	**2021**	**2020**
Fair value change - Earn-out rights	902,068	—	—

Volvo Cars Preference Subscription Shares

At the Closing of the BCA and pursuant to the Volvo Cars Preference Subscription Agreement, Volvo Cars agreed to subscribe for Preference Shares in the Parent in exchange for a cash payment of $588,826. The cash proceeds were used to pay down outstanding payables owed to VCC. Each Preference Share in the Parent automatically converted into Class A Shares in the Parent at a conversion price of $10 per share thereafter. The Group applied the provisions of IAS 32 and IFRS 9 in accounting for the Volvo Cars Preference Subscription Shares. Under IAS 32, the preference shares did not meet the definition of a financial liability but instead represent a fixed residual interest in Parent (i.e., Class A shares). As such, the initial carrying value of the Volvo Cars Preference Subscription Shares was equity classified and accounted for as a capital contribution from Volvo Cars.

Parent entity restructuring

Pursuant to the terms and conditions of the BCA, the Former Parent was separated from the Group and 100% of the ownership interests in the Group's subsidiaries were transferred to the Parent in exchange for the issuance of 294,877,349 Class A Shares in the Parent, the issuance of 1,642,233,575 Class B Shares in the Parent, and the Earn-out rights. When the Group was separated from the Former Parent, the intercompany relationship between the Former Parent and the Group was severed. This resulted in the realization of accumulated gains in equity of $1,512 in the Former Parent, which were historically eliminated upon consolidation. The $1,512 adjustment to equity does not reflect cash consideration transferred, but rather, the non-cash impact of separating intercompany interests and changing parent entities. The restructuring was recognized using the historic value method (i.e., the assets and liabilities are measured using the existing book value) and the impact of the restructuring is reflected in the Consolidated Statement of Changes in Equity under the "Changes in the consolidated group" subheading.

Note 17 - Trade 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. Trade receivables - related parties were comprised of sales transactions with related parties in relation to sale of R&D services, software and performance engineered kits.

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

	Not overdue	1-30 days overdue	30-90 days overdue	>90 days overdue	Total
2022					
Gross trade receivables	130,718	93,371	19,034	2,984	246,107
Trade receivables - related parties	61,293	12,786	519	398	74,996
Net trade receivables	**192,011**	**106,157**	**19,553**	**3,382**	**321,103**
2021					
Gross trade receivables	89,348	53,289	14,403	713	157,753
Trade receivables - related parties	7,210	7,310	—	168	14,688
Net trade receivables	**96,558**	**60,599**	**14,403**	**881**	**172,441**

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. Historically, the Group has had nil credit losses, neither from external receivables nor from related party receivables. As of December 31, 2022 and 2021 Polestar Group performed an ECL assessment and found no significant effects resulting from the analysis; no write-offs were made for trade receivables.

Further information on credit risks for trade receivables is included in Note 2 - Financial risk management.

Note 18 - Inventories

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

	As of December 31,	
	2022	**2021**
Work in progress	1,387	3,586
Finished goods and good for resale	704,929	610,124
Provision for impairment	(47,757)	(67,967)
Total	**658,559**	**545,743**

Inventories recognized as an expense during the years ended December 31, 2022, 2021 and 2020 amounted to $2,179,958, $1,234,062 and $551,508, respectively, and were included in Cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

Inventories can be pledged as security for liabilities. Refer to Note 23 - Liabilities to credit institutions for further details.

As of December 31, 2022, 2021, and 2020 write-downs of inventories to net realizable value amounted to $27,877, $67,967, and $35,984 respectively. The write down was recognized as an expense during the years ended December 31, 2022, 2021, and 2020 and was included in Cost of sales or Selling expenses in the Consolidated Statement of Loss and Comprehensive Loss depending on the purpose of the vehicle.

Note 19 - Other current assets

Other current assets for the Group were as follows:

	As of December 31,	
	2022	**2021**
Value added tax receivables	58,516	63,698
Prepaid expenses and accrued income	34,635	40,077
Advances to suppliers	3,336	6,424
Other current assets	10,840	10,003
Total	**107,327**	**120,202**

As of December 31, 2022, prepaid expenses and accrued interest income consisted primarily of prepaid insurance and accrued income related to Carbon credits. As of December 31, 2021, prepaid expenses and accrued interest income consisted primarily of accrued transaction costs related to the merger with Gores Guggenheim Inc.

Note 20 - Equity

Changes in the Group's equity during the years ended December 31, 2022, 2021, and 2020 were as follows:

	Class A Shares	Class B Shares	Share capital	Other contributed capital
Pre-closing of the merger with GGI				
Balance as of January 1, 2020	**—**	**—**	**—**	**879,232**
Changes in the consolidated group	200,000,000	—	880,412	(879,232)
Issuance during the year	14,371,808	—	438,340	—
Balance as of December 31, 2020	**214,371,808**	**—**	**1,318,752**	**—**
Issuance during the year	—	18,032,787	547,157	—
Conversion from Class A to Class B	(17,345,079)	17,345,079	—	—
Issuance of Convertible Notes	—	—	—	35,231
Balance as of December 31, 2021	**197,026,729**	**35,377,866**	**1,865,909**	**35,231**
Issuance during the period	**—**	**—**	**—**	**—**
Balance as of June 23, 2022	**197,026,729**	**35,377,866**	**1,865,909**	**35,231**
Closing of the merger with GGI				
Removal of Polestar Automotive Holding Limited from the Group				
Exchange of Class A for Class B (1:8.335)	(197,026,729)	1,642,233,575	(1,565,447)	1,565,447
Exchange of Class B for Class A (1:8.335)	294,877,349	(35,377,866)	(281,090)	281,090
Reclassification of GBP Redeemable Preferred Shares	—	—	65	(65)
Issuance of Volvo Cars Preference Shares[1]	58,882,610	—	589	588,237
Issuance to Convertible Note holders	4,306,466	—	43	(43)
Issuance to PIPE investors	26,540,835	—	265	249,735
Issuance to GGI shareholders	82,193,962	—	822	521,285
Listing expense	—	—	—	372,318
Transaction costs	—	—	—	(38,903)
Post-closing of the merger with GGI				
Equity-settled share-based payment	876,451	**—**	9	9,900
Balance as of December 31, 2022	**467,677,673**	**1,642,233,575**	**21,165**	**3,584,232**

1 - The Volvo Cars Preference Shares subsequently converted into Class A shares following the merger with GGI on June 23, 2022.

Pre-closing of the merger with GGI

The concept of share capital did not exist under the limited company structure when Polestar Automotive (Shanghai) Co., Ltd was the parent entity prior to the common control transaction that occurred on September 14, 2020. Share capital was subsequently introduced under the private company limited structure when Polestar Automotive Holding Limited became the parent entity as a result of the transaction. Refer to Note 3 - Common control transaction for additional details. As of December 31, 2020, after the issuance of 14,371,808 Class A Shares, total common shares fully paid, authorized, issued, and outstanding were 214,371,808. Each common share was valued at $6.15 (in ones).

In March 2021, the Group distributed 18,032,787 shares of newly authorized Class B Shares at $30.50 (in ones) per share for gross proceeds of $550,000 with related issuance costs of $2,843. Of the 18,032,787 shares issued, 4,262,295 were issued to Geely. In July 2021, 17,345,079 Class A Shares were converted to Class B Shares. As of December 31, 2021, 197,026,729 Class A Shares and 197,026,729 Class B Shares were outstanding, respectively. Each common share was valued at $8.04 (in ones).

Both Class A and B Shares were issued with no par value.

Closing of the merger with GGI

Between January 1, 2022, and prior to the Closing of the merger with GGI, there were no events impacting the Group's equity other than the issuance of 50,000 British Pound Sterling ("GBP") Redeemable Preferred Shares in the Parent with a par value of GBP 1.00, equivalent to $65, to the Former Parent. This issuance was part of Parent's incorporation in the United Kingdom as a subsidiary of the Former Parent in preparation for the Closing of the merger with GGI. These shares were subsequently reclassified to Share capital when the Former Parent was separated from the Group at Closing.

In connection with the Closing of the merger with GGI and the removal of the Former Parent (Polestar Automotive Holding Limited) from the Group:

- 197,026,729 Class A Shares were exchanged at a ratio of 1:8.335 for 1,642,233,575 Class B Shares;
- 35,377,866 Class B Shares were exchanged at a ratio of 1:8.335 for 294,877,349 Class A Shares;
- 4,306,466 Class A Shares were issued to holders of the Convertible Notes;
- 26,540,835 Class A Shares were issued to the PIPE investors;

- 82,193,962 Class A Shares were issued to the former shareholders of GGI; and
- 58,882,610 Preference Shares were issued to Volvo Cars which subsequently converted into 58,882,610 Class A Shares.

Refer to Note 1 - Significant accounting policies and judgements and Note 16 - Reverse recapitalization for more details on the merger with GGI.

Post-closing of the merger with GGI

Following the merger with GGI, 501,451 Class A Shares were issued to employees of the Group under the Omnibus Plan and 375,000 were issued in exchange for marketing services. Refer to Note 7 - Share-based payment for additional details. As of December 31, 2022, there were an additional 4,532,322,327 Class A Shares and 135,133,164 Class B Shares with par values of $0.01 authorized for issuance. No additional Class C Shares or Redeemable Preferred Shares were authorized for issuance.

The following instruments of Parent were issued and outstanding as of December 31, 2022:

- 467,677,673 Class A Shares with a par value of $0.01, of which 240,099,199 were owned by related parties;
- 1,642,233,575 Class B Shares with a par value of $0.01, of which all were owned by related parties;
- 15,999,965 Class C-1 Shares with a par value of $0.10;
- 9,000,000 Class C-2 Shares with a par value of $0.10; and
- 50,000 GBP Redeemable Preferred Shares with a par value of GBP 1.00.

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 16 - Reverse recapitalization for additional information on the Class C Shares.

Convertible Notes

In July 2021, Geely and two other third-parties invested $35,231 in non-interest-bearing Convertible Notes. Of the $35,231, $9,531 was held by Geely. The Convertible notes were accounted for as equity upon issuance and classified within Other contributed capital. The Convertible Notes were not eligible to receive a coupon or dividend for the first 24 months after issuance and were to convert to common shares upon (1) an issuance of equity securities in an amount greater than $50,000 to any entity that owned more than 35% voting power in the Former Group, (2) the occurrence of any initial public offering, combination with a special purpose acquisition company, or direct listing, (3) a liquidation of the Former Group, or (4) the non-occurrence of any of the preceding events by the 24-month anniversary of the issuance of the Convertible Notes. The second conversion event was satisfied on June 23, 2022 in connection with the merger with GGI and the Convertible Notes were converted into 4,306,466 Class A Shares in the Parent, resulting in a reclassification of par value within equity from Other contributed capital to Share capital.

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.

Note 21 - Current and non-current provisions

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

	Warranties	Provision for employee benefits	Other provisions	Total
Balance as of January 1, 2021	34,305	5,128	14,683	54,116
Additions	68,081	6,867	4,853	79,801
Utilization	(33,332)	(4,207)	(8,498)	(46,037)
Reversals	(4,967)	(160)	—	(5,127)
Balance as of December 31, 2021	**64,087**	**7,628**	**11,038**	**82,753**
of which current	28,660	6,325	9,057	44,042
of which non-current	35,427	1,303	1,981	38,711
Balance as of January 1, 2022	64,087	7,628	11,038	82,753
Additions	100,389	16,647	8,987	126,023

Utilization	(25,239)	(8,608)	(10,431)	(44,278)
Reversals	(10,785)	(192)	(17)	(10,994)
Unwinding of discount and effect in changes due to discount rate	(4,612)	—	—	(4,612)
Balance as of December 31, 2022	**123,840**	**15,475**	**9,577**	**148,892**
of which current	53,595	15,379	5,933	74,907
of which non-current	70,245	96	3,644	73,985

Provision for employee benefits relates to the Group's short-term incentive plan and LTVP. Refer to Note 6 - Employee benefits for more details.

Note 22 - Other current liabilities

Other current liabilities for the Group were as follows:

	As of December 31,	
	2022	**2021**
Accrued expenses	199,489	186,748
Liabilities related to repurchase commitments	79,501	92,421
Accrued interest	2,614	305
Personnel related liabilities	28,816	19,642
VAT liabilities	78,954	46,464
Other liabilities	4,416	19,082
Total	**393,790**	**364,662**

Accrued expenses were mainly related to marketing and product development; personnel related liabilities consisted of wages, salaries, and other benefits payable.

Note 23 - Liabilities to credit institutions

The carrying amount of Polestar Group's liabilities to credit institutions as of December 31, 2022 and December 31, 2021 are as follows:

	As of December 31,	
	2022	**2021**
Working capital loans from banks	1,300,108	609,209
Floorplan facilities	16,925	18,664
Sale-leaseback facilities	11,719	14,465
Closing balance	**1,328,752**	**642,338**

The Group had the following working capital loans outstanding as of December 31, 2022:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	TUSD
EUR	February 2022 - February 2023	Secured[1]	3 month EURIBOR[2] plus 2.1% and an arrangement fee of 0.15%	270,095	288,746
CNY	June 2022 - June 2023	Unsecured	12 month LPR[3] plus 1.25%, settled monthly	500,000	72,517
CNY	August 2022 - August 2023	Unsecured	12 month LPR plus 0.05%, settled quarterly	716,000	103,845
USD	August 2022 - August 2023	Unsecured	3 month LPR plus 2.3%, settled quarterly	147,000	147,000
USD	September 2022 - September 2023	Unsecured	3 month LPR plus 2.3%, settled quarterly	255,000	255,000
USD	September 2022 - September 2023	Secured[4]	4.48% per annum	133,000	133,000
USD	September 2022 - September 2023	Unsecured	3 month SOFR[5] plus 2.4%, settled quarterly	100,000	100,000

USD	December 2022 - December 2023	Unsecured[6]	7.5% per annum	200,000	200,000
Total					**1,300,108**

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

The Group had the following working capital loans outstanding as of December 31, 2021:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	TUSD
USD	December 2021 - September 2022	Secured[1]	1.883% per annum	400,000	400,000
CNY	July 2021 - July 2022	Unsecured	3.915% per annum	830,000	130,559
CNY	June 2021 - June 2022	Unsecured	12 month national interbank loan prime offer rate plus 1.1%	500,000	78,650
Total					**609,209**

1 - Secured by Geely, including letters of keep well from both Volvo Cars and Geely.

Floorplan facilities

In the ordinary course of business, Polestar, on a market by market basis, enters into multiple low value credit facilities with various financial service providers to fund operations related to vehicle sales. These facilities provide access to credit with the option to renew as mutually determined by Polestar Group and the financial service provider. The facilities are partially secured by the underlying assets on a market-by-market basis. As of December 31, 2022 and December 31, 2021, the aggregate amount outstanding under these arrangements was $33,615 and $32,453, respectively.

The Group maintains one such facility with the related party Volvo Cars that is presented separately in Interest-bearing current liabilities - related parties within the Consolidated Statement of Financial Position. Of the amounts above, the aggregate amount outstanding as of December 31, 2022 and 2021 due to related parties amounted to $16,690 and $13,789, respectively. Refer to Note 25 - Related party transactions for further details.

Sale-leaseback facilities

Polestar enters 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 re-purchase the vehicles. Accordingly, the consideration received for these transactions was recorded as a financing transaction. As of December 31, 2022 and December 31, 2021, the aggregate amount outstanding under these arrangements was $11,719 and $14,465, respectively.

Since the contracts identified above are short term with a duration of twelve months or less, the carrying amount of the contracts is deemed to be a reasonable approximation of their fair value. The Group's risk management policies related to debt instruments are further detailed in Note 2 - Financial risk management of the Consolidated Financial Statements, as of, and for the year ended, December 31, 2022.

The weighted average interest rate on short-term borrowings outstanding was 5.2% and 2.6% as of December 31, 2022 and 2021, respectively.

Note 25 - Related party transactions

Related parties are as follows:

- a member of the board of directors, CEO and other key management employees in any Polestar entity;
- a spouse or co-habitee of, or a person under the custody of, any person referred to in "a)" above;
- legal entities controlled by any person, alone or jointly, referred to under "a)" and "b)" above;
- a legal entity that is a parent company, subsidiary, joint venture, or associate within Geely and Volvo Cars;
- a legal entity in which a company within the Polestar Group holds, or otherwise controls, between 20-50% (i.e., an associate or joint venture of any company within the Polestar Group); or
- a person, or a close family member of such person, that has direct or indirect control or joint control of a Polestar entity, has significant influence over a Polestar entity or is a member of the key management of Polestar 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 Mr. Li Shufu. Geely, through a combination of wholly owned and partially owned entities, owns a controlling number of

equity interests in Volvo Cars. Therefore, Mr. Li Shufu, as a controlling equity interest holder in Geely, effectively controls Geely and Volvo Cars. All transactions with either Geely or Volvo Cars are considered related party transactions.

The primary agreement between Geely/Volvo Cars and the Group was a contract manufacturing agreement to produce the PS2; the primary agreements between Volvo Cars and the Group related to the acquisition of technology developed by Volvo Cars and various services provided by Volvo Cars.

All agreements with related parties are on an arm's length basis.

As of December 31, 2022, the Group has related party agreements 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.

In December 2021, Polestar Group entered into agreements with Geely to acquire technology and related services leveraged in the development of the PS4. Under these agreements, Geely will perform development services in pursuit of achieving project milestones through 2025 for which the Group will make certain milestone payments to Geely. The agreements also obligate Polestar to make certain royalty payments per vehicle sold once the PS4 reaches commercialization.

Procurement

The Group has entered into Service Agreements with Volvo Cars regarding the procurement of direct (production related) materials, whereas the joint sourcing of direct material for the Group and Volvo Cars has allowed both 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 related parties.

Polestar also entered into a unique vendor tooling agreement and a unique in-house tooling and equipment agreement for the PS4. These agreements were entered into as part of Polestar's and Geely's intent to enter into a more detailed agreement related to manufacturing original equipment manufacturer ("OEM") services for the PS4 prior to the commencement of production. Refer to Note 27 - Commitments and contingencies for further details regarding the unique vendor tooling agreement.

In 2020, production of the PS2 was commenced at the Geely owned Luqiao plant through contract manufacturing agreements. In the second half of 2021, ownership transferred to Volvo Cars and the plant was renamed to Taizhou.

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. The Group outsourced the manufacturing engineering for the production process of the PS1, PS2, and PS3 to Volvo Cars.

Activities related to logistics engineering (i.e., activities related to the determination of how different components are delivered to the production sites) were outsourced to Volvo Cars for the PS1, PS2, and PS3.

Tool sharing occurs when the Group purchases production tools, together with Volvo Cars, to obtain synergies from utilizing the same tools.

Polestar enters into machinery and equipment lease arrangements as well as certain building lease agreements with Geely and Volvo Cars. Refer to Note 10 - Leases for more information on Polestar's leasing arrangements.

Sales and distribution

Prior to entering the commercial space in the third quarter of 2020, the Group's principal operations were related to the sale of R&D services to Volvo Cars and Geely, and the sale of software and performance engineering kits to Volvo Cars. In addition to these sales agreements, in 2020, the Group had agreements in place to begin selling vehicles, prototype engines and carbon credits to Geely and Volvo Cars, respectively. 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.

Polestar Group sells vehicles to related parties, Volvo Cars and Volvofinans Bank AB ("Volvofinans Bank"). Volvofinans Bank sells these vehicles to end customers when the end customers choose to finance the vehicles via Volvofinans Bank.

Polestar Group 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 US. BANA sought to obtain economic protection against degradation in the residual value of leased vehicles it funds, and Polestar USA agreed to provide such protection as a service for a fee.

Information technology

While the Group 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 associated with the

Group. These IT services include resource planning systems, operations, infrastructure, networking, communications, collaboration, integration and application hosting.

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 ("HR"), legal, accounting, and other functions.

HR 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 and finance support services include finance administration, local legal entity accounting and financial reporting.

Polestar outsources inbound and outbound logistics to Volvo Cars as the Group's and Volvo Cars' vehicles are typically manufactured at the same production sites. 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 provision calculations and claims handling are also outsourced to Volvo Cars.

Financing

In May 2021, the Group entered into a working capital credit facility with Volvo Cars. As of December 31, 2022 and 2021, $16,690 and $13,789 of this financing arrangement remained outstanding, respectively, which is included in Interest-bearing current liabilities - related parties on the Consolidated Statement of Financial Position.

Working capital loans

In 2020, the Group entered into two working capital loans with Volvo Car (Asia Pacific) Investment Holdings Co., Ltd. The first loan was for $143,600 and was amended seven times, where each amendment served to extend the term of the loan. The loan commenced in July 2018 with an original maturity of July 2019 and an amended maturity of December 2020. The second loan was for $214,950 and was amended two times, where each amendment served to extend the term of the loan. The loan commenced in July 2020 with an original maturity of September 2020 and an amended maturity of December 2020, where the Group paid the loan back in full. The Group did not incur any fees associated with the amendments on either loan.

The interest rates for the loans with Volvo Car (Asia Pacific) that commenced in July 2018 and July 2020 were 3.45% and 3.48%, respectively. The Group repaid each loan in a lump sum together with all the principal and interest at the date of maturity in December 2020. For the years ended December 31, 2022, 2021, and 2020, interest expense for these loans was nil, nil, and $8,684, respectively.

Convertible instruments

On November 3, 2022 the Group entered into a credit facility agreement with Volvo Cars for $800,000, terminating in May 2024. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest will be calculated at the floating six-month SOFR rate plus 4.9% per annum. Prior to May 2024, if the Group announces an offering of shares with a proposed capital raise of at least $350,000 and no fewer than five institutional investors participate in the offering, Volvo Cars has the right to convert the principal amount of any outstanding loans into the same class of shares and at the same price per share as received by the participating institutional investors. Under IAS 32 and IFRS 9, Volvo Cars' conversion right meets the definition of an embedded derivative financial liability that is required to be bifurcated from the host debt instrument and accounted for separately because it could result in the issuance of a variable number of Class A Shares in the Parent at a price that was not fixed at the inception of the agreement. Additionally, the economics of Volvo Cars' conversion right are not clearly and closely related to that of the host debt instrument because the principal value of Volvo Cars' conversion right depends on whether or not the Group conducts a qualified equity offering to investors at a market discount. As such, the financial liability related to Volvo Cars' conversion right is carried at fair value with subsequent changes in fair value recognized in the Consolidated Statement of Loss and Comprehensive Loss at each reporting date. As of December 31, 2022, the Group had not yet drawn down on the facility and the fair value of the financial liability related to Volvo Cars' conversion right was nil.

Of the $35,231 in Convertible Notes issued on July 28, 2021, $9,531 was related to Geely. As of December 31, 2021, all $9,531 of the Convertible Notes were outstanding. Upon the Closing of the merger with GGI, the Convertible Notes were converted into 4,306,466 Class A Shares, of which 1,165,041 Class A Shares were attributable to Geely (inclusive of affiliated entities). Refer to Note 1 - Significant accounting policies and judgements and Note 20 - Equity for further details.

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 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,		
	2022	**2021**	**2020**
Volvo Cars	71,191	73,660	107,948
Volvofinans Bank AB	68,391	52,973	30,167
Geely	—	2,347	9,340
Total	**139,582**	**128,980**	**147,455**

For the year ended December 31, 2022, revenue from related parties amounted to $139,582 (5.67%) of total revenue. For the year ended December 31, 2021, revenue from related parties amounted to $128,980 (9.65%) of total revenue. For the year ended December 31, 2020, revenue from related parties was $147,455 (24.16%) of total revenue.

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 Car's factory in Taizhou, China. Purchases of PS2 vehicles were from Geely until the change in plant ownership in November 2021; purchases and their related payables were from Volvo Cars 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,		
	2022	**2021**	**2020**
Volvo Cars	2,217,094	570,429	276,849
Geely	249,204	1,200,295	782,864
Volvofinans Bank AB	1,003	5,748	—
Total	**2,467,301**	**1,776,472**	**1,059,713**

Cost of R&D and intellectual property

Polestar Group entered into agreements with Volvo Cars and Geely regarding the development of technology leveraged in the development of the PS2, PS3, and PS4. In 2020, the Group entered into similar agreements with Volvo Cars to acquire technology leveraged in the development of the PS1, PS2, and PS3. 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, 2022 was $1,144,240, of which acquisitions attributable to 2022 were $218,031. As of December 31, 2021, the recognized asset associated with these agreements was $1,175,218, of which acquisitions attributable to 2021 were $349,876.

Amounts due to related parties

Amounts due to related parties include transactions from agreements associated with purchases of intangible assets, sales and distribution, procurement, manufacturing and other support with Volvo Cars and Geely.

	As of December 31,	
Trade payables – related parties, accrued expenses, and other current liabilities to related parties	**2022**	**2021**
Volvo Cars	1,136,746	1,507,308
Geely	71,212	235,622
Volvofinans Bank AB	1,389	504
Total	**1,209,347**	**1,743,434**

In addition to current liabilities to related parties, Polestar has non-current lease liabilities to related parties amounting to $27,123 as of December 31, 2022 and $40,741 as of December 31, 2021 included in Other non-current interest-bearing liabilities.

The Group's interest expense on related party trade payables for amounts past due is as follows:

	For the year ended December 31,		
	2022	**2021**	**2020**
Interest expense on related party trade payables	37,957	30,801	11,210

Amounts due from related parties

Amounts due from related parties include transactions related to sales of software and performance engineered-kits and sales and distribution agreements discussed above.

	As of December 31,	
Trade receivables – related parties and accrued income – related parties	**2022**	**2021**
Volvo Cars	120,302	15,457
Geely	3,751	4,025

Volvofinans Bank AB	3	309
Total	**124,056**	**19,791**

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 standalone 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 Ltd 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 Ltd 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 Ltd directly on the open market. The purchased shares were subject to a 180 days' lock-up period.

Refer to Note 6 - Employee benefits for details on compensation to the EMT and managing directors at the Group's sales units.

Share capital

Of the 14,371,808 Class A common shares issued in December 2020 to raise $438,340 in capital, 7,185,904 Class A common shares were issued to Snita Holding B.V., a subsidiary of Volvo Cars, representing $219,170 of the total capital raised. 7,185,904 Class A common shares were issued to PSD Investment Limited, representing $219,170 of the total capital raised.

Of the 18,032,787 Class B common shares issued in March 2021 to raise $550,000 in capital, 4,262,295 Class B common shares were issued to Geely, representing $130,000 of the total capital raised.

At the Closing of the merger with GGI, related parties experienced certain share exchanges as follows:

	Pre-closing		Post-closing	
	Class A	**Class B**	**Class A**	**Class B**
Geely (inclusive of affiliated entities)	—	4,262,295	36,691,611	—
Volvo Cars (inclusive of its consolidated subsidiaries)	97,685,904	17,345,079	204,572,624	814,219,838
PSD Investment Limited	99,340,825	—	—	828,013,737
Total	**197,026,729**	**21,607,374**	**241,264,235**	**1,642,233,575**

Refer to Note 16 - Reverse recapitalization and Note 20 - Equity for further details. Between the Closing of the merger with GGI through December 31, 2022, no shares were issued to related parties. Related party share ownership as of December 31, 2022 and 2021 was as follows:

	As of December 31,	
Class A Shares	**2022**	**2021**
Snita Holding B.V.	204,572,624	95,961,904
PSD Investment Limited	—	99,340,825
PS Investment	—	1,724,000
Geely (inclusive of affiliated entities)	35,526,575	—
Total	**240,099,199**	**197,026,729**

	As of December 31,	
Class B Shares	**2022**	**2021**
Snita Holding B.V.	814,219,838	17,345,079
PSD Investment Limited	828,013,737	—
Geely	—	4,262,295
Total	**1,642,233,575**	**21,607,374**

Note 24 - Supplemental cash flow information

	For the year ended December 31,		
	2022	**2021**	**2020**
Non-cash investing and financing activities			
Purchases of intangible assets in trade payables - related parties and accrued expenses - related parties	74,781	357,760	143,986
Initial recognition of ROU assets and liabilities	53,870	12,376	61,529
Purchases of property, plant and equipment in trade payables	34,945	17,341	13,101
Prepaid assets and warrant liabilities assumed upon closing of the merger with GGI	57,040	—	—

Note 26 - Assets held for sale

During fourth quarter of 2022, the Group committed to a plan to sell, to a related party, the Chengdu manufacturing plant held by its subsidiary, Polestar New Energy Vehicle Co. Ltd., that was previously used to manufacture the PS1 and special edition PS2 BST 270. Accordingly, the Chengdu plant and certain related assets are presented as a disposal group held for sale. Polestar has initiated selling efforts and expects to close a sale in the first half of 2023. The assets related to the Chengdu Plant that have been classified as held for sale have a net value of $63,224. The cumulative expense related to exchange rate differences from translation of the disposal group that are included in other comprehensive income amount to $1,392. Prior to December 2022, the Group did not hold any assets classified as held for sale.

As of December 31, 2022, the disposal group was stated at the Group's carrying value and was comprised of the following:

Property, plant and equipment	57,921
Other current assets	5,303
Assets held for sale	**63,224**

Note 27 - Commitments and contingencies

Commitments

As of December 31, 2022, commitments to acquire PPE and intangible assets were $179,690 and $216,572, respectively. As of December 31, 2021, commitments to acquire PPE and intangible assets were $235,573 and $501,207, respectively. These commitments are contractual obligations to invest in PPE and intangible assets for the production of upcoming vehicle models PS3 and PS4. For the production of PS3 and PS5, contract manufacturing agreements are yet to be signed that define the upcoming investment commitments in Volvo Cars Charleston plant and Geely's Chongqing plant respectively.

In December 2021, Polestar entered into a unique vendor tooling agreement and a unique in-house tooling and equipment agreement for the PS4. These agreements were entered into as part of Polestar's and Geely's intent to enter into a more detailed agreement related to manufacturing OEM services for the PS4 prior to the commencement of production.

Polestar Group also entered into agreements with Geely to acquire technology and related services leveraged in the development of the PS4. Under these agreements, Geely will perform development services in pursuit of achieving project milestones through 2025 for which the Group will make certain milestone payments to Geely. The agreements also obligate Polestar to make certain royalty payments per vehicle sold for the use of the pre-existing vehicle platform once the PS4 reaches commercialization

Contingencies

In the normal course of business, the Group is subject to contingencies related to legal proceedings and claims and assessments that cover a wide range of matters. Liabilities for such contingencies are recorded to the extent that it is probable the liability is incurred, and the amount is reasonably estimable. Associated legal costs related to such contingencies are expensed as incurred.

In March 2021, a Swedish investment firm specializing in class action lawsuits initiated class action activities in Norway against Polestar Norway. The class action suit alleges the Polestar Norway issued misleading statements regarding the range of the PS2 vehicle, which Polestar Norway rejects. As of the date these financial statements were issued, these class action activities consisted of the initial steps of soliciting individuals who purchased a PS2 vehicle in Norway to join the class action suit against Polestar Norway; no claim has been filed in court. The Swedish investment firm refers to a potential total claim of $2,530. Simultaneously, a Norwegian automobile association for car owners ("NAF") has sent separate claim letters to Polestar Norway on behalf of a few members, on the same grounds as the class action lawsuit. These claims have also been rejected by Polestar Norway.

The Group did not have any liabilities related to such contingencies as of December 31, 2022 and 2021.

Note 28 - Subsequent events

Management has evaluated events subsequent to December 31, 2022 and through April 14, 2023, the date of these Consolidated Financial Statements were authorized for issuance by the Board of Directors. The following events which occurred subsequent to December 31, 2022 merited disclosure in these Consolidated Financial Statements. Management determined that no adjustments were required to the figures presented as a result of these events.

On February 26, 2023, the Group entered into an amended and restated 12-month green trade revolving credit facility for an aggregate principal amount of EUR 350,000 with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, and ING Belgium SA. The Group exercised its 12-month extension option under the initial facility that was entered into with the same parties on February 28, 2022. Similar to the initial facility, the Group may request a potential accordion increase for an additional principal amount of EUR 250,000, subject to certain terms. This facility carries interest at the relevant interbank offered rate plus 2.3% per annum and has a repayment period of 90 days.

On February 27, 2023, the Group drew down $150,000 of the $800,000 aggregate principal available under its 18-month credit facility with Volvo Cars that was secured on November 3, 2022. On March 29, 2023, the Group drew down an additional $150,000. Refer to Note 25 - Related party transactions for further details on the facility with Volvo Cars.

On March 16, 2023, the Group entered into a 12-month working capital loan for $100,000 with China CITIC Bank Corporation Limited - Hangzhou Branch. This loan is unsecured, but includes a subsidiary guarantee from Polestar Shanghai and letters of keep well from Volvo Cars and Geely. Interest is incurred at a fixed rate of 7.35% per annum and due every 3 months. Principal repayment is due on March 15, 2024.

On March 22, 2023, 4,500,000 Class C-2 Shares were converted into 4,500,000 Class C-1 Shares following the election of beneficial holders of such Class C-2 Shares to convert their securities. The conversion of the Class C-2 Shares into Class C-1 Shares was affected by means of a re-designation of the Class C-2 Shares as Class C-1 Shares. 4,500,000 Class C-2 Shares remain issued and outstanding as of the date of this annual report.

On April 3, 2023, the Group granted 1,607,582 awards under the 2022 Omnibus Incentive Plan, of which 1,202,569 are PSUs and 405,013 are RSUs. The awards are equity-settled with a three-year cliff vesting period. The vesting commencement date was January 1, 2023.

EXHIBIT 2.11

DESCRIPTION OF THE REGISTRANT'S SECURITIES

The following is a summary description of the securities of Polestar Automotive Holding UK PLC, or the Company, which are represented by American Depositary Shares, or ADSs. This description also summarizes relevant provisions of English law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of English law and the Polestar Articles, a copy of which is filed as Exhibit 1.1 to the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2022 (the "Report"). We encourage you to read the Polestar Articles and the applicable provisions of English law for additional information. Capitalized terms used herein and not otherwise defined have the meanings given them in the Report.

DESCRIPTION OF SHARE CAPITAL AND ARTICLES OF ASSOCIATION

Set forth below is a summary of certain information concerning the Company's share capital as well as a description of certain provisions of the Polestar Articles and relevant provisions of the Companies Act. The summary below contains only material information concerning the Company's share capital and corporate status and does not purport to be complete and is qualified in its entirety by reference to the Polestar Articles and applicable English law. Further, please note that holders of AD securities (see section entitled "Description of American Depositary Shares") will not be treated as one of the Company's shareholders and will not have any shareholder rights.

On September 15, 2021, the Company was incorporated under the laws of England and Wales as Polestar Automotive Holding UK Limited, with nominal assets and liabilities for the purpose of becoming the ultimate holding company for Polestar and consummating the Business Combination. The Company has re-registered as a public limited company under the laws of England and Wales with the name "Polestar Automotive Holding UK PLC" in connection with the Business Combination.

The total number of shares of all classes of shares which the Company is authorized to issue is 6,861,249,349 shares, consisting of (a) 5,000,000,000 Class A Shares of nominal value USD 0.01 each, (b) 1,777,366,739 Class B Shares of nominal value USD 0.01 each, (c) 16,000,000 Class C-1 Shares of nominal value USD 0.10 each, (d) 9,000,000 Class C-2 Shares of nominal value USD 0.10 each, (e) 58,882,610 Volvo Cars Preference Subscription Shares of nominal value USD 10.00 each, and (f) 50,000 GBP Redeemable Preferred Shares of nominal value GBP 1.00 each ("*GBP Redeemable Preferred Shares*"). In addition, Class A Shares and Deferred Shares of nominal value USD 0.01 each ("*Deferred Shares*") may be created upon conversion of Class C-1 Shares, Class C-2 Shares and Volvo Cars Preference Subscription Shares without any requirement for further authorization. As of December 31, 2022, the following securities were issued and outstanding: 467,677,673 Class A Shares, 1,642,233,575 Class B Shares, no Volvo Cars Preference Subscription Shares, 50,000 GBP Redeemable Preferred Shares, 15,999,965 Class C-1 Shares and 9,000,000 Class C-2 Shares. The Class A Shares, Class B Shares and Class C Shares are represented by Class A ADSs, Class B ADSs and Class C ADSs, respectively.

Description of Company Share Capital and Polestar Articles

Company Securities

Dividend Rights

Subject to the provisions of English law and any preferences that may apply to shares outstanding at the time, holders of outstanding Class A Shares, Class B Shares and Volvo Cars Preference Subscription Shares are entitled to receive dividends out of assets legally available at the times and in the amounts as the Board may determine from time to time.

Any dividends (or other distribution) paid by the Company shall be applied among the holders of outstanding Class A Shares and Class B Shares pro rata to the number of such shares respectively held by them. For the avoidance of doubt, the Class C Shares, the GBP Redeemable Preferred Shares and the Deferred Shares shall not entitle their holders to participate in any dividends or other distributions.

The Volvo Cars Preference Subscription Shares shall not entitle any holder to preferred dividends or accruals except that the holders of Volvo Cars Preference Subscription Shares shall participate in dividends or other distributions on the Class A Shares as if such Volvo Cars Preference Subscription Shares had been converted into Class A Shares in accordance with the Polestar Articles.

The Board may deduct from any dividend in respect of a share all such sums as may be due from him or her to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares. Any dividend unclaimed after a period of 12 years from the date such dividend was declared shall, if the Board so resolves, be forfeited and shall revert to the Company. In addition, the payment by the Board of any unclaimed dividend, interest or other sum payable on or in respect of shares into a separate account shall not constitute the Company as a trustee in respect thereof. For further information regarding the payment of dividends under English law, see "—Polestar Articles and English Law Considerations—Other English Law Considerations—Distributions &Dividends."

Voting Rights

Each outstanding Class A Share is entitled to one vote on all matters submitted to a vote of shareholders. Each Class B Share is entitled to 10 votes on all matters submitted to a vote of shareholders. Each Class C Share is entitled to one vote on all matters submitted to a vote of shareholders. Volvo Cars Preference Subscription Shares, Deferred Shares and GBP Redeemable Preferred Shares carry no voting rights and do not entitle their holders to receive notice of, to attend, to speak or to vote at any general meeting of the Company. Holders of Company securities shall have no cumulative voting rights. None of the Company's shareholders will be entitled to vote at any general meeting or at any separate class meeting in respect of any share unless all calls or other sums payable in respect of that share have been paid.

Preemptive Rights

There are no rights of preemption under the Polestar Articles in respect of transfers of issued shares. In certain circumstances, Company shareholders may have statutory preemption rights under the Companies Act in respect of the allotment of new shares. These statutory preemption rights would require the Company to offer new equity securities (which includes ordinary shares but excludes most forms of preferred shares) for allotment to existing ordinary shareholders (including holders of Class A Shares and Class B Shares) on a pro rata basis before allotting them to other persons, unless shareholders dis-apply such rights by a special resolution for a period of not more than five years at a shareholders' meeting. These preemption rights will be dis-applied in respect of Company securities and the Company intends to propose equivalent resolutions in the future once the initial period of dis-application has expired. In any circumstances where the preemption rights have not been dis-applied, the procedure for the exercise of such statutory preemption rights would be set out in the documentation by which such equity securities would be offered to Company shareholders.

Conversion or Redemption Rights

The Class A Shares and Deferred Shares are neither convertible nor redeemable, provided that the Board has the right to issue additional classes of shares in the Company (including redeemable shares) on such terms and conditions, and with such rights attached, as it may determine.

Each Class B Share is convertible into one Class A Share at any time at the option of the holder of such Class B Share. The right to convert such Class B Shares into Class A Shares will be exercisable by the holder of the Class B Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Shares into Class A Shares. In no event shall Class A Shares be convertible into Class B Shares. Any conversion of a Class B Share into a Class A Share shall be effected by means of the re-designation of each relevant Class B Share as a Class A Share or by such other method as may be approved by the Board.

Each Preference Share shall convert into one Class A Share (credited as fully paid) in the form of a Class A ADS, provided that:

(a) the maximum number of Class A Shares to be issued on conversion shall be the maximum number that can be issued so that Volvo Cars (alone or taken together with all other legal entities that, directly or indirectly, are controlled by Geely ("Geely Group")) after such conversion holds, whether directly or indirectly through depositary shares and/or receipts, less than 50% of the aggregate voting rights attaching to the Shares; or

(b) no conversion of a Preference Share shall occur in circumstances which would give rise to an obligation on Volvo or any member of the Geely Group to make a mandatory offer under any applicable law or regulation to acquire all of the Class A Shares not already held by Volvo or the Geely Group, save with the prior written consent of Volvo or a member of the Geely Group.

Subject to the provisions of the Companies Act, Polestar shall be entitled, at any time, to serve notice on all or some of the holders of the GBP Redeemable Preferred Shares that it wishes to redeem all or some of the GBP Redeemable Preferred Shares in issue at that time on the date falling 14 days after service of such notice (or on such other date as may be agreed between Polestar and the holders of the relevant GBP Redeemable Preferred Shares).

The conversion and redemption features of the Class C Shares are described below under "—Class C Shares."

Liquidation Rights

On a return of assets on liquidation or otherwise, the assets of Polestar remaining after payment of its debts and liabilities and available for distribution to holders of Shares, Class C Shares, Volvo Cars Preference Subscription Shares, Deferred Shares and GBP Redeemable Preferred Shares will be applied in the following manner and order of priority:

a) first, to the holders of the Volvo Cars Preference Subscription Shares (pro rata and pari passu) an amount equal to the initial liquidation preference of $588,826,100 less the aggregate subscription price of any Volvo Cars Preference Subscription Shares that have been converted into Class A Shares;

b) second, to the holders of the GBP Redeemable Preferred Shares an amount equal to the nominal value of such shares;

c) third:

- to the holders of the Shares pro rata to the number of Shares respectively held by them up to an amount of $1 million per Share; and
- to the holders of the Class C Shares pari passu with Shares on an as-converted basis less the conversion price of $11.50 per share (subject to relevant adjustments in the Polestar Articles) pro rata to the number of Class C Shares respectively held by them up to an amount of $1 million per Class C Share;

d) fourth, to the holders of Deferred Shares an amount equal to the nominal value of the Deferred Shares; and

e) fifth:

- to the holders of the Shares pro rata to the number of Shares respectively held by them; and
- to the holders of the Class C Shares pari passu with Shares on an as-converted basis less the conversion price of $11.50 per share (subject to relevant adjustments in the Polestar Articles),

provided that if the amount which would be received by the holders of the Volvo Cars Preference Subscription Shares if all such shares had been converted in accordance with the Polestar Articles would be greater than pursuant to (a) above, the relevant Volvo Cars Preference Subscription Shares shall be deemed for the purposes of the relevant return of capital to be treated pari passu with the holders of Shares on an as-converted basis.

Variation of Rights

Subject to the Companies Act, the rights attached to any class of shares can be varied or abrogated either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a class meeting.

Capital Calls

Subject to the Polestar Articles and the terms on which the Company shares are allotted, the Board has the authority to make calls upon the shareholders in respect of any money unpaid on their shares and each shareholder

shall pay to Polestar as required by such notice the amount called on its shares. If a call remains unpaid after it has become due and payable, and the 14 clear days' notice provided by the Board has not been complied with, any share in respect of which such notice was given may be forfeited by a resolution of the Board. All of the Shares issued have been credited as fully paid and therefore are not subject to a capital call.

Transfer of Shares

Polestar's share register will be maintained by its proposed registrar, Computershare Trust Company, N.A. Registration in this share register is determinative of share ownership. A shareholder who holds Polestar's shares through DTC is not the holder of record of such shares. Instead, the depositary (for example, Cede & Co., as nominee for DTC) or other nominee is the holder of record of such shares. Accordingly, a transfer of shares from a person who holds such shares through DTC to a person who also holds such shares through DTC will not be registered in Polestar's official share register, as the depositary or other nominee will remain the record holder of such shares. The Board may, in its absolute discretion, decline to register a transfer (or renunciation of a renounceable letter of allotment):

(a) of a share that is not fully paid;

(b) of a share upon which the Company has a lien;

(c) of a share that is not duly stamped (if required) or is duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty (if required);

(d) if it is not delivered for registration to the registered office of the Company (or such other place as the Board may determine) accompanied by the certificate of the share to which it relates or such other evidence reasonably required by the directors to show the right of the transferor to make the transfer;

(e) of a default share where the holder has failed to provide the required details to Polestar under "—Polestar Articles and English Law Considerations—Other English Law Considerations—Disclosure of Interest in Shares," subject to certain exceptions;

(f) in respect of more than one class of shares; or

(g) where, in the case of a transfer to joint holders of a share, the number of joint holders to whom the share is to be transferred exceeds four.

If the Board refuses to register a transfer of a share it shall notify the transferee of the refusal and the reasons for it within two months after the date on which the transfer was lodged with the Company or the instructions to the relevant system received.

Limitations on Ownership

Under English law and the Polestar Articles, there are no limitations on the right of non-residents of the U.K. or owners who are not citizens of the U.K. to hold or, other than the holders of Volvo Cars Preference Subscription Shares, Deferred Shares or GBP Redeemable Preferred Shares which do no confer voting rights on the relevant holders, vote the Shares.

Polestar Articles and English Law Considerations

Directors

Number

The Polestar Articles provide that at the time of their adoption, the number of directors of the Company shall be nine (the "Initial Directors"), and that otherwise the number of directors shall be as determined by the Board from time to time. Directors may be appointed by any ordinary resolution of shareholders or by the Board, as described below under "—Appointment and Retirement of Directors." Each director elected shall hold office until his or her successor is elected or until his or her earlier resignation or removal in accordance with the Polestar Articles.

For a period of three years post-Business Combination Closing a majority of the director shall be independent directors. A director shall be independent when he or she (i) satisfies the requirements to qualify as an "independent director" under the stock exchange rules of the stock exchange on which the Class A Shares are then-currently listed and (ii) is not affiliated (as a director, employee, shareholder or otherwise) with Former Parent, Volvo or Geely, provided that an individual shall not be precluded from being appointed, or continuing to act, as an independent director solely on the basis of holding, directly or indirectly, up to 0.01% of the share capital of any publicly traded affiliate of Former Parent, Volvo Cars or Geely.

The Initial Directors shall be divided into three classes of directors, designated as "Class I," "Class II" and "Class III," respectively (each a "Class"). The Board is authorized to assign members of the Board already in office to such Classes at the time the classification becomes effective. The Board is also authorized to assign any persons who take office as directors after the date the Polestar Articles are adopted to any such Class; provided, however, that the Classes are as close to equal size as possible. In the event of any increase in the number of directors, the additional directorships resulting from such increase shall be apportioned by the Board among the Classes of directors so as to maintain such Classes as nearly equal as possible. No decrease in the number of directors shall shorten the term of any incumbent director.

Appointment and Retirement of Directors

Subject to the requirements of the Polestar Articles (including director independence requirements), the Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an addition to the then-existing Board but the total number of directors shall not exceed fifteen. Subject to the requirements of the Polestar Articles (including director independence requirements), the Board also has power at any time to appoint any person who is willing to act as a director, either to fill a vacancy or as an addition to the Board as then existing, but the total number of directors shall not exceed fifteen.

The term of office of directors serving in Class I will expire at Polestar's first annual general meeting. The term of office of directors serving in Class II will expire at Polestar's second annual general meeting. The term of office of directors serving in Class III will expire at Polestar's third annual general meeting. At each succeeding annual general meeting following the third annual general meeting following the Business Combination Closing, directors shall be elected to serve for a term of three years to succeed the directors of the class whose terms expire at such annual general meeting.

Indemnity of Directors

Under the Polestar Articles, and subject to the provisions of the Companies Act, each of the Company's directors is entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by such director or officer in the execution and discharge of his or her duties or in relation to those duties. In addition, each member of the Board entered into a separate deed of indemnity with Polestar (which will also be subject to the provisions of the Companies Act). The Companies Act renders void an indemnity for a director against any liability attaching to him or her in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he or she is a director.

Shareholders' Meetings

Each year, the Company will hold an annual general meeting of shareholders in addition to any other meetings held in that year, and will specify the meeting as such in the notice convening it. The annual general meeting will be held at such time and place as the directors may appoint. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman, which appointment shall not be treated as part of the business of a meeting. The Polestar Articles provide that the necessary quorum at any general meeting of shareholders (or adjournment thereof) shall be at least two members that in aggregate hold at least 51% of the issued Company securities of the Company, present in person or by proxy and entitled to attend and to vote on the business to be transacted, at such meeting.

Requisitioning Shareholder Meetings

Subject to certain conditions being satisfied, under the Companies Act shareholders holding at least 5% of the paid-up capital of the Company carrying voting rights at general meetings can require the directors to call a general meeting and shareholders representing at least 5% of the total voting rights exercisable at an annual general meeting can require Polestar to give notice of a resolution to be proposed at that annual general meeting.

Other English Law Considerations

Mandatory Purchases and Acquisitions

Pursuant to sections 979 to 982 of the Companies Act, where a takeover offer has been made for the Company and the offeror has, by virtue of acceptances of the offer, acquired or unconditionally contracted to acquire not less than 90% of the voting rights carried by the class of shares to which the offer relates, the offeror may give notice to the holder of any shares of that class to which the offer relates that the offeror has not acquired or unconditionally contracted to acquire that it desires to acquire those shares on the same terms as the takeover offer. The offeror would do so by sending a notice to the outstanding minority shareholders telling them that it will compulsorily acquire their shares.

Such notice must be sent within three months of the last day on which the offer can be accepted in the prescribed manner or if earlier, and the offer is not one to which the Takeover Code applies, within the period of six months beginning with the date of the offer. The squeeze out of the minority shareholders can be completed at the end of six weeks from the date the notice has been given, subject to the minority shareholders failing to successfully lodge an application to the court to prevent such squeeze out any time prior to the end of those six weeks following which the offeror can execute a transfer of the outstanding shares in its favor and pay the consideration to the Company, which would hold the consideration on trust for the outstanding minority shareholders. The consideration offered to the outstanding minority shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

If a takeover is structured as a scheme of arrangement pursuant to Part 26 of the Companies Act, the scheme, and therefore takeover, would need to be approved by a majority in number representing 75% in value of the shareholders of each class of shareholders voting, whether in person or by proxy. If approved, the scheme, and therefore takeover, would be binding on 100% of the shareholders of the relevant class(es).

Sell Out

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer for all of the Company's shares or of any class or classes of the Company's shares. A holder of voting shares to which the offer relates, and who has not otherwise accepted the offer, may require the offeror to acquire his shares if, prior to the expiry of the acceptance period for such offer, (1) the offeror has acquired or unconditionally agreed to acquire not less than 90% in value of all the voting shares in the company (in the case of an offer for all of Polestar's shares) or of all the shares of that class and (2) not less than 90% of the voting rights in the company (in the case of an offer for all of the Company's shares) or of the voting rights carried by that class. The offeror may impose a time limit on the rights of minority shareholders to be bought out that is not less than three months after the end of the acceptance period. If a shareholder exercises his rights to be bought out, the offeror is required to acquire those shares on the terms of the takeover offer or on such other terms as may be agreed.

U.K. City Code on Takeovers and Mergers

The majority of the Board resides outside of the U.K., the Channel Islands and the Isle of Man. Based upon the structure of the Board and management structure and Polestar's intended plans for directors and management, for the purposes of the Takeover Code, the Company is considered to have its place of central management and control outside the U.K., the Channel Islands or the Isle of Man. Accordingly, the Takeover Code is not expected to apply to the Company. It is possible that in the future circumstances, and in particular the Board Composition, could change which may cause the Takeover Code to apply to the Company. The Takeover Code provides a framework within which takeovers of companies subject to it are conducted. In particular, the Takeover Code contains certain rules in respect of mandatory offers. Under Rule 9 of the Takeover Code, if a person:

(a) acquires an interest in the Company's shares that, when taken together with shares in which persons acting in concert with such person are interested, carries 30% or more of the voting rights of the Company's shares; or

(b) who, together with persons acting in concert with such person, is interested in shares that in the aggregate carry not less than 30% and not more than 50% of the voting rights in the company acquires additional interests in shares that increase the percentage of shares carrying voting rights in which that person is interested, the acquirer, and, depending on the circumstances, its concert parties, would be required (except with the consent of the Takeover Panel) to make a cash offer for

the Company's outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

Disclosure of Interest in Company securities

Section 793 of the Companies Act gives the Company the power to require persons whom the Company knows have, or whom the Company has reasonable cause to believe have, or within the previous three years have had, any ownership interest in any of the Company's shares (the "*default shares*"), to disclose prescribed particulars of those shares. For this purpose, default shares includes any of the Company's shares allotted or issued after the date of the Section 793 notice in respect of those shares. Failure to provide the information requested within the prescribed period after the date of sending the notice may result in restrictions being imposed on the default shares under the Polestar Articles (including suspension of voting rights and withholding of dividends), depending on the level of the relevant shareholding, and sanctions being imposed against the holder of the default shares as provided within the Companies Act.

Distributions & Dividends

Under English law, dividends and distributions may only be made from distributable profits. "Distributable profits" generally means accumulated realized profits, so far as not previously utilized by distribution or capitalization, less accumulated realized losses, so far as not previously written off in a reduction or reorganization of capital, duly made. This would include reserves created by way of a court-approved reduction of capital.

It is not sufficient that the Company, as a public limited company, has distributable profits for the purpose of making a distribution. An additional capital maintenance requirement is imposed on the Company to ensure that the net worth of the Company is at least equal to the amount of its capital. A public limited company can only make a distribution:

(a) if, at the time that the distribution is made, the amount of its net assets (that is, the total excess of assets over liabilities) is not less than the total of its called-up share capital and undistributable reserves; and

(b) if, and to the extent that, the distribution itself, at the time that it is made, does not reduce the amount of the net assets to less than that total.

Purchase of Own Shares

Under English law, a public limited company may purchase its own shares only out of the distributable profits of the company or the proceeds of a new issue of shares made for the purpose of financing the purchase. A limited company may not purchase its own shares if as a result of the purchase there would no longer be any issued shares of the company other than redeemable shares or shares held as treasury shares. Subject to the foregoing, because the Nasdaq is not a "recognized investment exchange" under the Companies Act, the Company may purchase its fully paid shares only pursuant to a purchase contract authorized by ordinary resolution of the holders of Company securities before the purchase takes place. Any authority will not be effective if any shareholder from whom the Company proposes to purchase shares votes on the resolution and the resolution would not have been passed if such shareholder had not done so. The resolution authorizing the purchase must specify a date, not being later than five years after the passing of the resolution, on which the authority to purchase is to expire.

Class C Shares

Each whole Class C Share entitles the holder the right to acquire one Class A ADS (or one Class A Share if at the time of exercise the Company no longer uses the ADR Facility) at an exercise price of $11.50 per Class A ADS (subject to relevant adjustments in the Polestar Articles) no earlier than 30 days post-Business Combination Closing. A holder of Class C Shares may exercise its Class C Shares only for a whole number of Class A ADSs. This means that only a whole Class C Share may be exercised at any given time by a holder. No fractional Class C Shares will be issued. The Class C Shares will expire five years after the Business Combination Closing, at 5:00 p.m., New York City time, or earlier upon redemption or liquidation.

The Company has agreed that as soon as practicable, but in no event later than 15 business days after the Business Combination Closing, it will use commercially reasonable efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A ADSs issuable upon exercise of the Class C Shares. The Company will use its best efforts to cause the same to become effective and to maintain the

effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Class C Shares in accordance with the provisions of the Class C Warrant Amendment and the Polestar Articles. Notwithstanding the above, if Class A ADSs are at the time of any exercise of a Class C Share not listed on a national securities exchange such that it satisfies the definition of a "covered security" under Section 18(b)(1) of the Securities Act, the Company may, at its option, require holders of Class C Shares who exercise their Class C Shares to do so on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act and, in the event the Company so elects, the Company will not be required to file or maintain in effect a registration statement, but Polestar will be required to use its best efforts to register or qualify the Class A ADSs under applicable blue sky laws to the extent an exemption is not available.

Redemption of Class C Shares for cash. Once the Class C Shares become exercisable, the Company may call the Class C Shares for redemption (except as described herein with respect to Class C-2 Shares):

- in whole and not in part;
- at a price of $0.01 per Class C Share;
- upon not less than 30 days' prior written notice of redemption (the "30-day redemption period") to each holder of a Class C Share; and
- if, and only if, the reported last sale price of the Class A ADS equals or exceeds $18.00 per Class A ADS for any 20 trading days within a 30-trading day period ending three business days before Polestar sends the notice of redemption to the holders of Class C Shares.

The Company will not redeem the Class C Shares as described above unless an effective registration statement under the Securities Act covering the issuance of the Class A ADSs issuable upon exercise of the Class C Shares is effective and a current prospectus relating to those Class A ADSs is available throughout the 30 day redemption period, except if the Class C Shares may be exercised on a cashless basis and such cashless exercise is exempt from registration under the Securities Act. If and when the Class C Shares become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

The Company has established the last of the redemption criterion discussed above to prevent a redemption call unless there is at the time of the call a significant premium to the Class C Share exercise price. If the foregoing conditions are satisfied and the Company issues a notice of redemption of the Company, each holder of Class C Shares will be entitled to exercise its Class C Shares prior to the scheduled redemption date. However, the price of the Class A ADSs may fall below the $18.00 per share redemption trigger price as well as the $11.50 per share (for whole Class A ADSs) Class C Shares exercise price after the redemption notice is issued.

Redemption of Class C Shares for Class A ADSs. Commencing 90 days after the Class C Shares become exercisable, the Company may redeem the outstanding Class C Shares:

- in whole and not in part;
- at a price equal to a number of Class A ADSs to be determined by reference to the table below, based on the redemption date and the "fair market value" of Class A ADSs except as otherwise described below;
- if, and only if, the Class C-2 Shares are also concurrently exchanged at the same price (equal to a number of Class A ADSs) as the outstanding Class C-1 Shares, as described above;
- if, and only if, there is an effective registration statement covering the Class A ADSs issuable upon exercise of the Class C Shares and a current prospectus relating thereto is available throughout the 30-day period after written notice of redemption is given;
- upon a minimum of 30 days' prior written notice of redemption; and
- if, and only if, the last reported sale price of Class A ADSs equals or exceeds $10.00 per Class A ADS (as adjusted per share splits, stock dividends, reorganizations, reclassifications, recapitalizations and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the holders of Class C Shares.

The numbers in the table below represent the "redemption prices," or the number of Class A ADSs that a holder of Class C Shares will receive upon redemption by the Company pursuant to this redemption feature, based on the "fair market value" of Class A ADSs on the corresponding redemption date, determined based on the average of the last reported sales price for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Class C Shares, and the number of months that the corresponding redemption date precedes the expiration date of the Class C Shares, each as set forth in the table below.

The Class A ADS prices set forth in the column headings of the table below will be adjusted as of any date on which the number of Class A ADSs issuable upon exercise of a Class C Share is adjusted as set forth in the first three paragraphs under the heading "—Anti-dilution adjustments" below. The adjusted Class A ADS prices in the column headings will equal the Class A ADS prices immediately prior to such adjustment, multiplied by a fraction, the numerator of which is the number of Class A ADSs deliverable upon exercise of a Class C Share immediately prior to such adjustment and the denominator of which is the number of Class A ADSs deliverable upon exercise of a Class C Share as so adjusted. The number of Class A ADSs in the table below shall be adjusted in the same manner and at the same time as the number of Class A ADSs issuable upon exercise of a Class C Share.

	Fair Market Value of Class A ADSs								
	$10.00	**$11.00**	**$12.00**	**$13.00**	**$14.00**	**$15.00**	**$16.00**	**$17.00**	**$18.00**
Redemption Date (period to expiration of Class C Shares)									
57 months	0.257	0.277	0.294	0.31	0.324	0.337	0.348	0.358	0.365
54 months	0.252	0.272	0.291	0.307	0.322	0.335	0.347	0.357	0.365
51 months	0.246	0.268	0.287	0.304	0.32	0.333	0.346	0.357	0.365
48 months	0.241	0.263	0.283	0.301	0.317	0.332	0.344	0.356	0.365
45 months	0.235	0.258	0.279	0.298	0.315	0.33	0.343	0.356	0.365
42 months	0.228	0.252	0.274	0.294	0.312	0.328	0.342	0.355	0.364
39 months	0.221	0.246	0.269	0.29	0.309	0.325	0.34	0.354	0.364
36 months	0.213	0.239	0.263	0.285	0.305	0.323	0.339	0.353	0.364
33 months	0.205	0.232	0.257	0.28	0.301	0.32	0.337	0.352	0.364
30 months	0.196	0.224	0.25	0.274	0.297	0.316	0.335	0.351	0.364
27 months	0.185	0.214	0.242	0.268	0.291	0.313	0.332	0.35	0.364
24 months	0.173	0.204	0.233	0.26	0.285	0.308	0.329	0.348	0.364
21 months	0.161	0.193	0.223	0.252	0.279	0.304	0.326	0.347	0.364
18 months	0.146	0.179	0.211	0.242	0.271	0.298	0.322	0.345	0.363
15 months	0.13	0.164	0.197	0.23	0.262	0.291	0.317	0.342	0.363
12 months	0.111	0.146	0.181	0.216	0.25	0.282	0.312	0.339	0.363
9 months	0.09	0.125	0.162	0.199	0.237	0.272	0.305	0.336	0.362
6 months	0.065	0.099	0.137	0.178	0.219	0.259	0.296	0.331	0.362
3 months	0.034	0.065	0.104	0.15	0.197	0.243	0.286	0.326	0.361
0 months	—	—	0.042	0.115	0.179	0.233	0.281	0.323	0.361

The “fair market value” of Class A ADSs shall mean the average last reported sale price of Class A ADSs for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Class C Shares.

The exact fair market value and redemption date may not be set forth in the table above, in which case, if the fair market value is between two values in the table or the redemption date is between two redemption dates in the table, the number of Class A ADSs to be issued for each Class C Share redeemed will be determined by a straight-line interpolation between the number of Class A ADSs set forth for the higher and lower fair market values and the earlier and later redemption dates, as applicable, based on a 365- or 366-day year, as applicable. For

example, if the average last reported sale price of Class A ADSs for the 10 trading days ending on the third trading date prior to the date on which the notice of redemption is sent to the holders of the is $11.00 per Class A ADS, and at such time there are 57 months until the expiration of the Class C Shares, the Company may choose to, pursuant to this redemption feature, redeem the Class C Shares at a "redemption price" of 0.277 Class A ADSs for each whole Class C Share. For an example where the exact fair market value and redemption date are not as set forth in the table above, if the average last reported sale price of Class A ADSs for the 10 trading days ending on the third trading date prior to the date on which the notice of redemption is sent to the holders of the Class C Shares is $13.50 per Class A ADS, and at such time there are 38 months until the expiration of the Class C Shares, the Company may choose to, pursuant to this redemption feature, redeem the Class C Shares at a "redemption price" of 0.298 Class A ADSs for each whole Class C Share. Finally, as reflected in the table above, the Company can redeem the Class C Shares for no consideration in the event that the Class C Shares are "out of the money" (i.e., the trading price of Class A ADSs is below the exercise price of the Class C Shares) and about to expire.

Any Class C Shares held by the Company officers or directors will be subject to this redemption feature, except that such officers and directors shall only receive "fair market value" for such Class C Shares so redeemed ("fair market value" for such Class C-1 Shares held by the Company officers or directors being defined as the last reported sale price of the Class C-1 Shares on such redemption date).

This redemption feature differs from typical warrant redemption features, which typically only provide for a redemption of warrants for cash (other than private placement warrants) when the trading price for Class A common stock exceeds $18.00 per share for a specified period of time. This redemption feature is structured to allow for all of the outstanding Class C-1 Shares to be redeemed when the Class A ADSs are trading at or above $10.00 per Class A ADS, which may be at a time when the trading price of the Class A ADSs is below the exercise price of the Class C-1 Shares. The Company has established this redemption feature to provide the Class C-1 Shares with an additional liquidity feature, which provides the Company with the flexibility to redeem the Class C-1 Shares for Class A ADSs, instead of cash, for "fair value" without the Class C-1 Shares having to reach the $18.00 per Class A ADS threshold set forth above under "—Redemption of Class C Shares for cash." Holders of the Class C-1 Shares will, in effect, receive a number of Class A ADSs representing fair value for their Class C-1 Shares based on an option pricing model with a fixed volatility input. This redemption right provides the Company not only with an additional mechanism by which to redeem all of the outstanding Class C-1 Shares, in this case, for Class A ADSs, and therefore have certainty as to (i) the Company's capital structure as the Class C-1 Shares would no longer be outstanding and would have been exercised or redeemed and (ii) to the amount of cash provided by the exercise of the Class C-1 Shares and available to the Company, and also provides a ceiling to the theoretical value of the Class C-1 Shares as it locks in the "redemption prices" the Company would pay to holders of Class C-1 Shares if Polestar chose to redeem Class C-1 Shares in this manner. The Company will effectively be required to pay fair value to holders of Class C-1 Shares if the Company chooses to exercise this redemption right and it will allow the Company to quickly proceed with a redemption of the Class C-1 Shares for Class A ADSs if the Company determines it is in the Company's best interest to do so. As such, the Company would redeem the Class C-1 Shares in this manner when the Company believes it is in the Company's best interest to update the Company's capital structure to remove the Class C-1 Shares and pay fair value to the holders of Class C-1 Shares. In particular, it would allow the Company to quickly redeem the Class C-1 Shares for Class A ADSs, without having to negotiate a redemption price with the holders of Class C-1 Shares. In addition, the holders of Class C-1 Shares will have the ability to exercise the Class C Shares prior to redemption if they should choose to do so.

As stated above, the Company can redeem the Class C-1 Shares when the Class A ADSs are trading at a price starting at $10.00 per share, which is below the exercise price of $11.50 per share, because it will provide certainty with respect to the Company's capital structure and cash position while providing holders of Class C-1 Shares with fair value (in the form of Class A ADSs). If the Company chooses to redeem the Class C-1 Shares when the Class A ADSs are trading at a price below the exercise price of the Class C-1 Shares, this could result in the holders of Class C-1 Shares receiving fewer Class A ADSs than they would have received if they had chosen to wait to exercise their Class C-1 Shares for Class A ADSs if and when such Class A ADSs were trading at a price higher than the exercise price of $11.50 per share.

No fractional Class A ADSs will be issued upon redemption. If, upon redemption, a holder would be entitled to receive a fractional interest in a Class A ADS, the Company will round down to the nearest whole number of the number of Class A ADSs to be issued to the holder.

Redemption procedures and cashless exercise. If the Company calls the Class C-1 Shares for redemption as described above, the Company's management will have the option to require any holder that wishes to exercise its Class C-1 Share to do so on a "cashless basis." In determining whether to require all holders to exercise their Class C-1 Shares on a "cashless basis," the Company's management will consider, among other factors, the Company's cash position, the number of Class C-1 Shares that are outstanding and the dilutive effect on the

Company's shareholders of issuing the maximum number of Class A ADSs issuable upon the exercise of Class C-1 Shares.

If the Company management takes advantage of this option, all holders of Class C-1 Shares would pay the exercise price by surrendering their Class C-1 Shares for that number of Class A ADSs equal to the quotient obtained by dividing (x) the product of the number of Class A ADSs underlying the Class C-1 Shares, multiplied by the difference between the exercise price of the Class C-1 Shares and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A ADSs for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Class C-1 Shares. If the Company's management takes advantage of this option, the notice of redemption will contain the information necessary to calculate the number of Class A ADSs to be received upon exercise of the Class C-1 Shares, including the "fair market value" in such case. Requiring a cashless exercise in this manner will reduce the number of Class A ADSs to be issued and thereby lessen the dilutive effect of a Class C-1 Shares redemption. The Company believes this feature is an attractive option if the Company does not need the cash from the exercise of the Class C-1 Shares after the Business Combination Closing. If the Company calls Class C-1 Shares for redemption and the Company's management does not take advantage of this option, the GGI Sponsor and its permitted transferees would still be entitled to exercise their Class C-2 Shares for cash or on a cashless basis using the same formula described above that other holders of Class C Shares would have been required to use had all holders of Class C Shares been required to exercise their Class C Shares on a cashless basis, as described in more detail below.

A holder of a Class C-1 Share may notify the Company in writing in the event it elects to be subject to a requirement that such holder will not have the right to exercise such Class C-1 Shares, to the extent that after giving effect to such exercise, such person (together with such person's affiliates), to the conversion agent's actual knowledge, would beneficially own in excess of 9.8% (or such other amount as a holder may specify) of the Class A ADSs outstanding immediately after giving effect to such exercise.

Anti-dilution adjustments. If the number of outstanding Class A ADSs is increased by a stock dividend payable in Class A ADSs, or by a split-up of Class A ADSs or other similar event, then, on the effective date of such stock dividend, split-up or similar event, the number of Class A ADSs issuable on exercise of each Class C Share will be increased in proportion to such increase in the outstanding Class A ADSs. A rights offering to holders of Class A ADSs entitling holders to purchase Class A ADSs at a price less than the fair market value will be deemed a stock dividend of a number of Class A ADSs equal to the product of (i) the number of Class A ADSs actually sold in such rights offering (or issuable under any other equity securities sold in such rights offering that are convertible into or exercisable for Class A ADSs) multiplied by (ii) one (1) minus the quotient of (x) the price per Class A ADS paid in such rights offering divided by (y) the fair market value. For these purposes (i) if the rights offering is for securities convertible into or exercisable for Class A ADSs, in determining the price payable for Class A ADSs, there will be taken into account any consideration received for such rights, as well as any additional amount payable upon exercise or conversion and (ii) fair market value means the volume weighted average price of Class A ADS as reported during the 10 trading day period ending on the trading day prior to the first date on which the Class A ADSs trade on the applicable exchange or in the applicable market, regular way, without the right to receive such rights.

In addition, if the Company, at any time while the Class C Shares are outstanding and unexpired, pays a dividend or make a distribution in cash, securities or other assets to the holders of Class A ADSs on account of such Class A ADSs (or other securities of Polestar capital stock into which the Class C Shares are convertible), other than (a) as described above and (b) certain ordinary cash dividends then the Class C Share exercise price will be decreased, effective immediately after the effective date of such event, by the amount of cash and/or the fair market value of any securities or other assets paid on each Class A ADS in respect of such event.

If the number of outstanding Class A ADSs is decreased by a consolidation, combination, reverse stock split or reclassification of Class A ADSs or other similar event, then, on the effective date of such consolidation, combination, reverse stock split, reclassification or similar event, the number of Class A ADSs issuable on exercise of each Class C Share will be decreased in proportion to such decrease in outstanding Class A ADSs.

Whenever the number of Class A ADSs purchasable upon the exercise of the Class C Shares is adjusted, as described above, the Class C Share exercise price will be adjusted by multiplying the Class C Share exercise price immediately prior to such adjustment by a fraction (x) the numerator of which will be the number of Class A ADSs purchasable upon the exercise of the Class C Shares immediately prior to such adjustment, and (y) the denominator of which will be the number of Class A ADSs so purchasable immediately thereafter.

In case of any reclassification or reorganization of the Class A ADSs (other than those described above or that solely affects the par value of Class A ADSs), or in the case of any merger or consolidation of the Company

with or into another corporation (other than a consolidation or merger in which Polestar is the continuing corporation and that does not result in any reclassification or reorganization of Class A ADSs), or in the case of any sale or conveyance to another corporation or entity of the assets or other property of the Company as an entirety or substantially as an entirety in connection with which the Company is dissolved, the holders of the Class C Shares will thereafter have the right to purchase and receive, upon the basis and upon the terms and conditions specified in the Class C Shares and in lieu of Class A ADSs immediately theretofore purchasable and receivable upon the exercise of the rights represented thereby, the kind and amount of shares of stock or other securities or property (including cash) receivable upon such reclassification, reorganization, merger or consolidation, or upon a dissolution following any such sale or transfer, that the holder of the Class C Shares would have received if such holder had exercised their Class C Shares immediately prior to such event. If less than 70% of the consideration receivable by the holders of Class A ADSs in such a transaction is payable in the form of Class A ADSs in the successor entity that is listed for trading on a national securities exchange or is quoted in an established over-the-counter market, or is to be so listed for trading or quoted immediately following such event, and if the registered holder of the Class C Shares properly exercises the Class C Shares within 30 days following public disclosure of such transaction, the Class C Share exercise price will be reduced as specified in the Class C Warrant Amendment and the Polestar Articles based on the Black-Scholes value (as defined in the Class C Amendment) of the Class C Share.

The Class C Shares will be issued in registered form under the Class C Warrant Amendment and the Polestar Articles. The Class C Warrant Amendment and the Polestar Articles provide that the terms of the Class C Shares may be amended without the consent of any holder for the purpose of (i) curing any ambiguity or correct any mistake, including to conform the provisions of the Class C Warrant Amendment and the Polestar Articles to the description of the terms of the Class C Shares and the Class C Warrant Amendment and Polestar Articles set forth in the registration statement on Form F-4 filed by the Company in connection with the Business Combination, or defective provision, (ii) amending the provisions relating to cash dividends on Class A ADSs as contemplated by and in accordance with the Class C Warrant Amendment and Polestar Articles or (iii) adding or changing any provisions with respect to matters or questions arising under the Class C Warrant Amendment and Polestar Articles as the parties to the Class C Warrant Amendment may deem necessary or desirable and that the parties deem to not adversely affect the rights of the registered holders of the Class C Shares; provided that the approval by the holders of at least 50% of the then-outstanding Class C-1 Shares is required to make any change that adversely affects the interests of the registered holders of the Class C-1 Shares. You should review a copy of the Class C Warrant Amendment and Polestar Articles, which have been filed as exhibits to the registration statement of which this prospectus forms a part, for a complete description of the terms and conditions applicable to the Class C Shares.

The Class C Shares may be exercised upon surrender of the Class C Share certificate on or prior to the expiration date at the offices of the conversion agent, with the exercise form on the reverse side of the Class C Share certificate completed and executed as indicated, accompanied by full payment of the exercise price (or on a cashless basis, if applicable), by certified or official bank check payable to Polestar, for the number of Class C Shares being exercised. The holders of Class C Shares do not have the rights or privileges of holders of Class A ADSs and any voting rights until they exercise their Class C Shares and receive Class A ADSs. After the issuance of Class A ADSs upon exercise of the Class C Shares, each holder will be entitled to one vote for each Class A ADS held of record on all matters to be voted on by shareholders. Also see “Description Of American Depositary Shares—Conversion of Class C ADSs.”

No fractional Class A ADSs will be issued upon exercise of the Class C Shares. If, upon exercise of the Class C Shares, a holder would be entitled to receive a fractional interest in a Class A ADS, the Company will, upon exercise, round down to the nearest whole number of Class A ADSs to be issued to the holders of Class C Shares.

The Company has agreed that, subject to applicable law, any action, proceeding or claim against the Company arising out of or relating in any way to the Class C Warrant Amendment, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and the Company irrevocably submits to such jurisdiction, which jurisdiction will be the exclusive forum for any such action, proceeding or claim. This provision applies to claims under the Securities Act but does not apply to claims under the Exchange Act or any claim for which the federal district courts of the United States of America are the sole and exclusive forum. With respect to any complaint asserting a cause of action arising under the Securities Act or the rules and regulations promulgated thereunder, the Company notes, however, that there is uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

Subject to certain exceptions, the Class C-2 Shares will not be redeemable by the Company so long as they are held by the GGI Sponsor or its permitted transferees. Otherwise, the Class C-2 Shares have terms and provisions

that are identical to those of the other Class C Shares, including as to exercise price, exercisability and exercise period. If the Class C-2 Shares are held by holders other than the GGI Sponsor or its permitted transferees, the Class C-2 Shares will be redeemable by the Company and exercisable by the holders on the same basis as the other Class C Shares.

If holders of the Class C-2 Shares elect to exercise them on a cashless basis, they would pay the exercise price by surrendering their Class C Shares for that number of Class A ADSs equal to the quotient obtained by dividing (x) the product of the number of Class A ADSs underlying the Class C Shares, multiplied by the difference between the exercise price of the Class C Shares and the "fair market value" (defined below) by (y) the fair market value. The "fair market value" shall mean the average reported last sale price of the Class A ADSs for the 10 trading days ending on the third trading day prior to the date on which the notice of Class C Share exercise is sent to the conversion agent.

Listing

The Class A ADSs and Class C-1 ADSs are listed on Nasdaq under the symbols "PSNY" and "PSNYW," respectively.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

ADSs

Citibank, N.A. is the depositary for the Company's American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. (London).

The Company appointed Citibank as depositary pursuant to three separate deposit agreements, one for the Class A ADSs representing the Class A Shares, one for the Class C-1 ADSs representing C-1 Shares and one for the Class C-2 ADSs representing the Class C-2 Shares (as applicable). The Company may refer to the Class A Shares, the Class C-1 Shares and the Class C-2 Shares as the "Shares" and any such reference is to the applicable Shares of the Class corresponding to the applicable ADSs. A draft copy of each of the deposit agreements for the Class C-1 ADSs and the Class C-2 ADSs is on file with the SEC under cover of Registration Statements on Form F-6. A copy of the deposit agreement for the Class A ADSs is on file with the SEC under cover of Registration Statement on Form F-6. You may obtain a copy of the deposit agreements from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov). Please refer to Registration Number 333-267086 (for the Class A ADSs), 333-263480 (for the Class C-1 ADSs), and 333-263481 (for the Class C-2 ADSs), respectively, when retrieving such copy.

The Company is providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the applicable deposit agreement and not by this summary. Any reference herein to "deposit agreement" is to the deposit agreement for the applicable ADSs, that is: the Class A Share deposit agreement governs the Class A ADSs representing the Class A Shares, the Class C-1 Share deposit agreement governs the Class C-1 ADSs representing the Class C-1 Shares and the Class C-2 Share deposit agreement governs the Class C-2 ADSs representing the Class C-2 Shares. As such, holders of ADSs representing one class of shares of Polestar have no rights or obligations under the deposit agreement for any other class of shares of Polestar. The Company urges you to review the applicable deposit agreements in their entirety. *The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreements.*

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, one Class A Share (in the case of a Class A ADS), or one Class C-1 Share (in the case of a Class C-1 ADS), or one Class C-2 Share (in the case of a Class C-2 ADS), on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. The Company and the depositary may agree to change the ADS-to-Share ratio by amending the applicable deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of the applicable ADSs. The deposited

property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the applicable ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the applicable deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the applicable deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement for your ADSs, and the ADR evidencing your ADSs specify the Company's rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, the Company's obligations to the holders of the Class A Shares or Class C Shares will continue to be governed by the laws of England and Wales, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, the Company or any of its or its respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, the Company will not treat you as one of its shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the Class A Shares or Class C Shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A Shares or Class C Shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and DTC, the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC, which nominee will be the only "holder" of such ADSs for purposes of the deposit agreement and any applicable ADR. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, this section will refer to you as the "holder." The references to "you" assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A Shares and the Class C Shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A Shares and the Class C Shares with the beneficial ownership rights and interests in such Class A Shares and the Class C Shares being at all times vested with the beneficial owners of the ADSs representing the applicable Class A Shares and the Class C Shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all corresponding deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

The Class A Shares or Class C Shares, the transfer of which is restricted due to contractual or regulatory limitations and commonly referred to as "Restricted Shares," are eligible for deposit under the deposit agreements only in limited circumstances described under the section entitled "—Restricted ADSs," below.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions the Company makes on the corresponding securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever the Company makes a cash distribution for the securities on deposit with the custodian, the Company will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders of the applicable ADSs, subject to the laws and regulations of England and Wales.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Class A Shares or Class C Shares

Whenever the Company makes a free distribution of Class A Shares or Class C Shares for the securities on deposit with the custodian, the Company will deposit the applicable number of Class A Shares or Class C Shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to the applicable holders new ADSs representing the Class A Shares or Class C Shares deposited or modify the ADS-to-Share ratio, in which case each ADS you hold will represent rights and interests in the additional Shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Share ratio upon a distribution of Shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A Shares or Class C Shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A Shares or Class C Shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever the Company intends to distribute rights to subscribe for additional Class A Shares or Class C Shares, the Company will give prior notice to the depositary and will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to the applicable holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to the applicable holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to the applicable holders of ADSs, and if the Company provides all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of

your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A Shares or Class C Shares other than in the form of ADSs.

The depositary will *not* distribute the rights to you if:

- the Company does not timely request that the rights be distributed to you or the Company requests that the rights not be distributed to you;
- the Company fails to deliver satisfactory documents to the depositary; or
- it is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to the applicable holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever the Company intends to distribute a dividend payable at the election of shareholders either in cash or in additional Class A Shares or Class C Shares, the Company will give prior notice thereof to the depositary and will indicate whether the Company wishes the elective distribution to be made available to you. In such case, the Company will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if the Company has provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in England and Wales would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever the Company intends to distribute property other than cash, Class A Shares or Class C Shares or rights to subscribe for additional Class A Shares or Class C Shares, the Company will notify the depositary in advance and will indicate whether it wishes such distribution to be made to you. If so, the Company will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if the Company provides to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the applicable holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the applicable deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- the Company does not request that the property be distributed to you or if the Company requests that the property not be distributed to you;
- the Company does not deliver satisfactory documents to the depositary; or
- the depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption and, with respect to Class C Shares, Mandatory Conversion

Whenever the Company decides to exercise its right of redemption and/or, with respect to the Class C Shares, mandatory conversion, of any of the securities on deposit with the custodian, the Company will notify the depositary in advance. If it is practicable and if the Company provides all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption and/or, with respect to the Class C Shares, mandatory conversion to the applicable holders.

The custodian will be instructed to surrender the deposited securities being redeemed and/or, with respect to the Class C Shares, mandatorily converted against payment of the applicable redemption and/or, with respect to the Class C Shares, mandatory conversion price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption and/or, with respect to the Class C Shares, mandatory conversion upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption and/or, with respect to the Class C Shares, mandatory conversion of your ADSs. If less than all ADSs are being redeemed and/or, with respect to the Class C Shares, mandatorily converted, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary may determine.

Changes affecting Class A Shares or Class C Shares

The Class A Shares or Class C Shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A Shares or Class C Shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A Shares or Class C Shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the applicable deposit agreement, the applicable ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Class A Shares or Class C Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A Shares or Class C Shares

Upon completion of the Business Combination, the Class A Shares or Class C Shares being offered in connection with the Business Combination were deposited by the Company with the custodian. Upon receipt of confirmation of such deposit, the depositary issued ADSs representing the deposited Class A Shares or Class C Shares to the order of Computershare Inc., a Delaware corporation and Computershare Trust Company, N.A., a federally chartered trust company, in their capacities as transfer agent and exchange agent for the Business Combination for the distribution to the holders of GGI Common Stock and GGI Warrants entitled thereto.

The depositary may create ADSs on your behalf if you or your broker deposit Class A Shares or Class C Shares with the custodian. The depositary will deliver the corresponding ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A Shares or Class C Shares to the custodian. Your ability to deposit Class A Shares or Class C Shares and receive ADSs may be limited by U.S. and English legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A Shares or Class C Shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A Shares or Class C Shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A Shares or Class C Shares have been validly waived or exercised.

- You are duly authorized to deposit the Class A Shares or Class C Shares.
- The Class A Shares or Class C Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (except as contemplated below and in the applicable deposit agreement).
- The Class A Shares or Class C Shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, the Company and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A Shares or Class C Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A Shares or Class C Shares at the custodian's offices. Your ability to withdraw the Class A Shares or Class C Shares held in respect of the ADSs may be limited by U.S. and English legal considerations applicable at the time of withdrawal. In order to withdraw the Class A Shares or Class C Shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A Shares or Class C Shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A Shares or Class C Shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A Shares or Class C Shares or ADSs are closed, or (ii) the Class A Shares or Class C Shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A Shares or Class C Shares represented by your ADSs. The voting rights of holders of Class A Shares or Class C Shares are described in "Description of Share Capital and Articles of Association—Description of Company Share Capital and Polestar Articles—Company Securities—Voting Rights."

At the Company's request, the depositary will distribute to you any notice of shareholders' meeting received from the Company together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs as of a specified record date, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with the voting instructions received from the holders of ADSs.

Deposited securities represented by ADSs for which no timely voting instructions are received by the depositary from the holder shall not be voted (except as otherwise contemplated in the deposit agreement). If the depositary timely receives voting instructions from a holder which fail to specify the manner in which the depositary is to vote the deposited securities represented by such holder's ADSs, the depositary will deem such holder (unless otherwise specified in the notice distributed to holders) to have instructed the depositary to vote in favor of the items set forth in such voting instructions.

Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. The Company cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Amendments and Termination

The Company may agree with the depositary to modify the deposit agreement at any time without your consent. The Company undertake to give holders of the applicable ADSs 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. The Company will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, the Company may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement for your ADSs if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A Shares or Class C Shares represented by your ADSs (except as permitted by law).

The Company has the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders of ADSs issued under that deposit agreement at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit under the terminated deposit agreement. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the applicable holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the applicable holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A Shares or Class C Shares represented by ADSs and to direct the depositary of such Class A Shares or Class C Shares into an unsponsored American depositary share program

established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Transmission of Notices, Reports and Proxy Soliciting Material

The depositary will make available for your inspection at its office all communications that it receives from the Company as a holder of deposited securities that the Company make generally available to holders of deposited securities. Subject to the terms of the deposit agreement, the depositary will send you copies of those communications or otherwise make those communications available to you if the Company asks it to do so.

Limitations on Obligations and Liabilities

The deposit agreement limits the Company's obligations and the depositary's obligations to you. Please note the following:

- The Company and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to accurately determine the lawfulness or practicality of any action, for the content of any document forwarded to you on the Company's behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Class A Shares or Class C Shares, for the validity or worth of the Class A Shares or Class C Shares, for any tax consequences that result from the ownership of ADSs or other deposited property, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of the Company's notices or for the Company's failure to give notice or for any act or omission of or information provided by DTC or any DTC participant.
- The depositary shall not be liable for acts or omissions of any successor depositary in connection with any matter arising wholly after the resignation or removal of the depositary.
- The Company and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- The Company and the depositary disclaim any liability if the Company or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, including regulations of any stock exchange or by reason of present or future provision of any provision of the Company's articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond the Company's control.
- The Company and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in the Company's articles of association or in any provisions of or governing the securities on deposit.

- The Company and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting securities for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of the Company in good faith to be competent to give such advice or information.

- The Company and the depositary also disclaim liability for the inability by a holder or beneficial holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Class A Shares or Class C Shares but is not, under the terms of the deposit agreement, made available to you.

- The Company and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.

- The Company and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.

- The Company and the depositary disclaim liability arising out of losses, liabilities, taxes, charges or expenses resulting from the manner in which a holder or beneficial owner of ADSs holds ADSs, including resulting from holding ADSs through a brokerage account.

- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.

- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among the Company, the depositary and you as ADS holder.

- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to the Company or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to the Company or to the ADS owners, or to account for any payment received as part of those transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. The Company, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify the Company, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the applicable holders for whom the conversion and distribution is lawful and practical.

- Distribute the foreign currency to the applicable holders for whom the distribution is lawful and practical.

- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A Shares or Class C Shares (including Class A Shares or Class C Shares represented by ADSs) are governed by the laws of England and Wales.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the depositary, may only be instituted in a state or federal court in the city of New York.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST THE COMPANY AND/ OR THE DEPOSITARY.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against the Company or the depositary arising out of or relating to the Class A Shares or Class C Shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. *If the Company or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived the Company's or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.*

Restricted ADSs

In order to enable the deposit of Class A Shares or Class C Shares, the transfer of which is restricted due to contractual or regulatory limitations, commonly referred to as "Restricted Shares," the Company and the depositary have agreed, by means of letter agreements, to create restricted series of American depositary shares referred to as "Restricted ADSs" or "RADSs," in accordance with the terms of the deposit agreements. The RADS letter agreements supplement the deposit agreements. Forms of the RADS letter agreements are on file with the SEC under cover of the applicable Registration Statements on Form F-6. You may obtain a copy of the RADS letter agreements from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the depositary.

The Restricted ADSs differ from the freely transferable ADSs in certain respects. These differences include the following:

- Listing: The Restricted ADSs are not listed on any securities exchange or trading system in the United States.
- CUSIP Number: The CUSIP number for the Restricted ADSs is different from the CUSIP number for the freely transferable ADSs.
- Transfer Restrictions: The Restricted ADSs may, after issuance, be sold or otherwise transferred only on the terms described below.
- Legend: The Restricted ADSs will be subject to a transfer legend substantially in the form of all or some of the following:

"THE RESTRICTED ADSs AND THE RESTRICTED SHARES REPRESENTED THEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY JURISDICTION. THE RESTRICTED ADSs MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED EXCEPT (A) TO A PERSON OTHER THAN A U.S. PERSON (WITHIN THE MEANING GIVEN TO SUCH TERM IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF REGULATION S, (B) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144A

THEREUNDER, (C) PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (D) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT COVERING THE APPLICABLE SALE, PLEDGE, TRANSFER AND DELIVERY, AND, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. THE COMPANY AND THE DEPOSITARY SHALL BE ENTITLED TO RECEIVE FROM THE HOLDER OF THE RESTRICTED ADSs SEEKING TO SELL, PLEDGE OR OTHERWISE TRANSFER OR DELIVER THE RESTRICTED ADSs EVIDENCE SATISFACTORY TO THE DEPOSITARY AND THE COMPANY THAT THE TRANSFER RESTRICTIONS APPLICABLE TO THE RESTRICTED ADSs HAVE BEEN OR ARE BEING SATISFIED (WHICH MAY INCLUDE AN OPINION OF QUALIFIED COUNSEL).

The ADSs issued upon conversion of convertible RADSs may be issued in the form of RADSs unless the conversion (x) is registered under the Securities Act and the ADSs are held by a person who is not an affiliate of Polestar and (y) is exempt from registration under the Securities Act and the ADSs are held by a person who is not an affiliate of Polestar.

- Segregation of Shares: Restricted Shares deposited with the custodian with respect to Restricted ADSs shall be held separate and distinct from the deposited securities held under the applicable deposit agreement.

- Lack of Fungibility: The Restricted ADSs are not currently fungible with the freely transferable ADSs issued and outstanding under the applicable deposit agreement. The Restricted ADSs will not be fungible with the freely transferable ADSs outstanding under the applicable deposit agreement as long as the Restricted ADSs and the Restricted Shares represented thereby are "restricted securities" under the Securities Act or are otherwise subject to restrictions on transfer.

- Withdrawal: The holders of Restricted ADSs will be able to request the withdrawal of the Restricted Shares represented by their Restricted ADSs only upon delivery to the depositary of (i) the applicable RADSs, all documentation contemplated in the applicable deposit agreement and the applicable RADS letter agreement and payment of all applicable fees and expenses of the depositary, and (ii) a certification to the effect, *inter alia*, that either (x) the holder will be the owner of the Restricted Shares being withdrawn and undertakes not to deposit the Restricted Shares under the applicable deposit agreement and to transfer such Restricted Shares only in a transaction meeting the requirements of the legend set forth above or (y) the holder has sold the Restricted Shares in a transaction meeting the requirements of Regulation S under the Securities Act and will make delivery of the Restricted Shares outside the U.S.

- Book-Entry Settlement: The Restricted ADSs are not expected to be eligible for inclusion in any book-entry settlement system, including, without limitation, the book-entry settlement system maintained by DTC.

- Conversion of RADSs into ADSs: Once the applicable transfer restrictions expire or if the transaction is covered by an effective resale registration statement, the RADSs may be exchangeable into freely transferable ADSs upon delivery of the RADSs to the depositary for exchange into freely transferable ADSs together with applicable supporting documents, legal opinions and depositary fees and taxes.

Conversion of Class C ADSs

Holders of Class C ADSs representing the Class C Shares may convert the Class C ADSs into Class A ADSs representing the Class A Shares on any New York and UK business day at any time commencing 30 days after the completion of the Business Combination, subject in each case to the terms and conditions of the applicable the Class C Shares (see "Description of Share Capital and Articles of Association—Class C Shares") and the deposit agreement. The Class C Shares will only be accepted for conversion in multiples of one.

Any holder of Class C ADSs wishing to convert the Class C Shares represented by their Class C ADSs into Class A ADSs will need to take the following actions:

- deliver the applicable Class C ADSs to the depositary, or one of its agents, together with instructions to cancel such Class C ADSs and to deliver the corresponding Class C Shares for conversion into Class A Shares in the form of Class A ADSs and pay to the applicable conversion agent the applicable ADS fees; and

- deliver to Citibank, N.A., as conversion agent and the depositary, a duly completed ADS / Class C Share conversion form together with the applicable conversion price (in U.S. Dollars) and applicable taxes.

Holders of Class C ADSs who duly convert the Class C Shares represented by their Class C ADSs will receive the Class A Shares represented by Class A ADSs, subject in each case to the terms of the Class C Shares in the Polestar Articles and the applicable deposit agreement.

A holder who converts the Class C Shares represented by their Class C ADSs will become the owner of the Class A Shares only upon receipt by as the applicable conversion agent, of (i) the requisite Class C Shares (upon cancellation of Class C ADSs), (ii) the duly completed conversion form, and (iii) the applicable conversion price and taxes. The form conversion instructions to be delivered to the applicable conversion agent, may be obtained from the depositary.

If the Company suspends the right to convert the Class C Shares at any time, the Company will give notice thereof to the depositary setting forth the term and reason for such suspension. Upon receipt of such notice, the depositary shall give notice thereof to the holders of Class C ADSs and shall refuse during the period of such suspension to accept instructions to cancel Class C ADSs for the purpose of converting Class C Shares.

Mandatory Conversion of Class C Shares

Whenever the Company decides to exercise its right to convert the Class C Shares in connection with a mandatory conversion, the Company will notify the depositary. If it is reasonably practicable and if the Company provides all of the documentation contemplated in the deposit agreement, the depositary will mail notice of the mandatory conversion to the holders of Class C Shares.

The custodian will be instructed to surrender the Class C Shares that are being mandatorily converted against payment of the applicable mandatory conversion price. The depositary will convert the redemption funds received into U.S. dollars upon the terms of the deposit agreement and will establish procedures to enable holders to receive the net proceeds from the mandatory conversion upon surrender of their Class C ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the mandatory conversion of your Class C Shares. If less than all Class C ADSs are being mandatorily converted, the Class C ADSs to be retired will be selected by lot or on a pro rata basis, as the depositary may determine.

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

SERVICE AGREEMENT
MAIN DOCUMENT

Name of Project: Cloud Infrastructure Services Management for Polestar

Short description of activities under this Service Agreement: The Service Provider will, by using its existing connected services management organisation, provide to and manage on behalf of Purchaser a number of connected services, such as [***].

This Service Agreement is between

Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Service Provider**"), and

Polestar Performance AB, 556653-3096, a corporation organized and existing under the laws of Sweden ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have determined that Service Provider shall provide to Purchaser certain Services (as defined in the General Terms), which are further described in the Service Specification in Appendix 1. The provision of the Services shall be performed in accordance with the terms in this service agreement and its appendices (the "**Service Agreement**").

B. Purchaser now wishes to enter into this Service Agreement for the purpose of receiving the Services and Service Provider wishes to provide the Services in accordance with the terms set forth in this Service Agreement.

C. In light of the foregoing, the Parties have agreed to execute this Service Agreement.

AGREEMENT

1. GENERAL

1.1 This Service Agreement consists of this main document (the "**Main Document**") and its appendices. This Main Document sets out the specific terms in respect of the provision of the Services, whereas Appendix 2 sets out certain general terms and conditions applicable to the Parties' rights, obligations and performance of the Parties' activities hereunder (the "**General Terms**").

1.2 All capitalized terms used, but not specifically defined in this Main Document, shall have the meaning ascribed to them in the General Terms.

2. SERVICE SPECIFICATION

2.1 The Parties have agreed upon the scope and specification for the Services as specified in the Service Specification in Appendix 1.

3. AFFILIATE

3.1 Affiliate shall for the purpose of this Service Agreement have the following meaning:

"**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by Volvo Car Corporation or Polestar Automotive Holding UK PLC; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity.

4. SERVICE CHARGES

4.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser shall pay to Service Provider the service charges as further described in Appendix 3 of this Agreement (the "**Service Charges**").

4.2 The Service Charges shall be determined by Service Provider in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties. The Service Charges shall be calculated using the cost plus method, *i.e.* full cost incurred plus an arm´s length mark-up. All costs Service Provider has in order to perform the Services shall be reimbursed by Purchaser.

4.3 The Service Charges shall be paid in the currency: [***].

5. PAYMENT

5.1 If Service Provider, pursuant to the General Terms, appoints its Affiliates and/or subcontractors to perform the Services under this Service Agreement, Service Provider shall include the costs relating to such work in the invoices to Purchaser.

5.2 The actual Service Charges shall be invoiced as set forth in Appendix 3 and paid by Purchaser in accordance with what is set out in the General Terms.

6. GOVERNANCE FORUM

6.1 The Parties agree that governance in respect of this Service Agreement shall be handled in accordance with what is set out in the General Terms in Appendix 2. When reference is made to a relevant governance forum, it shall for the purpose of this Service Agreement have the meaning set out below in this Section 6.

6.2 The first level of governance forum for handling the co-operation between the Parties in various matters, handling management, prioritisation of development activities etc. under the Service Agreement shall be the "**Steering Committee**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Business Steering Committee. The Steering Committee shall be the first level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

6.3 The higher level of governance forum, to which an issue shall be escalated if the Steering Committee fails to agree upon a solution shall be the "**Strategic Board**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive Alignment Meeting. The Strategic Board shall be the highest level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

7. TERRITORY

7.1 For the purposes of this Service Agreement, the "**Territory**" shall mean the markets listed in Appendix 1A – Connected Car Territory.

8. TEMPLATE FINANCIAL REPORTING

8.1 The Parties agree that the basis for calculating the Service Charges shall be transparent and auditable to Purchaser.

9. DATA PROCESSING AGREEMENT

9.1 Given that if Service Provider processes any personal data on Purchaser's behalf and in accordance with its instructions as part of or in connection with the performance of the Services, the Parties agree that the General Data Processing Agreement between the Parties dated 1 June 2019, as subsequently amended, shall apply between the Parties, and shall be deemed an integrated part of this Service Agreement.

9.2 The Parties shall at all times comply with applicable laws on protection of personal data, in particular, but not limited to the EU Data Protection Laws (as defined in the General Terms in Appendix 2), and shall use its commercially reasonable efforts to ensure that any Affiliates or subcontractors engaged by it also comply therewith.

10. ORDER OF PRIORITY

10.1 In the event there are any contradictions or inconsistencies between the terms of this Main Document and any of the Appendices hereto, the Parties agree that the following order of priority shall apply:

(1) This Main Document
(2) Appendix 2, General Terms – Service Agreement
(3) Appendix 1, Service Specification
(4) Appendix 1A, Connected Car Territory
(5) Appendix 3, Service Charges

11. NOTICES

11.1 All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

(a) To Service Provider:

Volvo Car Corporation
Attention: [***]

50419 Related Party Business
VAK HC2N
SE-405 31 Göteborg
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
Attention: [***]
95000 Connected Experience and Data Platform
SE-405 31 Göteborg
Email: [***]

(b) To Purchaser:
Polestar Performance AB
Attention: [***]
Assar Gabrielssons väg 9
SE-405 31 Gothenburg, Sweden
Email: [***]

With a copy not constituting notice to:

Polestar Performance AB
Attention: Legal Department
SE-405 31 Gothenburg, Sweden
Email: legal@polestar.com

[SIGNATURE PAGE FOLLOWS]

This Service Agreement has been signed electronically by both Parties.

VOLVO CAR CORPORATION	**POLESTAR PERFORMANCE AB**
By: /s/ Maria Hemberg	By: /s/ Anna Rudensjö
Title: General Counsel	Title: General Counsel
By: /s/ Johan Ekdahl	By: /s/ Dennis Nobelius
Title: CFO	Title: COO

SERVICE AGREEMENT
APPENDIX 1
SERVICE SPECIFICATION

1. GENERAL

1.1 This Service Specification is a part of the Service Agreement executed between Service Provider and Purchaser. This Service Specification sets out the scope and the specification of the activities that shall be performed under the Service Agreement, the division of responsibilities between Service Provider and Purchaser and the applicable time plan for the performance of the activities.

1.2 This Service Specification consists of this Appendix 1 – Service Specification and its Appendix 1A – Connected Car Territory, in which the supported markets are defined.

1.3 In the event there are any contradictions or inconsistencies between the terms of this Service Specification and Appendix 1A, the terms of this Service Specification shall prevail.

2. DEFINITIONS

2.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalised terms set out below in this Section 2 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2.2 **MNO** means “Mobile Network Operator”.

2.3 **SLA** means “Service Level Agreement”, e.g. level of provided services agreed between the Parties.

2.4 **QA** means “Quality Assurance”.

2.5 **PS1** and **PS2** means “Polestar 1” respectively “Polestar 2”, e.g. Purchaser’s car models.

2.6 **Service Request** means the established service request process that is established between Service Provider and Purchaser to manage all kind of support requests, from request to agreement, between the Parties.

3. GENERAL DESCRIPTION

3.1 The Parties have agreed that Service Provider shall support and provide Purchaser with connected car services as defined in this Appendix 1. The Services shall enable Purchaser branded cars to be connected and run connected services. For these connected services to work, there are a number of platform enablers: [***], which shall be made available to Purchaser as part of the Services.

3.2 The overall objective of the activities is to support the connectivity platform used by Purchaser, which means managing of incidents, problems, changes, traffic and performance.

4. ASSUMPTIONS/PRE-REQUISITES

4.1 MNO responsibility: Service Provider will not be or act as an MNO. Nor will Service Provider be responsible or claim responsibility for the contract between Purchaser and the MNO, but will take a leading role in coordination of contract negotiations if Purchaser chooses to follow Service Provider's choice of MNO.

5. DESCRIPTION OF THE SERVICE ACTIVITIES

5.1 **Territory**

5.1.1 The Services set out in this Appendix 1 are provided by Service provider to Purchaser within the Territory (as defined in the Main Document and as further described in Appendix 1A).

5.2 **Platform Enablers**

5.2.1 [***] (APN)

5.2.2 [***] ("C3")

5.2.3 [***] ("PKI")

5.2.4 [***]

5.2.5 [***]

5.3 **Service Operation**

5.3.1 Service Provider's Operations act on alert and other sources indicating disturbances in the agreed services provided to Purchaser.

5.3.2 The Parties agree that, following the completion of a formal Service Request process, Appendix 1A may be updated from time to time. The Parties also agree that any such change will be reflected in the service charges according to Appendix 3.

5.4 **Agreed connected services provided**

5.4.1 The list of connected services provided is managed and maintained in the OpCom (as defined in Section 5.6 below).

5.4.2 Change and Release Management: The objective of the change management process is to ensure that homogenous methods and procedures are used for well-organized and rapid handling of all changes.

5.5 **Development**

5.5.1 In order to prepare Service Provider's systems and processes to enable Purchaser to use and benefit from them, Service Provider has made development and modifications to its applications and systems. Purchaser will fully compensate Service Provider for this unique development cost in accordance with Appendix 3, Section 3.4.

5.5.2 Service Provider will continuously develop and improve the applications, functionality, features and Services included in this Service Agreement and Purchaser acknowledge that a fair share of the related costs will be charged to Purchaser as further set-out in Appendix 3, Section 3.3.

5.5.3 In the event that a wish or a need to develop any feature or function, related to the Services under this Service Agreement, that are only beneficial to or used by Purchaser, Purchaser may request such work by submitting a formal Service Request. Such work (unique development) may only commence if the Parties agree the scope, timing and the estimated cost, which would be unique developments costs in accordance with Appendix 3, Section 3.4. For the avoidance of doubt, Service Provider has the right to reject any Service Request at its sole discretion, even if the Service Request would be considered within the scope of this Service Agreement.

5.6 **Operational steering and Scope Changes**

5.6.1 In addition to what is stated in Section 13.1 in Appendix 2, the Parties agree that they in good faith shall set up and agree upon an operational steering model in respect of this Service Agreement, which shall include an Operational Committee ("**OpCom**") with members from both Parties and which shall, at least on a quarterly basis, review the service performance as well as review and agree potential scope changes.

5.6.2 For the avoidance of doubt, in case the OpCom fails to agree in a matter, the issue shall be escalated in accordance with Section 6 in the Main Document.

6. TIMING AND DELIVERABLES

6.1 The development and set-up of services commenced in 2018. The actual service management commenced on 18 November 2019.

Service Agreement
Appendix 1A
Cloud Infrastructure Services Territory

1. GENERAL

This Appendix 1A is a part of the Service Agreement executed between Service Provider and Purchaser. This document sets out the country scope where Service Provider provides operational services and services via third party suppliers according to Appendix 1, the Service Description.

2. COUNTRIES IN SCOPE

[***]

SERVICE AGREEMENT
APPENDIX 2
GENERAL TERMS

1. BACKGROUND

This Appendix 2, General Terms – Service Agreement, (the "**General Terms**") is an Appendix to the Main Document and is an integrated part of the Service Agreement entered into between the Parties.

2. DEFINITIONS

2.1 For the purpose of these General Terms, the following terms shall have the meanings assigned to them below. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and *vice versa*. Any capitalized terms used, but not specifically defined below in this Section 2, shall have the meaning ascribed to them in the Main Document.

2.2 "**Appendix**" means an appendix to the Main Document.

2.3 "**Background IP**" means the Intellectual Property Rights either:

(a) owned by either of the Parties;

(b) created, developed or invented by directors, managers, employees or consultants of either of the Parties;

(c) to which the Party has licensed rights instead of ownership and the right to grant a sublicense

prior to the execution of this Service Agreement, and any Intellectual Property Rights developed or otherwise acquired independently of this Service Agreement.

2.4 **"Change Management"** means maintenance and development of the Services.

2.5 "**Confidential Information**" means any and all non-public information regarding the Parties and their respective businesses, whether commercial or technical, in whatever form or media, including but not limited to the existence, content and subject matter of this Service Agreement, information relating to Intellectual Property Rights, concepts, technologies, processes, commercial figures, techniques, algorithms, formulas, methodologies, know-how, strategic plans and budgets, investments, customers and sales, designs, graphics, CAD models, CAE data, statement of works (including engineering statement of works and any high level specification), targets, test plans/reports, technical performance data and engineering sign-off documents and other information of a sensitive nature, that a Party learns from or about the other Party prior to or after the execution of this Service Agreement.

2.6 "**Disclosing Party**" means the Party disclosing Confidential Information to the Receiving Party.

2.7 "**EU Data Protection Laws**" shall mean collectively, any applicable data protection, privacy or similar law generally applicable to the processing of personal data, including but not

limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and any act or piece of national legislation implementing, supporting or otherwise incorporating said regulation, including any amendment made to any of the foregoing.

2.8 "**Force Majeure Event**" shall have the meaning set out in Section 16.1.1.

2.9 "**Industry Standard**" means the exercise of such professionalism, skill, diligence, prudence and foresight that would normally be expected at any given time from a skilled and experienced actor engaged in a similar type of undertaking as under this Service Agreement.

2.10 "**Intellectual Property Rights**" or "**IP**" means Patents, Non-patented IP, rights in Confidential Information and Know-How to the extent protected under applicable laws anywhere in the world. For the avoidance of doubt, Trademarks are not comprised by this definition.

2.11 "**Know-How**" means confidential and proprietary industrial, technical and commercial information and techniques in any form including (without limitation) drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, specifications, component lists, market forecasts, lists and particulars of customers and suppliers.

2.12 "**Main Document**" means the contract document (with the heading "Main Document - Service Agreement"), which is signed by Service Provider and Purchaser, to which these General Terms are an Appendix.

2.13 "**Non-patented IP**" means copyrights (including rights in computer software), database rights, semiconductor topography rights, rights in designs, and other intellectual property rights (other than Trademarks and Patents) and all rights or forms of protection having equivalent or similar effect anywhere in the world, in each case whether registered or unregistered, and registered includes registrations, applications for registration and renewals whether made before, on or after execution of this Service Agreement.

2.14 "**Patent**" means any patent, patent application, or utility model, whether filed before, on or after execution of this Service Agreement, along with any continuation, continuation-in-part, divisional, re-examined or re-issued patent, foreign counterpart or renewal or extension of any of the foregoing.

2.15 "**Purchaser Data**" means any information that is processed or stored through the Services by Purchaser, Purchaser's Affiliates or on Purchaser's behalf, and includes, without limitation, information provided by Purchaser's customers, employees, and other users and by other Third Parties, other information generated through use of the Services by or on Purchaser's behalf.

2.16 "**Receiving Party**" means the Party receiving Confidential Information from the Disclosing Party.

2.17 "**Results**" shall mean any outcome of the Services provided to Purchaser under this Service Agreement (including but not limited to any IP, technology, software, methods, processes, deliverables, objects, products, documentation, modifications, improvements, and/or amendments to be carried out by Service Provider under the Service Specification) and any

other outcome or result of the Services to be performed by Service Provider as described in the relevant Service Specification, irrespective of whether the performance of the Services has been completed or not. Results shall exclude any Purchaser Data.

2.18 "**Services**" shall mean the services to be performed or provided by Service Provider to Purchaser hereunder, including all other services under the Appendices attached hereto.

2.19 "**Service Agreement**" means the Main Document including all of its Appendices and their Schedules as amended from time to time.

2.20 "**Service Charges**" means the service charges as set forth or referenced to in the Main Document.

2.21 "**Service Specification**" describes the Services to be performed or provided by Service Provider to Purchaser hereunder including, if applicable, a time plan for the provision of the Services, which is included as Appendix 1 in this Service Agreement.

2.22 "**Third Party**" means a party other than any of the Parties and/or an Affiliate of one of the Parties to this Service Agreement.

2.23 "**Trademarks**" means trademarks (including part numbers that are trademarks), service marks, logos, trade names, business names, assumed names, trade dress and get-up, and domain names, in each case whether registered or unregistered, including all applications, registrations, renewals and the like, in each case to the extent they constitute rights that are enforceable against Third Parties.

2.24 "**Use**" means to make, have made, use (including in a process, such as use in designing, engineering, testing or assembling products or in their research or development), keep, install, integrate, extract, assemble, reproduce, incorporate, create derivative works of, modify, adapt, improve, enhance, develop, service or repair, including in the case of installation, integration, assembly, service or repair, the right to have a subcontractor of any tier carry out any of these activities on behalf of Purchaser.

2.25 The right to "**have made**" is the right of Purchaser to have another person (or their subcontractor of any tier) make for Purchaser and does not include the right to grant sublicenses to another person to make for such person's own use or use other than for Purchaser.

3. PROVISION OF SERVICES

3.1 **Service Specification.** The Parties have agreed upon the scope and specification of the Services provided under this Service Agreement in the Service Specification.

3.2 **Providing the Services**.

3.2.1 Subject to Purchaser's full and continued payment of the Service Charges, Service Provider shall provide or perform the Services to Purchaser for the term of this Service Agreement.

3.2.2 The Services are deemed provided by Service Provider to Purchaser when the Services are made accessible to Purchaser.

3.3 **Change Management**.

3.3.1 Service Provider has no obligation to, upon Purchaser's request, perform Change Management in relation to the Services. However, Purchaser may apply, through a formal Service Request (as defined in Appendix 1), for performance of Change Management to Service Provider who shall investigate the possibility to support and potential consequences of such request before deciding, in its sole discretion, if to perform the Change Management or not.

3.4 **Service Recipients.** In addition to Purchaser, all of Purchaser's Affiliates shall be entitled to receive and use the Services under this Service Agreement within the Territory. Nevertheless, Purchaser shall be Service Provider's sole point of contact and shall be responsible for payment of any Service Charges as set forth in this Service Agreement, irrespectively of whether it is Purchaser or any of Purchaser's Affiliates that in reality received and used the Services.

3.5 **Subcontractors**.

3.5.1 The Parties acknowledge that Service Provider may use its Affiliates and/or subcontractors to perform the Services under this Service Agreement, provided that Service Provider informs Purchaser but only in such cases where there is a material impact in relation to the delivery of the Services to Purchaser.

3.5.2 Service Provider shall however remain responsible for the performance, and any omission to perform or comply with the provisions of this Service Agreement, by any Affiliate to Service Provider and/or any subcontractor to the same extent as if such performance or omittance was made by Service Provider itself. Service Provider shall also remain Purchaser's sole point of contact unless otherwise agreed.

3.6 **Relationship between the Parties.** The Parties are acting as independent contractors when performing each Party's respective obligations under this Service Agreement. Neither Party nor its Affiliates are agents for the other Party or its Affiliates and have no authority to represent them in relation to any matters. Nothing in these General Terms or the Service Agreement shall be construed as to constitute a partnership or joint venture between the Parties.

4. SERVICE REQUIREMENTS

4.1 All Services shall be performed in accordance with the requirements set forth in this Service Agreement, including the Service Specification, and otherwise in a professional manner.

4.2 When providing the Services, Service Provider shall use professional and skilled personnel, reasonably experienced for the Services to be performed, Service Provider shall work according to the same standard of care and professionalism that is done in Service Provider's internal business and development projects. Such standard of care and professionalism, shall however at all times correspond to Industry Standard. For the avoidance of doubt, Service Provider is responsible for all necessary recruiting and hiring costs associated with employing appropriate personnel as well as all necessary training costs.

4.3 In the event the Services or any part thereof, more than insignificantly deviate from the requirements set forth in the Service Specification, or if Service Provider otherwise does not meet or ceases to meet the requirements set forth in this Service Agreement (except for minor faults and defects, which do not affect the provision of the Services), Service Provider shall remedy such incompliance, fault or defect as soon as reasonably possible.

4.4 In the event Service Provider fails to act in accordance with Section 4.3 above, such failure shall be escalated in accordance with the escalation principles set forth in Section 18.1 and eventually give Purchaser the right to terminate the Service Agreement in accordance with Section 15.4.

4.5 Purchaser shall provide Service Provider with instructions as reasonably required for Service Provider to be able to carry out the Services. Service Provider must continuously inform Purchaser of any needs of additional instructions or specifications required to perform the Services.

4.6 Service Provider shall ensure that it has sufficient resources to perform its undertakings under this Service Agreement. Further, Service Provider undertakes to ensure that the performance of the Services will not be given lower priority than other of Service Provider's internal similar projects.

5. INTELLECTUAL PROPERTY RIGHTS

5.1 **Ownership of existing Intellectual Property Rights**.

5.1.1 Each Party remains the sole and exclusive owner of its Background IP and any Intellectual Property Rights which are modifications, amendments or derivatives of any Intellectual Property Rights already owned by such Party.

5.1.2 Nothing in this Service Agreement shall be deemed to constitute an assignment of, or license to use, any Trademarks of the other Party.

5.2 **Ownership of Results**.

5.2.1 Service Provider shall be the exclusive owner of the Results, including all modifications, amendments and developments thereof.

5.2.2 Purchaser shall be the exclusive owner of any Purchaser Data.

5.3 **License grant**.

5.3.1 Service Provider hereby grants to Purchaser a non-exclusive, irrevocable, perpetual (however at least 50 years long (however, in no event shall such time exceed the validity period of any IP or Background IP included in the license described hereunder)), non-assignable (however assignable to the Party's Affiliates and related companies) license to, within the Territory:

(a) Use, in whole or in part, the Results and, if applicable, any Background IP embedded in or otherwise used in the development of the Results to the extent such license is necessary or reasonably necessary to make use of this license granted to the Results and the Services provided hereunder; and

(b) design, engineer, Use, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using the Results and any Background IP referred to in (a) above, in whole or in part.

5.3.2 Purchaser hereby grants to Service Provider a limited, non-exclusive and non-transferable license, to copy, store, configure, perform, display and transmit Purchaser Data in so far as necessary to provide, maintain and improve the Services.

5.3.3 Any license granted in Section 5.3.1 above shall, in relation to the Results generated through the performance of Services in accordance with Appendix 1 Section 5.5.3 of this Service Agreement, e.g. unique development for Purchaser ("**PS Unique Results**"), be exclusive instead of non-exclusive. As a consequence thereof Service Provider shall have no right to make any Use whatsoever of, or to grant any further licenses to, any PS Unique Results, except in so far as may be necessary to provide the Services to Purchaser. The Parties agree and acknowledge to keep a record that expressly identifies any PS Unique Results. Unless any Results is expressly identified in such record it shall not be considered PS Unique Results.

5.3.4 In the event Service Provider would like to make use of PS Unique Results, in whole or in parts, in accordance with Section 5.3.3 above it may at its sole discretion, while accompanied by a service request to Purchaser, and upon payment of the following compensation, determine that the relevant PS Unique Results shall no longer be licensed under an exclusive license but instead be licensed under an non-exclusive license. Service Provider shall in such a case pay Purchaser a compensation. The compensation should equal [***] of the amount included in the Service Charge for such unique development services (as defined in Section 5.5.3 of the Service Specification in Appendix 1). For the avoidance of doubt, Service Provider´s right under this Section 5.3.4 may be exercised at any time also after the term of this Agreement.

5.3.5 Notwithstanding anything to the contrary in this Service Agreement, nothing in these General Terms or otherwise in the Service Agreement shall be construed as to give the other Party any rights, including but not limited to any license rights (express or implied), to any Results or Background IP, except as expressly stated herein.

5.3.6 The license granted from Service Provider to Purchaser under Section 5.3.1 above shall be fully sublicensable to the Purchaser's Affiliates within the Territory but shall not be sublicensable to any Third Party without prior written approval from Service Provider, which may be subject to further terms and conditions under separate written agreements.

5.4 **Suspected infringement**.

5.4.1 Purchaser shall promptly (upon becoming aware) notify Service Provider in writing of:

(a) any conduct of a Third Party that Purchaser reasonably believes to be, or reasonably believes to be likely to be, an infringement, misappropriation or other violation of any Intellectual Property Rights licensed or made available as part of the Services to Purchaser hereunder by a Third Party; or

(b) any allegations made to Purchaser by a Third Party that any Intellectual Property Rights licensed or made available as part of the Services hereunder are invalid, subject to cancellation, unenforceable, or is a misappropriation of any Intellectual Property Rights of a Third Party.

5.4.2 In the event that Purchaser has provided Service Provider a notification pursuant to Section 5.4.1(a) above, and Service Provider decides not to take any action against the Third Party, Service Provider may approve in writing that Purchaser shall be entitled to itself take action against the Third Party at its own cost. If Service Provider approves, it shall provide reasonable assistance to Purchaser, as requested by Purchaser at Purchaser's expense. If Service Provider does not approve to the other Party taking such action, the issue should be escalated to the Strategic Board for decision.

5.4.3 For the avoidance of doubt, Service Provider has no responsibility in the event the Services are alleged to infringe in any Third Party's Intellectual Property Rights and Service Provider has, except for what is set out above in this Section 5.4 no obligation to defend and hold Purchaser harmless from and against any alleged infringements.

5.5 **Volvo brand name**.

5.5.1 For the sake of clarity, it is especially noted that this Service Agreement does not include any right to use the "Volvo" brand name, or Trademarks, or refer to "Volvo" in communications or official documents of whatever kind. The Parties acknowledge that the "Volvo" Trademarks as well as the "Volvo" name is owned by Volvo Trademark Holding AB and that the right to use the name and the "Volvo" Trademarks is subject to a service agreement, which stipulates that the name, Trademarks and all thereto related Intellectual Property can only be used by Volvo Car Corporation and its Affiliates in relation to Volvo products.

5.5.2 This means that this Service Agreement does not include any rights to directly or indirectly use the "Volvo" brand name or "Volvo" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, e.g. in presentations, business cards and correspondence.

5.6 **Polestar brand name**.

5.6.1 Correspondingly, it is especially noted that this Service Agreement does not include any right to use the Polestar brand name or Trademarks, or refer to Polestar in communications or official documents of whatever kind.

5.6.2 This means that this Service Agreement does not include any rights to directly or indirectly use the Polestar brand name or Polestar Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, *e.g.* in presentations, business cards and correspondence.

6. SERVICE CHARGES

6.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser agrees to pay to Service Provider the Service Charges as set forth or referenced to in the Main Document.

7. PAYMENT TERMS

7.1 The Service Charges shall be paid in the currency set forth in the Main Document, in a timely manner and in accordance with the payment terms set forth in this Section 7.

7.2 Service Provider is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Purchaser. All amounts referred to in this Service Agreement are exclusive of VAT.

7.3 If Service Provider is obligated to collect or pay taxes, such taxes shall be invoiced to Purchaser, unless Purchaser provides a valid tax exemption certificate authorized by the appropriate Tax Authority. If Purchaser is required by law to withhold any taxes from its payments, Purchaser must provide an official tax receipt or other appropriate documentation to support this withholding.

7.4 Any amount of the Service Charges invoiced by Service Provider to Purchaser shall be paid by Purchaser within [***] after the invoice date.

7.5 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on the one month applicable interbank rate, depending on invoice and currency, with an addition of [***] per annum.

7.6 Any paid portion of the Service Charges is non-refundable, with the exception set forth in the Main Document.

8. AUDIT

8.1 During the term of the Service Agreement, Purchaser shall have the right to, upon reasonable notice in writing to Service Provider, inspect Service Provider's books and records related to the Services and the premises where the Services are performed, in order to conduct quality controls and otherwise verify the statements rendered under this Service Agreement.

8.2 Audits shall be made during regular business hours and be conducted by Purchaser or by an independent auditor appointed by Purchaser. Should Purchaser during any inspection find that Service Provider or the Services does/do not fulfil the requirements set forth herein, Purchaser is entitled to comment on the identified deviations. Service Provider shall, upon notice from Purchaser, make reasonable efforts to take the actions required in order to fulfil the requirements. In the event the Parties cannot agree upon measures to be taken in respect of the audit, each Party shall be entitled to escalate such issue to the Steering Committee.

9. REPRESENTATIONS

9.1 Each Party warrants and represents to the other Party that:

(a) it is duly organized, validly existing, and in good standing under the laws of its respective jurisdiction of incorporation or formation, as applicable;

(b) it has full corporate power and authority to execute and deliver this Service Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance of this Service Agreement have been duly authorized and approved, with such authorization and approval in full force and effect, and do not and will not (i) violate any laws or regulations applicable to it or (ii) violate its organization documents or any agreement to which it is a party; and

(d) this Service Agreement is a legal and binding obligation of it, enforceable against it in accordance with its terms.

9.2 To the extent any Results or Background IP is embedded, or otherwise included, in or made available through the Services and subject to the license granted in Section 5.3 above, the Parties acknowledge that the Results and Background IP is licensed on an "as is" basis, without any warranties or representations of any kind (except for the warranties in Section 9.1 above), whether implied or express, and in particular any warranties of suitability, merchantability, description, design and fitness for a particular purpose, non-infringement,

completeness, systems integration and accuracy are expressly excluded to the maximum extent permissible by law.

10. SERVICE WARRANTY

10.1 When performing the Services, Service Provider shall provide professional and skilled personnel, reasonably experienced for the Services to be performed at the best of their knowledge.

10.2 Service Provider provides the Services "as is". Service Provider does neither warrant nor represent that any Services, provided or delivered to Purchaser hereunder are functional for the business needs of Purchaser or otherwise suitable for any specific purpose, nor that the Services, are not infringing any Intellectual Property of any third party. Service Provider does neither give any representations or warranties as regards the merchantability of the deliverables to be delivered hereunder nor any other representations or warranties of any kind whatsoever concerning the Services. Purchaser acknowledges that the price of the Services to be performed and other deliverables to be delivered by Service Provider are set in consideration of the foregoing.

10.3 Service Provider shall after receipt of notice of a claim related to Purchaser's use of the Services notify Purchaser of such claim in writing and Purchaser shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the third party presenting the claim and/or intervene in any suit or action. Purchaser shall at all times keep Service Provider informed of the status and progress of the claim and consult with Service Provider on appropriate actions to take. If Purchaser fails to or chooses not to take actions to defend Service Provider within a reasonable time, or at any time ceases to make such efforts, Service Provider shall be entitled to assume control over the defence against such claim and/ or over any settlement negotiation at Purchaser's cost. Any settlement proposed by Purchaser on its own account must take account of potential implications for Service Provider and shall therefore be agreed with Service Provider before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

11. LIMITATION OF LIABILITY

11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this Service Agreement.

11.2 Each Party's aggregate liability for any direct damage arising out of or in connection with this Service Agreement shall be limited to [***].

11.3 The limitations of liability set forth in this Section 11 shall not apply in respect of:

(a) claims related to death or bodily injury;

(b) damage caused by wilful misconduct or gross negligence;

(c) damage caused by a Party's breach of the confidentiality undertakings in Section 14 below; or

(d) damage arising out of an infringement, or alleged infringement, of the other Party's or any third party's Intellectual Property.

12. INDEMNIFICATION

12.1 [***]

12.2 [***]

13. GOVERNANCE AND CHANGES

13.1 **Governance**.

13.1.1 The Parties shall act in good faith in all matters and shall at all times co-operate in respect of changes to this Service Agreement as well as issues and/or disputes arising under this Service Agreement.

13.1.2 The governance and co-operation between the Parties in respect of this Service Agreement shall primarily be administered on an operational level. In the event the Parties on an operational level cannot agree upon *inter alia* the prioritisation of development activities or other aspects relating to the co-operation between the Parties, each Party shall be entitled to escalate such issue to the Steering Committee.

13.1.3 If the Steering Committee fails to agree upon a solution of the disagreement the relevant issue should be escalated to the Strategic Board for decision.

13.2 **Changes**.

13.2.1 During the term of this Service Agreement, Purchaser can request changes to the Service Specification, which shall be handled in accordance with the governance procedure set forth in Section 13.1 above. Both Parties agree to act in good faith to address and respond to any change request within a reasonable period of time.

13.2.2 The Parties acknowledge that Service Provider will not perform in accordance with such change request until agreed in writing between the Parties. For the avoidance of any doubt, until there is agreement about the requested change, all work shall continue in accordance with the existing Service Specification.

14. CONFIDENTIAL INFORMATION

14.1 The Parties shall take any and all necessary measures to comply with the security and confidentiality procedures of the other Party.

14.2 All Confidential Information shall only be used for the purposes comprised by the fulfilment of this Service Agreement. Each Party will keep in confidence any Confidential Information obtained in relation to this Service Agreement and will not divulge the same to any Third Party, unless the exceptions specifically set forth below in this Section 14.2 below apply, in order to obtain patent protection or when approved by the other Party in writing, and with the exception of their own officers, employees, consultants or sub-contractors with a need to know as to enable such personnel to perform their duties hereunder. This provision will not apply to Confidential Information which the Receiving Party can demonstrate:

(a) was in the public domain other than by breach of this undertaking, or by another confidentiality undertaking;

(b) was already in the possession of the Receiving Party before its receipt from the Disclosing Party;

(c) is obtained from a Third Party who is free to divulge the same;

(d) is required to be disclosed by mandatory law, court order, lawful government action or applicable stock exchange regulations;

(e) is reasonably necessary for either Party to utilize its rights and use of its Intellectual Property Rights; or

(f) is developed or created by one Party independently of the other, without any part thereof having been developed or created with assistance or information received from the other Party.

14.3 The Receiving Party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, as the Receiving Party uses to protect its own Confidential Information of similar nature, to prevent the dissemination to Third Parties or publication of the Confidential Information. Further, each Party shall ensure that its employees and consultants are bound by a similar duty of confidentiality and that any subcontractors taking part in the fulfilment of that Party's obligations hereunder, enters into a confidentiality undertaking containing in essence similar provisions as those set forth in this Section 14.

14.4 Any tangible materials that disclose or embody Confidential Information should be marked by the Disclosing Party as "Confidential," "Proprietary" or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by the Disclosing Party as confidential at the time of disclosure, with subsequent confirmation in writing within 30 days after disclosure. However, the lack of marking or subsequent confirmation that the disclosed information shall be regarded as "Confidential", "Proprietary" or the substantial equivalent thereof does not disqualify the disclosed information from being classified as Confidential Information.

14.5 If any Party violates any of its obligations described in this Section 14, the violating Party shall, upon notification from the other Party, (i) immediately cease to proceed such harmful violation and take all actions needed to rectify said behaviour and (ii) financially compensate for the harm suffered as determined by an arbitral tribunal pursuant to 18.2 below. All legal remedies (compensatory but not punitive in nature) according to law shall apply.

14.6 For the avoidance of doubt, this Section 14 does not permit disclosure of source code to software, and/or any substantial parts of design documents to software, included in the Services, to any Third Party, notwithstanding what it set forth above in this Section 14. Any such disclosure to any Third Party is permitted only if approved in writing by Service Provider.

14.7 This confidentiality provision shall survive the expiration or termination of this Service Agreement without limitation in time.

15. TERM AND TERMINATION

15.1 This Service Agreement shall become effective retroactively from 1 January 2018 and shall, unless terminated in accordance with this Section 15 below, remain in force.

15.2 Either Party shall be entitled to terminate this Service Agreement with immediate effect in the event:

(a) the other Party commits a material breach of the terms of this Service Agreement, which has not been remedied within 30 days from written notice from the other Party to remedy such breach (if capable of being remedied); or

(b) if the other Party should become insolvent or enter into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors.

15.3 For avoidance of doubt, Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, shall be considered in material breach for the purpose of this Service Agreement.

15.4 Furthermore, Purchaser is entitled to terminate this Service Agreement with immediate effect in case Service Provider acts in breach, which is not insignificant, of what is set forth in Section 4.3 provided that the issue first has been escalated in accordance with Section 18.1.

15.5 Either Party shall in addition be entitled to terminate this Service Agreement for convenience upon 18 months written notice to the other Party.

15.6 In the event Purchaser terminates the Services in accordance with Section 15.5 above, the Service Charges shall, instead of what is set out in the Main Document, correspond to Service Provider's costs for the Services performed up, until and including the effective date of the termination, including the mark-up otherwise applied to calculate the Service Charges in accordance with the Main Document and any other reasonable proven costs Service Provider has incurred.

15.7 In the event that Service Provider is no longer allowed to grant any rights or licenses to Purchaser that Service Provider receives from a Third Party and that are part of the Services provided hereunder, the relevant licenses and rights as granted to Purchaser under this Service Agreement will automatically terminate upon the revocation or termination to the extent that Service Provider is no longer allowed to grant such rights or licenses and Service Provider shall inform Purchaser on the extent of any revocation or termination as soon as reasonable possible. Service Provider shall make reasonable efforts to mitigate any impact from any termination or revocation under the foregoing including but not limited to finding replacements or alternative solutions in so far as it would otherwise have a material impact on the Services as provided under this Agreement, subject to the Service Charges principles established under this Agreement.

15.8 **Effect of Termination**.

15.8.1 Upon the date when any termination takes effect, Purchaser shall cease any use of the Services as provided under this Service Agreement, or relevant terminated part thereof, and Service Provider shall cease to provide the Services to the same extent.

15.8.2 Further, in case of absence of a customary export function in relation to Purchaser Data, the Parties shall enter into good faith negotiations on how to make Purchaser Data available to Purchaser.

15.8.3 Further, the Parties agree and acknowledge that, subject to the payment of all Service Charges owed under this Service Agreement at the conclusion of termination and only to the extent of the version in existence at the conclusion of termination, Purchaser shall have the right and license to the Results and Background IP as granted and further described under Section 5.3 (*License grant*) and to PS Unique Results under Section 5.3.3, while excluding any Third Party's rights and licenses. Further, the Parties agree and acknowledge that any stand-alone implementation of such IP by Purchaser may require including but not limited to further knowledge transfers and support in relation to procuring Third Party rights or licenses, which are not subject to this Service Agreement. In case Purchaser desires to pursue a stand-alone implementation of such IP, the Parties agree to enter into good faith negotiations in relation to the necessary service agreements, including but not limited to support in procuring Third Party services and licenses, to enable such activity.

16. MISCELLANEOUS

16.1 **Force majeure**.

16.1.1 Neither Party shall be liable for any failure or delay in performing its obligations under the Service Agreement to the extent that such failure or delay is caused by a Force Majeure Event. A "**Force Majeure Event**" means any event beyond a Party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a Third Party's), failure of energy sources or transport network, restrictions concerning motive force, acts of God, war, terrorism, insurgencies and riots, civil commotion, mobilization or extensive call ups, interference by civil or military authorities, national or international calamity, currency restrictions, requisitions, confiscation, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods, storms, stroke of lightning, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default or delays of suppliers or subcontractors if such default or delay has been caused by a Force Majeure Event.

16.1.2 A non-performing Party, which claims there is a Force Majeure Event, and cannot perform its obligations under the Service Agreement as a consequence thereof, shall use all commercially reasonable efforts to continue to perform or to mitigate the impact of its non-performance notwithstanding the Force Majeure Event and shall continue the performance of its obligations as soon as the Force Majeure Event ceases to exist.

16.2 **Notices.** All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement must be in legible writing in the English language delivered by personal delivery, email transmission or prepaid overnight courier using an internationally recognized courier service and shall be effective upon receipt, which shall be deemed to have occurred:

(a) in case of personal delivery, at the time and on the date of personal delivery;

(b) if sent by email transmission, at the time and date indicated on a response confirming such successful email transmission;

(c) if delivered by courier, at the time and on the date of delivery as confirmed in the records of such courier service; or

(d) at such time and date as delivery by personal delivery or courier is refused by the addressee upon presentation;

in each case provided that if such receipt occurred on a non-business day, then notice shall be deemed to have been received on the next following business day; and provided further that where any notice, demand, request or other communication is provided by any party by email, such party shall also provide a copy of such notice, demand, request or other communication by using one of the other methods. All such notices, demands, requests and other communications shall be addressed to the address, and with the attention, as set forth in the Main Document, or to such other address, number or email address as a Party may designate.

16.3 **Assignment**.

16.3.1 Neither Party may, wholly or partly, assign, pledge or otherwise dispose of its rights and/or obligations under this Service Agreement without the other Party's prior written consent.

16.3.2 Notwithstanding the above, each Party may assign this Service Agreement to an Affiliate without the prior written consent of the other Party.

16.4 **Waiver.** Neither Party shall be deprived of any right under this Service Agreement because of its failure to exercise any right under this Service Agreement or failure to notify the infringing party of a breach in connection with the Service Agreement. Notwithstanding the foregoing, rules on complaints and limitation periods shall apply.

16.5 **Severability.** In the event any provision of this Service Agreement is wholly or partly invalid, the validity of the Service Agreement as a whole shall not be affected and the remaining provisions of the Service Agreement shall remain valid. To the extent that such invalidity materially affects a Party's benefit from, or performance under, the Service Agreement, it shall be reasonably amended.

16.6 **Entire agreement.** All arrangements, commitments and undertakings in connection with the subject matter of this Service Agreement (whether written or oral) made before the date of this Service Agreement are superseded by this Service Agreement and its Appendices.

16.7 **Amendments.** Any amendment or addition to this Service Agreement must be made in writing and signed by the Parties to be valid.

16.8 **Survival**.

16.8.1 If this Service Agreement is terminated or expires pursuant to Section 15 above, Section 5.3 (*License grant*) subject to the terms further described in Section 15.8.3, Section 14 (*Confidentiality*), Section 15.8 (*Effect of Termination*), Section 17 (*Governing Law),* Section 18 *(Dispute Resolution*) as well as this Section 16.8, shall survive any termination or expiration and remain in force as between the Parties after such termination or expiration. For clarity, any surviving licenses are further regulated in Section 15.8.3.

17. GOVERNING LAW

17.1 This Service Agreement and all non-contractual obligations in connection with this Service Agreement shall be governed by the substantive laws of Sweden, without giving regard to its conflict of laws principles.

18. DISPUTE RESOLUTION

18.1 **Escalation principles**.

18.1.1 In case the Parties cannot agree on a joint solution for handling disagreements or disputes, a deadlock situation shall be deemed to have occurred and each Party shall notify the other Party hereof by the means of a deadlock notice and simultaneously send a copy of the notice to the Steering Committee. Upon the receipt of such a deadlock notice, the receiving Party shall within ten days of receipt, prepare and circulate to the other Party a statement setting out its position on the matter in dispute and reasons for adopting such position, and simultaneously send a copy of its statement to the Steering Committee. Each such statement shall be considered by the next regular meeting held by the Steering Committee or in a forum meeting specifically called upon by either Party for the settlement of the issue.

18.1.2 The members of the Steering Committee shall use reasonable endeavours to resolve a deadlock situation in good faith. As part thereof, the Steering Committee may request the Parties to in good faith develop and agree on a plan to resolve or address the breach, to be presented for the Steering Committee without undue delay. If the Steering Committee agrees upon a resolution or disposition of the matter, the Parties shall agree in writing on terms of such resolution or disposition and the Parties shall procure that such resolution or disposition is fully and promptly carried into effect.

18.1.3 If the Steering Committee cannot settle the deadlock within 30 days from the deadlock notice pursuant to the section above, despite using reasonable endeavours to do so, such deadlock will be referred to the Strategic Board for decision. If no Steering Committee has been established between the Parties, the relevant issue shall be referred to the Strategic Board. Should the matter not have been resolved by the Strategic Board within 30 days counting from when the matter was referred to them, despite using reasonable endeavours to do so, the matter shall be resolved in accordance with Section 18.2 below.

18.1.4 All notices and communications exchanged in the course of a deadlock resolution proceeding shall be considered Confidential Information of each Party and be subject to the confidentiality undertaking in Section 14 above.

18.1.5 Notwithstanding the above, the Parties agree that either Party may disregard the time frames set forth in this Section 18.1 and apply shorter time frames and/or escalate an issue directly to the Strategic Board in the event the escalated issue is of an urgent character and where the applicable time frames set out above are not appropriate.

18.2 **Arbitration**.

18.2.1 Any dispute, controversy or claim arising out of or in connection with this Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce, whereas the seat of arbitration shall be Gothenburg, Sweden, the language to

be used in the arbitral proceedings shall be English, and the arbitral tribunal shall be composed of three arbitrators.

18.2.2 Irrespective of any discussions or disputes between the Parties, each Party shall always continue to fulfil its undertakings under this Agreement unless an arbitral tribunal or court (as the case may be) decides otherwise.

18.2.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award, or any other legal proceedings between the Parties relating to this Agreement, each Party expressly waives the defence of sovereign immunity and any other defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state. Such waiver includes a waiver of any defence of sovereign immunity in respect of enforcement of arbitral awards and/or sovereign immunity from execution over any of its assets.

18.2.4 All arbitral proceedings as well as any and all information, documentation and materials in any form disclosed in the proceedings shall be strictly confidential.

Service Agreement
Appendix 3
Service Charges

1. GENERAL

1.1 This Appendix 3 stipulates the rules and principle for the Service Charges payable by Purchaser to Service Provider for Services delivered under this Service Agreement.

2. DEFINITIONS

2.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Service Agreement. In addition, the capitalised terms set out below in this Section 2 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2.2 **"Car Park"** means the number of vehicles, independent of brand, that are connected to the Services. Only cars that were connected for the first time during the last five calendar years, including current year, shall be calculated.

2.3 **"Mark-up"** means the additional charge added to all Service Provider's costs in order to fulfil the "arm's length principle" as necessary in business relations between related parties.

2.4 **"Running Operations Costs"** means that Purchaser utilize Service Provider's incident and problem management organization to solve connectivity platform issues and problems. Running Operations Costs also includes that Purchaser has the right to utilize Service Provider's Third Party contracts and licenses with suppliers for connectivity services.

2.5 **"Utilisation"** means the estimated share, in percentage, of the Connected Services applications portfolio that is used to deliver the Services to Purchaser under this Service Agreement. The utilization rate shall be revised before every yearly forecast.

3. SERVICE CHARGES

3.1 The Service Charges payable by Purchaser to Service Provider consists of three different parts:

i. Initial License Fee – One-time compensation for the historical development costs of Service Provider's Cloud Infrastructure,
ii. Yearly License Fee – Yearly fee to compensate for the yearly development costs of Service Provider's Cloud Infrastructure,
iii. Unique Development Costs – Development costs that are only benefitting Purchaser, and
iv. Running Operations Costs – Operations and maintenance of systems and services

The above listed Service Charge categories are further defined below in this Section 3.

3.2 **Initial License Fee**

3.2.1 The Service Provider has over several years developed the systems, processes, functionality and Third Party contracts to which Purchaser, through this Service Agreement, will get access and benefit from. Therefore, the Parties agree that Purchaser shall pay to Service Provider an Initial License Fee as compensation for a reasonable share of the occurred historical development costs.

3.2.2 [***]

3.2.3 The Parties have agreed that the Initial License Fee shall be [***]. Service Provider shall invoice this amount to Purchaser following the execution of this Service Agreement.

3.3 **Yearly License Fee (common development costs)**

3.3.1 The Parties agree that Purchaser shall compensate Service provider for costs related to development and improvement of the Services, benefitting both Parties, [***]. The amount shall be invoiced annually after the year has ended.

3.3.2 [***].

3.3.3 The Yearly License Fee for 2020, [***] and will be invoiced as a lumpsum with the first invoice under this Service Agreement, following the execution of this Service Agreement.

3.3.4 For year 2021 and onwards, Service Provider shall in October each year provide Purchaser with a forecast of the amount to be charged for that current year. However, the actual invoice will be based on the full year actual costs at the end of the year.

3.4 **Unique Development Costs for the purpose of Purchaser**

3.4.1 In order to prepare Service Provider's systems and processes to enable Purchaser to use and benefit from them, Service Provider has had, and may in the future have, costs for that specific purpose. The Parties agree that Service Provider shall be fully compensated by Purchaser for these Unique Development Costs.

3.4.2 The Parties agree that the Unique Development Costs for calendar years 2018 and 2019 is [***] based on [***] hours at the hourly rate of [***]. This amount will be invoiced as a lumpsum with the first invoice under this Service Agreement, following the execution of this Service Agreement.

3.4.3 Any additional development of functionality which is unique for Purchaser, shall after a submitted, quoted and agreed Service Request (as defined in Appendix 1), be invoiced, monthly as they occur, based on actual number of hours performed, to at the time valid hourly rates (determined by Service Provider on an annual basis in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties) and any other proven and related expenses.

3.5 **Running Operations Costs**

3.5.1 Service Provider continuously have costs for operating and maintaining the systems and the services delivered from the systems. This includes but is not limited to, costs for Service Provider's own staff (including consultants) as well as costs for Third Party providers, licenses and volume consumption.

3.5.2 The parties agree that Purchaser shall pay [***].

3.5.3 As shown in the table below, [***] of the estimated Running Operations Costs in 2020 is [***] and it will be invoiced as a lumpsum with the first invoice under this Service Agreement, following the execution of this Service Agreement.
[***]

3.5.4 For year 2021 and onwards, Service Provider shall in October each year provide Purchaser with a forecast of the amount to be charged for that current year. However, the actual invoice will be based on the full year actual costs at the end of the year.

3.5.5 Purchaser acknowledges that, in addition to the costs specified in Section 3.5.3 and 3.5.4 above, cloud traffic charges ([***]) for Purchaser's users will be re-charged to Purchaser by Service Provider.

3.6 The Parties agree that all costs in this Appendix 3 are estimations and that the final amounts to be paid by Purchaser shall be based on the actual cost occurred, using the principles described in this Section 3 above.

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT AGREEMENT 1 TO [***] PROTOTYPE SUPPLY AGREEMENT

This Amendment Agreement 1 to the [***] Prototype Supply Agreement (GEE22-001) ("**Amendment**") is among:

(1) **Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd**., Reg. No. 91500000MA614ANX4E a corporation organized and existing under the laws of People's Republic of China (the "**Seller**" or "**AECQ**");

(2) **Polestar Performance AB**, Reg. No. 556653-3096 a corporation organized and existing under the laws of Sweden (the "**Buyer**" or "**PPAB**"), and

(3) **Polestar Automotive (Chongqing) Co., Ltd.**, 91500000MA61BD5F9T, a corporation organized and existing under the laws of People´s Republic of China (the "**PSCQ**").

Each of Seller, Buyer and PSCQ is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have entered into a supply agreement for VP prototype for Polestar vehicle program [***] (previous internal program number [***]) the [***] Prototype Supply Agreement (GEE22-001) on 26 July 2022 (the "**Agreement**").

B. The Parties now wish to amend the Agreement to the extent set out below.
C. Now, therefore, the Parties agree as follows:

1. SCOPE OF AMENDMENT

1.1 The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.

1.2 The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on X XX 2022.

2. AMENDMENTS

2.1 ***Appendix 1 to the Agreement*** shall be replaced its entirety by Appendix 1 attached to this Amendment. The Letter of Undertaking is appended hereto and form an integral part of this Amendment.

2.2 The Parties have agreed to add ***Sections 2.3 – 2.7*** below to the Agreement.

2.3 The Buyer and/or its Affiliates, which will act on behalf of AECQ to carry out the procurement activities according to the Agreement, warrants to AECQ that all the direct material to be purchased by the Buyer and/or its Affiliates on behalf of AECQ under the Agreement shall be used only for and within the scope of the Agreement, and all the direct material to be purchased shall be delivered from Third Party suppliers to AECQ. The total payment of the said materials, including reasonable safety buffer, shall be limited to the amount set out in Article 5.3 and 5.4 of Appendix 1.

2.4 Any and all materials that have been purchased by the Buyer and/or its Affiliates and paid by the Seller but have not been used for the purpose of the Agreement, shall, after the completion of VP Prototype build, be purchased by Buyer or its Affliates from Seller at the same price actually paid by the Seller plus a mark-up rate(i.e. [***]) according to 5.1 Appendix 1.

2.5 The Buyer and/or its Affiliates, which will act on behalf of Seller to carry out the procurement activities according to the Agreement, shall be responsible for the overall VP prototype procurement process according to Section 3.2 of the Agreement. To be specific, Seller will only pay to the designated suppliers under the Buyer or its Affiliates' instructions for the purchase orders placed with Third Party suppliers under Section 3.2 of the Agreement provided that AECQ has received the corresponding written documents that complies with Section 2.6 below. The Buyer and/or its Affiliates shall indemnify and hold harmless any and all loss suffered by Seller caused by and related to any procurement made by the Buyer and/or its Affiliates under this Amendment and the Agreement according to Sections 9.1 and 9.2 of the Agreement. Any dispute with the Third Party suppliers shall be primarily settled by the Buyer and/or its Affiliates, at their own cost, and Seller shall not be directly involved in principle but may provide all necessary assistance as reasonably required by the Buyer and/or its Affiliates. In the event that the Buyer fails to take any action to settle the dispute with Third Party suppliers, AECQ and/or its designated third party(es) shall be free to take reasonable measures, including but not limited to determining how to act and/or respond to claims from Third Party suppliers regarding the disputes, and the Buyer shall bear any and all damages and costs suffered or incurred by the Seller according to Section 9.1 and Section 9.2 of the Agreement.

2.6 The Buyer and/or its Affiliates shall provide AECQ with all written documents (including the invoices, purchase orders placed with Third Party suppliers, goods receipts and other reasonable and necessary documents reasonably required by AECQ, as applicable) in relation to the procurement to evidence the payment for the purchase orders with Third Party suppliers under the Buyer and/or its Affliates' written instructions. Any and all liability suffered by the Seller incurred from the Buyer and/or its Affiliates' failure to fulfill such requirements, shall be indemnified according to Sections 9.1 and 9.2 of the Agreement.

2.7 PPAB and PSCQ shall comply with the Letter of Undertaking as set forth in Appendix A, which is related to VP Prototype materials import.

3. GENERAL PROVISIONS

3.1 This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.

3.2 No amendment of this Amendment will be effective unless it is in writing and signed by the Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.

3.3 Except as amended under this Amendment, all provisions of the Agreement shall remain in full force and effect.

3.4 The Parties may execute this Amendment in counterparts, including electronic copies, which taken together will constitute one instrument.

Appendix A Letter of Undertaking

_____

[SIGNATURE PAGE FOLLOWS]

ASIA EUROPE NEW ENERGY VEHICLE MANUFACTURING (CHONGQING) CO., LTD.,

By: /s/ Mr. Qingjun Luo

Printed Name: Mr. Qingjun Luo

Title: Program Director

Date: 2023.2.3

POLESTAR PERFORMANCE AB

By: /s/ Dennis Nobelius

Printed Name: Dennis Nobelius

Title: COO

Date: 2022.12.27

By: /s/ Anna Rudensjö

Printed Name: Anna Rudensjö

Title: General Counsel

Date: 2022.12.27

POLESTAR AUTOMOTIVE (CHONGQING) CO., LTD

By: /s/ Frank Wang

Printed Name: Frank Wang

Title: China CFO

Date: 2023.1.9

By: /s/ Benoit Demeunynck

Printed Name: Benoit Demeunynck

Title: Managing Director

Date: 2023.1.9

[***] PROTOTYPE SUPPLY AGREEMENT
APPENDIX 1
LIST OF PROTOTYPES AND PRICE

---

1. GENERAL

1.1 This Specification is a part of this [***] Prototype Supply Agreement executed between Parties. This Specification contains the List of components, prices and payment terms.

2. DEFINITIONS

2.1 Any capitalized terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalized terms set out below in this Section 2 (if any) shall for the purposes of this Appendix 1 have the meanings described herein. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

"**RMB**" means Renminbi, the lawful currency of the PRC.

3. LIST OF COMPONENTS

3.1 **[***] VP Prototypes (including [***])**

- [***] VP Prototype vehicles
- **[***]**VP body Prototypes
- VP Prototype components
- VP Prototype spare parts

3.2 In addition to the VP prototypes listed in Section 3.1 above the Buyer may call of up to an additional five (5) complete [***] Prototype vehicles.

4. DELIVERY TIMING

[***]

5. PRICE

5.1 The Price for the Prototypes, bodies, components and spare parts at the agreed Shipping Terms will be determined on "arm´s length terms" applying the cost plus method, i.e. mark-up. The mark-up shall be based on the latest available benchmarking study. The mark-up applied is **[***].**

5.2 The following cost should be included in the price of the Prototypes: **[***]**

5.3 It is acknowledged by the Buyer that the estimated direct material cost, which should be included when setting the Price of the Prototypes amount to **[***]** excluding VAT according to what is further specified in the table below: **[***]**

5.4 It is acknowledged by the Buyer that the estimated direct material cost, which should be included when setting the Price of the Prototypes for additional Prototypes called off under section 3.2 above amount to approximately **[***]** per VP Prototype vehicle excluding VAT.

5.5 In addition to the abovementioned cost items for the Prototypes the Buyer shall compensate the Seller for the financing assumed by the Seller relating to the Direct Material purchased by the Seller for the Prototype build. The compensation shall be calculated for each day between the Seller´s due payment by Seller to the Third Party supplier for the direct material and Buyer´s payment for the Prototype for which the direct material is used. The applicable interest rate shall be **[***]** per annum. The interest will form part of the final price of the car without mark-up.

5.6 In the event that the VP Prototype plan of this Appendix 1 is changed the Parties agree that the cost and fixed amounts in Section 5.2. of this Appendix shall be reviewed by the Parties. Further, the Buyer shall reimburse Seller all reasonable proven costs incurred by Seller due to such change, which is not reflected in the foregoing cost and fixed amount agreed between the Parties, including but not limited to the cost of operation, labor cost, supplier's cost and claim, etc. However, Seller will take reasonable measures, within its control, to mitigate such cost.

6. PAYMENT TERMS

6.1 Seller will invoice Buyer in the form of invoice as agreed by Buyer and Seller when the Prototype has been delivered in accordance with Section 4.2 of Main Document. Invoices may be generated electronically; provided however that Buyer may request hard-copy summary invoices that total batches of individual invoices over a specified period, in order to satisfy VAT and Customs reporting requirements.

6.2 Payment terms are **[***]** days net after date of invoice. Buyer will pay Seller for the invoice in accordance with that.

6.3 Payment of all invoiced amounts will be in **[***]** or such other currency as Buyer and Seller may agree, and against an invoice issued to Buyer by Seller.

6.4 VAT is chargeable on all invoiced amounts only where required by applicable law and shall be borne by the Buyer. Buyer may appoint an Affiliate or Third Party to handle the requisite VAT registration and recovery.

6.5 If Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be **[***]** per annum.

6.6 If Buyer is in default in making any payment, Seller may postpone its obligations under this Agreement until payment is received. Any postponement or termination of Seller´s obligations under this Agreement shall have no effect on Sellers´s obligations or commitments under any other agreement or understanding between the Parties.

承诺书

Letter of Undertaking

致亚欧新能源汽车制造（重庆）有限公司：

To Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd.

根据 Polestar Performance AB（“**PPAB**”）、极星汽车（重庆）有限公司（“**PSCQ**”）与亚欧新能源汽车制造（重庆）有限公司（“**AECQ**”）于 2022 年7月26日签署的 [***] 项目试制车供货协议(”**供货协议**”) 精神，且经各方达成一致，[***][***] 项目所涉试制车（“**VP车**”）料件进口事宜，由 AECQ 作为收货主体，并委托第三方报关公司进行进口申报。鉴于PSCQ 是代运营方，将代表 AECQ 运营完整的 [***][***] VP 车制造项目，PPAB 研发部门为 [***][***] 项目 VP 车料件的需求确认方，PSCQ 与 PPAB 连带地向 AECQ 作出以下承诺：

Pursuant to contractual spirit of [***][***] Prototype Supply Agreement dated 26 July 2022 entered into by Polestar Performance AB (“**PPAB**”), Polestar Automobile (Chongqing) Co., Ltd. (“**PSCQ**”) and Asia-Europe New Energy Automobile Manufacturing (Chongqing) Co. Ltd (“**AECQ**”) (the “**Supply Agreement**”), and after agreement reached by all the parties, AECQ shall be the accepting party of the import of materials and parts for the VP prototypes (“**VP Prototypes**”) involved in the [***][***] project, AECQ shall engage a third-party customs declaration company to make the import declaration. Given that PSCQ is the Managerial Party and will operate the complete [***] VP Prototypes manufacturing project on behalf of AECQ, and the R&D department of PPAB is the confirming party of the requirements for the VP Prototypes materials and parts of the [***][***] project, PSCQ and PPAB jointly undertake the following towards AECQ:

1、 PSCQ 与 PPAB 遵守与 AECQ 关于 [***][***] 项目试制车相关的所有合同的所有条款与条件，并遵守所有适用法律法规（包括但不限于与国际运输、货物进出口、税务有关的法律法规），并要求相关供应商遵守所有适用法律法规（包括但不限于与国际运输、货物进出口、税务有关的法律法规），例如（1）进口货物单据应与实际进口货物内容、数量相符；（2）不夹带任何单据以外的物品，不夹带海关违禁品；（3）进口货物的包装应满足运输要求(如适用)，如使用木制包装需在外包装上加施 IPPC 标识并提供熏蒸证明，以符合中国海关要求等等。
PSCQ and PPAB shall comply with all terms and conditions of all contracts relating to AECQ in relation to the [***][***] project prototype vehicle, and comply with all applicable laws and regulations (including but not limited to laws and regulations related to international transportation, import and export of goods, and tax).PSCQ and PPAB shall require relevant suppliers to comply with all applicable laws and regulations (including but not limited to laws and regulations related to international transportation, import and export of goods, and tax), such as (1) the import documents should be consistent with the content and quantity of the actual imported goods; (2) no items should be carried other than those set out in the documents, and no goods prohibited by customs should be carried; (3) the packaging of imported goods should meet the transportation requirements, such as the use of wooden packaging, the IPPC logo should be applied to the outer packaging and provision of the fumigation certificate (if applicable), to meet the requirements of Chinese customs, etc.

2、 PSCQ 与 PPAB 应尽最大努力积极配合 AECQ 与其委托的第三方报关公司对 [***] 项目 试制车料件进行进口报关，且在进口货物到达前尽可能快但不晚于 7 日前(如果实际可行)向 AECQ 书面提供拟进口货物清单（经与AECQ确认后，PSCQ和PPAB可随后根据实际情况对该清单进行合理修改）。
PSCQ and PPAB shall use their best efforts to actively cooperate with AECQ and its engaged third-party customs brokers on the [***] project VP production of vehicle materials for import customs declaration, and a written list of goods to be imported shall be provided to AECQ as quickly as practical but by no later than 7 days (to the extent practically possible) before the shipment of the imported goods, which can always be reasonably amended by PSCQ and PPAB afterwards based on the actual circumstances after agreement with AECQ.

3、 PSCQ 与 PPAB 承诺所有进口货物全部且仅用于 [***]项目的试制车生产，符合双方协议约定的由 AECQ 负责的进口范围（即 VP 车造车零件），且零件造车后不在中国境内进行销售。
PSCQ and PPAB undertake that all imported goods will be used exclusively for the production

of prototype vehicles under the [***] project, in accordance with scope of import under AECQ's responsibilities as agreed under the agreement between the two parties (i.e. VP Prototype manufacturing parts), and will not be sold in China after the car is manufactured from parts.

因国际运输、货物进口事宜（包括但不限于 PSCQ 与 PPAB 因违反上述承诺而导致的责任）对AECQ造成了损失，如罚金、滞纳金等、供货协议第9.1条与第9.2条自动适用。因清关过程导致 [***] 项目延迟等责任均由 PSCQ 与 PPAB 承担，与 AECQ 无关。若 PSCQ 与 PPAB 怠于处理，为了防止进一步的损失，AECQ 有权主动采取一切必要及时的行动，在该等情况下 PSCQ 与 PPAB 应根据供货协议第9.1条与第9.2条共同连带赔偿 AECQ 因此产生的所有损失。但是，AECQ将采取其控制范围内的合理措施，以减轻本承诺书项下的损失。

In the event that AECQ is suffered from any loss caused by international transportation, import of goods (including but not limited to liabilities of PSCQ and PPAB for breach of the foregoing commitments), such as fines, late fees, Section 9.1 and 9.2 of the Supply Agreement shall be applied. And any delays in the [***] project due to customs clearance process shall be bone PSCQ and PPAB, and shall not be relevant to AECQ. If PSCQ and PPAB fail to deal with it, AECQ shall have the right to take all necessary and timely actions on its own initiative in order to prevent further losses, in which case PSCQ and PPAB shall jointly and severally indemnify AECQ for all losses arising therefrom according to Sections 9.1 and 9.2 of the Supply Agreement. However, AECQ will take reasonable measures, within its control, to mitigate the losses under this Letter of Undertaking.

供货协议的第 11 条（机密信息）、第 14 条（管辖法律）和第 15 条（争议解决）应视为在此处重述并适用于本承诺书。

Sections 11 (Confidential Information), 14 (Governing Law) and 15 (Dispute Resolution) of the Supply Agreement shall be deemed as restated herein and be applicable to this Letter of Undertaking.

（以下无正文，为承诺书签字页）

(No text hereunder / Signature page)

Polestar Performance AB

/s/ Dennis Nobelius

授权代表签字：/s/ Anna Rudensjö

Signature of authorized representative

Dennis Nobelius, COO

授权代表姓名与职务：Anna Rudensjö, General Counsel

Name and title of authorized representative

盖章/Stamp：

签署日期：2022 年 月 日

Signing date:

极星汽车（重庆）有限公司

Polestar Automobile (Chongqing) Co., Ltd.

/s/ Benoit Demeunynck

法定代表人/或授权代表签字：/s/ Frank Wang

Signature of legal representative/or authorized representative

Benoit Demeunyck, Managing Director

授权代表姓名与职务：Frank Wang, China CFO

Name and title of authorized representative

盖章/Stamp：

签署日期：2022 年 月 日

Signing date:

FRAMEWORK SERVICE AGREEMENT
MAIN DOCUMENT

Name of Project: Framework service agreement for General Aftermarket Services

Short description of activities under this framework service agreement: Purchaser's aftermarket activities are depending on support from Service Provider's aftermarket organisation in a number of areas. This framework service agreement covers activities that are requested by Purchaser for a defined period and with a defined scope.

This framework service agreement is between Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Service Provider**"), and Polestar Performance AB, 556653-3096, a corporation organized and existing under the laws of Sweden ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. Service Provider has an established organisation to manage all its various activities within the aftermarket business area. Governed by separate agreements, the Parties are cooperating within a number of related areas, such as, but not limited to, Parts & Accessories, Technical Support, Customer Care Centers, Repair & Maintenance Information, etc.

B. Complementary to the cooperation mentioned above, the Parties have determined that Service Provider shall provide to Purchaser additional Services, which are further described in Section 3 below. The provision of the Services shall be performed in accordance with the terms in this framework service agreement and its appendices (the "**Service Agreement**").

C. This Service Agreement sets forth the terms under which Purchaser can initiate Service Requests which, if accepted by Service Provider, will result in Service Activities delivered by Service Provider to Purchaser.

D. Purchaser now wishes to enter into this Service Agreement for the purpose of receiving the Services and Service Provider wishes to provide the Services in accordance with the terms set forth in this Service Agreement.

E. In light of the foregoing, the Parties have agreed to execute this Service Agreement.

AGREEMENT

1. GENERAL

1.1 This Service Agreement consists of this main document (the "**Main Document**") and its appendices. This Main Document sets out the specific terms in respect of the provision of the Services, whereas Appendix 1 sets out certain general terms and conditions applicable

to the Parties' rights, obligations and performance of the Parties' activities hereunder (the "**General Terms**").

2. DEFINITIONS

2.1 The capitalised terms set out below in this Section 2 shall for the purposes of this Service Agreement have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2.2 All capitalized terms used, but not specifically defined in this Main Document, shall have the meaning ascribed to them in the General Terms.

2.3 "**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by Volvo Car Corporation or Polestar Automotive Holding UK PLC; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity.

2.4 "**Services**" shall mean the services to be performed by Service Provider to Purchaser hereunder, including all services under the Appendices attached hereto. The services consist of separate Service Activities.

2.5 "**Service Request**" means the service request process that is established between Service Provider and Purchaser to manage all kind of support requests, from request to agreement, between the Parties.

2.6 "**Service Activity**" means the activities performed, under this Service Agreement, by Service Provider or its suppliers to deliver the Result as agreed between the Parties related to a Service Request.

2.7 "**Service Activity Specification**" means the document in which the Service Activities are specified and which shall be signed by Service Provider and Purchaser in course of the Service Request process in order to initiate a Service Activity. The Service Activity Specification template is attached to this Service Agreement as **Schedule A.**

2.8 "**VOICE**", shall have the meaning as set forth in Section 3.3.5 below.

3. SERVICE SPECIFICATION

3.1 General description of the Services

3.1.1 Service Provider will provide Service Activities to Purchaser related to various types of Services within the aftermarket area.

3.1.2 The overall objective of the Services is to support Purchaser in managing Purchaser's aftermarket activities. The activities are characterized by being requested for a defined period of time and with a defined scope.

3.2 Assumptions/Pre-Requisites

3.2.1 The initiation of any individual Service Activity shall be done through the established Service Request process and as further detailed in Section 3.3.3 below.

3.2.2 Service Provider shall use reasonable effort to support each Service Request from Purchaser but has the right to reject a Service Request e.g. if the required resources or competencies are not available.

3.3 Description of the Service Activities

3.3.1 Service Provider will through its organisation perform different aftermarket related Service Activities for Purchaser. The activity areas included in the scope of this Service Agreement are listed in **Schedule B** – Scope of Services, and includes, but are not limited to, activities within the areas of pricing, business analysis, parts branding & marking, service program, repair instructions, special tools, user information, packaging engineering, phase-in logistics planning and technical training. However, for the avoidance of doubt, although the Services performed under the Service Agreement are related to aftermarket activities, Service Provider reserves the right to involve and charge for different resources (external or internal) other than from its specific aftermarket organisation.

3.3.2 The Parties will, on an operational level, establish and maintain a roles and responsibility matrix indicating which type of role each Party should have in each activity.

3.3.3 To initiate a Service Activity under this Service Agreement, Purchaser shall submit a Service Request to Service Provider who will, within reasonable time evaluate if the Service Request is within the scope of this Service Agreement or not.

a) If deemed out of scope, the Service Request will be rejected unless the Parties agree to establish a separate agreement.

b) If deemed within scope, Service Provider will initiate an investigation to estimate the required resources, costs and delivery time and present the proposal, including a Service Activity Specification, to Purchaser using the template form attached to this Service Agreement as **Schedule A – Service Activity Specification**.

   If Purchaser accepts the estimated resources, costs and delivery time, this shall be documented, together with the, by both Parties validly signed, Service Activity Specification in the Service Request data base and the Service Activity shall commence as agreed.

c) For the avoidance of doubt, Service Provider has the right to reject any Service Request at its sole discretion, even if the Service Request would be considered within the scope of this Service Agreement. However, Purchaser's dependency and possibility to find alternative solutions shall be considered when such decision is made by Service Provider. If Purchaser is not satisfied with Service Provider's response, Purchaser may escalate the issue to the Steering Committee.

3.3.4 The total value of all Service Activities called-off under this Service Agreement may not exceed the amount of [***] SEK per calendar year and not exceeding [***] SEK per Service Activity. This corresponds to approximately [***] hours annually and [***] hours per Service Activity. The above stated amounts include the costs for VOICE (as described in Section 3.3.5 below).

3.3.5 **VOICE** is the collective name of a group of systems used for supporting automated translation and publication etc. in the process of producing technical information of different

kind. This group of systems is necessary for Service Provider's ability to effectively perform certain Services, often through third parties. The Parties agree that Purchaser shall compensate Service Provider for its share of the costs related to VOICE, as set out in Appendix 2.

3.3.5.1 *Over and above the actual VOICE system, the VOICE group also includes its sister system SPACE and systems like VPA, JIRA, VISIT and TRIP, but they are collectively referred to as "VOICE" in this Service Agreement.*

3.4 Delegation of authority

3.4.1 The Parties agree that entering into specific Service Activities under this Service Agreement preferably is handled on an operational level. Each Party shall therefore delegate the authority to enter into specific Service Activities under this Service Agreement based on the template attached as Schedule A.

3.4.2 The terms and conditions of this Service Agreement (in particular Appendix 1) shall apply to the Service Activities entered into under Schedule A. For the avoidance of doubt, it shall not be possible to alter the terms and conditions of this Service Agreement in Schedule A.

3.5 Timing

3.5.1 The activities shall commence on 1 January 2021.

3.5.2 However, the Parties agree that the Service Activity call-off process described in Sections 3.3.3 and 3.3.4 above should commence on 1 January 2022.

3.6 Parties' responsibility

3.6.1 **General.** The division of the responsibilities between the Parties can be described as follows in this Section 3.6. If a specific Service Activity requires the division of responsibilities to be either complemented or clarified compared to what is described in this Section 3.6, this shall be specified in each individual Service Activity Specification. For the avoidance of doubt, in the event of any inconsistencies between any Service Activity Specification, Appendix 1 and/or this Main Document, the priority set forth in Section 9 shall prevail.

3.6.2 **Service Provider's responsibilities.** Service Provider is responsible for the following activities:

(a) Carry out all Service Activities as agreed under this Agreement.
(b) Provide Purchaser with all documentation necessary in order for Purchaser to perform adequate follow up of obtained Service Activities.
(c) Continuously strive to improve quality, efficiency and effectiveness of the delivered services.

3.6.3 **Purchaser's responsibilities**. Purchaser is responsible for the following activities:

(a) Supply Service Provider with necessary information, material and training to be able to perform the Service Activities in a timely manner.

4. SERVICE CHARGES

4.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser shall pay to Service Provider the service charges as further described below (the "**Service Charges**").

4.2 The Service Charges for the Services described in each individual Service Activity Specification will be based on the actual hours and any other costs required for the Services to be performed by Service Provider as well as the principles set out in Appendix 2.

4.3 The Service Charges shall be paid in the currency: Swedish Krona (SEK).

5. PAYMENT

5.1 If Service Provider, pursuant to the General Terms, appoints its Affiliates and/or subcontractors to perform the Services under this Service Agreement, Service Provider shall include the costs relating to such work in the invoices to Purchaser.

5.2 The actual Service Charges shall be invoiced on a monthly basis at the end of each month and paid by Purchaser in accordance with what is set out in the General Terms.

6. GOVERNANCE FORUM

6.1 The Parties agree that governance in respect of this Service Agreement shall be handled in accordance with what is set out in the General Terms in Appendix 1. When reference is made to a relevant governance forum, it shall for the purpose of this Service Agreement have the meaning set out below in this Section 6.

6.2 Above the operational level, the next level of governance forum for handling the co-operation between the Parties in various matters, handling management, prioritisation of development activities etc. under the Service Agreement shall be the "**Steering Committee**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Business Steering Committee. The Steering Committee shall be the first level of governance forum established by the Parties for handling the cooperation between them to which an issue shall be escalated if the Parties fail to agree upon a solution on the operational level.

6.3 The higher level of governance forum, to which an issue shall be escalated if the Steering Committee fails to agree upon a solution shall be the "**Strategic Board**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive Alignment Meeting. The Strategic Board shall be the highest level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

7. TEMPLATE FINANCIAL REPORTING

7.1 The Parties agree that the basis for calculating the Service Charges shall be transparent and auditable to Purchaser and be done based on the template attached as Appendix 3.

8. DATA PROCESSING AGREEMENT

8.1 If Service Provider processes any personal data on Purchaser's behalf and in accordance with its instructions as part of or in connection with the performance of the Services, the Parties

agree that the General Data Processing Agreement between the Parties dated 1 June 2019 shall apply between the Parties, and shall be deemed an integrated part of this Service Agreement.

8.2 The Parties shall at all times comply with applicable laws on protection of personal data, in particular, but not limited to the EU Data Protection Laws (as defined in the General Terms in Appendix 1), and shall use its commercially reasonable efforts to ensure that any Affiliates or subcontractors engaged by it also comply therewith.

9. ORDER OF PRIORITY

9.1 In the event there are any contradictions or inconsistencies between the terms of this Main Document and any of the Appendices hereto, the Parties agree that the following order of priority shall apply:

(1) This Main Document
(2) Appendix 1, General Terms – Service Agreement
(3) Appendix 2, Service Charges
(4) Validly signed Service Activity Specifications
(5) Appendix 3, Template Financial Reporting

10. NOTICES

10.1 All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

(a) To Service Provider:

Volvo Car Corporation
Attention: [***]
50419 Owner's Controlling & Related Party BO
VAK HC2N
SE-405 31 Göteborg, Sweden
Email: [***]@volvocars.com

With a copy not constituting notice to:

Volvo Car Corporation
Attention: General Counsel
50090 Group Legal and Corporate Governance
VAK HB3S
405 31 Gothenburg, Sweden
Email: legal@volvocars.com

(b) To Purchaser:

Polestar Performance AB
Attention: [***]

Assar Gabrielssons väg 9
405 31 Göteborg, Sweden
Email: [***]@polestar.com

With a copy not constituting notice to:

Polestar Performance AB
Attention: Legal Department
Assar Gabrielssons väg 9
405 31 Göteborg, Sweden
Email: legal@polestar.com; and

Polestar Performance AB
Email: [***]@polestar.com

[SIGNATURE PAGE FOLLOWS]

This Service Agreement has been signed electronically by both Parties.

VOLVO CAR CORPORATION	**POLESTAR PERFORMANCE AB**
By: /s/ Maria Hemberg	By: /s/ Anna Rudensjö
Title: General Counsel	Title: General Counsel
By: /s/ Johan Ekdahl	By: /s/ Dennis Nobelius
Title: CFO	Title: COO

SERVICE ACTIVITY SPECIFICATION

This Service Activity Specification is part of the service agreement "Framework service agreement for General Aftermarket Services", agreement No. PS20-066 ("the **Service Agreement**") between Volvo Car Corporation ("**Service Provider**") and Polestar Performance AB ("**Purchaser**").

This Service Activity Specification was entered into on the date this Service Activity Specification was signed by the last Party to sign it (as indicated by the date associated with that Party's signature) and sets out the scope, resources and timings for specific activities to be performed under the terms of the Service Agreement.

By signing hereunder, the Parties confirm that they accept the provisions of the Service Agreement and that these specific activities shall be executed as described below.

Service Request No.	*[SR numbers covered by this Service Activity Specification]*
Service Activity Name	*[Name of the activity]*
Service Activity Description	*[Description of the agreed delivery]*
Start and delivery dates	*[Agreed start and delivery date]*
Estimated hours & cost	*[Cost in SEK]* *[Number of hours]*
Special Notes *(e.g. assumptions, pre-conditions, responsibilities not described in the Service Agreement and if notice period for cancellation shall be other than 6 months)*	*[If any special notes needed, describe here.]*
Service Provider main contact	*[Name, email address and department of main contact for this activity]*
Purchaser main contact	*[Name, email address and department of main contact for this activity]*

[signature page follows]

This Service Activity Specification is hereby approved (by either electronic or physical signatures). A scanned copy, duly signed by both parties, shall evidence a binding agreement.

VOLVO CAR CORPORATION

Date: Date:

By: _____ By: _____

Title: _____ Title: _____

POLESTAR PERFORMANCE AB

Date: Date:

By: _____ By: _____

Title: _____ Title: _____

SCOPE of SERVICES, General Aftermarket services	
Main Task / Activity	**Typical tasks/activities**
SERVICE BUSINESS	
Car accessories	Business development
Accessories	Pricing admin (into PRICE)
Polestar Engineered HW PS unique	Product & business development + Marketing & Communication
Polestar Engineered SW PS unique	Product & business development + Marketing & Communication
Common parts	Product & business development + Marketing & Communication
Pricing - Accessories	New pricing, maintenance, market support, surveys
Pricing - Parts PS Unique	New pricing, maintenance, market support, surveys
Pricing - Parts common	New pricing, maintenance, market support, surveys
Business analysis - PS unique	Regular business follow-up
Business analysis - Common	Regular business follow-up
Parts branding & marking - PS unique	Product marking, IP
Parts branding & marking - common parts	Product marking, IP
Service Contract	Post go-live maintenance and support
SERVICE TECHNOLOGY	
Service program Scheduled maintenance program. Content	Scheduled maintenance programs for all markets, content and for CoO calculations.
Service program Scheduled maintenance program. Information production	Scheduled maintenance programs for all markets. Information in VIDA
Vehicle Stock maintenance	Information to be sent to ports and dealers. Information is about what to do with the car during stock. For example, charging of batteries
PDS	Pre Delivery inspection / Pre Delivery Service. Content
PDS	Pre Delivery inspection / Pre Delivery Service. Service information
Rescue Information	Information of what to do in case of an accident. Used by rescue service.
International Dismantling Information System (IDIS)	Information production and system update
End of Life Vehicle (ELV)	Legal requirements re. ELV incl. contracts with shredder industry
Accessories mounting Instructions	Information production and system update
Repair instructions mechanical	Information production and system update
Repair instructions diagnostics	Information production and system update
Service Product Journals	Information production and system update
Paint Information Application	Information production and system update
GPSS/Menu pricing	Information production and system update
Design & Functions	Information production and system update
Wiring Diagram	Information production and system update
Customer Symptom Code	CSC list contains the necessary customer experienced symptoms. Used for fault tracing and warranty claim handling
Parts catalogue	Parts catalogue. All available parts in a catalogue in VIDA
Soft ware products	SW products in PIE
Over The Air (OTA)	SW deployment & support
Test and verification of Diagnostic information and SWDL	test and verification
Accessories User Guide	Accessories User Guide. Information to customer. How to use an accessory. Polestar branding. Information production system
Parts User Guide	Selected parts (ex Brake Pads, Kat) need information. Legal requirement
Volvo Standard Time	Standard time. Time for workshop to do the work
Parts Structure	Parts structure to get optimised parts brake down.
Translation of workshop information	Complement to info prod
Base data	Information production and system update
Special tools	Development and Purchase
Repair & Maintenance Information (RMI)	Information development and pricing
Periodical Technical Inspection (PTI)	Information development and pricing
VIDA-Admin	Administration of subscriptions to dealers.
User Information	Content production
User Information Translation	Translation
User Information Print	Print
User Information Bucket	SuSi deliveries. Support site
Serviceability Requirement Complete Vehicle	Develop strategy and verification
Serviceability Requirement System level	Development and verification
Functional development	Functional development for customer service functions such as remote Diagnostic, Connected Service Booking, Fault-tracing
Planning of strategic projects for workshop production systems and workshop information products	Deliveries in the strategy phase for workshop information and workshop information production systems.
Technical Training	Content production
Technical training	Planning and coordination
Technical Training	training
Technical Training	Development of tools
Car program project lead	Coordination and planning
Ordering of test vehicles, project with set price or developed by other than Product Creation at VCC	VCSB need for test vehicles, training, methods etc. will be ordered by Polestar and called-off by VCSB

Main Task / Activity	Typical tasks/activities
PARTS SUPPLY & LOGISTICS	
New Car Launch date, volumes and future market requirements	Planning prerequisites for Parts (including accessories) distribution
New Car Launch, Model Year Changes, Running Changes & Phase-out lead	Planning of new car launch activities
New Car Launch, Model Year Changes, Running Changes & Phase-out	Project Status
Customs & Export Control	Define HS code and Country of Origin etc.
Customs & Export Control	Customs Parts Master Data Management
Dangerous Goods Classification	Environmental Parts Master Data Management
Safety Data Sheets	For shipment of Dangerous Goods
Packaging	Packaging Brand Design Criteria
Packaging	Packaging Design
Packaging	Packaging Specification
Packaging	Packaging Master Data Management
Procurement (IDP)	Packaging Stans & Clishe
New Supplier Implementation	Implement logistic prerequisites (EDI, transport, packaging) to enable parts deliveries from new suppliers to Volvo Cars
Commercial insights	Provide sales insights including quality campaigns for better forecasting
Planning Clusters & Segmentation	Provide and maintain structured data set classification to allow differentiated forecast, inventory and distribution strategy
Demand Forecasting	Analyse historical sales behaviour, integrate commercial insights (like Campaigns) to provide future demand projection minimizing forecast error
Demand Forecasting	Campaign status reporting
Phase-in/out Planning	Set up and plan Phase in and Phase out according to launch date and future market requirements for critical parts
Phase-in/out Planning	Set up and plan Phase in and Phase out according to launch date and future market requirements for none critical parts
Inventory Management	Stocking & destocking policy of critical parts, initial stock
Inventory Management	Stocking & destocking policy of other than critical parts, initial stock
Procurement (after EOP)	Sourcing & ordering of parts
Procurement (after EOP)	Supplier Management
Procurement (after EOP)	Procurement Parts Master Data Management
Logistics Projects	Projects to adapt flows to optimize business including IT based on Polestar specific business requirements
Extraordinary Costs (Packaging, Transport, Warehouse)	Packaging, Stans & Clishe, Special Transport, Special Warehousing (e.g. All Time Buy)

PS20-066 Service Agreement – Schedule C
Hourly Rates 2021

VOLVO CAR CORPORATION - 2021 *
per February 2021

[***]

* Memo: The agreed hourly rates for 2021 should be used until 2022 rates are agreed and decided. Rates to be used when Volvo Car Corporation AB is the contracting party (exception R&D rate**)

** R&D rates
Global R&D rates – to be used regardless of which Volvo Car Group entity is contracting party. Rate provided in SEK and CNY to be used as applicable for the contract in question.

PS20-066 Service Agreement – Schedule C
Hourly Rates 2022

VOLVO CAR CORPORATION - 2022 *

[***]

* Memo: The agreed hourly rates for 2022 should be used until 2023 rates are agreed and decided. Rates to be used when Volvo Car Corporation AB is the contracting party (exception R&D rate**)

** R&D rates: Global R&D rates – to be used regardless of which Volvo Car Group entity is contracting party. Rate provided in SEK and CNY to be used as applicable for the contract in question.

FRAMEWORK SERVICE AGREEMENT
APPENDIX 1
GENERAL TERMS

1. BACKGROUND

This Appendix 1, General Terms – Framework Service Agreement, (the "**General Terms**") is an Appendix to the Main Document and is an integrated part of the Service Agreement entered into between the Parties.

2. DEFINITIONS

2.1 For the purpose of these General Terms, the following terms shall have the meanings assigned to them below. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and *vice versa*. Any capitalized terms used, but not specifically defined below in this Section 2, shall have the meaning ascribed to them in the Main Document.

2.2 "**Appendix**" means an appendix to the Main Document.

2.3 "**Background IP**" means the Intellectual Property Rights either:

(a) owned by either of the Parties;

(b) created, developed or invented by directors, managers, employees or consultants of either of the Parties;

(c) to which the Party has licensed rights instead of ownership and the right to grant a sublicense

prior to the execution of this Service Agreement, and any Intellectual Property Rights developed or otherwise acquired independently of this Service Agreement.

2.4 "**Confidential Information**" means any and all non-public information regarding the Parties and their respective businesses, whether commercial or technical, in whatever form or media, including but not limited to the existence, content and subject matter of this Service Agreement, information relating to Intellectual Property Rights, concepts, technologies, processes, commercial figures, techniques, algorithms, formulas, methodologies, know-how, strategic plans and budgets, investments, customers and sales, designs, graphics, CAD models, CAE data, statement of works (including engineering statement of works and any high level specification), targets, test plans/reports, technical performance data and engineering sign-off documents and other information of a sensitive nature, that a Party learns from or about the other Party prior to or after the execution of this Service Agreement.

2.5 "**Disclosing Party**" means the Party disclosing Confidential Information to the Receiving Party.

2.6 "**EU Data Protection Laws**" shall mean collectively, any applicable data protection, privacy or similar law generally applicable to the processing of personal data, including but not

limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and any act or piece of national legislation implementing, supporting or otherwise incorporating said regulation, including any amendment made to any of the foregoing.

2.7 "**Force Majeure Event**" shall have the meaning set out in Section 15.1.1.

2.8 "**Industry Standard**" means the exercise of such professionalism, skill, diligence, prudence and foresight that would normally be expected at any given time from a skilled and experienced actor engaged in a similar type of undertaking as under this Service Agreement.

2.9 "**Intellectual Property Rights**" or "**IP**" means Patents, Non-patented IP, rights in Confidential Information and Know-How to the extent protected under applicable laws anywhere in the world. For the avoidance of doubt, Trademarks are not comprised by this definition.

2.10 "**Know-How**" means confidential and proprietary industrial, technical and commercial information and techniques in any form including (without limitation) drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, specifications, component lists, market forecasts, lists and particulars of customers and suppliers.

2.11 "**Main Document**" means the contract document (with the heading "Main Document - Service Agreement"), which is signed by Service Provider and Purchaser, to which these General Terms are an Appendix.

2.12 "**Non-patented IP**" means copyrights (including rights in computer software), database rights, semiconductor topography rights, rights in designs, and other intellectual property rights (other than Trademarks and Patents) and all rights or forms of protection having equivalent or similar effect anywhere in the world, in each case whether registered or unregistered, and registered includes registrations, applications for registration and renewals whether made before, on or after execution of this Service Agreement.

2.13 "**Patent**" means any patent, patent application, or utility model, whether filed before, on or after execution of this Service Agreement, along with any continuation, continuation-in-part, divisional, re-examined or re-issued patent, foreign counterpart or renewal or extension of any of the foregoing.

2.14 "**Receiving Party**" means the Party receiving Confidential Information from the Disclosing Party.

2.15 "**Results**" shall mean any outcome of the Services provided to Purchaser under this Service Agreement (including but not limited to any IP, technology, software, methods, processes, deliverables, objects, products, documentation, modifications, improvements, and/or amendments to be carried out by Service Provider under a Service Activity Specification) and any other outcome or result of the Services to be performed by Service Provider as described in the relevant Service Activity Specification, irrespective of whether the performance of the Service Activities has been completed or not.

2.16 "**Services**" shall have the meaning as set out in the Main Document.

2.17 "**Service Activity**" shall have the meaning as set out in the Main Document.

2.18 "**Service Agreement**" means the Main Document including all of its Appendices and their Schedules as amended from time to time.

2.19 "**Service Charges**" means the service charges as set forth or referenced to in the Main Document.

2.20 "**Third Party**" means a party other than any of the Parties and/or an Affiliate of one of the Parties to this Service Agreement.

2.21 "**Trademarks**" means trademarks (including part numbers that are trademarks), service marks, logos, trade names, business names, assumed names, trade dress and get-up, and domain names, in each case whether registered or unregistered, including all applications, registrations, renewals and the like, in each case to the extent they constitute rights that are enforceable against Third Parties.

2.22 "**Use**" means to make, have made, use (including in a process, such as use in designing, engineering, testing or assembling products or in their research or development), keep, install, integrate, extract, assemble, reproduce, incorporate, create derivative works of, modify, adapt, improve, enhance, develop, service or repair, including in the case of installation, integration, assembly, service or repair, the right to have a subcontractor of any tier carry out any of these activities on behalf of the Parties in their capacity as a licensee hereunder.

2.23 The right to "**have made**" is the right of a Party in its capacity as a licensee hereunder, as applicable, to have another person (or their subcontractor of any tier) make for that Party and does not include the right to grant sublicenses to another person to make for such person's own use or use other than for that Party.

3. PROVISION OF SERVICES

3.1 **Service specification.** The Parties have agreed upon the scope and specification of the Services provided under this Service Agreement in the Main Document and the Service Activity Specification.

3.2 **Service Recipients.** In addition to Purchaser, all of Purchaser's Affiliates shall be entitled to receive and use the Services under this Service Agreement. Nevertheless, Purchaser shall be Service Provider's sole point of contact and shall be responsible for payment of the Service Charges as set forth in this Service Agreement, irrespectively of whether it is Purchaser or any of Purchaser's Affiliates that in reality received and used the Services.

3.3 **Subcontractors**.

3.3.1 The Parties acknowledge that Service Provider may use its Affiliates and/or subcontractors to perform the Services under this Service Agreement, provided that Service Provider informs Purchaser thereof.

3.3.2 Service Provider shall however remain responsible for the performance, and any omission to perform or comply with the provisions of this Service Agreement, by any Affiliate to Service Provider and/or any subcontractor to the same extent as if such performance or

omittance was made by Service Provider itself. Service Provider shall also remain Purchaser's sole point of contact unless otherwise agreed.

3.4 **Relationship between the Parties.** The Parties are acting as independent contractors when performing each Party's respective obligations under the Service Agreement. Neither Party nor its Affiliates are agents for the other Party or its Affiliates and have no authority to represent them in relation to any matters. Nothing in these General Terms or the Service Agreement shall be construed as to constitute a partnership or joint venture between the Parties.

4. SERVICE REQUIREMENTS

4.1 All Services shall be performed in accordance with the requirements set forth in this Service Agreement, including the Service Activity Specifications and otherwise in a professional manner.

4.2 When providing the Services, Service Provider shall use professional and skilled personnel, reasonably experienced for the Services to be performed, Service Provider shall work according to the same standard of care and professionalism that is done in Service Provider's internal business and development projects. Such standard of care and professionalism, shall however at all times correspond to Industry Standard. For the avoidance of doubt, Service Provider is responsible for all necessary recruiting and hiring costs associated with employing appropriate personnel as well as all necessary training costs.

4.3 Service Provider acknowledges that time is of essence and Service Provider agrees to strictly respect and adhere to the deadlines set out in the Service Agreement, such as time limits, milestones and gates. In the event Service Provider risks not to meet an agreed deadline or is otherwise in delay with the performance of the Services, Service Provider shall appoint additional resources in order to avoid the effects of the anticipated delay or the delay (as the case may be).

4.4 In the event the Services or any part thereof, more than insignificantly deviate from the requirements set forth in the Service Agreement, or if Service Provider otherwise does not meet or ceases to meet the requirements set forth in this Service Agreement (except for minor faults and defects, which do not affect the provision of the Services), Service Provider shall remedy such incompliance, fault or defect as soon as reasonably possible.

4.5 In the event Service Provider fails to act in accordance with Section 4.3 and 4.4 above, such failure shall be escalated in accordance with the escalation principles set forth in Section 17.1 and eventually give Purchaser the right to terminate the Service Agreement in accordance with Section 14.4.

4.6 Purchaser shall provide Service Provider with instructions as reasonably required for Service Provider to be able to carry out the Services. Service Provider must continuously inform Purchaser of any needs of additional instructions or specifications required to perform the Services.

4.7 Service Provider shall ensure that it has sufficient resources to perform its undertakings under this Service Agreement. Further, Service Provider undertakes to ensure that the performance of the Services will not be given lower priority than other of Service Provider's internal similar projects.

5. INTELLECTUAL PROPERTY RIGHTS

5.1 Ownership of existing Intellectual Property Rights.

5.1.1 Each Party remains the sole and exclusive owner of its Background IP.

5.1.2 Nothing in this Service Agreement shall be deemed to constitute an assignment of, or license to use, any Trademarks of the other Party.

5.2 **Ownership of Results.** In the event any Results are created as a result of the Services provided by Service Provider (or if applicable, any of its appointed Affiliates or subcontractors) under this Service Agreement, the Parties agree that Service Provider shall be the exclusive owner of such Results, including all modifications, amendments and developments thereof. Hence, all Results shall automatically upon their creation stay with Service Provider. Service Provider shall further have the right to transfer, sublicense, modify and otherwise freely dispose of the Results.

5.3 **License grant**.

5.3.1 Upon creation of the Results, Purchaser shall at the same time automatically be granted a non-exclusive, irrevocable, perpetual (however at least fifty (50) years long (however, in no event shall such time exceed the validity period of any IP or Background IP included in the license described hereunder)), non-assignable (however assignable to Purchaser's Affiliates), worldwide license to Use, in whole or in part, the Results and, if applicable, any Background IP embedded in or otherwise used in the development of the Results. The license granted in this Section 5.3.1 is limited to the extent such license is necessary for Purchaser to make use of the Services provided hereunder and to enable an orderly transfer to another service provider after the termination and/or expiry of this Service Agreement.

5.3.2 Notwithstanding anything to the contrary in this Service Agreement, nothing in these General Terms or otherwise in the Service Agreement shall be construed as to give the other Party any rights, including but not limited to any license rights (express or implied), to any Background IP, except as expressly stated herein.

5.4 **Volvo brand name**.

5.4.1 For the sake of clarity, it is especially noted that this Service Agreement does not include any right to use the "Volvo" brand name, or Trademarks, or refer to "Volvo" in communications or official documents of whatever kind. The Parties acknowledge that the "Volvo" Trademarks as well as the "Volvo" name is owned by Volvo Trademark Holding AB and that the right to use the name and the "Volvo" Trademarks is subject to a service agreement, which stipulates that the name, Trademarks and all thereto related Intellectual Property can only be used by Volvo Car Corporation and its Affiliates in relation to Volvo products.

5.4.2 This means that this Service Agreement does not include any rights to directly or indirectly use the "Volvo" brand name or "Volvo" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, e.g. in presentations, business cards and correspondence.

5.5 **Polestar brand name**.

5.5.1 This Service Agreement includes the right to use the Polestar brand name or Trademarks, or refer to Polestar for the limited purpose of what is needed to perform an individual Service Activity under this Service Agreement. When using the Polestar Trademark or Polestar brand name Service Provider shall comply with any instructions or guidelines provided by Purchaser. For the avoidance of doubt, Service Provider's right to use the Polestar brand name or Trademarks when performing a specific Service Activity does not constitute a right to use the Polestar brand name or Trademarks for any other Service Activity under this Service Agreement.

5.5.2 For the avoidance of doubt, this Service Agreement does not include any other rights to directly or indirectly use the Polestar brand name or Polestar Trademarks, on or for any products outside the scope of this Service Agreement, or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, *e.g.* in presentations, business cards and correspondence, unless with the prior written consent of Purchaser.

6. SERVICE CHARGES

6.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser agrees to pay to Service Provider the Service Charges as set forth or referenced to in the Main Document.

7. PAYMENT TERMS

7.1 The Service Charges shall be paid in the currency set forth in the Main Document, in a timely manner and in accordance with the payment terms set forth in this Section 7.

7.2 Service Provider is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Purchaser. All amounts referred to in this Service Agreement are exclusive of VAT.

7.3 If Service Provider is obligated to collect or pay taxes, such taxes shall be invoiced to Purchaser, unless Purchaser provides a valid tax exemption certificate authorized by the appropriate Tax Authority. If Purchaser is required by law to withhold any taxes from its payments, Purchaser must provide an official tax receipt or other appropriate documentation to support this withholding.

7.4 Any amount of the Service Charges invoiced by Service Provider to Purchaser shall be paid by Purchaser within [***] days after the invoice date.

7.5 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on the one month applicable interbank rate, depending on invoice and currency, with an addition of [***] per cent ([***]%) per annum.

7.6 Any paid portion of the Service Charges is non-refundable, with the exception set forth in the Main Document.

8. AUDIT

8.1 During the term of the Service Agreement, Purchaser shall have the right to, upon reasonable notice in writing to Service Provider, inspect Service Provider's books and records

related to the Services and the premises where the Services are performed, in order to conduct quality controls and otherwise verify the statements rendered under this Service Agreement.

8.2 Audits shall be made during regular business hours and be conducted by Purchaser or by an independent auditor appointed by Purchaser. Should Purchaser during any inspection find that Service Provider or the Services does/do not fulfil the requirements set forth herein, Purchaser is entitled to comment on the identified deviations. Service Provider shall, upon notice from Purchaser, take reasonable efforts to take the actions required in order to fulfil the requirements. In the event the Parties cannot agree upon measures to be taken in respect of the audit, each Party shall be entitled to escalate such issue to the Steering Committee.

9. REPRESENTATIONS

9.1 Each Party warrants and represents to the other Party that:

(a) it is duly organized, validly existing, and in good standing under the laws of its respective jurisdiction of incorporation or formation, as applicable;

(b) it has full corporate power and authority to execute and deliver this Service Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance of this Service Agreement have been duly authorized and approved, with such authorization and approval in full force and effect, and do not and will not (i) violate any laws or regulations applicable to it or (ii) violate its organization documents or any agreement to which it is a party; and

(d) this Service Agreement is a legal and binding obligation of it, enforceable against it in accordance with its terms.

10. SERVICE WARRANTY

10.1 When performing the Services, Service Provider shall provide professional and skilled personnel, reasonably experienced for the Services to be performed at the best of their knowledge.

10.2 Service Provider provides the Services “as is”. Service Provider does neither warrant nor represent that any Services, provided or delivered to Purchaser hereunder are functional for the business needs of Purchaser or otherwise suitable for any specific purpose, nor that the Services, are not infringing any Intellectual Property of any third party. Service Provider does neither give any representations or warranties as regards the merchantability of the deliverables to be delivered hereunder nor any other representations or warranties of any kind whatsoever concerning the Services. Purchaser acknowledges that the price of the Services to be performed and other deliverables to be delivered by Service Provider are set in consideration of the foregoing.

10.3 Service Provider shall after receipt of notice of a claim related to Purchaser’s use of the Services notify Purchaser of such claim in writing and Purchaser shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the third party presenting the claim and/or intervene in any suit or action.

Purchaser shall at all times keep Service Provider informed of the status and progress of the claim and consult with Service Provider on appropriate actions to take. If Purchaser fails to or chooses not to take actions to defend Service Provider within a reasonable time, or at any time ceases to make such efforts, Service Provider shall be entitled to assume control over the defence against such claim and/ or over any settlement negotiation at Purchaser's cost. Any settlement proposed by Purchaser on its own account must take account of potential implications for Service Provider and shall therefore be agreed with Service Provider before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

11. LIMITATION OF LIABILITY

11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this Service Agreement.

11.2 Each Party's aggregate liability for any direct damage arising out of or in connection with this Service Agreement shall be limited to 30 % of the total Service Charges of each separate Service Activity payable by Purchaser to Service Provider hereunder.

11.3 The limitations of liability set forth in this Section 11 shall not apply in respect of:

(a) claims related to death or bodily injury;

(b) damage caused by wilful misconduct or gross negligence;

(c) damage caused by a Party's breach of the confidentiality undertakings in Section 13 below; or

(d) damage arising out of an infringement, or alleged infringement, of the other Party's or any third party's Intellectual Property.

12. GOVERNANCE AND CHANGES

12.1 **Governance**.

12.1.1 The Parties shall act in good faith in all matters and shall at all times co-operate in respect of changes to this Service Agreement as well as issues and/or disputes arising under this Service Agreement.

12.1.2 The governance and co-operation between the Parties in respect of this Service Agreement shall primarily be administered on an operational level. In the event the Parties on an operational level cannot agree upon *inter alia* the prioritisation of development activities or other aspects relating to the co-operation between the Parties, each Party shall be entitled to escalate such issue to the Steering Committee.

12.1.3 If the Steering Committee fails to agree upon a solution of the disagreement the relevant issue should be escalated to the Strategic Board for decision.

12.2 **Changes**.

12.2.1 During the term of this Service Agreement, Purchaser can request changes to the Service Activity Specification, which shall be handled in accordance with the governance procedure set forth in Section 12.1 above. Both Parties agree to act in good faith to address and respond to any change request within a reasonable period of time.

12.2.2 The Parties acknowledge that Service Provider will not perform in accordance with such change request until agreed in writing between the Parties. For the avoidance of any doubt, until there is an agreement about the requested change, all work shall continue in accordance with the existing Service Activity Specification.

13. CONFIDENTIAL INFORMATION

13.1 The Parties shall take any and all necessary measures to comply with the security and confidentiality procedures of the other Party.

13.2 All Confidential Information shall only be used for the purposes comprised by the fulfilment of this Service Agreement. Each Party will keep in confidence any Confidential Information obtained in relation to this Service Agreement and will not divulge the same to any Third Party, unless the exceptions specifically set forth below in this Section 13.2 below apply, in order to obtain patent protection or when approved by the other Party in writing, and with the exception of their own officers, employees, consultants or sub-contractors with a need to know as to enable such personnel to perform their duties hereunder. This provision will not apply to Confidential Information which the Receiving Party can demonstrate:

(a) was in the public domain other than by breach of this undertaking, or by another confidentiality undertaking;

(b) was already in the possession of the Receiving Party before its receipt from the Disclosing Party;

(c) is obtained from a Third Party who is free to divulge the same;

(d) is required to be disclosed by mandatory law, court order, lawful government action or applicable stock exchange regulations;

(e) is reasonably necessary for either Party to utilize its rights and use of its Intellectual Property Rights; or

(f) is developed or created by one Party independently of the other, without any part thereof having been developed or created with assistance or information received from the other Party.

13.3 The Receiving Party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, as the Receiving Parts uses to protect its own Confidential Information of similar nature, to prevent the dissemination to Third Parties or publication of the Confidential Information. Further, each Party shall ensure that its employees and consultants are bound by a similar duty of confidentiality and that any subcontractors taking part in the fulfilment of that Party's obligations hereunder, enters into a confidentiality undertaking containing in essence similar provisions as those set forth in this Section 13.

13.4 Any tangible materials that disclose or embody Confidential Information should be marked by the Disclosing Party as "Confidential," "Proprietary" or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by the Disclosing Party as confidential at the time of disclosure, with subsequent confirmation in writing within 30 days after disclosure. However, the lack of marking or subsequent confirmation that the disclosed information shall be regarded as "Confidential", "Proprietary" or the substantial equivalent thereof does not disqualify the disclosed information from being classified as Confidential Information.

13.5 If any Party violates any of its obligations described in this Section 13, the violating Party shall, upon notification from the other Party, (i) immediately cease to proceed such harmful violation and take all actions needed to rectify said behaviour and (ii) financially compensate for the harm suffered as determined by an arbitral tribunal pursuant to 17.2 below. All legal remedies (compensatory but not punitive in nature) according to law shall apply.

13.6 For the avoidance of doubt, this Section 13 does not permit disclosure of source code to software, and/or any substantial parts of design documents to software, included in the Results, to any Third Party, notwithstanding what it set forth above in this Section 13. Any such disclosure to any Third Party is permitted only if approved in writing by Service Provider.

13.7 This confidentiality provision shall survive the expiration or termination of this Service Agreement without limitation in time.

14. TERM AND TERMINATION

14.1 This Service Agreement shall become effective on 1 January 2021 and shall, unless terminated in accordance with this Section 14 below, remain in force until 31 December 2023.

14.2 Either Party shall be entitled to terminate this Service Agreement with immediate effect in the event:

(a) the other Party commits a material breach of the terms of this Service Agreement, which has not been remedied within 30 days from written notice from the other Party to remedy such breach (if capable of being remedied); or

(b) if the other Party should become insolvent or enter into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors.

14.3 For avoidance of doubt, Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, shall be considered in material breach for the purpose of this Service Agreement.

14.4 Furthermore, Purchaser is entitled to terminate this Service Agreement with immediate effect in case Service Provider acts in breach, which is not insignificant, of what is set forth in Section 4.3 and 4.4 provided that the issue first has been escalated in accordance with Section 17.1.

14.5 Either Party shall in addition be entitled to terminate this Service Agreement for convenience upon 6 months written notice to the other Party. In case of termination according to this Section 14.5 the Parties shall agree on an appropriate transition process.

14.6 Either Party shall in addition be entitled to, by written notice to the other Party, cancel the provision of a Service Activity for convenience in accordance with the cancellation notice period specified for that Service Activity in the Service Activity Specification, which for the avoidance of doubt shall not exceed the termination notice period specified in Section 14.5 above. In the event that there is no cancellation notice period specified for a Service Activity, the cancellation notice period shall be 6 months.

14.7 In the event Purchaser terminates the Services in accordance with Section 14.5 or a Service Activity in accordance with Section 14.6 above, the Service Charges shall, instead of what is set out in the Main Document, correspond to Service Provider's costs for the Services performed up, until and including the effective date of the termination or cancellation, including the mark-up otherwise applied to calculate the Service Charges in accordance with the Main Document and any other reasonable proven costs Service Provider has incurred.

15. MISCELLANEOUS

15.1 **Force majeure.**

15.1.1 Neither Party shall be liable for any failure or delay in performing its obligations under the Service Agreement to the extent that such failure or delay is caused by a Force Majeure Event. A "**Force Majeure Event**" means any event beyond a Party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a Third Party's), failure of energy sources or transport network, restrictions concerning motive force, acts of God, war, terrorism, insurgencies and riots, civil commotion, mobilization or extensive call ups, interference by civil or military authorities, national or international calamity, currency restrictions, requisitions, confiscation, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods, storms, stroke of lightning, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default or delays of suppliers or subcontractors if such default or delay has been caused by a Force Majeure Event.

15.1.2 A non-performing Party, which claims there is a Force Majeure Event, and cannot perform its obligations under the Service Agreement as a consequence thereof, shall use all commercially reasonable efforts to continue to perform or to mitigate the impact of its non-performance notwithstanding the Force Majeure Event and shall continue the performance of its obligations as soon as the Force Majeure Event ceases to exist.

15.2 **Notices.** All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement must be in legible writing in the English language delivered by personal delivery, email transmission or prepaid overnight courier using an internationally recognized courier service and shall be effective upon receipt, which shall be deemed to have occurred:

(a) in case of personal delivery, at the time and on the date of personal delivery;

(b) if sent by email transmission, at the time and date indicated on a response confirming such successful email transmission;

(c) if delivered by courier, at the time and on the date of delivery as confirmed in the records of such courier service; or

(d) at such time and date as delivery by personal delivery or courier is refused by the addressee upon presentation;

in each case provided that if such receipt occurred on a non-business day, then notice shall be deemed to have been received on the next following business day; and provided further that where any notice, demand, request or other communication is provided by any party by email, such party shall also provide a copy of such notice, demand, request or other communication by using one of the other methods. All such notices, demands, requests and other communications shall be addressed to the address, and with the attention, as set forth in the Main Document, or to such other address, number or email address as a Party may designate.

15.3 **Assignment.**

15.3.1 Neither Party may, wholly or partly, assign, pledge or otherwise dispose of its rights and/or obligations under this Service Agreement without the other Party's prior written consent.

15.3.2 Notwithstanding the above, each Party may assign this Service Agreement to an Affiliate without the prior written consent of the other Party.

15.4 **Waiver.** Neither Party shall be deprived of any right under this Service Agreement because of its failure to exercise any right under this Service Agreement or failure to notify the infringing party of a breach in connection with the Service Agreement. Notwithstanding the foregoing, rules on complaints and limitation periods shall apply.

15.5 **Severability.** In the event any provision of this Service Agreement is wholly or partly invalid, the validity of the Service Agreement as a whole shall not be affected and the remaining provisions of the Service Agreement shall remain valid. To the extent that such invalidity materially affects a Party's benefit from, or performance under, the Service Agreement, it shall be reasonably amended.

15.6 **Entire agreement.** All arrangements, commitments and undertakings in connection with the subject matter of this Service Agreement (whether written or oral) made before the date of this Service Agreement are superseded by this Service Agreement and its Appendices.

15.7 **Amendments.** Any amendment or addition to this Service Agreement must be made in writing and signed by the Parties to be valid.

15.8 **Survival.**

15.8.1 If this Service Agreement is terminated or expires pursuant to Section 14 above, Section 5.3 (*License grant*), Section 13 (*Confidentiality*), Section 16 (*Governing Law),* Section 17 *(Dispute Resolution*) as well as this Section 15.8, shall survive any termination or expiration and remain in force as between the Parties after such termination or expiration.

15.8.2 Notwithstanding Section 15.8.1 above, if this Service Agreement is terminated due to Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, pursuant to Section 14 above, Section 5.3 (*License Grant*) shall not survive termination or remain in force as between the Parties after such termination. For the

avoidance of doubt, what is stated in this Section 15.8.2 shall only apply in relation to such licenses granted to Purchaser pursuant to Section 5.3 above and any licenses granted to Service Provider under Section 5.3 shall thus nevertheless remain in force after such termination.

16. GOVERNING LAW

16.1 This Service Agreement and all non-contractual obligations in connection with this Service Agreement shall be governed by the substantive laws of Sweden, without giving regard to its conflict of laws principles.

17. DISPUTE RESOLUTION

17.1 **Escalation principles.**

17.1.1 In case the Parties cannot agree on a joint solution for handling disagreements or disputes, a deadlock situation shall be deemed to have occurred and each Party shall notify the other Party hereof by the means of a deadlock notice and simultaneously send a copy of the notice to the Steering Committee. Upon the receipt of such a deadlock notice, the receiving Party shall within ten days of receipt, prepare and circulate to the other Party a statement setting out its position on the matter in dispute and reasons for adopting such position, and simultaneously send a copy of its statement to the Steering Committee. Each such statement shall be considered by the next regular meeting held by the Steering Committee or in a forum meeting specifically called upon by either Party for the settlement of the issue.

17.1.2 The members of the Steering Committee shall use reasonable endeavours to resolve a deadlock situation in good faith. As part thereof, the Steering Committee may request the Parties to in good faith develop and agree on a plan to resolve or address the breach, to be presented for the Steering Committee without undue delay. If the Steering Committee agrees upon a resolution or disposition of the matter, the Parties shall agree in writing on terms of such resolution or disposition and the Parties shall procure that such resolution or disposition is fully and promptly carried into effect.

17.1.3 If the Steering Committee cannot settle the deadlock within 30 days from the deadlock notice pursuant to the section above, despite using reasonable endeavours to do so, such deadlock will be referred to the Strategic Board for decision. If no Steering Committee has been established between the Parties, the relevant issue shall be referred to the Strategic Board. Should the matter not have been resolved by the Strategic Board within 30 days counting from when the matter was referred to them, despite using reasonable endeavours to do so, the matter shall be resolved in accordance with Section 17.2 below.

17.1.4 All notices and communications exchanged in the course of a deadlock resolution proceeding shall be considered Confidential Information of each Party and be subject to the confidentiality undertaking in Section 13 above.

17.1.5 Notwithstanding the above, the Parties agree that either Party may disregard the time frames set forth in this Section 17.1 and apply shorter time frames and/or escalate an issue directly to the Strategic Board in the event the escalated issue is of an urgent character and where the applicable time frames set out above are not appropriate.

17.2 **Arbitration.**

17.2.1 Any dispute, controversy or claim arising out of or in connection with this Service Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce, whereas the seat of arbitration shall be Gothenburg, Sweden, the language to be used in the arbitral proceedings shall be English, and the arbitral tribunal shall be composed of three arbitrators.

17.2.2 Irrespective of any discussions or disputes between the Parties, each Party shall always continue to fulfil its undertakings under this Service Agreement unless an arbitral tribunal or court (as the case may be) decides otherwise.

17.2.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award, or any other legal proceedings between the Parties relating to this Service Agreement, each Party expressly waives the defence of sovereign immunity and any other defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state. Such waiver includes a waiver of any defence of sovereign immunity in respect of enforcement of arbitral awards and/or sovereign immunity from execution over any of its assets.

17.2.4 All arbitral proceedings as well as any and all information, documentation and materials in any form disclosed in the proceedings shall be strictly confidential.

Framework Service Agreement
Appendix 2
Service Charges

1. GENERAL

1.1 This Appendix 2 stipulates the rules and principle for the Service Charges payable by Purchaser to Service Provider for Services delivered under the Service Agreement.

1.2 This Service Charge description consists of this Appendix 2 – Service Charges and its Schedule C – Hourly Rates 2021-2022.

2. DEFINITIONS

2.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Service Agreement. In addition, the capitalised terms set out below in this Section 2 shall for the purposes of this Service Charge description have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2.2 "**Employees**" means Service Provider's employees, including consultants that are working in Service Provider's premises and as an integral resource of its organisation.

2.3 "**Mark-up**" means the additional charge added to all Service Provider's costs in order to fulfil the "Arm's Length" principle as necessary in business relations between related parties.

3. SERVICE CHARGES

3.1 Purchaser shall, based on "Arm's Length" principle, fully compensate Service Provider for all costs occurring related to activities under this Service Agreement which are executed on behalf of Purchaser. The Parties acknowledge that the estimated Service Charges set forth in each Service Activity Specification are based on an estimation of the amount of hours and other costs required for the performance of the Service Activity and that this estimation may differ from the final actual number of hours and costs charged by Service Provider. Hence, the Service Charges will ultimately be invoiced based on actual hours and other costs, not on the estimation.

3.2 Costs for activities that are benefitting both Parties shall be calculated according to what is set-out in Sections 3.3 and 3.4 below and shared between the Parties in accordance with the principles described in Section 4.

3.3 **Hourly rates, Service Provider's staff**

3.3.1 The hourly rates, valid at the time of the execution of activities under this Service Agreement, shall be applied. The valid hourly rates at the time of execution of this Service Agreement are listed in Schedule C – Hourly Rates 2021-2022.

3.3.2 The hourly rates used to calculate the Service Charges payable by the Purchaser for Services performed by Service Provider´s Employees shall be determined by Service Provider on an annual basis in compliance with applicable tax legislation, including but not limited to the

principle of "Arm's Length" between the Parties. The hourly rates shall be calculated using the cost plus method, i.e. full cost incurred plus an arm´s length Mark-up. All costs Service Provider has in order to perform the Services shall be reimbursed by Purchaser.

3.4 **External Costs, bought services**

3.4.1 In the event Service Provider engage a Third Party supplier or service provider, which is not an Employee, to perform Services, under the guidance of Service Provider, to Purchaser under this Service Agreement, Purchaser shall pay to Service Provider the full cost.

3.5 **VOICE**

3.5.1 The Parties have agreed that Purchaser shall pay a fee for the usage of the VOICE systems. The fee for the VOICE systems shall be calculated based on Purchasers share of Service Provider´s yearly actual Development and Operational cost as described below.

3.5.2 **Development Costs** (system updates to support new or updated product requirements): Purchaser shall pay 100% of Purchaser specific Development cost, and 50% of shared Development cost.

3.5.3 **Operational Costs** (Maintenance, Support and Third Party license costs): Purchaser shall pay a percentage of the Operational costs calculated as Purchaser´s share of editorial (content creation) hours during the calendar year used on behalf of Purchaser specifically out of the total number of editorial hours in the same year.

3.5.4 The estimated fee for the VOICE systems should be calculated at the beginning of each calendar year and the estimated costs shall be evenly distributed over the invoices of the year. At the end of the calendar year, Service Provider shall make a reconciliation and adjust the first invoice in the forthcoming year for any deviation between the estimated fee and final fee calculated based on actual cost.

3.5.5 Actual costs for 2019, 2020 and 2021 are shown in the table below.

[***]

Purchaser acknowledges that it has used or benefitted from VOICE during 2019, 2020 and 2021 and agrees to pay the 2019, 2020 and 2021 fees as a lumpsum when this Service Agreement becomes effective. However, the Parties acknowledge that Purchaser during 2019 has paid some costs related to VOICE and that those payments shall be considered to be part of the 2019 total amount.

4. COST SHARING PRINCIPLES

4.1 With the purpose of gaining efficiency and positive synergy effects for the Parties, the Parties may in some cases agree to share the usage of any Result generated from a Service Activity. In this case the Parties may agree to share the cost for such Service Activity as follows:

i. The value of any existing assets (e.g. data or IP) used as base for a Service Activity shall be calculated as accurate as possible by using reasonable effort. Purchaser shall pay a share of this asset based on a split key as described in Section 4.2 below.

ii. For assets (e.g. data or IP) developed as a result of a Service Activity that is expected to also be used by the Service Provider, Purchaser shall only pay its share of the actual cost based on a split key as described in Section 4.2 below.

4.2 In order to establish a reasonably fair split of costs for jointly used service Results as described in Section 4.1 above, the Parties should agree on the split key to use as part of the Service Activity Specification. The Parties realise that different Service Activities might require different split keys depending on the nature of the Service Activities and/or Results and agree to use their best efforts to come to an agreement which is satisfying the "Arm's Length" principle.

4.2.1 Purely as examples (but not limited to), the split key can be based on car production volumes, vehicles in traffic, number of products from an architecture, affected part numbers, etc.

Appendix 3

PS20-066
FSA General Aftermarket services for Polestar
Expenses

Service Charges

	2021											
	January	February	March	April	May	June	July	August	September	October	November	December
	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst	Act/Fcst
	SEK	SEK	SEK	SEK	SEK	SEK	SEK	SEK	SEK	SEK	SEK	SEK
Present Status												
Service Activities												
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
[Service Request No. + resource function]	0	0	0	0	0	0	0	0	0	0	0	0
VOICE estimated monthly fee	0	0	0	0	0	0	0	0	0	0	0	0
VOICE fee adjustments	0	0	0	0	0	0	0	0	0	0	0	0
External costs	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0
Subtotal Status	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Resource	**Currency**	**Hourly rate**	**Hours**											
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
[Service Request No. + resource function]	SEK		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

VOICE estimated yearly fee (SEK)

Highlighted cells indicates data input required.

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

AMENDMENT AGREEMENT NO. 1

This Amendment Agreement No. 1 to the Polestar 2 Model Year Program License, License Assignment and Service Agreement ("**Amendment**") is between Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Volvo Cars**") Polestar Automotive China Distribution Co. Ltd., Reg No 91510112MA6D05KT88 ("**Polestar")**.

Each of Volvo Cars and Polestar is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have entered into a Polestar 2 Model Year Program License, License Assignment and Service agreement (PS21-008) dated 13 April 2021 (the "**Agreement**").

B. The Parties now wish to amend the Agreement to the extent set out below.

C. Now, therefore, the Parties agree as follows:

1. SCOPE OF AMENDMENT

1.1 The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.

1.2 The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on the date this Amendment is signed by the last Party to sign it (as indicated by the date associated with that Party's signature).

2. AMENDMENTS

2.1 ***The definition of "Affiliate" in Section 1 of the Agreement*** shall be amended and restated in its entirety as follows:

""**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by Volvo Car Corporation or Polestar Automotive Holding UK PLC; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the

board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity."

2.2 ***Appendix 1* to the Agreement** shall be replaced in its entirety by Appendix 1 attached to this Amendment.

2.3 ***Appendix 2* to the Agreement** shall be replaced in its entirety by Appendix 2 attached to this Amendment.

3. GENERAL PROVISIONS

3.1 This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.

3.2 No amendment of this Amendment will be effective unless it is in writing and signed by both Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.

3.3 Sections 17 and 18 of the Agreement shall apply to this Amendment as well.

3.4 The Parties may execute this Amendment in counterparts, including electronic copies, which taken together will constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

VOLVO CAR CORPORATION	**POLESTAR AUTOMOTIVE CHINA DISTRIBUTION CO LTD**
By: /s/ Maria Hemberg	By: /s/ Frank Wang
Printed Name: Maria Hemberg	Printed Name: Frank Wang
Title: General Counsel	Title: China CFO
Date: 25 Nov, 2022	Date: 2022.12.27
By: /s/ Johan Ekdahl	By: /s/ Dan Feng
Printed Name: Johan Ekdahl	Printed Name: Dan Feng
Title: CFO	Title: Legal Representative
Date: 25 Nov, 2022	Date: 2022.12.27

Appendix 1

[***]

APPENDIX 2
FEE

1. GENERAL

1.1 This appendix determines the Fee for the deliveries under this Agreement.

1.2 Any capitalised terms used but not specifically defined in this Appendix shall have the meanings set out for such terms in the License and Service Agreement. In addition, the capitalised terms set out below shall for the purpose of this Appendix have the meaning described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2. FEE

2.1 Principles for determining the Fee

2.2 As regards the Polestar and Volvo Technology, the Fee shall be determined based on Volvo Cars actual development costs for developing the Polestar and Volvo Technology.

2.3 The Fee shall be determined based on the activities performed when Volvo Cars has developed/develops the Volvo Technology and the Polestar Technology, and on estimated development costs, which shall be calculated on a time and material (and other costs) basis applying arm's length pricing using the cost plus method, i.e. full cost incurred plus an arm's length mark-up.

2.4 The Fee will be based on the actual hours required for the Service Specification in Appendix 1 and the hourly rates as set forth in Section 2.5 below. The Parties acknowledge that the estimated Fee set forth in this Appendix 2, are based on an estimation of the number of hours required and that this estimation may differ from the final actual number of hours charged by Volvo Cars. Hence, the Fee will ultimately be invoiced based on actual hours, not on estimated hours.

2.5 The hourly rates shall be determined by Volvo Cars on an annual basis in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties. All costs Volvo Cars has in order to develop the Agreement Result shall be included in the License and Service fee.

2.6 The estimated Fee that Polestar shall pay to Volvo Cars for the development of [***] is set out in the table below.

[***]

2.7 The estimated Fee that Polestar shall pay to Volvo Cars for the development of MY[***] (MY [***] and [***]) is set out in the tables below, [***]

[***]

2.8 The estimated Fee that Polestar shall pay to Volvo Cars for the development of MY[***] is set out in the tables below, [***]

[***]

3. PAYMENT TERMS

3.1 The Fee outlined above 2.6 in this appendix and included in the License and Service Agreement will be paid, as regards Volvo Cars' actual development costs up until and including February 2021, when the Agreement is signed by duly authorised signatories of each Party.

3.2 The Fee outlined above in 2.7 referring to [***] will be paid, as regards Volvo Cars' actual development costs up until and including 1st of March 2022, when the Amendment of the Agreement is signed by duly authorised signatories of each Party.

3.3 The Fee outlined above in 2.8 referring to [***] will be paid, as regards Volvo Cars' actual development costs up until and including 17th of April 2022, when the Amendment of the Agreement is signed by duly authorised signatories of each Party.

3.4 The actual development costs shall then be invoiced on a monthly basis, at the end of each month and payable within [***] after the date of invoice.

3.5 All amounts and payments referred to in this Agreement shall be paid in SEK.

3.6 Volvo Cars is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Polestar. All amounts referred to in this Agreement are exclusive of VAT.

3.7 If Volvo Cars is obligated to collect or pay taxes, such taxes shall be invoiced to Polestar, unless Polestar provides a valid tax exemption certificate authorized by the appropriate Tax Authority. If Polestar is required by law to withhold any taxes from its payments Polestar must provide an official tax receipt or other appropriate documentation to support this withholding.

3.8 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on the [***] per annum.

3.9 Any paid portion of the Fee is non-refundable, with the exceptions set out in this Agreement.

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

CHANGE MANAGEMENT AGREEMENT

MAIN DOCUMENT

This change management agreement is entered into between:

(1) **Volvo Car Corporation**, Reg. No. 556074-3089, a limited liability company incorporated under the laws of Sweden ("**Volvo Cars**"); and

(2) **Polestar Performance AB,** Reg. No. 556653-3096, a limited liability company incorporated under the laws of Sweden ("**Polestar**").

Each of Volvo Cars and Polestar is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have executed, on or around 31 October 2018, the "**Framework Assignment and License Agreements"** as well as "**Car Model Assignment and License Agreements**" (PS17-003 and PS18-016) in relation to the Polestar branded vehicle called Polestar 2 (the "**Polestar Vehicle**"), whereby Volvo Cars to Polestar, in accordance with the terms set out in the Framework Assignment and License agreement and Car Model Assignment and License Agreements has assigned certain Volvo Cars IP (the Polestar Technology and receive a license grant back to certain Common Polestar Technology) and granted certain rights and licenses to use certain Volvo Cars IP (Volvo Technology including PS Unique Volvo Technology).

B. The Parties have now agreed that Volvo Cars shall, (after Job1+90 for the Polestar Vehicle), perform Change Management activities including changes, maintenance and development of the Volvo Technology, Common Polestar Technology, PS Unique Volvo Technology and Polestar Technology (including manufacturing and engineering, logistics, procurement and/or other relevant areas), which are not considered model year related changes that are regulated under the PS2 MY Program License, License Assignment and Service Agreement, "**PS2 MY Program Agreements**"(PS21-007 and PS21-008), and that all Change Management shall be covered by this agreement and executed in accordance with the Change Management procedures set forth in this agreement and its appendices (the "**CM Agreement**").

C. For the avoidance of doubt, this CM Agreement will not have any effect on the ownership of the Volvo Technology or Polestar Technology governed by the Car Model Assignment and License Agreement or any effect on the scope of the license granted from either Party to the other Party under any Car Model Assignment and License Agreement.

D. In light of the foregoing, the Parties have agreed to execute this CM Agreement.

1. AGREEMENT

1.1 General

This CM Agreement consists of this main document (the "**Main Document**") and its appendices. The Parties acknowledge that this CM Agreement is an agreement pursuant to which the Parties shall have the right to call-off Change Management in accordance with the principles and terms of this CM Agreement. Besides this Main Document, certain general terms and conditions applicable to the performance of the Parties' activities hereunder are set out in Appendix 2 (the "**General Terms**").

1.2 Definitions

All capitalized terms used, but not specifically defined in this Main Document, shall have the meaning ascribed to them in the General Terms.

1.3 Fee and Payment terms

1.3.1 In consideration of the Change Management provided, the Third Party licenses assigned and the rights and licenses granted and the development services provided hereunder and the Parties' performance of their respective obligations under this CM Agreement, each Party agrees to pay to the other Party the Fee under the payments terms as described in Appendix 4.

1.4 Governance Forum

1.4.1 The Parties agree that governance in respect of this CM Agreement shall be handled in accordance with what is set out in the General Terms. When reference is made to a relevant governance forum, it shall for the purpose of this CM Agreement have the meaning set out below in this Section 1.4.

1.4.2 The first level of governance forum for handling the co-operation between the Parties in various matters, handling management, prioritisation of development activities etc. under the CM Agreement shall be the "**Steering Committee**", which regarding cooperation between Polestar and Volvo Cars is the so called Volvo and Polestar Engineering & Operations Steering Committee. The Steering Committee shall be the first level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

1.4.3 The higher level of governance forum, to which an issue shall be escalated if the Steering Committee fails to agree upon a solution shall be the **"Volvo Cars and Polestar Executive Alignment Meeting".** This shall be the highest level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

1.5 Territory

Under this CM Agreement, Polestar shall be entitled to use the CM Results in all countries in the world.

1.6 General Terms

1.6.1 The Parties agree that the CM Agreement, and each Party's rights and obligations hereunder, shall further be governed by the terms and conditions in Appendix 2 to this Main Document, which shall be deemed an integrated part of this Main Document.

1.7 Financial Reporting and Approval

1.7.1 The Fee payable under this CM Agreement and the basis for calculating the Fee shall be transparent and auditable to Polestar in order to understand what drives cost and to verify that the Fee is accurate. In order to achieve this, the relevant financial information in relation to any executed Change Management performed in accordance with the principles of this CM Agreement shall be provided.

1.7.2 Volvo Cars shall each year by the 15th of September provide an indicative budget for Common Change Management activities of the coming year and the estimated Polestar share of such budget and will no later than 15th of November each year send an updated version of such budget and Polestar's share of such budget. Volvo Cars shall ask for Polestar's approval of the budget for Common Change Management activities relating to Functional Growth (Polestar shall according to Section 2.2.2 in Appendix 2 approve the technology and time of introduction). Any need for an increase of the budget for Common Change Management activities relating to Functional Growth during the year will be agreed by the Steering Committee.

1.7.3 Volvo Cars will provide a 15 months-rolling forecast via the regular financial follow up meetings at least on a quarterly basis i.e. mid-March, mid-June and mid-September.

1.7.4 Financial reporting of actual hours spent will be provided in accordance with the Template Financial Reporting attached as Appendix 3 herein.

1.8 Data Processing Agreement

1.8.1 If Volvo Cars processes any personal data on Polestar's behalf and in accordance with its instructions as part of or in connection with the performance of the Services, the Parties agree that the General Data Processing Agreement between the Parties dated 1 June 2019 shall apply between the Parties, and shall be deemed an integrated part of these Main Document.

1.8.2 The Parties shall at all times comply with applicable laws on data protection and privacy, in particular, but not limited to the EU Data Protection Laws (as defined in Appendix 2), and shall use its commercially reasonable efforts to ensure that any Affiliates or subcontractors engaged by it also comply therewith.

1.9 Order of Priority

In the event there are any contradictions or inconsistencies between the terms of this Main Document and any of the Appendices hereto, the Parties agree that the following order of priority shall apply:

1. This Main Document
2. Appendix 2, General Terms

3. Appendix 4, Fee and Payment Terms

4. Appendix 1, Change Request Form

5. Appendix 3, Template Financial Reporting

6. Appendix 5, Product Change Management process description

7. Appendix 6, Part Categorization

1.10 Notices

All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this CM Agreement shall be sent to following addresses and shall otherwise be sent in accordance with the terms in Section 15.2 in the General Terms:

To Volvo Cars:

Volvo Car Corporation
Attention: [***]
SE-405 31 Gothenburg, SWEDEN
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
General Counsel
50090 Group Legal and Corporate Governance
SE-405 31 Gothenburg, SWEDEN
Email: legal@volvocars.com

To Polestar:

Polestar Performance AB
Attention: [***]
Assar Gabrielssons Väg 9
SE-405 31 Gothenburg, SWEDEN
Email: [***]

With a copy not constituting notice to:

Polestar Performance AB
Legal Department
Assar Gabrielssons Väg 9
SE-405 31 Gothenburg, SWEDEN
Email: legal@polestar.com

[*Signature page follows*]

This CM Agreement has been signed electronically by both Parties.

VOLVO CAR CORPORATION

Place: Gothenburg

Date: Dec 30, 2022

/s/ Maria Hemberg
Signature

Maria Hemberg General Counsel
Clarification of signature and title

Place: Gothenburg

Date: Dec 30, 2022

/s/ Johan Ekdahl
Signature

Johan Ekdahl CFO
Clarification of signature and title

POLESTAR PERFORMANCE AB

Place:

Date: Dec 30, 2022

/s/ Anna Rudensjö
Signature

Anna Rudensjö General Counsel
Clarification of signature and title

Place: Askim

Date: Dec 31, 2022

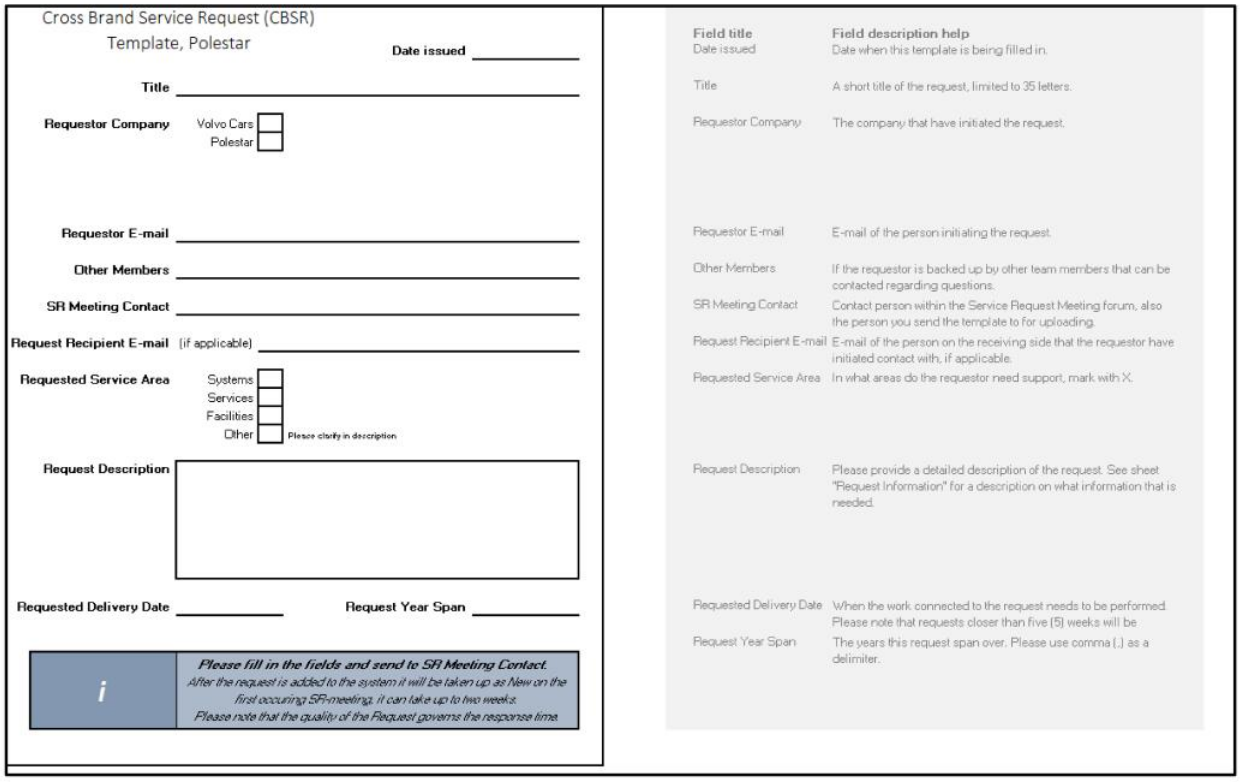
/s/ Dennis Nobelius
Signature

Dennis Nobelius COO
Clarification of signature and title

CHANGE MANAGEMENT AGREEMENT

APPENDIX 1

CHANGE REQUEST FORM



Cross Brand Service Request (CBSR)
Template, Polestar

Date issued _____

Title _____

Requestor Company Volvo Cars ☐ Polestar ☐

Requestor E-mail _____

Other Members _____

SR Meeting Contact _____

Request Recipient E-mail (if applicable) _____

Requested Service Area Systems ☐ Services ☐ Facilities ☐ Other ☐ Please clarify in description

Request Description

Requested Delivery Date _____ **Request Year Span** _____

i

Please fill in the fields and send to SR Meeting Contact.
After the request is added to the system it will be taken up as New on the first occuring SR-meeting, it can take up to two weeks.
Please note that the quality of the Request governs the response time.

Field title	Field description help
Date issued	Date when this template is being filled in.
Title	A short title of the request, limited to 35 letters.
Requestor Company	The company that have initiated the request.
Requestor E-mail	E-mail of the person initiating the request.
Other Members	If the requestor is backed up by other team members that can be contacted regarding questions.
SR Meeting Contact	Contact person within the Service Request Meeting forum, also the person you send the template to for uploading.
Request Recipient E-mail	E-mail of the person on the receiving side that the requestor have initiated contact with, if applicable.
Requested Service Area	In what areas do the requestor need support, mark with X.
Request Description	Please provide a detailed description of the request. See sheet "Request Information" for a description on what information that is needed.
Requested Delivery Date	When the work connected to the request needs to be performed. Please note that requests closer than five (5) weeks will be
Request Year Span	The years this request span over. Please use comma (,) as a delimiter.

CHANGE MANAGEMENT AGREEMENT

APPENDIX 2

GENERAL TERMS

BACKGROUND

This Appendix 2, General Terms (the "**General Terms**") is an Appendix to the Main Document and is an integrated part of the CM Agreement entered into between the Parties.

1. DEFINITIONS

For the purpose of these General Terms, the following terms shall have the meaning assigned to them below. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and *vice versa*. Any capitalised terms used, but not specifically defined below in this Section 1, shall have the meaning ascribed to them in the Main Document.

"**Affiliate**" means:

(a) for Polestar, any other legal entity that, directly or indirectly, is controlled by Polestar Automotive Holding UK PLC; and

(b) for Volvo Cars, any other legal entity that directly or indirectly is controlled by Volvo Cars;

"control" means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity. The Parties, however, agree to renegotiate this definition of "Affiliates" in good faith if it in the future does not reflect the Parties' intention at the time of signing this Agreement due to a restructuring or reorganization in relation to either of the Parties.

"**Appendix**" means an appendix to the Main Document.

"**Background IP**" means the Intellectual Property Rights either;

(a) owned by either of the Parties; or

(b) created, developed or invented by directors, managers, employees or consultants of either of the Parties to which the Party has licensed rights instead of ownership and the right to grant a sublicense

prior to the execution of this CM Agreement, and any Intellectual Property Rights developed independently of this CM Agreement.

"**Car Model Assignment and License Agreement**" shall have the meaning ascribed to it in Background A. in the Main Document.

"**Change Management**" means changes, maintenance and development of Volvo Technology, PS Unique Volvo Technology, Volvo Supplier License Technology, Common Polestar Technology, Polestar Technology or Polestar Supplier License Technology (including changes, maintenance and development of, and services performed in relation to, manufacturing and engineering, logistics, procurement and/or other relevant areas, provided such is necessary for the correct implementation of the changes, maintenance and development of Volvo Technology, PS Unique Technology, Volvo Supplier License Technology, Common Polestar Technology, Polestar Technology or Polestar Supplier License Technology), to be performed after Job1+90 in relation to the Polestar Vehicle. Such changes, maintenance and development consist of Quality Changes and Ratio Changes having an effect on Volvo Technology, PS Unique Volvo Technology, Volvo Supplier License Technology, Common Polestar Technology, Polestar Technology or Polestar Supplier License Technology and by which such changes, maintenance and development results shall become the CM Results. In the case of software, this also captures changes, maintenance and development which are considered to be Functional Growth, but only in so far as they are executed in accordance with the terms of this CM Agreement.

"**Change Request**" means a request for Change Management regarding the Polestar Vehicle. A Change Request sets out the technical and functional information, describing the CM Results that shall be developed by, and the Work performed by, Volvo Cars hereunder, and shall be submitted in the format set out in the Change Request Form, as attached in Appendix 1.

"**Change Request Form**" shall mean the format for submitting a Change Request, as attached in Appendix 1.

"**CM Agreement**" means the Main Document including all of its Appendices and their Schedules as amended from time to time.

"**CM Results**" means the outcome of the Work as described either (i) in the relevant approval documented in accordance with Section 2.2 (*Common Change Management*) in relation to hardware and software (Object Code and Source Code) that are common between the Parties; or (ii) in the relevant approved Change Request in accordance with Section 2.3 (*Unique Change Management*) in relation to hardware and software (Object Code and Source Code) that is unique to Polestar; (including but not limited to the technology, software, methods, processes, deliverables, objects, products, documentation, modifications, improvements, and/or amendments to be finalised by Volvo Cars on Volvo Technology, PS Unique Volvo Technology, Common Polestar Technology or Polestar Technology under the approved Change Management activity) and any other outcome or result of the activities to be performed by Volvo Cars on Volvo Technology, PS Unique Volvo Technology, Common Polestar Technology or Polestar Technology (as well as in relation to changes, maintenance and development of, and services performed in relation to, manufacturing and engineering, logistics, procurement and/or other relevant areas, provided such is necessary for the correct implementation of the changes, maintenance and development of the relevant Volvo Technology, PS Unique Volvo Technology, Common

Polestar Technology or Polestar Technology), irrespective of whether the performance of the Work has been completed or not.

"Common Change Management" means any Change Management in relation to hardware and software that are common between the Parties due to the sharing of technologies. For the sake of clarity, this means Volvo Technology and Volvo Supplier License Technology falling into category 3A and Polestar Technology falling into category 3B in Appendix 6.

"**Common Polestar Technology**" means such Polestar Technology that are common between the Parties and that are specified as category 3B in Appendix 6 in a specific Change Management activity executed in accordance with the terms of this CM Agreement.

"**Confidential Information**" means any and all non-public information regarding the Parties and their respective businesses, whether commercial or technical, in whatever form or media, including but not limited to the existence, content and subject matter of this CM Agreement, information relating to Intellectual Property Rights, concepts, technologies, processes, commercial figures, techniques, algorithms, formulas, methodologies, Know-How, strategic plans and budgets, investments, customers and sales, designs, graphics, CAD models, CAE data, statement of works (including engineering statement of works and any high level specification), targets, test plans/reports, technical performance data and engineering sign-off documents and other information of a sensitive nature, that a Party learns from or about the other Party prior to or after the execution of this CM Agreement.

"**Data Room**" means, if applicable, the information sharing platform agreed to be used between the Parties for making available the CM Results to Polestar.

"**Disclosing Party**" means the Party disclosing Confidential Information to the Receiving Party.

"**EU Data Protection Laws**" shall mean collectively, any applicable data protection, privacy or similar law generally applicable to the processing of personal data, including but not limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and any act or piece of national legislation implementing, supporting or otherwise incorporating said regulation, including any amendment made to any of the foregoing.

"**Fee**" means the fee to be paid by either Party to the other Party hereunder in accordance with what is set out in Appendix 4 to this CM Agreement.

"**Force Majeure Event**" shall have the meaning set out in Section 15.1.1

"Functional Growth" means added functionality of software. For clarity, this does not include Quality Changes or Ratio Changes.

"**Gates**" means the deadlines set out in the approved Change Management activity or otherwise agreed in writing between the Parties, such as time limits, milestones and gates.

"**Industry Standard**" means the exercise of such professionalism, skill, diligence, prudence and foresight which would normally be expected at any given time from a skilled and experienced actor engaged in a similar type of undertaking as under this CM Agreement.

"**Intellectual Property Rights**" or "**IP**" means Patents, Non-patented IP, Know-How and rights in Confidential Information to the extent protected under applicable laws anywhere in the world. For the avoidance of doubt, Trademarks are not comprised by this definition.

"**Job1**" shall mean the date on which the production of the Polestar Vehicle started.

"**Job1+90**" shall mean, in relation to the Polestar Vehicle, the date of Final Status Report ("FSR"), which follows from VPDS and which will take place ninety (90) days after Job1.

"**Know-How**" means confidential and proprietary industrial, technical and commercial information and techniques in any form including (without limitation) drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, specifications, component lists, market forecasts, lists and particulars of customers and suppliers.

"**Main Document**" means the contract document, which is signed by Volvo Cars and Polestar, to which these General Terms are an Appendix.

"**Non-patented IP**" means copyrights (including rights in computer software), database rights, semiconductor topography rights, rights in designs, and other intellectual property rights (other than Trademarks and Patents) and all rights or forms of protection having equivalent or similar effect anywhere in the world, in each case whether registered or unregistered, and registered includes registrations, applications for registration and renewals whether made before, on or after execution of this CM Agreement.

"**Object Code**" means the compiled version of the Source Code including parameter files.

"**Other Polestar Branded Vehicles**" means Polestar branded vehicle models other than the Polestar Vehicle.

"**Patent**" means any patent, patent application, or utility model, whether filed before, on or after execution of this CM Agreement, along with any continuation, continuation-in-part, divisional, re-examined or re-issued patent, foreign counterpart or renewal or extension of any of the foregoing.

"**Polestar Supplier License Technology**" means the Polestar Technology and Common Polestar Technology which is owned by a Third Party and licensed to Volvo Cars, and which license may be assigned to Polestar under this CM Agreement (part of category 1 and 3B in Appendix 6).

"**Polestar Technology**" means CM Results which are specified as category 1 in Appendix 6 in a specific Change Management activity executed in accordance with the terms of this CM Agreement, and shall include but not be limited to access to drawings, specifications, calculations, protocols (including test protocols), software (Object Code and Source Code), methods, processes and any similar deliverables needed for Polestar to make use of the licensed technology.

"**Polestar Vehicle**" shall have the meaning ascribed to it in Background A. to the Main Document.

"**PS Unique Volvo Technology**" means such Volvo Technology which is specified as category 2 in Appendix 6) in a specific Change Management activity executed in accordance with the terms of this CM Agreement.

"**Quality Changes**" means activities driven by all quality related issues or legal requirements.

"**Ratio Changes**" means activities driven by cost efficiency initiatives.

"**Receiving Party**" means the Party receiving Confidential Information from the Disclosing Party.

"**Source Code**" means human-readable program statements written by a programmer or developer in a high-level or assembly language that are not directly readable by a computer and that need to be compiled into object code before they can be executed by a computer.

"**Territory**" shall have the meaning ascribed to it in the Main Document.

"**Third Party**" means a party other than any of the Parties and/or an Affiliate of one of the Parties to this CM Agreement.

"**Trademarks**" means trademarks (including part numbers that are trademarks), service marks, logos, trade names, business names, assumed names, trade dress and get-up, and domain names, in each case whether registered or unregistered, including all applications, registrations, renewals and the like, in each case to the extent they constitute rights that are enforceable against Third Parties.

"Unique Change Management" means any Change Management in relation to hardware and software that is unique to Polestar. For the sake of clarity, this means Polestar Technology falling into category 1 and PS Unique Volvo Technology falling into category 2 in Appendix 6.

"**Use**" means to make, have made, use (including in a process, such as use in designing, engineering, testing or assembling products or in their research or development), keep, install, integrate, extract, assemble, reproduce, incorporate, create derivative works of, modify, adapt, improve, enhance, develop, service or repair, including in the case of installation, integration, assembly, service or repair, the right to have a subcontractor of any tier carry out any of these activities on behalf of a Party.

The right to "**have made**" is the right of a Party, as applicable, to have another person (or their subcontractor of any tier) make for such Party and does not include the right to grant sublicenses to another person to make for such person's own use or use other than for such Party.

"**Volvo Supplier License Technology**" means the Volvo Technology and PS Unique Volvo Technology which is owned by a Third Party and licensed to Volvo Cars, and which license may be sublicensed to Polestar under this CM Agreement.

"**Volvo Technology**" means CM Results which are specified as category 2 and 3A in Appendix 6 in a specific Change Management activity executed in accordance with the terms of this CM Agreement, and shall include but not be limited to access to drawings, specifications, calculations, protocols (including test protocols), software (Object Code and Source Code), methods, processes and any similar deliverables needed for Polestar to make use of the licensed technology.

"**VPDS**" means Volvo Cars' procedures in development projects, 'Volvo Product Development System'.

"**Work**" means the activities performed by Volvo Cars in relation to Change Management, including in relation to, manufacturing and engineering, logistics, procurement and/or other relevant areas, provided such is necessary for the correct implementation of the relevant changes, maintenance and development, and as further described in the relevant approved Change Management activity.

2. THE CHANGE MANAGEMENT PROCEDURE

2.1 General

2.1.1 The Parties agree and acknowledge that Volvo Cars shall lead the Change Management activities and perform the Work in accordance with what is set out hereunder. Both Parties agree to act in good faith to address and respond to any requested Change Management activities within a reasonable period of time.

2.1.2 The Parties acknowledge that they have established a categorization (numbered 1, 2, 3A, 3B, 4) of technical areas which are further described in principle in Appendix 6 and whenever the Parties refer to "category/categories" in this CM Agreement, they are referring to those categories. The categories have further been defined in Section 1 above under either Volvo Technology, PS Unique Technology, Volvo Supplier License Technology, Common Polestar Technology, Polestar Technology or Polestar Supplier License Technology. The category of any specific CM Results shall be recorded in (i) either the relevant engineering systems at Volvo Cars that record Common Change Management in accordance with Section 2.2; or (ii) the relevant approved Change Request in relation to Unique Change Management in accordance with Section 2.3. Volvo Cars shall undertake to perform all Change Management activities while respecting the principles relating to each category as further described in Appendix 6. In case there is any issue relating to the categorization of any CM Results, the issue shall be escalated in accordance with the governance process described in Section 12 below.

2.1.3 Until the Parties agree otherwise in writing or in case the Parties have not agreed upon any classification of certain CM Results, such CM Results shall be considered category 3A.

2.1.4 The Parties agree that for the purpose of quality improvements, both Parties will share vehicle quality information. The quality information is collected in for example, DRO, RVDC, TIE, QW90.

2.2 Common Change Management

2.2.1 The Parties agree and acknowledge that Volvo Cars shall lead the Common Change Management activities and perform the Work in accordance with what is set out hereunder and in accordance with the change management process further described in Appendix 5. In case of Common Change Management relating to category 3A, Volvo Cars shall keep Polestar informed and ask for Polestar's approval (including time for introduction, technology, cost, and as further described in Appendix 5) before commencing such Change Management. Volvo Cars shall record Polestar's approval and the technological area of each case of Change Management (as described in Appendix 6 and as regulated further in the General Terms).

2.2.2 In the case of Functional Growth relating to Common Change Management Volvo Cars shall, in excess of the budget information provided in accordance with Section 1.7 of the Main Agreement, provide Polestar with information on the planned Change Management

activities (technology and time for introduction) for the coming calendar year. The Parties shall agree on the planned Change Management activities (technology and time for introduction) relating to Functional Growth. In the event the Parties cannot agree, the issue will be escalated to the governance process described in Section 12 below. Further, any changes with only limited impact on Polestar relating to any of the agreed planned Change Management activities relating to Functional Growth (technology and time for introduction) should not be required to be agreed by the Steering Committee.

2.2.3 In the case of Ratio Changes relating to Common Change Management activities, each activity should always be evaluated based on a business case and Polestar will be informed and may approve according to the Change Management process further detailed in Appendix 5.

2.2.4 Polestar shall have the right to, at its sole discretion, decide whether or not to accept and take part of Common Change Management. If Polestar decides not to approve of certain Common Change Management, and Volvo Cars nevertheless decides to fulfil such change management, Polestar is not entitled to take part of the thereto related CM Results and the Parties shall in good faith agree on the time before such changes shall be implemented, taking into account the reasons for such change, the estimated time for the other Party to find alternative solutions, acquiring duplicated tools etc. For the avoidance of doubt, the Parties acknowledge that in case Polestar decides not to take part of certain Common Change Management it shall not be responsible for any costs for such change, maintenance and/or development, but that Polestar may nevertheless incur other costs for not following such changes, e.g. costs for an alternative solution, duplicating tools, software version handling, etc.

2.2.5 If Polestar wants to file a request in relation to this common area of Change Management, Polestar may create an issue ticket (as further described in Appendix 5) and Volvo Cars shall evaluate and determine under its sole discretion if the requested activities may be performed as Change Management under Section 2.2.1, or if a standalone development project that must be agreed separately is necessary.

2.2.6 In case of Change Management relating to category 3B, the Parties agree that Common Change Management activities shall be performed in accordance with what is set out herein and in accordance with the change management process further described in Appendix 5. Polestar shall keep Volvo Cars informed and ask for Volvo Cars´ approval. Volvo Cars shall have the right to, at is sole discretion, decide whether or not to accept and take part of such Polestar lead Common Change Management in which case the terms of Section 2.2.4 should apply to Volvo Cars mutatis mutandis. Further, Volvo Cars should in relation to Change Management relating to category 3B have the right to file a request under the same terms applicable to Polestar under Section 2.2.5.The Parties agree and acknowledge that at the time when entering into this CM Agreement, there has not been any case of category 3B and that further amendments might be necessary to this CM Agreement to capture Change Management relating to category 3B. If needed, the Parties shall make best efforts to further amend the CM Agreements for the purpose of category 3B Change Management.

2.3 Unique Change Management

2.3.1 In case Polestar may want to call off Unique Change Management, Polestar shall file a Change Request for Change Management, using the template Change Request Form in Appendix 1 (and as further described in Appendix 5) and Volvo Cars shall evaluate if the

requested activities may be performed as Unique Change Management under this Section 2.3, or if a standalone development project that must be agreed separately is necessary.

2.3.2 If a request under Section 2.3.1 is able to be performed as Unique Change Management, and provided that Volvo Cars has the capacity to fulfil the request and deliver such Unique Change Management, Volvo Cars shall in writing state the estimated applicable costs and, if agreed by Polestar, the Parties shall sign and approve the relevant Change Request, which shall then considered to be a part of, and subject to the terms of, this CM Agreement. Each Change Request shall record Polestar's approval and the relevant technology category (as described in Section 2.1.2 above) of each case of Unique Change Management.

2.4 Request and Approval of both Common and Unique Change Management

2.4.1 Each request for a Change Management activity shall describe the change requested and set forth the reasons for such requested change. Any request for Change Management activity shall be based on the Change Request Form or another process as agreed between the Parties in accordance with Section 2.2 and 2.3 and shall include at least all documentation on analysis, objective or purpose of the requested change, consequences of the change, decisions, relevant categorization of the affected technology, including, if any, the recategorization of the affected technology as a result of a specific Change Management activity, etc. necessary to decide whether to approve a request or not. Each request for a Change Management activity shall be completed in accordance with the instructions found in Appendix 1, Appendix 5, or another process as agreed in writing between the Parties. Each request and approval or disapproval of any Change Management activity shall be registered and retained in a log system accessible to both Parties.

2.4.2 The Party receiving a request or request for approval for any Change Management from the other Party shall within reasonable time respond to each request for Change Management.

2.5 Critical Change Management

2.5.1 Polestar agrees and acknowledges that in case of any Change Management were any delay would risk causing severe business, financial or legal consequences to Volvo Cars and Polestar, Volvo Cars shall have the right to immediately proceed with such Change Management without following the processes described in Section 2.2 and 2.3 above. Volvo Cars shall inform Polestar without undue delay after taking a decision to execute certain Change Management under the foregoing exception and the Parties may discuss how to best mitigate any consequences.

2.6 Development of the CM Results

2.6.1 When finalising the CM Results, Volvo Cars shall use professional, appropriate, qualified and skilled personnel, and shall ensure that its personnel have been properly educated and trained for the Work to be performed, including being fully acquainted with Polestar's specific requirements. Volvo Cars shall avoid unnecessary changes in the personnel engaged in performing its undertakings under this CM Agreement. Volvo Cars shall work according to the same standard of care and professionalism that is done in Volvo Cars' internal development projects. Such standard of care and professionalism, as well as Volvo Cars' performance of its undertakings under this CM Agreement, shall however at all times correspond to Industry Standard.

2.6.2 Volvo Cars shall ensure that it has sufficient resources to perform its undertakings under this CM Agreement. Furthermore, Volvo Cars undertakes to ensure that the development of certain CM Results where Polestar has in writing stated that any delay would risk causing severe business, financial or legal consequences on Polestar will not be given lower priority than other Volvo Cars development while Polestar acknowledges Volvo Cars' need to reasonable prioritize such development in alignment with any other development at Volvo Cars.

2.6.3 Volvo Cars agrees that when the CM Results have been finalised, they shall correspond to the requirements set out in this CM Agreement and shall comply with applicable laws and regulations.

2.6.4 Volvo Cars shall continuously keep Polestar informed of the generated and expected development costs in relation to the CM Results.

2.6.5 The Parties acknowledge and agree that, if it is discovered that any CM Results has been classified as Volvo Technology under this CM Agreement, but which should have been classified as PS Unique Volvo Technology, Common Polestar Technology or Polestar Technology, and/or vice versa, the Parties agree to in good faith renegotiate and agree on the reclassification of such technology and any amendment of the Fee to reflect such change. For avoidance of doubt, and as an example, this means that if the Parties agree that certain technology shall be changed from Volvo Technology to Polestar Technology, the terms and conditions herein relating to the latter shall thereafter apply to such technology. If the Parties cannot agree on such a reclassification, the issue shall be escalated in accordance with what is set out in Section 12.1.

2.7 Change Management relating to GAS

2.7.1 It is understood that Volvo Cars has entered into the Google Automotive Services License Agreement with Google (the "**Volvo Cars GAS Agreement**"), and Volvo Cars and Polestar have entered into the GAS Automotive Services License Agreement ("**GAS Sublicense Agreement**"), with the last party to sign on 19 September 2022, which sublicenses Google Automotive Services to Polestar as further described in the GAS Sublicense Agreement. Polestar intends to enter into its own **[*******]** Services License Agreement with **[*******]** on materially similar terms as those of the Volvo Cars GAS Agreement (the "**Polestar GAS Agreement**") in due course at which point of time the Parties shall terminate the GAS Sublicense Agreement.

In light of the foregoing, Volvo Cars shall ensure and undertake that:

(a) All Change Management activities and CM Results under this CM Agreement shall be performed and/or created by Volvo Cars in compliance with the GAS Sublicense Agreement;

(b) Following the execution of the Polestar GAS Agreement, all the Change Management activities and CM Results under this CM Agreement shall be performed and/or created by Volvo Cars in compliance with the Volvo Cars GAS Agreement and the Polestar GAS Agreement, provided that (a) the terms of such agreements do not deviate, and (b) in case there are any deviation of the terms, only after Polestar has informed Volvo Cars in writing of the relevant deviations and Volvo Cars has agreed in writing to perform and/or create any Change Management activities and CM Results under this CM Agreement in compliance

with such deviations. For clarity, if there are any additional costs on Volvo Cars in relation to such activity, Polestar shall compensate Volvo Cars in accordance with arm's length principles.

For clarity, the Parties shall follow all obligations as agreed in the GAS Sublicense Agreement and none of the foregoing undertakings of Volvo Cars shall relieve Polestar of any of its obligations as agreed in the GAS Sublicense Agreement.

3. INTELLECTUAL PROPERTY RIGHTS

3.1 Ownership of the CM Results

3.1.1 Volvo Cars shall be the exclusive owner of the CM Results, including all modifications, amendments and improvements thereof, except for the assignment of certain CM Results as regulated under Section 5 (Assignment of Polestar Technology).

3.2 General

3.2.1 Each Party remains the sole and exclusive owner of (i) any Intellectual Property Rights owned prior to the execution of this CM Agreement; (ii) any Intellectual Property Rights developed independently of this CM Agreement; and (iii) any Intellectual Property Rights which are modifications, amendments or derivatives of any Intellectual Property Rights already owned by such Party, unless such modifications, amendments or derivatives have been expressly assigned to the other Party in accordance with this CM Agreement.

3.2.2 Notwithstanding any other terms of this CM Agreement, Polestar hereby grants to Volvo Cars and its Affiliates a limited, non-exclusive, non-sublicensable license to any Polestar's Intellectual Property Rights assigned to Polestar under this CM Agreement and any Polestar's Background IP that is required for the sole purpose of performing any Change Management under this CM Agreement.

3.2.3 Nothing in this CM Agreement shall be deemed to constitute an assignment of, or license to use, any Trademarks of the other Party.

3.2.4 Except as expressly regulated otherwise under this CM Agreement, (i) Volvo Cars remains the owner and holder of all CM Results and Volvo Cars' Background IP, as well as any and all modifications, amendments and improvements thereof; and (ii) nothing in this CM Agreement shall be deemed an assignment of ownership of any CM Results and Volvo Cars' Background IP from Volvo Cars to Polestar, except as expressly stated herein.

3.3 Polestar brand name

3.3.1 For sake of clarity, it is especially noted that this CM Agreement does not include any right to use the "Polestar" brand name or Trademarks, or refer to "Polestar" in communications or official documents of whatever kind.

3.3.2 This means that this CM Agreement does not include any rights to directly or indirectly use the "Polestar" brand name or "Polestar" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, *e.g.* in presentations, business cards and correspondence.

3.3.3 Notwithstanding the above, Volvo Cars and its Affiliates are hereby granted the right to use the Polestar's brand name or Trademarks only in so far as necessary to perform any Change Management under this CM Agreement.

3.4 Volvo brand name

3.4.1 Correspondingly, it is especially noted that this CM Agreement does not include any right to use the "Volvo" brand name, or Trademarks, or refer to "Volvo" in communications or official documents of whatever kind. The Parties acknowledge that the "Volvo" Trademarks as well as the "Volvo" name is owned by Volvo Trademark Holding AB and that the right to use the name and the "Volvo" Trademarks is subject to a license agreement, which stipulates that the name, Trademarks and all thereto related Intellectual Property Rights can only be used by Volvo Car Corporation and its Affiliates in relation to Volvo products.

3.4.2 This means that this CM Agreement does not include any rights to directly or indirectly use the "Volvo" brand name or "Volvo" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, e.g. in presentations, business cards and correspondence.

3.5 Suspected infringement

3.5.1 Polestar shall promptly (upon becoming aware) notify Volvo Cars in writing of:

(a) any conduct of a Third Party that Polestar reasonably believes to be, or reasonably believes to be likely to be, an infringement, misappropriation or other violation of any Intellectual Property Rights licensed to Polestar hereunder; or

(b) any allegations made to Polestar by a Third Party that any Intellectual Property Rights licensed hereunder are invalid, subject to cancellation, unenforceable, or is a misappropriation of any Intellectual Property Rights of a Third Party.

3.5.2 In the event that Polestar has provided Volvo Cars a notification pursuant to Section 3.5.1 (a) above, and Volvo Cars decides not to take any action against the Third Party, Volvo Cars may approve in writing that Polestar shall be entitled to itself take action against the Third Party at its own cost. If Volvo Cars approves, it shall provide reasonable assistance to Polestar, as requested by Polestar at Polestar's own expense. If Volvo Cars does not approve to Polestar taking such action, the issue should be escalated to the Volvo Cars and Polestar Executive Alignment Meeting for decision.

3.5.3 For the avoidance of doubt, Volvo Cars has no responsibility in the event the CM Results are alleged to infringe in any Third Party's Intellectual Property Rights and Volvo Cars has, except for what is set out above in this Section 3.5, no obligation to defend and hold Polestar harmless from and against any alleged infringements.

4. VOLVO TECHNOLOGY

4.1 License grant

4.1.1 Volvo Cars hereby grants to Polestar a non-exclusive, irrevocable, perpetual (however at least fifty (50) years long (however, in no event shall such time exceed the validity period of any IP included in the license described hereunder)), fully paid-up (through Polestar's due payment of the Fee), non-assignable (however assignable to Polestar's Affiliates)

license to, within the Territory and only in relation to the Polestar Vehicle and Other Polestar Branded Vehicles;

(a) Use, in whole or in part, the CM Results related to Volvo Technology, and any Volvo Cars' Background IP necessary to make Use of such CM Results; and

(b) design, engineer, Use, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using the CM Results related to Volvo Technology and the Background IP referred to in (a) above (in whole or in part).

4.1.2 For any software included in the Volvo Technology the following shall apply: Polestar may use the Object Code in its delivered format, whether modified or unmodified, without limitations. Polestar may not transfer or sublicense the Source Code to any Third Party, in whole or in part, in any form, whether modified or unmodified.

4.1.3 Nothing in this CM Agreement shall be construed as to give Polestar any rights, including but not limited to any license rights (express or implied), to any Volvo Cars Background IP, except as expressly stated herein.

4.1.4 The license granted to Polestar under Section 4.1.1 and 4.1.2 above shall be fully sub-licensable to Polestar's Affiliates, but shall not be sub-licensable to any Third Party without prior written approval from Volvo Cars, which shall not be unreasonably withheld (whereby a sublicense/license to a Third Party which is a competitor of Volvo Cars is an example of what could be deemed unreasonable sub-licensing) or delayed. For the avoidance of doubt, Volvo Cars shall be free to use and to grant licenses to the CM Results and any Volvo Cars' Background IP to Volvo Cars' Affiliates and any Third Parties without prior written consent from Polestar.

4.2 PS Unique Volvo Technology

4.2.1 Any license granted in Section 4.1.1 shall, in relation to PS Unique Volvo Technology, be exclusive instead of non-exclusive. As a consequence thereof Volvo Cars shall have no right to make any Use whatsoever of, or to grant any further licenses to, any such PS Unique Volvo Technology. With the exception of what is set out in this Section 4.2, Section 4.1 shall apply to PS Unique Volvo Technology.

4.2.2 In the event Volvo Cars in its sole discretion, determines that the PS Unique Volvo Technology, or parts thereof, shall no longer be PS Unique Volvo Technology but instead be such ordinary Volvo Technology covered only by Section 4.1 above and Volvo Cars should pay Polestar a compensation. The compensation should equal Volvo Cars' share of Common Change management for the year when Volvo Cars' request the technology in question to be changed from PS Unique Volvo Technology to Volvo Technology, category 3A. Should Volvo Cars request a change of PS Unique Volvo Technology to Volvo Technology after the term of this Agreement, the Parties should negotiate in good faith and agree on a compensation to be in compliance with applicable tax legislation, including but not limited to the "arm's length principle". The relevant PS Unique Volvo Technology shall immediately, upon Volvo Cars' reduction or repayment of the Fee, no longer be considered PS Unique Volvo Technology but instead be considered ordinary Volvo Technology and what is set out in Section 4.1 above shall thus apply instead. For the avoidance of doubt, this inter alia implies that such previous exclusive license granted by Volvo Cars to Polestar

shall instead become non-exclusive. For avoidance of doubt, Volvo Cars' right under this Section 4.2.2 may be exercised at any time also after the term of this Agreement.

4.3 Limitations in relation to Volvo Supplier License Technology

4.3.1 Polestar acknowledges that certain IP incorporated in the CM Result is owned by Third Parties (i.e., suppliers to Volvo Cars). For example, the Third Party suppliers, engaged by Volvo Cars, have developed certain vehicle parts, components or technology which form part of the CM Results and pursuant to an agreement between Volvo Cars and the relevant Third Parties, Volvo Cars has a license to the Third Party's IP, but may not automatically be allowed to license the technology to any other party without the Third Party's consent. Volvo Cars shall when sourcing development from any Third Party secure that Volvo Cars obtains all the rights necessary in order for Polestar to be able to make use of the CM Results on the Polestar Vehicle or any Other Polestar Vehicle. In case there are any limitations relating to Third Party IP relating to Volvo Supplier License Technology, Volvo Cars shall inform Polestar without undue delay when becoming aware of such limitations and the Parties agree and acknowledge that such Third Party's IP shall not be licensed to Polestar until the relevant consent has been given by the Third Party. Volvo Cars shall make it´s best efforts to mitigate such limitations and if necessary, support in finding an alternative solution to the reasonable satisfaction of both Parties. Volvo Cars shall inform Polestar without undue delay once consent has been given.

5. POLESTAR TECHNOLOGY

5.1 Provision as Service and Assignment

5.1.1 Volvo Cars undertakes to provide the CM Results related to Polestar Technology as a service to Polestar and such CM Results shall consequently automatically upon creation be transferred from Volvo Cars to Polestar, in accordance with the limitations set out in Section 5.4 below.

5.1.2 Such assignment shall, unless otherwise agreed between the Parties mean that Volvo Cars assigns to Polestar all of its right, title and interest in and to the CM Results related to Polestar Technology together with the goodwill associated thereto and any and all rights of enforcement with respect to such Polestar Technology, including all rights to sue and recover for past infringement thereof, and any and all causes of action related thereto.

5.2 Grant-back license to Common Polestar Technology

5.2.1 Polestar undertakes to automatically grant Volvo Cars a license to the Common Polestar Technology.

5.2.2 Such license shall, be non-exclusive, irrevocable, perpetual (however at least fifty (50) years long (however, in no event shall such time exceed the validity period of any Polestar Intellectual Property Rights included in the license hereunder)), non-assignable and give Volvo Cars a right to, within the Territory, for Volvo branded vehicles;

(a) Use, in whole or in part, such Common Polestar Technology; and

(b) design, engineer, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using such Common Polestar Technology (in whole or in part).

5.2.3 The license to be granted to Volvo Cars in accordance with Section 5.2.1 and 5.2.2 above shall be fully sub-licensable to Volvo Cars' Affiliates without prior written consent from Polestar but shall not be sub-licensable to any Third Party without prior written approval from Polestar, which shall not be unreasonably withheld (whereby a sublicense/license to a Third Party which is a competitor of Polestar is an example of what could be deemed unreasonable sub-licensing) or delayed. The Parties further agree that Volvo Cars may further develop such licenced Common Polestar Technology, either by itself or together with its Affiliates and/or any Third Parties. For the avoidance of doubt, Polestar shall be free to Use the Common Polestar Technology licenced back to Volvo Cars and to license such Common Polestar Technology to Polestar's Affiliates and to any Third Parties without prior written consent from Volvo Cars.

5.3 License to Polestar Technology not being Common Polestar Technology

5.3.1 In the event Volvo Cars requests that the Polestar Technology not being Common Polestar Technology, or parts thereof, shall be licensed to Volvo Cars, and Polestar consents, Polestar shall grant to Volvo Cars a license to such Polestar Technology. Such consent from Polestar shall not be unreasonably withheld or delayed. In such a case, Volvo Cars shall pay a compensation to Polestar. The compensation should equal Volvo Cars' share of Common Change Management for the year when Volvo Cars' request the technology in question to be changed from PS Unique Volvo Technology to Volvo Technology (category 3A). Should Volvo Cars request a change of PS Unique Volvo Technology to Volvo Technology after the term of this CM Agreement, the Parties should negotiate in good faith and agree on a compensation to be in compliance with applicable tax legislation, including but not limited to the "arm's length principle". For the avoidance of doubt, Volvo Cars' request for a license to Polestar Technology as set out in this Section 5.3.1 may be exercised at any time also after the term of this CM Agreement.

5.3.2 Such license shall, be non-exclusive, irrevocable, perpetual (however at least fifty (50) years long (however, in no event shall such time exceed the validity period of any Polestar Intellectual Property Rights included in the license described hereunder)), non-assignable and give Volvo Cars a right to, within the Territory, for Volvo branded vehicles,

(a) Use, in whole or in part, such Polestar Technology, and/or

(b) design, engineer, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using such Polestar Technology (in whole or in part).

5.3.3 The license to be granted to Volvo Cars in accordance with Section 5.3.1 and 5.3.2 above shall be fully sub-licensable to Volvo Cars' Affiliates, but shall not be sub-licensable to any Third Party without prior written consent from Polestar, which shall not be unreasonably withheld (whereby a sublicense/license to a Third Party which is a competitor of Polestar is an example of what could be deemed unreasonable sub-licensing) or delayed. For the avoidance of doubt, Polestar shall be free to Use the Polestar Technology licensed to Volvo Cars and to license such Polestar Technology to Polestar's Affiliates and to any Third Parties without prior written consent from Volvo Cars.

5.4 Limitations in relation to the Polestar Supplier License Technology

5.4.1 Volvo Cars acknowledges that certain IP incorporated in the CM Results is owned by Third Parties (i.e., suppliers to Polestar). For example, the Third Party suppliers that have

developed certain vehicle parts, components or technology which form part of certain CM Results may be subject to limitations considering the license to Volvo Cars in accordance with Section 5.2 or Section 5.3.

5.4.2 In any case of Polestar Supplier License Technology that is considered Common Polestar Technology the relevant Party leading the sourcing shall undertake to secure that Polestar is allowed to license such IP to Volvo Cars in accordance with Section 5.2.

5.4.3 In the case of Section 5.3, the Parties shall jointly undertake to secure that such IP may be further licensed to Volvo Cars. Such Third Party's IP shall not be licensed to Volvo Cars until the relevant consent has been given by the Third Party. In case Polestar is leading the sourcing, Polestar shall inform Volvo Cars without undue delay once consent has been given by the relevant Third Party. In case consent cannot be secured, the Parties shall make their best efforts to mitigate any limitations and, if necessary, support in finding an alternative solution to the reasonable satisfaction of both Parties.

6. AUDIT

6.1 During the term of the CM Agreement, Polestar shall have the right to, upon reasonable notice in writing to Volvo Cars, inspect Volvo Cars' books and records related to the CM Results and the premises where the Work is carried out, in order to conduct quality controls and otherwise verify the statements rendered in this CM Agreement.

6.2 Audits shall be made during regular business hours and be conducted by Polestar or by an independent auditor appointed by Polestar. Should Polestar during any inspection find that Volvo Cars or the CM Results does/do not fulfil the requirements set forth herein, Polestar is entitled to comment on the identified deviations. Volvo Cars shall, upon notice from Polestar, take reasonable efforts to fulfil the requirements. In the event the Parties cannot agree upon measures to be taken in respect of the audit, each Party shall be entitled to escalate such issue to the Steering Committee.

7. DELIVERY AND ACCEPTANCE

7.1 Volvo Cars shall provide and deliver the CM Results covered by the relevant approved Change Management activity, (or if not finalised, any part of the CM Results that has been finalised) to Polestar at the Gates or otherwise promptly after any part of the CM Results has been finalised.

7.2 The CM Results (or finalised part thereof) in question shall be provided and delivered as agreed upon in the relevant approved Change Management activity. Polestar may request that Volvo Cars shall provide Polestar certain CM Results by electronically loading files with the relevant information into a Data Room and otherwise provided as agreed between the Parties *e.g.* through knowledge transfer meetings. For clarity, if there are any further costs spent to administrate the provision of certain CM Results as requested by Polestar under the foregoing, Polestar shall be required to pay such costs.

7.3 Delivery of any CM Results (or finalised part thereof) covered by an approved Change Management activity, occurs when Polestar has either accepted, in accordance with Section 7.4, or acknowledge or not objected, in accordance with Section 7.5, to such delivery in accordance with what is set out below in this Section 7.

7.4 Polestar shall accept the delivery of the CM Results, and parts thereof, delivered according to Section 7.1 and 7.2, at the respective Gates, unless the CM Results upon delivery at that Gate deviate from the requirements set forth in the relevant approved Change Management activity.

7.5 If the CM Results has been delivered in accordance with Section 7.1 and 7.2, but Polestar has not accepted the delivery in time (*i.e.* at the Gates or as separately agreed) nor objected to the delivery due to it deviating from what is set out in Section 8.2.1, the delivery shall be deemed accepted by Polestar.

8. DELAYS, DEFECTS ETC.

8.1 Delays

8.1.1 Volvo Cars shall be deemed to be in delay where any of the Gates are met after the agreed delivery date for such Gate, unless the Parties have agreed for an extension of the time for meeting such Gate upon which the new agreed delivery date shall be relevant for determining whether Volvo Cars is in delay.

8.1.2 If Volvo Cars is in delay, or at any time believes that a Gate will not, or is unlikely to, be met in time, Volvo Cars shall inform Polestar of the reasons for and consequences of not meeting the Gate and shall take all steps reasonably necessary, including providing additional resources, to ensure that the requirements for the relevant Gate is met as soon as possible. For avoidance of doubt, Volvo Cars shall be entitled to reasonable compensation in accordance with this CM Agreement for work performed to meet a Gate in relation to a risk of, or an actual, delay unless otherwise stated in this Section 8.1 or Section 8.2.2.

8.1.3 Without prejudice to any other remedies available, the Parties acknowledge that Volvo Cars' delay may be subject to Section 14.2.

8.2 Defects in delivery or the performance of development work

8.2.1 Once delivery has been made of the CM Results and six months thereafter the following shall apply in the event the CM Results, or any part thereof, after having met a Gate, deviate from the requirements set forth in the relevant approved Change Management activity, or otherwise are faulty or defective, Volvo Cars shall remedy such incompliance, fault or defect as soon as reasonably possible.

8.2.2 Polestar shall not be responsible for costs that relate to poorly executed work or work having been performed by personnel not qualified for such work, in breach of Section 2.6.1, as long as such costs would not have occurred had the work been properly executed or performed by qualified personnel.

8.3 Effects of Polestar's actions

8.3.1 Notwithstanding what is set out above in this Section 8, Polestar shall be responsible for costs relating to delays which are due to Polestar's non-fulfilment of any of its obligations under this CM Agreement and/or each executed Change Management activity. Further, any such delays which are due to Polestar shall give a corresponding extension of time to Volvo Cars for meeting any Gates.

8.3.2 Notwithstanding what is set out above in this Section 8, Polestar shall be responsible for costs relating to faults and defects which are due to Polestar's non-fulfilment of any of its obligations under this CM Agreement and/or each executed Change Management activity.

9. WARRANTIES

9.1 Each Party warrants and represents to the other Party that:

(a) it is duly organized, validly existing, and in good standing under the laws of its respective jurisdiction of incorporation or formation, as applicable;

(b) it has full corporate power and authority to execute and deliver this CM Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance of this CM Agreement have been duly authorized and approved, with such authorization and approval in full force and effect, and do not and will not (i) violate any laws or regulations applicable to it or (ii) violate its organization documents or any agreement to which it is a party; and

(d) this CM Agreement is a legal and binding obligation of it, enforceable against it in accordance with its terms.

10. INDEMNIFICATION

10.1 General

10.1.1 The Parties acknowledge that all CM Results and any Volvo Cars' Background IP is licensed to Polestar on an "as is" basis, without any warranties or representations of any kind (except for the warranties in Section 9 above), whether implied or express, and in particular any warranties of suitability, merchantability, description, design and fitness for a particular purpose, non-infringement, completeness, systems integration and accuracy are expressly excluded to the maximum extent permissible by law. However, the above does not exclude Volvo Cars' limited undertaking in Section 8.2.1 above.

10.1.2 In addition, Volvo Cars does not make any warranties or representations as regards the functionality of any CM Results and/or Volvo Cars' Background IP in relation to the Polestar Vehicle, or any Other Polestar Branded Vehicle. Polestar hereby releases Volvo Cars from all liability (and accordingly, cannot claim damages, compensation, price reduction etc.) in respect of errors, defects and deficiencies in any CM Results and/or Volvo Cars' Background IP of whatever kind, whether visible or latent, including but not limited to errors of fact or law, errors regarding right of disposition, physical defects and deficiencies and damages arising due to product liability after the CM Results have been delivered to Polestar, however excluding Volvo Cars' limited undertakings in Section 8.2.1.

10.1.3 The principles set out in this Section 10 is reflected in the Fee and the fact that Volvo Cars is not a supplier or consultant of systems or technical solutions, such as the CM Results, but merely a car manufacturer which normally only develops technical solutions for its own business purposes.

10.1.4 The principles set forth in this Section 10 are exclusive. Without limiting the generality of the foregoing in this Section 10, the Parties agree that no other remedy whatsoever under

any statute, law or legal principle shall be available to Polestar in relation to the licenses granted and/or work to be performed by Volvo Cars hereunder.

10.1.5 What is set forth in Section 10.1.1-10.1.4 above shall apply *mutatis mutandis* in relation the effectuated grant-back licenses set forth in Section 5.2 and 5.3 above.

10.2 Polestar's indemnification

10.2.1 Polestar shall indemnify and hold Volvo Cars harmless from and against any and all direct damages, costs, losses and expenses, arising out of or in connection with Polestar's use of any CM Results and/or any Volvo Cars' Background IP, including but not limited to any Third Party claims on Intellectual Property Rights infringement.

10.2.2 Volvo Cars shall after receipt of notice of a claim related to Polestar's use of any CM Results and/or any Volvo Cars' Background IP from Volvo Cars notify Polestar of such claim in writing and Polestar shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the Third Party presenting the claim and/or intervene in any suit or action. Polestar shall at all times keep Volvo Cars informed of the status and progress of the claim and consult with Volvo Cars on appropriate actions to take. If Polestar fails to or chooses not to take actions to defend Volvo Cars within a reasonable time, or at any time ceases to make such efforts, Volvo Cars shall be entitled to assume control over the defence against such claim and/or over any settlement negotiation at Polestar's cost. Any settlement proposed by Polestar on its own account must take account of potential implications for Volvo Cars and shall therefore be agreed in writing with Volvo Cars before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

10.3 Volvo Cars' indemnification

10.3.1 Volvo Cars shall indemnify and hold Polestar harmless from and against any and all direct damages, costs, losses and expenses, arising out of or in connection with Volvo Cars' use of any Polestar Technology licensed back to Volvo Cars hereunder, including but not limited to any Third Party claims on Intellectual Property Rights infringement.

10.3.2 Polestar shall after receipt of notice of a claim related to Volvo Cars' use of any Polestar Technology licensed back to Volvo Cars hereunder from Polestar notify Volvo Cars of such claim in writing and Volvo Cars shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the Third Party presenting the claim and/or intervene in any suit or action. Volvo Cars shall at all times keep Polestar informed of the status and progress of the claim and consult with Polestar on appropriate actions to take. If Volvo Cars fails to or chooses not to take actions to defend Polestar within a reasonable time, or at any time ceases to make such efforts, Polestar shall be entitled to assume control over the defence against such claim and/or over any settlement negotiation at Volvo Cars' cost. Any settlement proposed by Volvo Cars on its own account must take account of potential implications for Polestar and shall therefore be agreed in writing with Polestar before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

11. LIMITATION OF LIABILITY

11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this CM Agreement.

11.2 For each calendar year, each Party's aggregate liability for any direct damages arising out of or in connection with this CM Agreement shall be limited to [***] by Polestar to Volvo Cars under this CM Agreement.

11.3 The limitations of liability set out in this Section 11 shall not apply in respect of damage;

(a) caused by wilful misconduct or gross negligence, or

(b) caused by a Party's breach of the confidentiality undertakings in Section 13 below.

12. GOVERNANCE AND CHANGES

12.1 Governance

12.1.1 The Parties shall act in good faith in all matters and shall at all times co-operate in respect of changes to this CM Agreement as well as issues and/or disputes arising under this CM Agreement.

12.1.2 The governance and co-operation between the Parties in respect of this CM Agreement shall primarily be administered on an operational level. In the event the Parties on an operational level cannot agree upon *inter alia* the prioritisation of development activities or other aspects relating to the co-operation between the Parties, each Party shall be entitled to escalate such issue to the Steering Committee.

12.1.3 If the Steering Committee fails to agree upon a solution of the disagreement the relevant issue should be escalated to the Volvo Cars and Polestar Executive Alignment Meeting for decision.

12.2 Changes

12.2.1 During the term of an approved Change Management activity governed by this CM Agreement, either Party can request changes to the approved Change Management activity, which shall be handled in accordance with the governance procedure set forth in Section 12.1 above. Both Parties agree to act in good faith to address and respond to any requested change requests within a reasonable period of time.

12.2.2 The Parties acknowledge that Volvo Cars will not perform in accordance with such change request until agreed in writing between the Parties. For the avoidance of any doubt, until there is agreement about the requested change, all work shall continue in accordance with the approved Change Management activity.

12.2.3 The Parties further acknowledge that Polestar shall be responsible for all costs which relates to changes to the Work and/or approved Change Management activities, as well as other changes which are requested by Polestar.

13. CONFIDENTIAL INFORMATION

13.1 All Confidential Information shall only be used for the purposes comprised by the fulfilment of this CM Agreement. Each Party will keep in confidence any Confidential Information obtained in relation to this CM Agreement and will not divulge the same to any Third Party, unless the exceptions specifically set forth below in this Section 13.1 below apply, in order to obtain patent protection or when approved by the other Party in writing, and with the exception of their own officers, employees, consultants or sub-contractors with a need to know as to enable such personnel to perform their duties hereunder. This provision will not apply to Confidential Information which the Receiving Party can demonstrate:

(a) was in the public domain other than by breach of this undertaking, or by another confidentiality undertaking;

(b) was already in the possession of the Receiving Party before its receipt from the Disclosing Party;

(c) is obtained from a Third Party who is free to divulge the same;

(d) is required to be disclosed by mandatory law, court order, lawful government action or applicable stock exchange regulations;

(e) is reasonably necessary for either Party to utilize its rights and use of its Intellectual Property Rights; or

(f) is developed or created by one Party independently of the other, without any part thereof having been developed or created with assistance or information received from the other Party.

13.2 The Receiving Party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, to prevent the dissemination to Third Parties or publication of the Confidential Information, as the Receiving Party uses to protect its own Confidential Information of similar nature. Further, each Party shall ensure that its employees and consultants are bound by a similar duty of confidentiality and that any subcontractors taking part in the fulfilment of that Party's obligations hereunder, enters into a confidentiality undertaking containing in essence similar provisions as those set forth in this Section 13.

13.3 Any tangible materials that disclose or embody Confidential Information should be marked by the Disclosing Party as "Confidential," "Proprietary" or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by the Disclosing Party as confidential at the time of disclosure, with subsequent confirmation in writing within thirty (30) days after disclosure. However, the lack of marking or subsequent confirmation that the disclosed information shall be regarded as "Confidential", "Proprietary" or the substantial equivalent thereof does not disqualify the disclosed information from being classified as Confidential Information.

13.4 If any Party violates any of its obligations described in this Section 13, the violating Party shall, upon notification from the other Party, (i) immediately cease to proceed such harmful violation and take all actions needed to rectify said behaviour and (ii) financially compensate for the harm suffered as determined by an arbitral tribunal pursuant to Section 17.2 below. All legal remedies (compensatory but not punitive in nature) according to law shall apply.

13.5 For the avoidance of doubt, this Section 13 does not permit disclosure of source code to software, and/or any substantial parts of design documents to software, included in the CM Results, to any Third Party, notwithstanding what it set forth above in this Section 13. Any such disclosure to any Third Party is permitted only if approved in writing by Volvo Cars.

13.6 This confidentiality provision shall survive the expiration or termination of this CM Agreement without limitation in time.

14. TERM AND TERMINATION

14.1 This CM Agreement shall become effective retroactively from 1 January 2022 when the Main Document is signed by duly authorised signatories of each Party and shall, unless terminated by either Party upon 12 months' written notice to the other Party or terminated in accordance with Section 14.2 below, remain in force during the validity of the license period of the license granted to Polestar hereunder.

14.2 Either Party shall be entitled to terminate this CM Agreement with immediate effect in the event

(a) the other Party commits a material breach of the terms of this CM Agreement, which has not been remedied within 60 days from written notice from the other Party to remedy such breach (if capable of being remedied); or

(b) the other Party should become insolvent or enter into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors.

14.3 For avoidance of doubt, Polestar not paying the Fee, without legitimate reasons for withholding payment, shall be considered a material breach for the purpose of this CM Agreement.

14.4 Furthermore, Polestar is entitled to terminate this CM Agreement with immediate effect in case Volvo Cars acts in breach of what is set forth in Sections 8.1 and/or 8.2 and has not within 60 days from written notice from Polestar to remedy such breach (if capable of being remedied), taken necessary measures and/or remedy such incompliance, delay, fault or defect and after such issue has been escalated in accordance with the escalation principles set out in Section 17.1.

14.5 Polestar shall in addition be entitled to cancel any Change Management activity executed under Section 2.3 (*Unique Change Management*) as performed by Volvo Cars for convenience upon thirty 30 days written notice to Volvo Cars. In such event, Volvo Cars shall, upon request from Polestar, promptly make available in the Data Room (if applicable) any and all parts of the CM Results which have been finalised for delivery on the effective date of the cancellation. Moreover, the "CM Results" shall for the purposes of this CM

Agreement be considered such parts of the CM Results that Volvo Cars has finalised on the effective date of the cancellation.

14.6 In the event Polestar cancels the Work in accordance with Section 14.5 above, the Fee shall correspond to Volvo Cars' costs for the Work performed up, until and including the effective date of the cancellation, including the mark-up otherwise applied to calculate the Fee in accordance with the Main Document and any other reasonable proven costs Volvo Cars has incurred.

15. MISCELLANEOUS

15.1 Force majeure

15.1.1 Neither Party shall be liable for any failure or delay in performing its obligations under the CM Agreement to the extent that such failure or delay is caused by a Force Majeure Event. A "**Force Majeure Event**" means any event beyond a Party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a Third Party's), failure of energy sources or transport network, restrictions concerning motive force, acts of God, war, terrorism, insurgencies and riots, civil commotion, mobilization or extensive call ups, interference by civil or military authorities, national or international calamity, currency restrictions, requisitions, confiscation, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods, storms, stroke of lightning, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default or delays of suppliers or subcontractors.

15.1.2 A non-performing Party, which claims there is a Force Majeure Event, and cannot perform its obligations under the CM Agreement as a consequence thereof, shall use all commercially reasonable efforts to continue to perform or to mitigate the impact of its non-performance notwithstanding the Force Majeure Event and shall continue the performance of its obligations as soon as the Force Majeure Event ceases to exist.

15.2 Notices

All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this CM Agreement must be in legible writing in the English language delivered by personal delivery, email transmission or prepaid overnight courier using an internationally recognized courier service and shall be effective upon receipt, which shall be deemed to have occurred:

(a) in case of personal delivery, at the time and on the date of personal delivery;

(b) if sent by email transmission, two hours after the time such email is sent provided no notice of email transmission failure is returned to the sender;

(c) if delivered by courier, at the time and on the date of delivery as confirmed in the records of such courier service; or

(d) at such time and date as delivery by personal delivery or courier is refused by the addressee upon presentation;

in each case provided that if such receipt occurred on a non-business day, then notice shall be deemed to have been received on the next following business day; and provided further that where any notice, demand, request or other communication is provided by any party by email, such party shall also provide a copy of such notice, demand, request or other communication by using one of the other methods. All such notices, demands, requests and other communications shall be addressed to the address, and with the attention, as set out in the Main Document, or to such other address, number or email address as a Party may designate.

15.3 Assignment

15.3.1 Neither Party may, wholly or partly, assign, pledge or otherwise dispose of its rights and/or obligations under this CM Agreement without the other Party's prior written consent.

15.3.2 Notwithstanding the above, each Party may assign this CM Agreement to an Affiliate without the prior written consent of the other Party.

15.4 Waiver

Neither Party shall be deprived of any right under this CM Agreement because of its failure to exercise any right under this CM Agreement or failure to notify the infringing party of a breach in connection with the CM Agreement. Notwithstanding the foregoing, rules on complaints and limitation periods shall apply.

15.5 Severability

In the event any provision of this CM Agreement is wholly or partly invalid, the validity of the CM Agreement as a whole shall not be affected and the remaining provisions of the CM Agreement shall remain valid. To the extent that such invalidity materially affects a Party's benefit from, or performance under, the CM Agreement, it shall be reasonably amended.

15.6 Entire agreement

All arrangements, commitments and undertakings in connection with the subject matter of this CM Agreement (whether written or oral) made before the date of this CM Agreement are superseded by this CM Agreement and its Appendices.

15.7 Amendments

Any amendment or addition to this CM Agreement must be made in writing and signed by the Parties to be valid.

15.8 Survival

15.8.1 If this CM Agreement is terminated or expires pursuant to Section 14 above, Section 4.1 (*License grant*), Section 4.2 (*PS Unique Volvo Technology*), Section 5.2 (*Grant-back license to Common Polestar Technology*), Section 5.3 (*License to Polestar Technology not being Common Polestar Technology*), Section 13 (*Confidentiality*), Section 16 (*Governing Law),* Section 17 *(Dispute Resolution*) as well as this Section 15.8, shall survive any termination or expiration and remain in force as between the Parties after such termination or expiration.

15.8.2 Notwithstanding Section 15.8.1 above, if this CM Agreement is terminated due to Polestar not paying the Fee, without legitimate reasons for withholding payment, pursuant to

Section 14 above, Section 4.1 (*License grant*) and Section 4.2 (*PS Unique Volvo Technology*) shall not survive termination or remain in force as between the Parties after such termination.

15.8.3 Notwithstanding Section 15.8.1 above, if this CM Agreement is terminated due to Volvo Cars not reducing or repaying the Fee, or part thereof, without legitimate reasons for doing so, pursuant to Section 14 above, Section 5.2 (*Grant-back license to Common Polestar Technology*) and Section 5.3 (*License to Polestar Technology not being Common Polestar Technology*) shall not survive termination or remain in force as between the Parties after such termination.

16. GOVERNING LAW

The CM Agreement and all non-contractual obligations in connection with the CM Agreement shall be governed by the substantive laws of Sweden without giving regard to its conflict of laws principles.

17. DISPUTE RESOLUTION

17.1 Escalation principles.

17.1.1 In case the Parties cannot agree on a joint solution for handling disagreements or disputes, a deadlock situation shall be deemed to have occurred and each Party shall notify the other Party hereof by the means of a deadlock notice and simultaneously send a copy of the notice to the Steering Committee. Upon the receipt of such a deadlock notice, the receiving Party shall within ten days of receipt, prepare and circulate to the other Party a statement setting out its position on the matter in dispute and reasons for adopting such position, and simultaneously send a copy of its statement to the Steering Committee. Each such statement shall be considered by the next regular meeting held by the Steering Committee or in a forum meeting specifically called upon by either Party for the settlement of the issue.

17.1.2 The members of the Steering Committee shall use reasonable endeavours to resolve a deadlock situation in good faith. As part thereof, the Steering Committee may request the Parties to in good faith develop and agree on a plan to resolve or address the breach, to be presented for the Steering Committee without undue delay. If the Steering Committee agrees upon a resolution or disposition of the matter, the Parties shall agree in writing on terms of such resolution or disposition and the Parties shall procure that such resolution or disposition is fully and promptly carried into effect.

17.1.3 If the Steering Committee cannot settle the deadlock within 30 days from the deadlock notice pursuant to the section above, despite using reasonable endeavours to do so, such deadlock will be referred to the Volvo Cars and Polestar Executive Alignment Meeting for decision. If no Steering Committee has been established between the Parties, the relevant issue shall be referred to the Volvo Cars and Polestar Executive Alignment Meeting. Should the matter not have been resolved by the Volvo Cars and Polestar Executive Alignment Meeting within 30 days counting from when the matter was referred to them, despite using

reasonable endeavours to do so, the matter shall be resolved in accordance with Section 17.2 .

17.1.4 All notices and communications exchanged in the course of a deadlock resolution proceeding shall be considered Confidential Information of each Party and be subject to the confidentiality undertaking in Section 13.

17.1.5 Notwithstanding the above, the Parties agree that either Party may disregard the time frames set forth in this Section 17.1 and apply shorter time frames and/or escalate an issue directly to the Volvo Cars and Polestar Executive Alignment Meeting in the event the escalated issue is of an urgent character and where the applicable time frames set out above are not appropriate.

17.2 Arbitration

17.2.1 Any dispute, controversy or claim arising out of or in connection with the CM Agreement, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The seat of arbitration shall be Gothenburg, Sweden, and the language to be used in the arbitral proceedings shall be English. The arbitral tribunal shall be composed of three arbitrators.

17.2.2 Irrespective of any discussions or disputes between the Parties, each Party shall always continue to fulfil its undertakings under the CM Agreement unless an arbitral tribunal or court (as the case may be) decides otherwise.

17.2.3 In any arbitration proceeding, any legal proceeding to enforce any arbitration award, or any other legal proceedings between the Parties relating to the CM Agreement, each Party expressly waives the defence of sovereign immunity and any other defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state. Such waiver includes a waiver of any defence of sovereign immunity in respect of enforcement of arbitral awards and/or sovereign immunity from execution over any of its assets.

17.2.4 All arbitral proceedings as well as any and all information, documentation and materials in any form disclosed in the proceedings shall be strictly confidential.

Program Engineering Expense

Change Management Engineering Expense

			2022										
			January Act/Fcst	February Act/Fcst	March Act/Fcst	April Act/Fcst	May Act/Fcst	June Act/Fcst	July Act/Fcst	August Act/Fcst	September Act/Fcst	October Act/Fcst	November Act/Fcst	December Act/Fcst
			[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]
Present Status														
Engineering														
Head cost			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Vehicle Platform			1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000	1250.000
			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Hired Service incl D&D			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Test Objects			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All other			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Blue collar			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rigs			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal Status			**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**	**1,250.000**
	Hourly rate													
Hours White Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Blue Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Rigs			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

CHANGE MANAGEMENT AGREEMENT

APPENDIX 4

FEE AND PAYMENT TERMS

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1. GENERAL

This appendix determines the Fee and payment terms for the deliveries under this CM Agreement.

2. DEFINITIONS

2.1 Any capitalized terms used but not specifically defined herein shall have the meanings set out for such terms in this CM Agreement. In addition, the capitalized terms set out below in this Section 2 shall for the purposes of this Appendix 4 have the meanings described herein. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2.2 **"Actual Development Cost"** means the total actual cost incurred when performing the Change Management activities under this CM Agreement, excluding all cost covered by the PS2 MY Program Agreements, calculated according to what is set forth in Section 3.1 below.

2.3 **"⌊***⌋"** means the ⌊***⌋, calculated according to what is set-forth in Section 4.1.2 or 4.1.3 below, used for the purpose of calculating the Fee for Common Change Management relating to hardware under this CM Agreement.

2.4 **"⌊***⌋"** means ⌊***⌋ calculated according to what is set-forth in Section 4.2.2 or 4.2.3 below, used for the purpose of calculating the Fee for Common Change Management relating to hardware under this CM Agreement.

3. GENERAL

3.1 The Actual Development Cost for the purpose of calculating the Fee under this CM Agreement shall be calculated on a time and material basis applying arm´s length hourly rates using the cost plus method, i.e. full cost incurred plus an arm´s length mark-up. The hourly rates should be reviewed and updated on an annual basis to be in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties.

4. PRINCIPLES FOR DETERMINING THE FEE

4.1 Common Change Management in accordance with Section 2.2 of the General terms relating to hardware

4.1.1 The Fee payable by Polestar for Common Change Management shall be calculated based on **⌊***⌋** and shall be determined between the Parties on an annual basis, based on the

activities performed in the Change Management when Volvo Cars develops such CM Results.

4.1.2 The [***] for Common Change Management, excluding Common Change Management relating to Common Polestar technology (Cat 3B), will be based on [***]

4.1.3 The [***] for Common Change Management relating to Common Polestar technology (Cat 3B) will be based on [***].

4.2 Common Change Management in accordance with Section 2.3 of the General Terms relating to software

4.2.1 The Fee payable by Polestar for Common Change Management in relation to software shall be based on [***] and shall be determined between the Parties on an annual basis, based on the activities performed in the Change Management when Volvo Cars develops such CM Results.

4.2.2 The [***] for Common Change Management, excluding Common Change Management relating to Common Polestar technology (Cat 3A), will be based on [***].

4.2.3 The [***] for Common Change Management relating to Common Polestar technology (Cat 3B) will be based on [***]

4.3 Unique Change Management in accordance with 2.3 of the General Terms

The Fee payable by Polestar for Unique Change Management shall be 100% of Actual Development Cost.

5. ACTUAL FEES

5.1 Actual Fees for 2022

5.1.1 **Estimated Fee for Common Change Management relating to hardware**

5.1.1.1 Based on current volume take rate, the estimated Fee should equal */***/* of the actual development cost relating to the Change Management incurred by Volvo Cars.

5.1.1.2 The estimated Fee for 2022 is */***/*.

5.1.2 **Estimated Fee for Common Change Management relating to software**

5.1.2.1 Based on current volume take rate, the estimated Fee should equal */***/* of the actual development cost relating to the Change Management incurred by Volvo Cars.

5.1.2.2 The estimated Fee for 2022 is */***/*.

5.1.3 **Estimated Fee for Unique change management**

5.1.3.1 The estimated Fee for 2022 is */***/*

5.1.4 **Total estimated Fees**

5.1.4.1 The total estimated Fees for 2022 are */***/*.

6. PAYMENT

6.1 The Fee under this CM Agreement is based on the total costs for all Change Management activities performed in accordance with the principles as set out in Section 4 above (*i.e.* the costs for each executed and approved Change Management is not invoiced separately).

6.2 The Actual Development Cost shall be invoiced on a quarterly basis, at the end of each quarter and payable within **[*******]** after receipt of such invoice, provided all necessary permits from authorities, as applicable, has been received.

6.3 All amounts and payments referred to in this CM Agreement shall be paid in **[*******]**.

6.4 The Party issuing the invoice is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Polestar. All amounts referred to in this CM Agreement are exclusive of VAT.

6.5 If the Party issuing the invoice is obligated to collect or pay taxes, such taxes shall be invoiced to the other Party, unless the other Party provides a valid tax exemption certificate authorized by the appropriate tax authority. If the Party receiving an invoice is required by law to withhold any taxes from its payments, such Party must provide an official tax receipt or other appropriate documentation to support this withholding.

6.6 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on **[*******]**.

6.7 Any paid portion of the Fee is non-refundable, with the exceptions set out in this CM Agreement.

Appendix 5

Product Change management

FSR

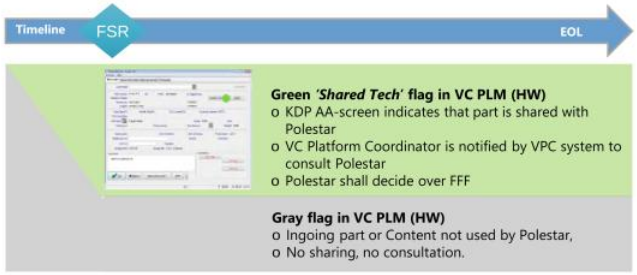
VOLVO

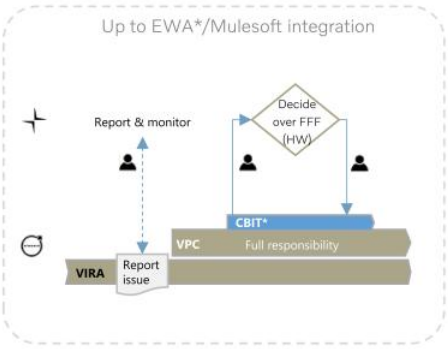
Lege

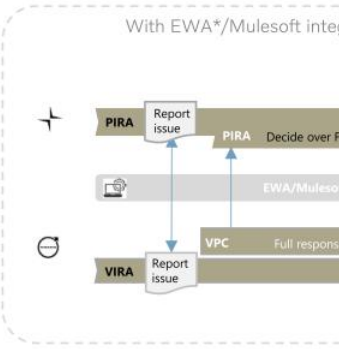
* EWA = External Workspace Area (autom
VC systems and Polestar/Geely systems)
When VIRA or VPC items affect Polestar
automatically create a ticket in PIRA and
latest status, approval and cost/technica
CBIT = Cross Brand Issue Tracker (to be

** VC entitled to proceed with Lead Time C
see 2.5.2

Requirement (PS1, PS2, PS3)	Part category	R	A	S	I	Remark
Life-time responsibility over maintenance, Quality, Ratio, Design, Functional Grow and supplier contacts (HW + SW)	2, 3A and 4	VC	Polestar			Details regulated in the Business Agreement (i.e. commercial terms)
Facilitate meetings for Issue and Change management (i.e. CMQ Intake, AMQ, CMTM, PGM, CBSR)	All	VC		Polestar		
HW change: Initiate VPC for resolution SW change: Initiate SW Change management ticket for resolution	2, 3A and 4	VC	Polestar			HW change: Polestar approval** on Form, Fit, Function (FFF) in PIRA SW change: Polestar approval on Functional Grow (at CMTM meeting) and at OTA p
Supplier contact and negotiation (e.g. QOP/SP)	2, 3A and 4	VC			Polestar	SP shall cover both VC and Polestar program
System and complete vehicle verification	2, 3A and 4	VC		Polestar		CAE by default. If physical verification is needed shall this be done by each brand.







Appendix 5

VOLVO

Product Change management

Governance – Issue management

Governance

- Polestar will use the VC CMQ setup and will be part of the CMQ global deliveries.
- Polestar and VC-CMQ have a separate contractual agreement to analyze and identify temporary actions (ICA) for further decision. The issues (*Common* and *Unique*) can be Polestar or VC CMQ and shall be presented in the CMQ Intake.
- Along with CMQ can VC and Polestar R&D report issues (*Common* and *Unique)*.
- The AMQ or Release Arena meeting clarifies if an issue will drive to a *Common* or *Unique* change.

Process

- VC shall report issues in VIRA;
  - Up to EWA implementation an issue shall be labeled 'Polestar' by the CMQ-PO or VC Platform coordinator.
  - With EWA active an issue shall be flagged 'Shared Tech' by the VC Platform coordinator with Polestar as affected External collaboration.
  - EWA will sync status till closure between VIRA and PIRA.
- Polestar shall report issues;
  - Up to EWA implementation direct in VIRA and an issue shall be labeled 'Polestar'.
  - With EWA active an issue shall be reported in PIRA.
  - EWA will sync status till closure between VIRA and PIRA.

Appendix 5

Product Change management

Governance – Change management

VOLVO

Lege

* VC is entitled to proceed with
changes not awaiting a Polest
- critical due to legal requirem
- emergency related or produc
- the change is needed to fulfi
has direct dependency to ne

Governance

- Only VC can initiate the change management process on *common* content.
- Polestar and VC will appoint a team to investigate the technical impact of a proposed Quality/Ratio/Functional Grow item (from <FSR> on). Within VC is the Platform Coo
(representative of a Function Group) the driver for this process.
- Up to EWA implementation; CBIT shall be used for the consultation with Polestar.
- The VC Platform Coordinator is responsible to upload correct cost and commercial related data in CBIT or VPC (e.g. piece costs, KU-task number, tooling costs, D&D etc.)

Type of changes

Common HW change

- Within terms of Business Agreement
- Connected to a RCM window [***] or Model Year update
- Polestar consulted for approval* on FFF during the VPC-PIRA process (so called TP4)

Unique HW change

- Requires a SR from Polestar
- Connected to a RCM window [***] or Model Year update
- Polestar consulted for 1st approval during SR process
- Polestar consulted for 2nd approval* on FFF during the VPC-PIRA process (so called TP4)
- Polestar part of Change Order approval process on Polestar Owned Design

Common SW change

- Within terms of Business Agreement
- Connected to a CMTM window [***] or Model Year update
- Polestar consulted for 1st approval in CMTM meeting if change is Functional Grow
- Polestar informed on purpose and certification impact as result of the SW Release Note
- Polestar consulted for 2nd approval during OTA process
- VIN numer interval, Market and Variant info at OTA approval

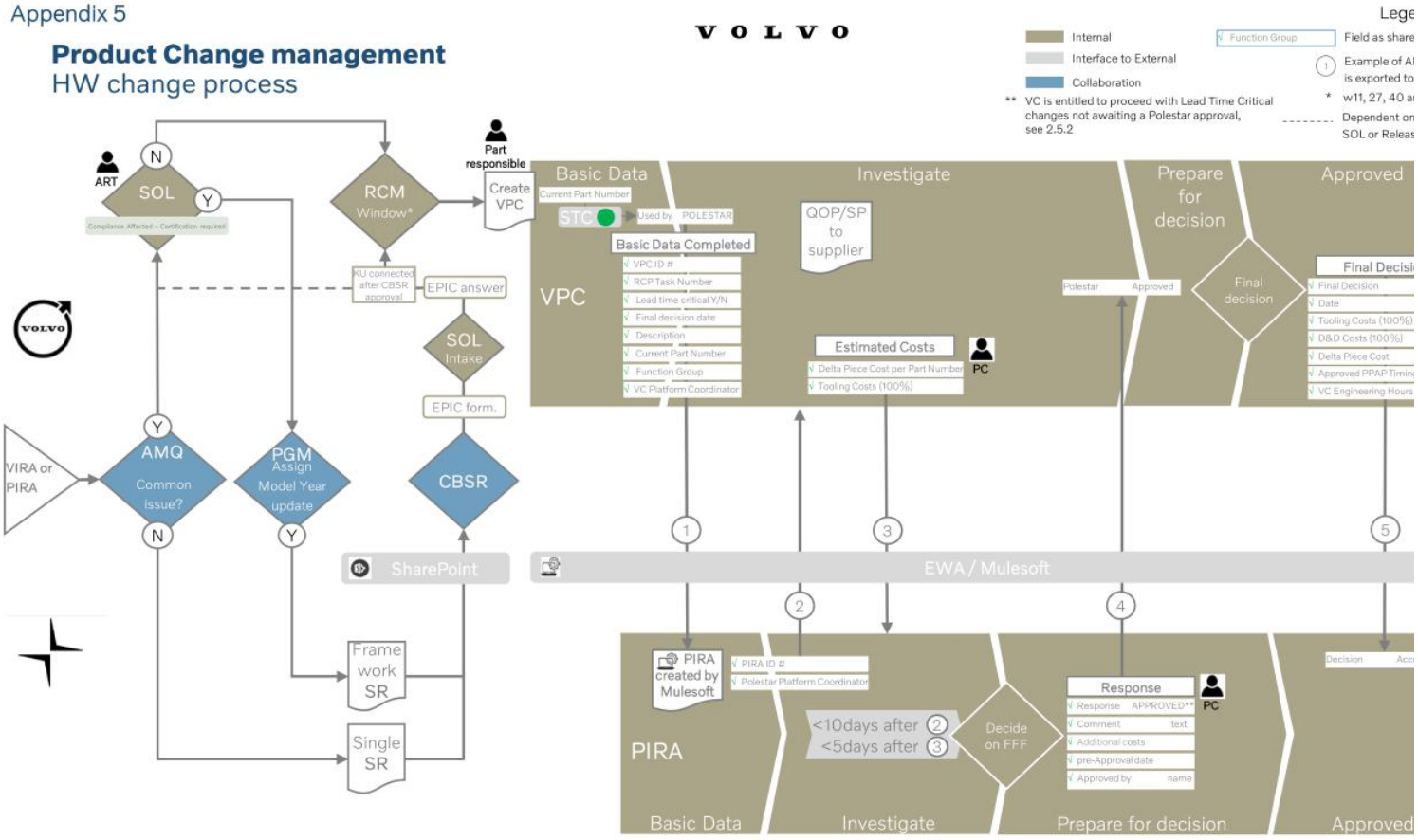
Unique SW ch

- Requires a SR from Poles
- Connected to a CMTM w
[***] or Model Year upda
- Polestar consulted for 1st
during SR process
- Polestar consulted for 2n
CMTM meeting if change
Grow
- Polestar informed on pur
certification impact as re
Release Note
- Polestar part of OTA appr
- VIN number interval, Mar
info at OTA approval

Appendix 5

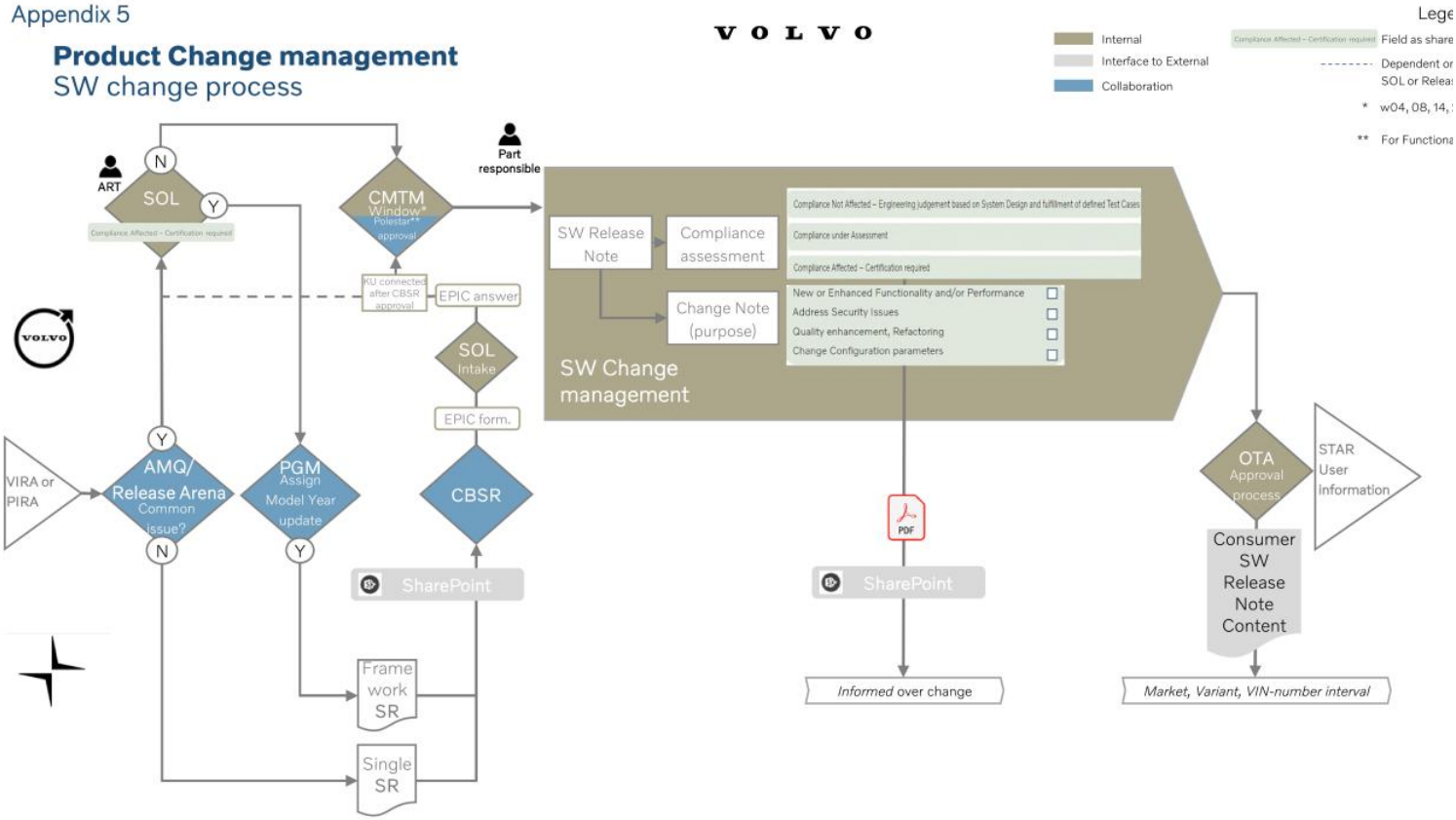
Product Change management

HW change process



Appendix 5

Product Change management
SW change process

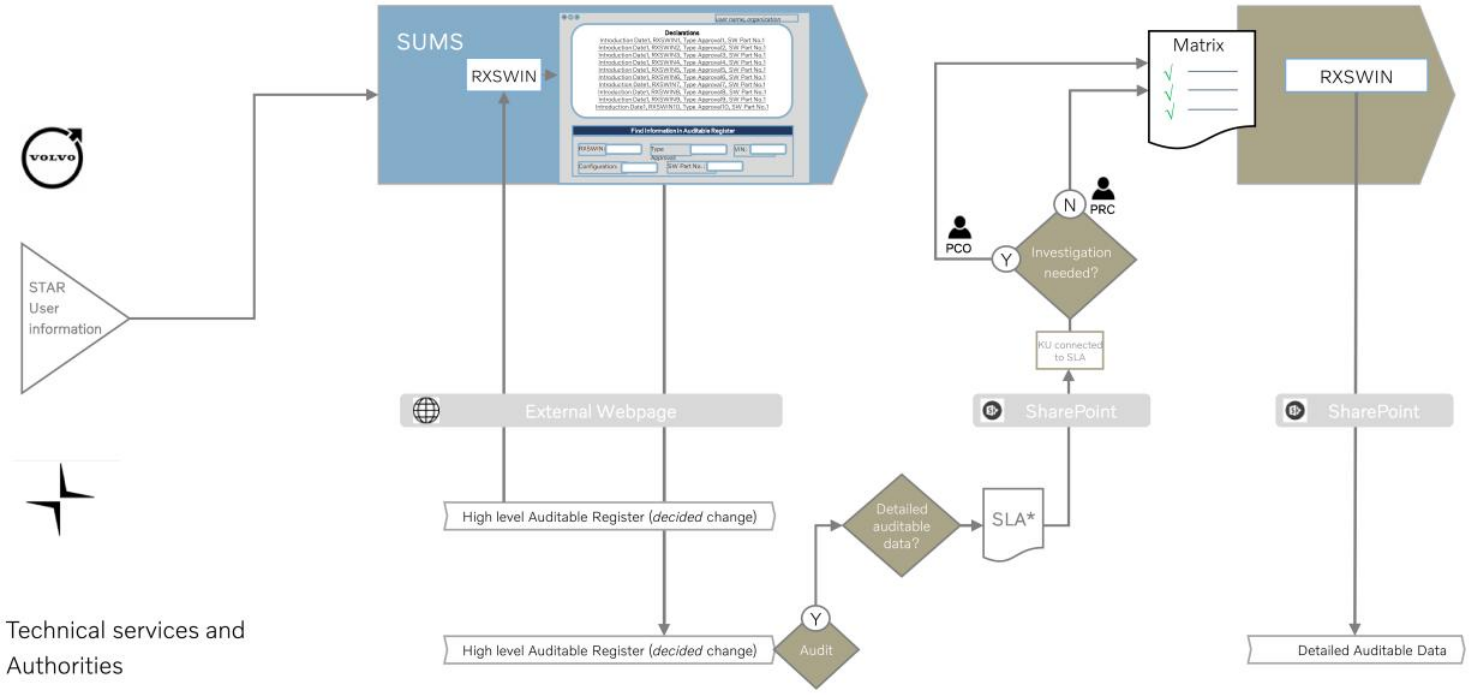


Appendix 5

VOLVO

Product Change management

SUMS interaction (HW and SW change)



Technical services and Authorities

Appendix 6 Part categorization

Part categorization and IP principles

VOLVO

Category	Definition	Scope	Principles				
			Development	IP	Tool ownership	SW related	m c
1	Polestar Technology + Polestar Supplier License Technology	o Polestar Unique - New o Polestar Supplier License Technology	o Unique Polestar technology o Developed purchased as a service from Volvo o Polestar may use the technology and further develop o Assignment of Third Party licenses subject to supplier regulations and approval	o IP owned by Polestar o Unique to Polestar branded vehicles o Volvo might request non-exclusive license	Polestar	Polestar access right to object code and source code with no limitations	By
2	PS Unique Volvo Technology + Volvo Supplier License Technology	o Modified Volvo Technology - Unique for Polestar o Volvo Supplier License Technology	o Based on Volvo technology o Polestar may use the technology and further develop for Polestar branded vehicles	o IP owned by Volvo o Exclusive license to Polestar branded vehicles o Volvo may transform to non-exclusive license	Volvo	o Polestar may use object code without limitations o Polestar may not transfer or sublicense source code to 3rd party	By
3A	Volvo Technology + Volvo Supplier License Technology	o New and Modified Top Hat Common o New and Modified Architecture Common Volvo Supplier License Technology	o Based on Volvo technology o Developed as a service from Volvo o Technology considered common if both parties have planned to use such technology according to strategy and product program decisions. o Polestar may use the technology and further develop for Polestar branded vehicles. o Polestar is not allowed to modify the common technology Volvo is using, in a way that would impact Volvo operations	o IP owned by VC o Non-exclusive license to Polestar branded vehicles o VC may transform to non-exclusive license			
3B	Common Polestar Technology + Polestar Supplier License Technology	o New and Modified Top Hat Common o New and Modified Architecture Common	o Based on Polestar technology o Technology considered common if both parties have planned to use such technology according to strategy and product program decisions. o Developed as a service from Volvo o Polestar may use the technology and further develop	o IP owned by Polestar o Non-exclusive license to Volvo branded vehicles	Polestar	Polestar access right to object code and source code with no limitations	By
4	Volvo Technology	o Existing Volvo technology 100% carry over o Volvo Supplier License Technology	o Existing Volvo Technology o Polestar may use the technology and further develop for Polestar branded vehicles o Polestar is not allowed to modify the common technology Volvo is using, in a way that would impact Volvo operations	o IP owned by VC o Non-exclusive license to Polestar branded vehicles for PS1 and PS2 parts	Volvo	o Polestar may use object code without limitations o Polestar may not transfer or sublicense source code to Third Parties	By

Volvo = Volvo Cars

PS = Polestar

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

SERVICE AGREEMENT
MAIN DOCUMENT

Name of Project: PS2 Model Year Support

Short description of activities under this Service Agreement: The Service Provider shall provide certain manufacturing engineering services in relation to the production of Polestar 2 vehicles.

This Service Agreement is between Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Service Provider**"), and Polestar Automotive China Distribution Co. Ltd., Reg. No. 91331001MA2DYEJ4XH, a corporation organized and existing under the laws of China ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have determined that Service Provider shall provide to Purchaser certain Services (as defined in the General Terms), which are further described in the Service Specification in Appendix 1. The provision of the Services shall be performed in accordance with the terms in this service agreement and its appendices (the "**Service Agreement**").

B. Purchaser now wishes to enter into this Service Agreement for the purpose of receiving the Services and Service Provider wishes to provide the Services in accordance with the terms set forth in this Service Agreement.

C. In light of the foregoing, the Parties have agreed to execute this Service Agreement.

AGREEMENT

1. GENERAL

1.1 This Service Agreement consists of this main document (the "**Main Document**") and its appendices. This Main Document sets out the specific terms in respect of the provision of the Services, whereas Appendix 2 sets out certain general terms and conditions applicable to the Parties' rights, obligations and the performance of the Parties' activities hereunder (the "**General Terms**").

1.2 All capitalized terms used, but not specifically defined in this Main Document, shall have the meaning ascribed to them in the General Terms.

2. SERVICE SPECIFICATION

2.1 The Parties have agreed upon the scope and specification for the Services as specified in the Service Specification in Appendix 1.

3. AFFILIATE

3.1 Affiliate shall for the purpose of this Service Agreement have the following meaning:

"**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by or is under common control with Volvo Car Corporation or Polestar Automotive China Distribution Co. Ltd.; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity.

4. INTELLECTUAL PROPERTY RIGHTS

4.1 The Parties agree that the Service Provider shall be the exclusive owner of all Results (as defined in the General Terms in Appendix 2) developed through the performance of the Services in accordance with what is set forth in Section 4.2.1 in the General Terms and shall thus be deemed the Results Owner (as defined in the General Terms in Appendix 2).

5. SERVICE CHARGES

5.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser shall pay to Service Provider the service charges as further described below (the "**Service Charges**").

5.2 The Service Charges for the Services will be based on the actual hours required for the Services to be performed by Service Provider as set forth in the Service Specification in Appendix 1 and the hourly rates as set forth in Appendix 3. The Parties acknowledge that the estimated Service Charges set forth in the Service Specification in Appendix 1 are based on an estimation of the amount of hours required for the performance of the Services and that this estimation may differ from the final actual number of hours charged by Service Provider. Hence, the Service Charges will ultimately be invoiced based on actual hours, not on estimated hours.

5.3 The Service Charges shall be paid in the currency: SEK.

5.4 The hourly rates that are used to calculate the Service Charges shall be determined by Service Provider on an annual basis in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties. The hourly rates shall be calculated using the cost plus method, *i.e.* full cost incurred plus an arm´s length mark-up. All costs Service Provider has in order to perform the Services shall be reimbursed by Purchaser.

6. PAYMENT

6.1 If Service Provider, pursuant to the General Terms, appoints its Affiliates and/or subcontractors to perform the Services under this Service Agreement, Service Provider shall include the costs relating to such work in the invoices to Purchaser.

6.2 The actual Service Charges shall be invoiced on a monthly basis at the end of each month and paid by Purchaser in accordance with what is set out in the General Terms.

7. GOVERNANCE FORUM

7.1 The Parties agree that governance in respect of this Service Agreement shall be handled in accordance with what is set out in the General Terms in Appendix 2. When reference is made to a relevant governance forum, it shall for the purpose of this Service Agreement have the meaning set out below in this Section 7.

7.2 The first level of governance forum for handling the co-operation between the Parties in various matters, handling management, prioritisation of development activities etc. under the Service Agreement shall be the "**Steering Committee**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive M&L Steering Committee. The Steering Committee shall be the first level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

7.3 The higher level of governance forum, to which an issue shall be escalated if the Steering Committee fails to agree upon a solution shall be the "**Strategic Board**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive Meeting. The Strategic Board shall be the highest level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

8. TERRITORY

8.1 For the purposes of this Service Agreement, the "**Territory**" shall mean all countries in the world.

9. TEMPLATE FINANCIAL REPORTING

9.1 The Parties agree that the basis for calculating the Service Charges shall be transparent and auditable to Purchaser and be done based on the template attached as Appendix 4.

10. ORDER OF PRIORITY

10.1 In the event there are any contradictions or inconsistencies between the terms of this Main Document and any of the Appendices hereto, the Parties agree that the following order of priority shall apply:

(1) This Main Document
(2) Appendix 2, General Terms – Service Agreement
(3) Appendix 1, Service Specification
(4) Appendix 3, Hourly Rates
(5) Appendix 4, Template Financial Reporting

11. NOTICES

11.1 All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the

following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

(a) To Service Provider:

Volvo Car Corporation
Attention: [***]
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
General Counsel
50090 Group Legal and Corporate Governance
405 31 Gothenburg, Sweden
Email: legal@volvocars.com

(b) To Purchaser:

Polestar Automotive China Distribution Co. Ltd.,
Attention: [***]
1280 Tiangong Avenue
Xinxing Neighborhood
Tianfu New District
610000
Email: [***]

With a copy not constituting notice to:

Polestar Performance AB
Legal Department
Assar Gabrielssons Väg 9
SE-405 31 Gothenburg, Sweden
Email: legal@polestar.com

[SIGNATURE PAGE FOLLOWS]

This Service Agreement has been signed in 2 originals, of which the Parties have received 1 each.

VOLVO CAR CORPORATION	**POLESTAR AUTOMOTIVE CHINA DISTRIBUTION CO. LTD.,**
By: /s/ Maria Hemberg	By: /s/ Nathan Forshaw
Printed Name: Maria Hemberg	Printed Name: Nathan Forshaw
Title: General Counsel	Title:
Date: 7 July, 2022	Date:
By: /s/ Björn Anwall	By: /s/ Michael Luke Thomas
Printed Name: Björn Anwall	Printed Name: Michael Luke Thomas
Title: Authorized signatory	Title:
Date: 7 July, 2022	Date:

SERVICE AGREEMENT
APPENDIX 1
SERVICE SPECIFICATION

1. GENERAL

1.1 This Service Specification is a part of the Service Agreement executed between Service Provider and Purchaser. This Service Specification sets out the scope and the specification of the activities that shall be performed under the Service Agreement, the division of responsibilities between Service Provider and Purchaser and the applicable time plan for the performance of the activities.

2. DEFINITIONS

2.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalised terms set out below in this Section 2 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

3. GENERAL DESCRIPTION

3.1 The Service Provider is requested to support the Purchaser with Manufacturing Engineering, New Model launch, Logistic Engineering, and Inbound Logistics services for model year upgrades of the Polestar 2 vehicle.

3.2 The Parties have agreed to that the services will be performed as part of the corresponding Model Year programs [***].

3.3 The overall objectives of the activities are to safeguard a seamless introduction of the updated parts.

4. ASSUMPTIONS/PRE-R EQUISITES

4.1 The support is limited to parts having a corresponding usage in the Service Provider´s platforms.

5. DESCRIPTION OF THE SERVICE ACTIVITIES

5.1 Industrial Operations & Quality will provide the following services:

(a) Product and Process related activities, in the areas of Stamping, Body in White, Paint Shop, Final Plant, Geometry & Logistics.

(b) Release Process Inspection Instructions and script updates for the Hardware and Software introductions.

(c) Perform the product, process, and logistics engineering work according to the Volvo Product Development System (VPDS) pre-requisites. This for all changes that affects the Polestar 2 vehicle.

(d) If content in the specific programs is changed, VCC needs to contact Polestar.

6. TIMING AND DELIVERABLES

6.1 The activities shall commence in Q1 2019 until end of 2023.

6.2 Deliveries will be according to Model Year program´s time schedule.

7. ESTIMATED HOURS

7.1 The Parties estimate that the number of hours that are required to perform the Services in Sweden are [***] hours. The estimated hours are based on the Purchaser paying [***] of their unique content and [***] of the common content in [***] and [***] and [***] of the common content in [***] and [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day

7.2 The estimated service fee is [***] SEK.

8. PARTIES RESPONSIBILITIES

8.1 **General.** The division of the responsibilities between the Parties can be described as follows in this Section 8.

8.2 **Service Provider's responsibilities.** Service Provider is responsible for the following activities:

(a) Supply Manufacturing Engineering support as defined with the Volvo Cars Program management system.

8.3 **Purchaser's responsibilities.** Purchaser is responsible for all the other activities in relation to the Model Year upgrade including:

(a) Timely providing, in relation to the Polestar 2 vehicle, the necessary pre-requisites and information to launch the production.

SERVICE AGREEMENT
APPENDIX 2
GENERAL TERMS

1. BACKGROUND

This Appendix 2, General Terms – Service Agreement, (the "**General Terms**") is an Appendix to the Main Document and is an integrated part of the Service Agreement entered into between the Parties.

2. DEFINITIONS

2.1 For the purpose of these General Terms, the following terms shall have the meanings assigned to them below. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and *vice versa*. Any capitalized terms used, but not specifically defined below in this Section 2, shall have the meaning ascribed to them in the Main Document.

2.2 "**Appendix**" means an appendix to the Main Document.

2.3 "**Background IP**" means the Intellectual Property Rights either:

(a) owned by either of the Parties;

(b) created, developed or invented by directors, managers, employees or consultants of either of the Parties;

(c) to which the Party has licensed rights instead of ownership and the right to grant a sublicense

prior to the execution of this Service Agreement, and any Intellectual Property Rights developed or otherwise acquired independently of this Service Agreement.

2.4 **"Change Management"** means maintenance and development of the Results to be performed 90 days after the start of production of the first vehicle in which the Results are installed, incorporated, included or otherwise used, and which are driven by for example legal requirements or changes in other products/parts having an effect on the Results.

2.5 "**Confidential Information**" means any and all non-public information regarding the Parties and their respective businesses, whether commercial or technical, in whatever form or media, including but not limited to the existence, content and subject matter of this Service Agreement, information relating to Intellectual Property Rights, concepts, technologies, processes, commercial figures, techniques, algorithms, formulas, methodologies, know-how, strategic plans and budgets, investments, customers and sales, designs, graphics, CAD models, CAE data, statement of works (including engineering statement of works and any high level specification), targets, test plans/reports, technical performance data and engineering sign-off documents and other information of a sensitive nature, that a Party learns from or about the other Party prior to or after the execution of this Service Agreement.

2.6 "**Data Room**" means the secure environment personal approved access information sharing platform agreed to be used between the Parties for making available the Results to Purchaser.

2.7 "**Disclosing Party**" means the Party disclosing Confidential Information to the Receiving Party.

2.8 "**EU Data Protection Laws**" shall mean collectively, any applicable data protection, privacy or similar law generally applicable to the processing of personal data, including but not limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and any act or piece of national legislation implementing, supporting or otherwise incorporating said regulation, including any amendment made to any of the foregoing.

2.9 "**Force Majeure Event**" shall have the meaning set out in Section 15.1.1.

2.10 "**Industry Standard**" means the exercise of such professionalism, skill, diligence, prudence and foresight that would normally be expected at any given time from a skilled and experienced actor engaged in a similar type of undertaking as under this Service Agreement.

2.11 "**Intellectual Property Rights**" or "**IP**" means Patents, Non-patented IP, rights in Confidential Information and Know-How to the extent protected under applicable laws anywhere in the world. For the avoidance of doubt, Trademarks are not comprised by this definition.

2.12 "**Know-How**" means confidential and proprietary industrial, technical and commercial information and techniques in any form including (without limitation) drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, specifications, component lists, market forecasts, lists and particulars of customers and suppliers.

2.13 "**Main Document**" means the contract document (with the heading "Main Document - Service Agreement"), which is signed by Service Provider and Purchaser, to which these General Terms are an Appendix.

2.14 "**Non-patented IP**" means copyrights (including rights in computer software), database rights, semiconductor topography rights, rights in designs, and other intellectual property rights (other than Trademarks and Patents) and all rights or forms of protection having equivalent or similar effect anywhere in the world, in each case whether registered or unregistered, and registered includes registrations, applications for registration and renewals whether made before, on or after execution of this Service Agreement.

2.15 "**Patent**" means any patent, patent application, or utility model, whether filed before, on or after execution of this Service Agreement, along with any continuation, continuation-in-part, divisional, re-examined or re-issued patent, foreign counterpart or renewal or extension of any of the foregoing.

2.16 "**Receiving Party**" means the Party receiving Confidential Information from the Disclosing Party.

2.17 "**Results**" shall mean any outcome of the Services provided to Purchaser under this Service Agreement (including but not limited to any IP, technology, software, methods, processes, deliverables, objects, products, documentation, modifications, improvements, and/or amendments to be carried out by Service Provider under the Service Specification) and any other outcome or result of the Services to be performed by Service Provider as described in the relevant Service Specification, irrespective of whether the performance of the Services has been completed or not.

2.18 "**Results Owner**" shall mean the Party which shall be the owner of the Results in accordance with what is set forth in Section 5.2.

2.19 "**Services**" shall mean the services to be performed by Service Provider to Purchaser hereunder, including all services under the Appendices attached hereto.

2.20 "**Service Agreement**" means the Main Document including all of its Appendices and their Schedules as amended from time to time.

2.21 "**Service Charges**" means the service charges as set forth or referenced to in the Main Document.

2.22 "**Service Specification**" describes the Services to be provided by Service Provider to Purchaser hereunder including (if applicable) a time plan for the provision of the Services, which is included as Appendix 1 in this Service Agreement.

2.23 "**Third Party**" means a party other than any of the Parties and/or an Affiliate of one of the Parties to this Service Agreement.

2.24 "**Trademarks**" means trademarks (including part numbers that are trademarks), service marks, logos, trade names, business names, assumed names, trade dress and get-up, and domain names, in each case whether registered or unregistered, including all applications, registrations, renewals and the like, in each case to the extent they constitute rights that are enforceable against Third Parties.

2.25 "**Use**" means to make, have made, use (including in a process, such as use in designing, engineering, testing or assembling products or in their research or development), keep, install, integrate, extract, assemble, reproduce, incorporate, create derivative works of, modify, adapt, improve, enhance, develop, service or repair, including in the case of installation, integration, assembly, service or repair, the right to have a subcontractor of any tier carry out any of these activities on behalf of Purchaser.

2.26 The right to "**have made**" is the right of Purchaser to have another person (or their subcontractor of any tier) make for Purchaser and does not include the right to grant sublicenses to another person to make for such person's own use or use other than for Purchaser.

3. PROVISION OF SERVICES

3.1 **Service Specification.** The Parties have agreed upon the scope and specification of the Services provided under this Service Agreement in the Service Specification.

3.2 Making available the Results.

3.2.1 Service Provider shall make the Results (or if not finalised, any part of the Results that has been finalised) available to Purchaser within the timeframes specified in the Service Specification, but under all circumstances promptly after any part of the Results has been finalised. The Results shall only be made available in a Data Room.

3.2.2 The Results (or any finalised part thereof) shall be deemed made available by Service Provider to Purchaser if such files have been electronically loaded into and made accessible by Service Provider in the Data Room agreed upon.

3.3 **Change Management.** Service Provider has an obligation to, upon Purchaser's request, perform Change Management in relation to the developed Results, such as changes required in order to maintain functionality, adjust the Results due to new technical solutions etc. For the avoidance of doubt, the performance of Change Management is however not governed by this Service Agreement, but shall be subject to a separate agreement between the Parties, which the Parties upon either Party's request shall execute.

3.4 **Service Recipients.** In addition to Purchaser, all of Purchaser's Affiliates shall be entitled to receive and use the Services under this Service Agreement. Nevertheless, Purchaser shall be Service Provider's sole point of contact and shall be responsible for payment of the Service Charges as set forth in this Service Agreement, irrespectively of whether it is Purchaser or any of Purchaser's Affiliates that in reality received and used the Services.

3.5 Subcontractors.

3.5.1 The Parties acknowledge that Service Provider may use its Affiliates and/or subcontractors to perform the Services under this Service Agreement, provided that Service Provider informs Purchaser thereof.

3.5.2 Service Provider shall however remain responsible for the performance, and any omission to perform or comply with the provisions of this Service Agreement, by any Affiliate to Service Provider and/or any subcontractor to the same extent as if such performance or omittance was made by Service Provider itself. Service Provider shall also remain Purchaser's sole point of contact unless otherwise agreed.

3.6 **Relationship between the Parties.** The Parties are acting as independent contractors when performing each Party's respective obligations under the Service Agreement. Neither Party nor its Affiliates are agents for the other Party or its Affiliates and have no authority to represent them in relation to any matters. Nothing in these General Terms or the Service Agreement shall be construed as to constitute a partnership or joint venture between the Parties.

4. SERVICE REQUIREMENTS

4.1 All Services shall be performed in accordance with the requirements set forth in this Service Agreement, including the Service Specification, and otherwise in a professional manner.

4.2 When providing the Services, Service Provider shall use professional and skilled personnel, reasonably experienced for the Services to be performed, Service Provider shall work according to the same standard of care and professionalism that is done in Service Provider's internal business and development projects. Such standard of care and

professionalism, shall however at all times correspond to Industry Standard. For the avoidance of doubt, Service Provider is responsible for all necessary recruiting and hiring costs associated with employing appropriate personnel as well as all necessary training costs.

4.3 Service Provider acknowledges that time is of essence and Service Provider agrees to strictly respect and adhere to the deadlines set out in the Service Specification in Appendix 1, such as time limits, milestones and gates. In the event Service Provider risks not to meet an agreed deadline or is otherwise in delay with the performance of the Services, Service Provider shall appoint additional resources in order to avoid the effects of the anticipated delay or the delay (as the case may be).

4.4 In the event the Services or any part thereof, more than insignificantly deviate from the requirements set forth in the Service Specification, or if Service Provider otherwise does not meet or ceases to meet the requirements set forth in this Service Agreement (except for minor faults and defects, which do not affect the provision of the Services), Service Provider shall remedy such incompliance, fault or defect as soon as reasonably possible.

4.5 In the event Service Provider fails to act in accordance with Section 4.3 and 4.4 above, such failure shall be escalated in accordance with the escalation principles set forth in Section 17.1 and eventually give Purchaser the right to terminate the Service Agreement in accordance with Section 14.4.

4.6 Purchaser shall provide Service Provider with instructions as reasonably required for Service Provider to be able to carry out the Services. Service Provider must continuously inform Purchaser of any needs of additional instructions or specifications required to perform the Services.

4.7 Service Provider shall ensure that it has sufficient resources to perform its undertakings under this Service Agreement. Further, Service Provider undertakes to ensure that the performance of the Services will not be given lower priority than other of Service Provider's internal similar projects.

5. INTELLECTUAL PROPERTY RIGHTS

5.1 Ownership of existing Intellectual Property Rights.

5.1.1 Each Party remains the sole and exclusive owner of its Background IP and any Intellectual Property Rights which are modifications, amendments or derivatives of any Intellectual Property Rights already owned by such Party.

5.1.2 Nothing in this Service Agreement shall be deemed to constitute an assignment of, or license to use, any Trademarks of the other Party.

5.2 Ownership of Results.

5.2.1 The Party specified in the Main Document to own the Results shall be the exclusive owner of the Results, including all modifications, amendments and developments thereof.

5.2.2 If Purchaser is the Party indicated as owning the Results in the Main Document, all Results, including all modifications, amendments and developments thereof, and any Intellectual Property Rights developed as a result of the Services provided by Service Provider (or if

applicable, any of its appointed Affiliates or subcontractors), shall consequently automatically upon creation be transferred from Service Provider to Purchaser. Purchaser shall further have the right to transfer, sublicense, modify and otherwise freely dispose of the Results, however with the restrictions set forth in Section 5.3 below.

5.3 License grant.

5.3.1 The Results Owner hereby grants to the other Party a non-exclusive, irrevocable, perpetual (however at least 50 years long (however, in no event shall such time exceed the validity period of any IP or Background IP included in the license described hereunder)), non-assignable (however assignable to the Party's Affiliates and related companies) license to, within the Territory:

(a) Use , in whole or in part, the Results and, if applicable, any Background IP embedded in or otherwise used in the development of the Results to the extent such license is necessary or reasonably necessary to make use of this license granted to the Results and the Services provided hereunder; and

(b) design, engineer, Use, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using the Results and any Background IP referred to in (a) above, in whole or in part.

5.3.2 Notwithstanding anything to the contrary in the Service Agreement, nothing in these General Terms or otherwise in the Service Agreement shall be construed as to give the other Party any rights, including but not limited to any license rights (express or implied), to any Background IP, except as expressly stated herein.

5.3.3 The license granted from the Results Owner to the other Party under Section 5.3.1 above shall be fully sublicensable to the other Party's Affiliates, but shall not be sublicensable to any Third Party without prior written approval from the Results Owner, however with the exception stated in Section 5.3.4 below. For the avoidance of doubt, the Results Owner shall be entitled to license the Results, including any Background IP therein, to the Results Owner's Affiliates without prior written consent from the other Party.

5.3.4 In the event either Party would want to sublicense/license the rights granted under Section 5.3.1 above in whole, or a substantial part of said rights, to a Third Party, such sublicense/license requires the prior written approval of the other Party, which shall not be unreasonably withheld (whereby a sublicense/license to a Third Party which is a competitor of either Party is an example of what could be deemed unreasonable and subject to non-approval) or delayed. Any approval in accordance with the foregoing shall be handled at a high governance level by the Strategic Board. For the avoidance of doubt, the other Party has no obligation to provide any support regarding sublicensing/licensing of any rights connected to this Service Agreement to a Party providing a sublicense/license to a Third Party.

5.4 Suspected infringement.

5.4.1 The Party to whom the license in Section 5.3 is granted, shall promptly (upon becoming aware) notify the Results Owner in writing of:

(a) any conduct of a Third Party that the Party reasonably believes to be, or reasonably believes to be likely to be, an infringement, misappropriation or other violation of

any Intellectual Property Rights licensed to the Party hereunder by a Third Party; or

(b) any allegations made to the Party by a Third Party that any Intellectual Property Rights licensed hereunder are invalid, subject to cancellation, unenforceable, or is a misappropriation of any Intellectual Property Rights of a Third Party.

5.4.2 In the event that the Party has provided the Results Owner a notification pursuant to Section 5.4.1(a) above, and the Results Owner decides not to take any action against the Third Party, the Results Owner may approve in writing that the other Party shall be entitled to itself take action against the Third Party at its own cost. If the Results Owner approves, it shall provide reasonable assistance to the other Party, as requested by the other Party at the other Party's expense. If the Results Owner does not approve to the other Party taking such action, the issue should be escalated to the Strategic Board for decision.

5.4.3 For the avoidance of doubt, the Results Owner has no responsibility in the event the Results are alleged to infringe in any Third Party's Intellectual Property Rights and the Results Owner has, except for what is set out above in this Section 5.4 no obligation to defend and hold the other Party harmless from and against any alleged infringements.

5.5 Volvo brand name.

5.5.1 For the sake of clarity, it is especially noted that this Service Agreement does not include any right to use the "Volvo" brand name, or Trademarks, or refer to "Volvo" in communications or official documents of whatever kind. The Parties acknowledge that the "Volvo" Trademarks as well as the "Volvo" name is owned by Volvo Trademark Holding AB and that the right to use the name and the "Volvo" Trademarks is subject to a service agreement, which stipulates that the name, Trademarks and all thereto related Intellectual Property can only be used by Volvo Car Corporation and its Affiliates in relation to Volvo products.

5.5.2 This means that this Service Agreement does not include any rights to directly or indirectly use the "Volvo" brand name or "Volvo" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, e.g. in presentations, business cards and correspondence.

5.6 Polestar brand name.

5.6.1 Correspondingly, it is especially noted that this Service Agreement does not include any right to use the Polestar brand name or Trademarks, or refer to Polestar in communications or official documents of whatever kind.

This means that this Service Agreement does not include any rights to directly or indirectly use the Polestar brand name or Polestar Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, *e.g.* in presentations, business cards and correspondence.

6. SERVICE CHARGES

6.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser agrees to pay to Service Provider the Service Charges as set forth or referenced to in the Main Document.

7. PAYMENT TERMS

7.1 The Service Charges shall be paid in the currency set forth in the Main Document, in a timely manner and in accordance with the payment terms set forth in this Section 7.

7.2 Purchaser shall bear the VAT and surtaxes, and Service Provider shall bear the Withholding Tax, which are applicable in accordance with local legislation to amounts and payments referred to in this Service Agreement.

7.3 Purchaser shall make a reasonable effort in establishing, where applicable and to the fullest extent possible, to the tax authorities of its country of residence that services rendered there by Service Provider do not amount to a Permanent Establishment as defined under Article 5 of the Agreement between the Government of the People's Republic of China and the Government of the Kingdom of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (1986) (hereinafter the "Sweden-China Income Tax Treaty"); and that no withholding tax shall apply to payments under this Service Agreement. Service Provider shall make a reasonable effort to obtain a credit, under either Article 23 of the Sweden-China Income Tax Treaty or the domestic legislation of Service Provider's country of residence, against income tax in Service Provider's country of residence on account of the withholding tax, if any, levied on the payments by the tax authorities of Purchaser's country of residence.

7.4 In the event that the withholding tax, if any, levied by the tax authorities of Purchaser's country of residence is determined, by the tax authorities of Service Provider's country of residence, to not be so creditable against the income tax of Service Provider, Purchaser shall reimburse Service Provider for the withholding tax, exclusive of any tax applicable thereupon in Purchaser's country of residence. The reimbursement shall be due upon the presentation by Service Provider of reasonable proof of the denial of the aforementioned credit.

7.5 Where the withholding tax levied in Purchaser's country of residence is denied creditability in Service Provider's country of residence, Purchaser and Service Provider shall decide jointly whether a course of action shall be undertaken in the form of Mutual Agreement Procedure under Article 25 of the Sweden-China Income Tax Treaty or other dispute resolution procedures available between the competent authorities of Sweden and China.

7.6 Upon tax authority request, Service Provider should provide the supporting documents to help Purchaser prove the arm's length nature of the payment.

7.7 Any amount of the Service Charges invoiced by Service Provider to Purchaser shall be paid by Purchaser within [***] after the invoice date.

7.8 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on [***] per annum.

7.9 Any paid portion of the Service Charges is non-refundable, with the exception set forth in the Main Document.

8. AUDIT

8.1 During the term of the Service Agreement, Purchaser shall have the right to, upon reasonable notice in writing to Service Provider, inspect Service Provider's books and

records related to the Services and the premises where the Services are performed, in order to conduct quality controls and otherwise verify the statements rendered under this Service Agreement.

8.2 Audits shall be made during regular business hours and be conducted by Purchaser or by an independent auditor appointed by Purchaser. Should Purchaser during any inspection find that Service Provider or the Services does/do not fulfil the requirements set forth herein, Purchaser is entitled to comment on the identified deviations. Service Provider shall, upon notice from Purchaser, take reasonable efforts to take the actions required in order to fulfil the requirements. In the event the Parties cannot agree upon measures to be taken in respect of the audit, each Party shall be entitled to escalate such issue to the Steering Committee.

9. REPRESENTATIONS

9.1 Each Party warrants and represents to the other Party that:

(a) it is duly organized, validly existing, and in good standing under the laws of its respective jurisdiction of incorporation or formation, as applicable;

(b) it has full corporate power and authority to execute and deliver this Service Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance of this Service Agreement have been duly authorized and approved, with such authorization and approval in full force and effect, and do not and will not (i) violate any laws or regulations applicable to it or (ii) violate its organization documents or any agreement to which it is a party; and

(d) this Service Agreement is a legal and binding obligation of it, enforceable against it in accordance with its terms.

9.2 To the extent any Background IP is embedded, or otherwise included, in the Results and subject to the license granted in Section 5.3 above, the Parties acknowledge that the Background IP is licensed on an "as is" basis, without any warranties or representations of any kind (except for the warranties in Section 9.1 above), whether implied or express, and in particular any warranties of suitability, merchantability, description, design and fitness for a particular purpose, non-infringement, completeness, systems integration and accuracy are expressly excluded to the maximum extent permissible by law.

10. SERVICE WARRANTY

10.1 When performing the Services, Service Provider shall provide professional and skilled personnel, reasonably experienced for the Services to be performed at the best of their knowledge.

10.2 Service Provider provides the Services "as is". Service Provider does neither warrant nor represent that any Services, provided or delivered to Purchaser hereunder are functional for the business needs of Purchaser or otherwise suitable for any specific purpose, nor that the Services, are not infringing any Intellectual Property of any third party. Service Provider does neither give any representations or warranties as regards the merchantability of the deliverables to be delivered hereunder nor any other representations or warranties of any

kind whatsoever concerning the Services. Purchaser acknowledges that the price of the Services to be performed and other deliverables to be delivered by Service Provider are set in consideration of the foregoing.

10.3 Service Provider shall after receipt of notice of a claim related to Purchaser's use of the Services notify Purchaser of such claim in writing and Purchaser shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the third party presenting the claim and/or intervene in any suit or action. Purchaser shall at all times keep Service Provider informed of the status and progress of the claim and consult with Service Provider on appropriate actions to take. If Purchaser fails to or chooses not to take actions to defend Service Provider within a reasonable time, or at any time ceases to make such efforts, Service Provider shall be entitled to assume control over the defence against such claim and/ or over any settlement negotiation at Purchaser's cost. Any settlement proposed by Purchaser on its own account must take account of potential implications for Service Provider and shall therefore be agreed with Service Provider before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

11. LIMITATION OF LIABILITY

11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this Service Agreement.

11.2 Each Party's aggregate liability for any direct damage arising out of or in connection with this Service Agreement shall be limited to [***] payable by Purchaser to Service Provider hereunder.

11.3 The limitations of liability set forth in this Section 11 shall not apply in respect of:

(a) claims related to death or bodily injury;

(b) damage caused by wilful misconduct or gross negligence;

(c) damage caused by a Party's breach of the confidentiality undertakings in Section 13 below; or

(d) damage arising out of an infringement, or alleged infringement, of the other Party's or any third party's Intellectual Property.

12. GOVERNANCE AND CHANGES

12.1 Governance.

12.1.1 The Parties shall act in good faith in all matters and shall at all times co-operate in respect of changes to this Service Agreement as well as issues and/or disputes arising under this Service Agreement.

12.1.2 The governance and co-operation between the Parties in respect of this Service Agreement shall primarily be administered on an operational level. In the event the Parties on an operational level cannot agree upon *inter alia* the prioritisation of development activities or

other aspects relating to the co-operation between the Parties, each Party shall be entitled to escalate such issue to the Steering Committee.

12.1.3 If the Steering Committee fails to agree upon a solution of the disagreement the relevant issue should be escalated to the Strategic Board for decision.

12.2 Changes.

12.3 During the term of this Service Agreement, Purchaser can request changes to the Service Specification, which shall be handled in accordance with the governance procedure set forth in Section 12.112.1 above. Both Parties agree to act in good faith to address and respond to any change request within a reasonable period of time.

12.4 The Parties acknowledge that Service Provider will not perform in accordance with such change request until agreed in writing between the Parties. For the avoidance of any doubt, until there is agreement about the requested change, all work shall continue in accordance with the existing Service Specification.

13. CONFIDENTIAL INFORMATION

13.1 The Parties shall take any and all necessary measures to comply with the security and confidentiality procedures of the other Party.

13.2 All Confidential Information shall only be used for the purposes comprised by the fulfilment of this Service Agreement. Each Party will keep in confidence any Confidential Information obtained in relation to this Service Agreement and will not divulge the same to any Third Party, unless the exceptions specifically set forth below in this Section 13.2 below apply, in order to obtain patent protection or when approved by the other Party in writing, and with the exception of their own officers, employees, consultants or sub-contractors with a need to know as to enable such personnel to perform their duties hereunder. This provision will not apply to Confidential Information which the Receiving Party can demonstrate:

(a) was in the public domain other than by breach of this undertaking, or by another confidentiality undertaking;

(b) was already in the possession of the Receiving Party before its receipt from the Disclosing Party;

(c) is obtained from a Third Party who is free to divulge the same;

(d) is required to be disclosed by mandatory law, court order, lawful government action or applicable stock exchange regulations;

(e) is reasonably necessary for either Party to utilize its rights and use of its Intellectual Property Rights; or

(f) is developed or created by one Party independently of the other, without any part thereof having been developed or created with assistance or information received from the other Party.

13.3 The Receiving Party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, as the Receiving Parts uses to protect its own Confidential Information of similar nature, to prevent the dissemination to Third Parties or publication of the Confidential Information. Further, each Party shall ensure that its employees and consultants are bound by a similar duty of confidentiality and that any subcontractors taking part in the fulfilment of that Party's obligations hereunder, enters into a confidentiality undertaking containing in essence similar provisions as those set forth in this Section 13.

13.4 Any tangible materials that disclose or embody Confidential Information should be marked by the Disclosing Party as "Confidential," "Proprietary" or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by the Disclosing Party as confidential at the time of disclosure, with subsequent confirmation in writing within 30 days after disclosure. However, the lack of marking or subsequent confirmation that the disclosed information shall be regarded as "Confidential", "Proprietary" or the substantial equivalent thereof does not disqualify the disclosed information from being classified as Confidential Information.

13.5 If any Party violates any of its obligations described in this Section 13, the violating Party shall, upon notification from the other Party, (i) immediately cease to proceed such harmful violation and take all actions needed to rectify said behaviour and (ii) financially compensate for the harm suffered as determined by an arbitral tribunal pursuant to 17.1.5 below. All legal remedies (compensatory but not punitive in nature) according to law shall apply.

13.6 For the avoidance of doubt, this Section 13 does not permit disclosure of source code to software, and/or any substantial parts of design documents to software, included in the Results, to any Third Party, notwithstanding what it set forth above in this Section 13. Any such disclosure to any Third Party is permitted only if approved in writing by Service Provider.

13.7 This confidentiality provision shall survive the expiration or termination of this Service Agreement without limitation in time.

14. TERM AND TERMINATION

14.1 This Service Agreement shall become effective when the Main Document is signed by duly authorised signatories of each Party and shall, unless terminated in accordance with this Section 14 below, remain in force until the Services are completed.

14.2 Either Party shall be entitled to terminate this Service Agreement with immediate effect in the event:

(a) the other Party commits a material breach of the terms of this Service Agreement, which has not been remedied within 30 days from written notice from the other Party to remedy such breach (if capable of being remedied); or

(b) if the other Party should become insolvent or enter into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors.

14.3 For avoidance of doubt, Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, shall be considered in material breach for the purpose of this Service Agreement.

14.4 Furthermore, Purchaser is entitled to terminate this Service Agreement with immediate effect in case Service Provider acts in breach, which is not insignificant, of what is set forth in Section 4.3 and 4.4 provided that the issue first has been escalated in accordance with Section 17.1.

14.5 Purchaser shall in addition be entitled to cancel the Services performed by Service Provider for convenience upon 30 days written notice to Service Provider. In such event, Service Provider shall, upon request from Purchaser, promptly make available in the Data Room (if applicable) any and all parts of the Results which have been finalised on the effective date of the cancellation. Moreover, the "Results" shall for the purposes of this Service Agreement be considered such parts of the Results that Service Provider has finalised on the effective date of the cancellation.

14.6 In the event Purchaser cancels the Services in accordance with Section 14.5 above, the Service Charges shall, instead of what is set out in the Main Document, correspond to Service Provider's costs for the Services performed up, until and including the effective date of the cancellation, including the mark-up otherwise applied to calculate the Service Charges in accordance with the Main Document and any other reasonable proven costs Service Provider has incurred.

14.7 Either Party shall in addition be entitled to terminate the Service Agreement for convenience upon 60 days written notice to the other Party.

15. MISCELLANEOUS

15.1 Force majeure.

15.1.1 Neither Party shall be liable for any failure or delay in performing its obligations under the Service Agreement to the extent that such failure or delay is caused by a Force Majeure Event. A "**Force Majeure Event**" means any event beyond a Party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a Third Party's), failure of energy sources or transport network, restrictions concerning motive force, acts of God, war, terrorism, insurgencies and riots, civil commotion, mobilization or extensive call ups, interference by civil or military authorities, national or international calamity, currency restrictions, requisitions, confiscation, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods, storms, stroke of lightning, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default or delays of suppliers or subcontractors if such default or delay has been caused by a Force Majeure Event.

15.1.2 A non-performing Party, which claims there is a Force Majeure Event, and cannot perform its obligations under the Service Agreement as a consequence thereof, shall use all commercially reasonable efforts to continue to perform or to mitigate the impact of its non-performance notwithstanding the Force Majeure Event and shall continue the performance of its obligations as soon as the Force Majeure Event ceases to exist.

15.2 **Notices.** All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement must be in legible writing in the English language delivered by personal delivery, email transmission or prepaid overnight courier using an internationally recognized courier service and shall be effective upon receipt, which shall be deemed to have occurred:

(a) in case of personal delivery, at the time and on the date of personal delivery;

(b) if sent by email transmission, at the time and date indicated on a response confirming such successful email transmission;

(c) if delivered by courier, at the time and on the date of delivery as confirmed in the records of such courier service; or

(d) at such time and date as delivery by personal delivery or courier is refused by the addressee upon presentation;

in each case provided that if such receipt occurred on a non-business day, then notice shall be deemed to have been received on the next following business day; and provided further that where any notice, demand, request or other communication is provided by any party by email, such party shall also provide a copy of such notice, demand, request or other communication by using one of the other methods. All such notices, demands, requests and other communications shall be addressed to the address, and with the attention, as set forth in the Main Document, or to such other address, number or email address as a Party may designate.

15.3 Assignment.

15.3.1 Neither Party may, wholly or partly, assign, pledge or otherwise dispose of its rights and/or obligations under this Service Agreement without the other Party's prior written consent.

15.3.2 Notwithstanding the above, each Party may assign this Service Agreement to an Affiliate without the prior written consent of the other Party.

15.4 **Waiver.** Neither Party shall be deprived of any right under this Service Agreement because of its failure to exercise any right under this Service Agreement or failure to notify the infringing party of a breach in connection with the Service Agreement. Notwithstanding the foregoing, rules on complaints and limitation periods shall apply.

15.5 **Severability.** In the event any provision of this Service Agreement is wholly or partly invalid, the validity of the Service Agreement as a whole shall not be affected and the remaining provisions of the Service Agreement shall remain valid. To the extent that such invalidity materially affects a Party's benefit from, or performance under, the Service Agreement, it shall be reasonably amended.

15.6 **Entire agreement.** All arrangements, commitments and undertakings in connection with the subject matter of this Service Agreement (whether written or oral) made before the date of this Service Agreement are superseded by this Service Agreement and its Appendices.

15.7 **Amendments.** Any amendment or addition to this Service Agreement must be made in writing and signed by the Parties to be valid.

15.8 Survival.

15.8.1 If this Service Agreement is terminated or expires pursuant to Section 14 above, Section 5.3 (*License grant*), Section 13 (*Confidentiality*), Section 16 (*Governing Law),* Section 17 *(Dispute Resolution*) as well as this Section 15.8, shall survive any termination or expiration and remain in force as between the Parties after such termination or expiration.

15.8.2 Notwithstanding Section 15.8.1 above, if this Service Agreement is terminated due to Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, pursuant to Section 14 above, Section 5.3 (*License Grant*) shall not survive termination or remain in force as between the Parties after such termination. For the avoidance of doubt, what is stated in this Section 15.8.2 shall only apply in relation to such licenses granted to Purchaser pursuant to Section 5.3 above and any licenses granted to Service Provider under Section 5.3 shall thus nevertheless remain in force after such termination.

16. GOVERNING LAW

16.1 This Service Agreement and all non-contractual obligations in connection with this Service Agreement shall be governed by the substantive laws of:

(a) the People's Republic of China, if the Party that is providing the Services is incorporated under the laws of the People's Republic of China; and

(b) Sweden, if the Party that is providing the Services is incorporated under the laws of Sweden,

without giving regard to its conflict of laws principles.

17. DISPUTE RESOLUTION

17.1 Escalation principles.

17.1.1 In case the Parties cannot agree on a joint solution for handling disagreements or disputes, a deadlock situation shall be deemed to have occurred and each Party shall notify the other Party hereof by the means of a deadlock notice and simultaneously send a copy of the notice to the Steering Committee. Upon the receipt of such a deadlock notice, the receiving Party shall within ten days of receipt, prepare and circulate to the other Party a statement setting out its position on the matter in dispute and reasons for adopting such position, and simultaneously send a copy of its statement to the Steering Committee. Each such statement shall be considered by the next regular meeting held by the Steering Committee or in a forum meeting specifically called upon by either Party for the settlement of the issue.

17.1.2 The members of the Steering Committee shall use reasonable endeavours to resolve a deadlock situation in good faith. As part thereof, the Steering Committee may request the Parties to in good faith develop and agree on a plan to resolve or address the breach, to be presented for the Steering Committee without undue delay. If the Steering Committee agrees upon a resolution or disposition of the matter, the Parties shall agree in writing on terms of such resolution or disposition and the Parties shall procure that such resolution or disposition is fully and promptly carried into effect.

17.1.3 If the Steering Committee cannot settle the deadlock within 30 days from the deadlock notice pursuant to the section above, despite using reasonable endeavours to do so, such deadlock will be referred to the Strategic Board for decision. If no Steering Committee has been established between the Parties, the relevant issue shall be referred to the Strategic Board. Should the matter not have been resolved by the Strategic Board within 30 days counting from when the matter was referred to them, despite using reasonable endeavours to do so, the matter shall be resolved in accordance with Section 17.1.5 below.

17.1.4 All notices and communications exchanged in the course of a deadlock resolution proceeding shall be considered Confidential Information of each Party and be subject to the confidentiality undertaking in Section 13 above.

17.1.5 Notwithstanding the above, the Parties agree that either Party may disregard the time frames set forth in this Section 17.1 and apply shorter time frames and/or escalate an issue directly to the Strategic Board in the event the escalated issue is of an urgent character and where the applicable time frames set out above are not appropriate.

17.1.6 Arbitration.

17.1.7 Any dispute, controversy or claim arising out of or in connection with this Service Agreement, or the breach, termination or invalidity thereof, shall:

(a) if the Party that is providing the Services is incorporated under the laws of the People's Republic of China, be submitted to China International Economic and Trade Arbitration Committee ("CIETAC") for arbitration, which shall be held in Shanghai and conducted in accordance with the CIETAC's arbitration rules in effect at the time of applying for arbitration, whereas the language to be used in the arbitral proceedings shall be English and Chinese; and

(b) if the Party that is providing the Services is incorporated under the laws of Sweden, be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce, whereas the seat of arbitration shall be Gothenburg, Sweden, the language to be used in the arbitral proceedings shall be English, and the arbitral tribunal shall be composed of three arbitrators.

17.1.8 Irrespective of any discussions or disputes between the Parties, each Party shall always continue to fulfil its undertakings under this Service Agreement unless an arbitral tribunal or court (as the case may be) decides otherwise.

17.1.9 In any arbitration proceeding, any legal proceeding to enforce any arbitration award, or any other legal proceedings between the Parties relating to this Service Agreement, each Party expressly waives the defence of sovereign immunity and any other defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state. Such waiver includes a waiver of any defence of sovereign immunity in respect of enforcement of arbitral awards and/or sovereign immunity from execution over any of its assets.

17.1.10 All arbitral proceedings as well as any and all information, documentation and materials in any form disclosed in the proceedings shall be strictly confidential.

Appendix 3, Hourly rates

VOLVO CAR CORPORATION - 2020 *

[***]

PS2 Model Year Support Billing
Program Engineering Expense

Program Engineering Expense

			[Calender year]											
			January Act/Fcst	February Act/Fcst	March Act/Fcst	April Act/Fcst	May Act/Fcst	June Act/Fcst	July Act/Fcst	August Act/Fcst	September Act/Fcst	October Act/Fcst	November Act/Fcst	December Act/Fcst
			[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]
Present Status														
Engineering														
Head cost			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Hired Service incl D&D			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Test Objects			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All other			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Blue collar			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rigs			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal Status			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Hourly rate													
Hours White Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Blue Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Rigs			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

AMENDMENT AGREEMENT No 1

This Amendment Agreement No 1 to the Service Agreement PS2 Model Year Support ("**Amendment**") is between between Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Service Provider**"), and Polestar Automotive China Distribution Co. Ltd., Reg. No. 91510112MA6D05KT88, a corporation organized and existing under the laws of China ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have entered into a Service Agreement PS2 Model year Support (Agreement no.: PS20-071) on 7. July 2022 (the "**Agreement**").

B. The Parties now wish to amend the Agreement to the extent set out below.

C. Now, therefore, the Parties agree as follows:

1. SCOPE OF AMENDMENT

The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.

The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on 1. March 2022.

2. AMENDMENTS

Section 11.1 in the Main Document ***of the Agreement*** shall be amended and restated in its entirety as follows:

All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

To Service Provider

Volvo Car Corporation
Attention: [***]
SE-405 31 Gothenburg, SWEDEN
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
General Counsel
50090 Group Legal and Corporate Governance
SE-405 31 Gothenburg, SWEDEN
Email: legal@volvocars.com

Section 7.8 in Appendix 2 General Terms to the Agreement shall be amended and restated in its entirety as follows:

Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on the one month applicable interbank rate, depending on invoice and currency, with an addition of [***] per annum.

Appendix 1 Service Specification to the Agreement shall be replaced in its entirety by a new Appendix 1 as attached to this Amendment.

Appendix 3 Hourly Rates to the Agreement shall be replaced in its entirety by a new Appendix 3 as attached to this Amendment.

3. GENERAL PROVISIONS

This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.

No amendment of this Amendment will be effective unless it is in writing and signed by both Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.

Sections 16 and 17 in Appendix 2 General Terms of the Agreement shall apply to this Amendment as well.

The Parties may execute this Amendment in counterparts which will constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

Volvo Car Corporation	**Polestar Automotive China Distribution Co. Ltd**
By: /s/ Maria Hemberg	By: /s/ Feng Dan
Printed Name: Maria Hemberg	Printed Name: Feng Dan
Title: General Counsel	Title: Legal Representative
Date: 2 March, 2023	Date: March 22, 2023
By: /s/ Johan Ekdahl	By:
Printed Name: Johan Ekdahl	Printed Name:
Title: CFO	Title:
Date: 2 March, 2023	Date:

SERVICE AGREEMENT
APPENDIX 1
SERVICE SPECIFICATION

4. GENERAL

This Service Specification is a part of the Service Agreement executed between Service Provider and Purchaser. This Service Specification sets out the scope and the specification of the activities that shall be performed under the Service Agreement, the division of responsibilities between Service Provider and Purchaser and the applicable time plan for the performance of the activities.

5. DEFINITIONS

Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalised terms set out below in this Section 5 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

6. GENERAL DESCRIPTION

The Service Provider is requested to support the Purchaser with Manufacturing Engineering, Logistic Engineering, and Inbound Logistics services for model year upgrades of the Polestar 2 vehicle.

The Parties have agreed to that the services will be performed as part of the corresponding Model Year programs [***].

The overall objectives of the activities are to safeguard a seamless introduction of the updated parts and capacity changes in production.

7. ASSUMPTIONS/PRE-R EQUISITES

The support is limited to parts having a corresponding usage in the Service Provider´s platforms.

8. DESCRIPTION OF THE SERVICE ACTIVITIES

Industrial Operations & Quality will provide the following services:

(a) Product and Process related activities, in the areas of Stamping, Body in White, Paint Shop, Final Plant, Geometry & Logistics.

(b) Release Process Inspection Instructions and script updates for the Hardware and Software introductions.

(c) Perform the product, process, and logistics engineering work according to the Volvo Product Development System (VPDS) pre-requisites. This for all model year changes that affects the Polestar 2 vehicle.

(d) If content in the specific programs is changed, VCC needs to contact Polestar.

9. TIMING AND DELIVERABLES

The activities for [***] shall commence in Q1 2019 and continue until end of 2023.

The activities for [***] shall commence in Q2 2022 and is expected to continue until mid-2024.

Deliveries will be according to Model Year program´s time schedule.

10. ESTIMATED HOURS

For [***] the Parties estimate that the number of hours that are required to perform the Services in Sweden are [***]. The estimated hours are based on the Purchaser paying [***] of their unique content and [***] of the common content in [***] and [***] of the common content in [***] and [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day.

For [***] the estimated service fee is [***] SEK.

For [***] the Parties estimate that the number of hours that are required to perform the Services in Sweden are [***] hours. The estimated hours are based on the Purchaser paying [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day.

For [***] the estimated service fee is [***]SEK.

11. PARTIES RESPONSIBILITIES

General. The division of the responsibilities between the Parties can be described as follows in this Section 11.

Service Provider's responsibilities. Service Provider is responsible for the following activities:

(a) Supply Manufacturing Engineering support as defined with the Volvo Cars Program management system.

Purchaser's responsibilities. Purchaser is responsible for all the other activities in relation to the Model Year upgrade including:

(a) Timely providing, in relation to the Polestar 2 vehicle, the necessary pre-requisites and information to launch the production.

APPENDIX 3
Hourly Rates

[***]

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

Execution Version

AMENDMENT AND RESTATEMENT AGREEMENT

dated 26 FEBRUARY 2023

between

POLESTAR PERFORMANCE AB

as Borrower and Obligors' Agent

STANDARD CHARTERED BANK

as Agent

and

STANDARD CHARTERED BANK

as Security Agent

relating to a EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) originally dated 28 February 2022 as amended and/or restated from time to time, and as may be further amended and/or restated from time to time

ALLEN & OVERY

Allen & Overy LLP

CONTENTS

THIS AGREEMENT is dated 26 February 2023 and made

BETWEEN:

(1) **POLESTAR PERFORMANCE AB**, a Swedish limited liability company incorporated in Sweden with corporate identity number 556653-3096 and registered address Assar Gabrielssons väg 9, 405 31 Göteborg, Sweden as borrower for itself and as agent for each other Obligor (the **Borrower**);

(2) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as agent of the other Finance Parties (the **Agent**); and

(3) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as security trustee for the Secured Parties (the **Security Agent**).

BACKGROUND

(A) This Agreement is supplemental to, amends and extends the EUR 350,000,000 single currency uncommitted green trade finance facility originally dated 28 February 2022, as amended and restated from time to time between among others, the Borrower and the Agent (the **Trade Finance Facility Agreement**).

(B) All Lenders (as defined in the Trade Finance Facility Agreement) have consented to the amendments and extension to the Trade Finance Facility Agreement contemplated by this Agreement. Accordingly, the Agent is authorised to execute this Agreement on behalf of the Finance Parties.

(C) Each Obligor (other than the Borrower) has appointed the Borrower to act on its behalf as its agent in relation to the Finance Documents. Accordingly, the Borrower is authorised to execute this Agreement on behalf of each of the other Obligors and each Obligor is bound by this Agreement and the Amended Trade Finance Facility Agreement as though the Obligor itself had executed this Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Amended Trade Finance Facility Agreement means the Trade Finance Facility Agreement as amended and restated by this Agreement.

Effective Date means, subject to Clause 2(b) below, 28 February 2023 or such other date as the Borrower and the Agent may agree.

1.2 Construction

(a) Capitalised terms defined in the Trade Finance Facility Agreement have, unless expressly defined in this Agreement, the same meaning in this Agreement.

(b) The provisions of clause 1.2 (Construction), 1.4 (Third party rights) and 42 (Enforcement) of the Trade Finance Facility Agreement apply to this Agreement as though they were set out in full in this Agreement except that references to the Trade Finance Facility Agreement are to be construed as references to this Agreement.

2. AMENDMENTS

(a) Subject as set out below, the Trade Finance Facility Agreement will be amended from the Effective Date so that it reads as if it were restated in the form set out in Schedule 2 (Amended and Restated Trade Finance Facility Agreement).

(b) The Effective Date will not occur unless the Agent notifies the Borrower and the Lenders that it has received all of the documents and other evidence set out in Schedule 1 (Conditions precedent) in form and substance satisfactory to the Agent on or prior to 28 February 2023 or such other date as the Borrower and the Agent may agree (except, in respect of a document or other evidence, to the extent that the Agent, acting on the instructions of the Majority Lenders, has waived the requirement to receive that document or evidence). The Agent shall give this notification promptly upon being so satisfied. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

3. REPRESENTATIONS AND GUARANTEE CONFIRMATION

3.1 Representations

(a) The Borrower (for itself and in its capacity as Obligors' Agent on behalf of each of the Guarantors) represents and warrants to each Finance Party that, on the date of this Agreement and (if different) on the Effective Date, the Repeating Representations:

(A) are true and correct; and

(B) would also be correct if references to the Trade Finance Facility Agreement were construed as references to the Amended Trade Finance Facility Agreement.

(b) The Borrower represents and warrants (in its capacity as Obligors' Agent on behalf of each of the Guarantors) that, on the date of this Agreement and (if different) on the Effective Date:

(A) in respect of the formalities certificate of Polestar Automotive USA Inc. dated 14 March 2022 and addressed to the Finance Parties:

I. its organisational documents attached as "Attachment A" therein remain correct, complete and in full force and effect and have not been amended or superseded; and

II. the written consent of its directors attached as "Attachment B" therein remains correct, complete and in full force and effect and has not been amended or superseded;

(B) in respect of the formalities certificate of Polestar Automotive Netherlands B.V. dated 14 March 2022 and addressed to the Finance Parties:

I. its constitutional documents attached as "Attachment A" therein remain correct, complete and in full force and effect and have not been amended or superseded; and

II. the written resolutions of its directors attached as "Attachment B" therein remain correct, complete and in full force and effect and have not been amended or superseded;

(C) in respect of the formalities certificate of Polestar Automotive UK Limited dated 14 March 2022 and addressed to the Finance Parties:

I. its constitutional documents attached as "Attachment A" therein remain correct, complete and in full force and effect and have not been amended or superseded; and

II. the written resolutions of its directors attached as "Attachment B" therein remain correct, complete and in full force and effect and have not been amended or superseded;

(D) in respect of the formalities certificate of Polestar Automotive Germany GmbH dated 14 March 2022 and addressed to the Finance Parties:

I. its constitutional documents attached as "Schedule 1" therein remain correct, complete and in full force and effect and have not been amended or superseded except that Alexander Lutz has resigned as managing director of Polestar Automotive Germany GmbH and has been replaced by Willem Baudewijns with retroactive effect as of 1 May 2022 by way of a shareholder resolution dated 13 July 2022. Such resignation and appointment has been registered in the commercial register (*Handelsregister*) at the local court (*Amtsgericht*) of Cologne (Köln) in respect of Polestar Automotive Germany GmbH; and

II. the written resolutions of its shareholder attached as "Schedule 2" therein remain correct, complete and in full force and effect and have not been amended or superseded;

(E) in respect of the formalities certificate of Polestar Automotive Norway AS dated 14 March 2022 and addressed to the Finance Parties:

I. (except for its certificate of registration which was replaced by the one appended to the certificate issued by the Borrower under paragraph 1(c) of Schedule 1) its constitutional documents attached as "Attachment A" therein remain correct, complete and in full force and effect and have not been amended or superseded; and

II. the written resolutions of its directors attached as "Attachment B" therein remain correct, complete and in full force and effect and have not been amended or superseded;

(F) in respect of the formalities certificate of Polestar Automotive Sweden AB dated 14 March 2022 and addressed to the Finance Parties:

I. (except for its certificate of registration which was replaced by the one appended to the certificate issued by the Borrower under paragraph 1(c) of Schedule 1) its constitutional documents attached as "Attachment A" therein remain correct, complete and in full force and effect and have not been amended or superseded; and

II. the written resolutions of its directors attached as "Attachment B" therein remain correct, complete and in full force and effect and have not been amended or superseded.

(ii) The Borrower represents and warrants that, on the date of this Agreement and (if different) on the Effective Date:

(A) it is and remains authorised by each Guarantor to act as Obligors' Agent in accordance with clause 2.7 (*Obligors' agent*) of the Trade Finance Facility Agreement and that the terms of its appointment as Obligors' Agent under such clause remains in full force and effect and has not been amended, revoked, withdrawn or superseded as at the date of this Agreement;

(B) the Borrower has authority from each Obligor to enter into this Agreement on behalf of that Obligor, notwithstanding that this Agreement may affect the Obligor, without further reference to or the consent of that Obligor;

(C) it is authorised in its capacity as Obligors' Agent to provide the confirmations set out in Clause 3.2 (Guarantee Confirmation) below on behalf of each Guarantor and to execute this Agreement for and on behalf of each Guarantor; and

(D) each Obligor is bound by this Agreement and the Amended Trade Finance Facility Agreement as though the Obligor itself has executed this Agreement.

3.2 Guarantee confirmation

On the date of this Agreement and (if different) on the Effective Date, the Borrower confirms (in its capacity as Obligors' Agent on behalf of each of the Guarantors) that, notwithstanding the amendments to be made to the Trade Finance Facility Agreement by virtue of this Agreement, the guarantees granted by each of the Guarantors under clause 17 (*Guarantee and Indemnity*) of the Trade Finance Facility Agreement in favour of the Finance Parties will:

(a) continue in full force and effect on the terms of the Amended Trade Finance Facility Agreement; and

(b) extend to the obligations of the Obligors under the Finance Documents (including the Amended Trade Finance Facility Agreement),

in each case, subject to any limitations set out in clauses 17.10 (*Guarantee limitations – Germany*), 17.11 (*Guarantee limitations – Norway*) and 17.12 (*Guarantee limitations – Sweden*) of the Amended Trade Finance Facility Agreement.

4. CONSENTS

On the Effective Date, the Borrower (for itself and in its capacity as Obligors' Agent on behalf of each of the Obligors):

(a) confirms its acceptance of the Amended Trade Finance Facility Agreement;

(b) agrees that it is bound as an Obligor by the terms of the Amended Trade Finance Facility Agreement.

5. SECURITY

(a) On the Effective Date, the Borrower (for itself and in its capacity as Obligors' Agent on behalf of each of the Obligors) confirms that:

(i) any Security (as defined in the Transaction Security Documents) created by it and any other Obligor under the Transaction Security Documents extends to the obligations of the Obligors under the Finance Documents (including the Amended Trade Finance Facility Agreement) subject to any limitations set out in the Transaction Security Documents;

(ii) the obligations of the Obligors arising under the Amended Trade Finance Facility Agreement are included in the Secured Obligations (as defined in the Transaction Security Documents) subject to any limitations set out in the Security Documents; and

(iii) the Security (as defined in the Transaction Security Documents) created under the Security Documents continue in full force and effect on the terms of the respective Security Documents.

(b) No part of this Agreement will create, creates or is intended to create, a registrable Security (as defined in the Transaction Security Documents).

6. ROLLOVER OF AFFECTED LOANS

(a) Notwithstanding any other term of this Agreement or the Amended Trade Finance Facility Agreement to the contrary, with effect from the Effective Date the Parties agree that:

(i) any Affected Loan will be deemed to have had an Interest Period of a duration of 90 days from its Utilisation Date;

(ii) for the purposes of calculating interest on an Affected Loan:

(A) the applicable Margin shall be 2.10% per annum for the entirety of the deemed 90 day Interest Period; and

(B) the applicable EURIBOR shall be determined based on a period of 90 days starting from the relevant Utilisation Date, but otherwise calculated in accordance with the terms of the Trade Finance Facility Agreement; and

(iii) for the avoidance of doubt, each Affected Loan will be due for repayment upon the expiry of the deemed 90 day Interest Period, not on 28 February 2023.

(b) For the purposes of this Clause 6:

Affected Loan means any Loan:

(i) with its Utilisation Date falling within the Affected Period; and

(ii) which, but for the terms of this Agreement, would be due for repayment on 28 February 2023; and

Affected Period means the period commencing on the date falling 90 days prior to 28 February 2023 and ending on 27 February 2023.

(c) The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Finance Party against any Break Cost incurred by that Finance Party in connection with the treatment of Affected Loans pursuant to this Clause 6 (other than by reason of default or negligence by the relevant Finance Party alone).

7. MISCELLANEOUS

(a) Each of this Agreement, the Amended Trade Finance Facility Agreement and the release agreement relating to the Deed of Subordination referred to in paragraph 3(d) of Schedule 1 (Conditions precedent) is a Finance Document.

(b) Subject to the terms of this Agreement, the Trade Finance Facility Agreement will remain in full force and effect and, from the Effective Date, the Trade Finance Facility Agreement and this Agreement will be read and construed as one document.

(c) Except to the extent expressly stated in this Agreement, no waiver is given by this Agreement, and the Finance Parties expressly reserve all their rights and remedies in respect of any breach of, or other Default under, a Finance Document.

8. CONTRACTUAL RECOGNITION OF BAIL-IN

The provisions of clause 39 (Contractual recognition of bail-in) of the Trade Finance Facility Agreement apply to this Agreement as though they were set out in full in this Agreement except that references to any Finance Document are to be construed as references to this Agreement and references to the parties to the Trade Finance Facility Agreement are to be construed as references to the parties to this Agreement.

9. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

THIS Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

CONDITIONS PRECEDENT

1. The Obligors

(a) A copy of the constitutional documents of the Borrower.

(b) A copy of a resolution of the board of directors of the Borrower approving the terms of, and the transactions contemplated by this Agreement):

(i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute this Agreement (for itself and in its capacity as Obligors' Agent);

(ii) authorising a specified person or persons to execute this Agreement (for itself and in its capacity as Obligors' Agent); and

(iii) authorising a specified person or persons, on its behalf (for itself and in its capacity as Obligors' Agent), to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with, this Agreement.

(c) A certificate of the Borrower (signed by an authorised signatory) certifying that each copy document relating to it specified in this Schedule 1 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

(d) A certificate of each Guarantor (signed by an authorised signatory) confirming that:

(i) the authority of the Borrower to act on its behalf as Obligors' Agent (pursuant to clause 2.7 (*Obligors' Agent*) of the Trade Finance Facility Agreement) has not been revoked by the Guarantor and continues in respect of the authority of the Obligors' Agent to enter into this Agreement on its behalf; and

(ii) it is aware of the specific amendments proposed to be made to the Trade Finance Facility Agreement pursuant to the terms of this Agreement including (without limitation) the extension of the Termination Date of the Trade Finance Facility Agreement and approves:

(A) the entering into by the Obligors' Agent to this Agreement on behalf of the Company; and

(B) the Agent's release of the Deed of Subordination.

2. Legal opinions

(a) A legal opinion Norton Rose Fulbright LLP, legal advisers to the Agent in England, substantially in the form distributed to the Lenders prior to signing this Agreement.

(b) A legal opinion Setterwalls Advokatbyrå AB, legal advisers to the Agent in Sweden, substantially in the form distributed to the Lenders prior to signing this Agreement.

3. Other documents and evidence

(a) A Group Structure Chart.

(b) Letter of comfort from PSD Investment Limited (and endorsed by Zhejiang Geely Holding Group Co., Ltd.) substantially in the form set out in Schedule 14 (*Form of PSD Letter of Comfort*) of the Trade Finance Facility Agreement for a period equal to or longer than the First Extended Termination Date.

(c) Letter of comfort from SNITA Holding B.V. (and endorsed by Volvo Car Corporation) substantially in the form set out in Schedule 13 (*Form of SNITA Letter of Comfort*) of the Trade Finance Facility Agreement for a period equal to or longer than the First Extended Termination Date.

(d) A release agreement relating to the Deed of Subordination, executed by the Agent.

(e) Evidence that any fees, costs and expenses then due from the Borrower under this Agreement, the Amended Trade Finance Facility Agreement (including those outlined clauses 11 (*Fee Letters*) and 16 (*Costs and expenses*) of the Amended Trade Finance Facility Agreement) have been paid or will be paid in any event by the first Utilisation Date under the Amended Trade Finance Facility Agreement.

SCHEDULE 2

AMENDED AND RESTATED TRADE FINANCE FACILITY AGREEMENT

Originally dated 28 February 2022, as amended by an amendment and restatement agreement dated 26 February 2023

POLESTAR PERFORMANCE AB
as Borrower

arranged by
STANDARD CHARTERED BANK
NORDEA BANK ABP, FILIAL I SVERIGE
as Original Mandated Lead Arranger

and

CITIBANK EUROPE PLC
ING BELGIUM SA/NV
as Original Lead Arranger

with

STANDARD CHARTERED BANK
as Agent, Security Agent and Structuring Bank

and

THE FINANCIAL INSTITUTIONS listed in Part 2 of Schedule 1
as Original Lenders

and

THE SUBSIDIARIES OF THE BORROWER listed in Part 1 of Schedule 1
as Original Guarantors

EUR 350,000,000 SINGLE CURRENCY UNCOMMITTED GREEN TRADE FINANCE FACILITY TOGETHER WITH AN ACCORDION FACILITY OF UP TO EUR 250,000,000

NORTON ROSE FULBRIGHT

Contents

THIS AGREEMENT is originally dated 28 February 2022, as amended by an amendment and restatement agreement dated 26 February 2023 and made between:

(1) **POLESTAR PERFORMANCE AB**, a Swedish limited liability company incorporated in Sweden with corporate identity number 556653-3096 and registered address Assar Gabrielssons väg 9, 405 31 Göteborg, Sweden as borrower (the **Borrower**);

(2) **THE SUBSIDIARIES** of the Borrower listed in Part 1 of Schedule 1 as original guarantors (the **Original Guarantors**);

(3) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as original mandated lead arranger;

(4) **NORDEA BANK ABP, FILIAL I SVERIGE** with address Smålandsgatan 15-17, 105 71 Stockholm as original mandated lead arranger,

(the parties at (3) and (4), whether acting individually or together, the **Original Mandated Lead Arranger**);

(5) **CITIBANK EUROPE PLC**, with address 1 North Wall Quay, Dublin, Ireland as original lead arranger;

(6) **ING BELGIUM SA/NV**, with address Avenue Marnixlaan 24, B-1000 Brussels, Belgium as original lead arranger,

(the parties at (5) and (6), whether acting individually or together, the **Original Lead Arrangers**);

(7) **THE FINANCIAL INSTITUTIONS** listed in Part 2 of Schedule 1 as lenders (the **Original Lenders**);

(8) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as agent of the other Finance Parties (the **Agent**);

(9) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as security trustee for the Secured Parties (the **Security Agent**); and

(10) **STANDARD CHARTERED BANK**, incorporated in England by Royal Charter 1853 with registration number ZC 000018 and principal office at 1 Basinghall Avenue, London EC2V 5DD, United Kingdom as structuring bank (the **Structuring Bank**).

IT IS AGREED as follows:

SECTION 1
INTERPRETATION

1 Definitions and Interpretation

1.1 Definitions

In this Agreement:

Acceptable Supplier means each of the following entities:

(a) Asia Euro Automobile Manufacturing (Taizhou) Co. Ltd.;

(b) Zhongjia Automobile Manufacturing (Chengdu) Co. Ltd.; and

(c) any Additional Acceptable Supplier,

in each case, as supplier of goods to the Borrower in respect of vehicles produced or to be produced at the Luqiao Plant pursuant to a Supply Contract.

Accession Letter means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*).

Accordion Increase means any increase in Participations made available under this Agreement as described in clause 2.2 (*Accordion Increase*).

Accordion Increase Confirmation has the meaning given to it at clause 2.2(h) (*Accordion Increase*).

Accordion Increase Lenders has the meaning given to it at clause 2.2(h) (*Accordion Increase*), and **Accordion Increase Lender** shall be construed accordingly.

Accordion Increase Request has the meaning given to it at clause 2.2(a) (*Accordion Increase*).

Accounting Reference Date means the period from 1 January to 31 December.

Additional Acceptable Supplier means an entity which becomes an Additional Acceptable Supplier in accordance with clause 5.6 (*Changes to Acceptable Suppliers*).

Additional Guarantor means a company which becomes an Additional Guarantor in accordance with clause 25 (*Changes to the Obligors*).

Affiliate means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

Alternative Transferee means any entity which the Borrower shall notify the Lenders in writing of by the date of this Agreement as being an "alternative transferee" (and any entity the Borrower may notify the Lenders in writing of from time to time), provided that such Alternative Transferee shall not be any member of the Group or nominee for any member of the Group.

Amendment and Restatement Agreement means the amendment and restatement agreement to this Agreement dated on 26 February 2023 between, amongst others, the Borrower and the Agent.

Amendment and Restatement Effective Date has the meaning given to the term "Effective Date" in the Amendment and Restatement Agreement.

Annual Sales Plan has the meaning given to it in paragraph (e)(iii) of the definition of "Business Plan".

Anti-Corruption Law means the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 and any applicable financial record-keeping, reporting requirements, money laundering statutes, regulations, or guidelines issued, administered or enforced by any governmental agency and any similar laws or regulations in any jurisdiction, in each case relating to bribery, corruption or any similar practices.

Arranger means each Mandated Lead Arranger and each Lead Arranger.

Assignment Agreement means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

Authorisation means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

Authorised Signatory means, in respect of the Borrower, each person with signatory powers of the Borrower as registered at the Company Register (*sw: Bolagsverket*).

Availability Period means the period from and including the date of this Agreement to and including the Termination Date.

Available Facility means the aggregate for the time being of each Lender's Available Participation.

Available Participation means a Lender's Participation minus:

(a) the amount of its participation in any outstanding Loans; and

(b) in relation to any proposed Loan, the amount of its participation in any Loans that are due to be made on or before the proposed Utilisation Date,

other than that Lender's participation in any Loans under the Facility that are due to be repaid or prepaid on or before the proposed Utilisation Date.

Basel II Regulation means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III Regulation (**Basel II**) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

Basel III Accord means:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III";

other than, in each such case, the agreements, rules, guidance and standards set out in "Basel III: Finalising the post-crisis reforms" published by the Basel Committee on Banking Supervision in December 2017, as amended, supplemented or restated.

Basel III Increased Cost means an Increased Cost which is attributable to the implementation or application of or compliance with any Basel III Regulation (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

Basel III Regulation means any Applicable Law implementing the Basel III Accord (including the relevant provisions of the CRR) save and to the extent that it re-enacts a Basel II Regulation and excluding any provision of such Applicable Law implementing Reformed Basel III.

Blocking Laws means:

(a) Council Regulation (EC) No 2271/1996 of 22 November 1996 (as amended);

(b) Council Regulation (EC) No 2271/1996 of 22 November 1996 (as amended) as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018; and

(c) any similar and applicable anti-boycott laws or regulations.

Break Costs means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in Stockholm, Amsterdam and London and:

(a) for the purposes of determining EURIBOR, a day (other than a Saturday or Sunday) on which banks are open for the transaction of domestic and foreign exchange business which is a TARGET Day;

(b) for the purposes of making payment(s) of euro on a TARGET Day, a day (other than a Saturday or Sunday) on which the principal finance centre of the country of that currency and London or Stockholm on any TARGET Day; and

(c) for all other purposes, a day (other than a Saturday or Sunday) on which banks are open for general business in London and Stockholm.

Business Plan means:

(a) in relation to the period beginning on 1 January 2022 and ending on 31 December 2022, the Business Plan to be delivered by the Borrower to the Agent pursuant to clause 4.1 (*Initial conditions precedent*); and

(b) in relation to any other period, any such document delivered by the Borrower to the Agent in respect of that period pursuant to and at the times set out in clause 19.5(a)(i) (*Information: inventory and Floorplan Facilities*),

each:

(c) containing details of:

(i) the size, scope, usage of and outstanding amounts under the Floorplan Facilities up to the end of the preceding financial quarter;

(ii) any achieved sales targets, including the volume (in units and by model) of vehicles produced and sold;

(iii) any forecasted volumes of vehicles to be produced and sold in respect of the Borrower and its Group, organised by country, month, model (in units) and projected revenues and targets thereof (the **Annual Sales Plan**); and

(iv) any relevant changes to the market which may have a Material Adverse Effect on the Borrower or the Annual Sales Plan,

provided that, in relation to any document delivered to the Agent pursuant to and at the times set out in clause 19.5(a)(i) (*Information: inventory and Floorplan Facilities*), such details shall be updates by reference to the Business Plan which had last been delivered to the Agent for the then current financial year.

Charged Property means all of the assets of the Borrower which from time to time are, or are expressed to be, the subject of the Transaction Security.

Code means the US Internal Revenue Code of 1986.

COMI has the meaning given to it in clause 18.28 (*Centre of main interests and establishments*).

Confidential Information means all information relating to the Borrower, any Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of clause 37 (*Confidential Information*); or

(B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(ii) any Funding Rate.

Confidentiality Undertaking means a confidentiality undertaking substantially in a recommended form of the LMA or in any other form agreed between the Borrower and the Agent.

CRR means either CRR-EU or, as the context may require, CRR-UK.

CRR-EU means regulation 575/2013 of the European Union on prudential requirements for credit institutions and investment firms and regulation 2019/876 of the European Union amending Regulation (EU) No 575/2013;

CRR-UK means CRR-EU as adopted into the laws of the United Kingdom by the European Union (Withdrawal) Act 2018 and the European Union (Withdrawal Agreement) Act 2020 and as amended by the Capital Requirements (Amendment) (EU Exit) Regulations 2019.

Declassification Event has the meaning given to it in clause 23.6 (*Green Loan – Declassification Event*).

Default means an Event of Default or any event or circumstance specified in clause 22 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

Declining Lender has the meaning given to that term in clause 2.5(a) (*Termination of a Lender's Participation*).

Defaulting Lender means any Lender:

(a) which:

(i) has confirmed to the Agent its intention to make its participation in a Loan available by the Specified Time in accordance with clause 5.4(e)(i) (*Lenders' participation*) and/or paragraph (b) of the definition of Delayed Lender; and

(ii) has failed to make its participation in a Loan available (or has notified the Agent that it will not make its participation in a Loan available) by such Specified Time for that Loan;

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing, whereby **Insolvency Event** shall mean that such Lender:

(i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(ii) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(iv) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(v) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (iv) above and:

(A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

(vi) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

(vii) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(viii) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (iv) above);

(ix) has a secured party take possession of all or substantially all its assets or has an execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;

(x) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (ix) above; or

(xi) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Delayed Lender means any Lender which does not make its participation in a Loan available by the Specified Time in accordance with clause 5.4(e)(i) (*Lender's participation*) above and:

(a) it has notified the Agent by the Specified Time that its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) it has notified the Agent of its intention to make its participation in a Loan available to the Agent as soon as possible; and

(c) its participation in a Loan is made available to the Agent within one (1) Business Day of the relevant Utilisation Date by the Specified Time.

Delegate means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

Disruption Event means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions

contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

Dutch Obligor means any Obligor which is incorporated or established in The Netherlands.

Eligible Institution means any Lender or other bank, financial institution, trust, fund or other entity selected by the Borrower and which, in each case, is not a member of the Group.

English Security Agreement means the English law governed security agreement, dated on or around the date of this Agreement over the assets of the Borrower, entered into between the Borrower and the Security Agent.

Environment means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);

(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including, without limitation, land under water).

Environmental Claim means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

Environmental Law means any applicable law or regulation which relates to:

(a) the pollution or protection of the Environment;

(b) the conditions of the workplace; or

(c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

Environmental Permits means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

EURIBOR means, in relation to any Loan:

(a) the applicable Screen Rate as of the Specified Time for euro and for a period equal in length to the Interest Period of that Loan; or

(b) as otherwise determined pursuant to clause 10.1 (*Unavailability of Screen Rate*),

and if, in either case, that rate is less than zero, EURIBOR shall be deemed to be zero.

Event of Default means any event or circumstance specified as such in clause 22 (*Events of Default*).

Existing Lender has the meaning given to it in clause 24.1 (*Conditions of assignment or transfer*).

Existing Participation has the meaning given to it in clause 24.2 (*Conditions of assignment or transfer*).

Extended Termination Date has the meaning given to it in clause 2.4(a) (*Extension*).

Extension Confirmation means a written confirmation substantially in the form set out in Schedule 12 (*Form of Extension Confirmation*).

Extension Confirmation Date has the meaning given to it in clause 2.4(d) (*Extension*).

Extension Request means a written notice substantially in the form set out in Schedule 12 (*Form of Extension Request*).

Facility means the revolving loan facility made available under this Agreement as described in clause 2 (*The Facility*), as the same may be increased pursuant to clause 2.2 (*Accordion Increase*) and further to the extent not cancelled or reduced under this Agreement.

Facility Office means:

(a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; or

(b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

FATCA means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

FATCA Deduction means a deduction or withholding from a payment under a Finance Document required by FATCA.

FATCA Exempt Party means a Party that is entitled to receive payments free from any FATCA Deduction.

Fee Letter means any letter or letters dated prior to, on or about (a) the date of this Agreement, and/or (b) the date of the Amendment and Restatement Agreement between each Mandated Lead Arranger, and the Borrower (or the Agent and the Borrower or the

Security Agent and the Borrower) setting out any of the fees referred to in clause 11 (*Fee Letters*).

Finance Document means this Agreement, the Mandate Letter, any Fee Letter, each Transaction Security Document, any Accession Letter, any Accordion Increase Request, any Accordion Increase Confirmation, any Extension Request, any Extension Confirmation, the Amendment and Restatement Agreement and any other document designated as such by the Agent and the Borrower.

Finance Party means the Agent, each Mandated Lead Arranger, the Structuring Bank, the Security Agent or a Lender.

Financial Condition Report means a certificate substantially in the form set out in Schedule 8 (*Form of Financial Condition Report*).

Financial Indebtedness means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would be treated as an operating lease);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

First Extended Termination Date means 28 February 2024.

Floorplan Facilities means the secured or unsecured revolving lines of credit or similar financing instrument(s) made available to the Borrower's Subsidiaries that allow the Group to from time to time obtain financing for its vehicle inventories from other lenders which is repayable from the proceeds of the sales of such inventories.

Funding Rate means any individual rate notified by a Lender to the Agent pursuant to paragraph (a)(ii) of clause 10.3 (*Cost of funds*).

FX Agent means Standard Chartered Bank.

GAAP means the generally accepted accounting principles, standards and practices in Sweden as applied by the Borrower in preparing its annual consolidated financial statements (including BFNAR 2012:1 Årsredovisning och koncernredovisning (K3)).

German Obligor means any Obligor which is incorporated or established in Germany (and, to the extent referred to in clause 17.10 (*Guarantee limitations – Germany*), in its capacity as Guarantor only).

Group means the Borrower and its Subsidiaries for the time being.

Group LTM Sales means the Group's sales revenues for the preceding twelve months, such revenues to be determined by reference to the Borrower's unaudited consolidated balance sheet and income statements for the immediately preceding financial quarter (as delivered under clause 19.1(b)(i) (*Financial statements*).

Group Structure Chart has the meaning given to it in clause 18.26 (*Group Structure Chart*).

Guarantor means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with clause 25 (*Changes to the Obligors*).

HMT means Her Majesty's Treasury of the United Kingdom.

Holding Company means, in relation to a person, any other person in respect of which it is a Subsidiary.

Information Memorandum means the document in the form approved by the Borrower concerning the Group which, at the Borrower's request and on its behalf, was prepared in relation to this transaction and distributed by the Structuring Bank to selected financial institutions before the date of this Agreement.

Interest Period means, in relation to a Loan, each period determined in accordance with clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with clause 8.3 *(Default interest)*.

Interpolated Screen Rate means, in relation to any Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,

each as of the Specified Time for the currency of that Loan.

Invoice means a supplier invoice that:

(a) has been issued under and in accordance with any contract between the Borrower and an Acceptable Supplier for the supply of goods; and

(b) whose details are included in a Utilisation Request by way of a summary listing in the form provided at Schedule 3, Part 2 (*Form of Summary Listing of Invoice*) below or as otherwise agreed between the Borrower and the Agent (acting on behalf of the Lenders) from time to time.

Lead Arranger means a Lender whose Participation is greater than EUR 65,000,000 but less than EUR 100,000,000, including for the avoidance of doubt any Original Mandated Lead Arranger whose Participation falls below EUR 100,000,000 (but is still greater than EUR 65,000,000).

Legal Opinion means any legal opinion delivered to the Agent under clauses 4.1 (*Initial conditions precedent*) and 25 (*Changes to the Obligors*).

Legal Reservations means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

Lender means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party as a **Lender** in accordance with clause 2.2 (*Accordion increase*) or clause 24 (*Changes to the Lenders*),

which in each case has not ceased to be a Party as such in accordance with the terms of this Agreement.

Lender Termination has the meaning given to it in clause 2.5(a) (*Termination of a Lender's Participation*).

Letter of Comfort means each of the PSD Letter of Comfort and SNITA Letter of Comfort.

Limitation Acts means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

LMA means the Loan Market Association.

Loan means a loan made or to be made under the Facility or the principal amount outstanding for the time being of that loan.

Luqiao Plant means the factory located at located at No. 588, Pengbei Avenue, Pengjie Town, Luqiao District, Taizhou City, Zhejiang Province.

Majority Lenders means a Lender or Lenders whose Participations aggregate more than 50 per cent. of the Total Participations (or, if the Total Participations have been reduced to zero or to the extent clause 22.21 (*Acceleration*) applies, aggregated more than $66\frac{2}{3}$ per cent. of the Total Participations immediately prior to the reduction).

Mandate Letter means the letter dated 26 May 2021 between the Mandated Lead Arranger and the Borrower and the letter dated 9 November 2021 between the same parties.

Mandated Lead Arranger means any Lender whose Participation is greater than or equal to EUR 100,000,000, including (if applicable) the Original Mandated Lead Arrangers.

Margin means 2.30 per cent. per annum.

Material Adverse Effect means any event or series of events which is or is likely to be materially adverse to:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole;

(b) the ability of an Obligor to perform its obligations under the Finance Documents; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

Material Licence(s) means any licences necessary for the Group to conduct its business in such markets in which it operates.

Material Subsidiary means, at any time:

(a) an Obligor (excluding the Borrower); and

(b) a Subsidiary of the Borrower which has (individually and at any time) a Gross Income representing at least 10% of the Gross Income of the Borrower's Group calculated on a consolidated basis (or, to the extent required by the Majority Lenders, any lower percentage as the Borrower and the Lenders may from time to time agree to in writing),

whereby:

(c) compliance with the conditions set out in paragraph (b) above shall be determined by reference to the most recent Financial Condition Report supplied by the Borrower and the latest consolidated financial statements of the Borrower delivered to the Agent pursuant to clause 19.1 (*Financial statements*); and

(d) for the purposes of paragraph (b) above, **Gross Income** means, at any time, the revenue of the Borrower as specified on its latest consolidated financial statements of the Borrower delivered to the Agent pursuant to clause 19.1 (*Financial statements*).

Month means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

Monthly Liquidity Report means a certificate substantially in the form set out in Schedule 7 (*Form of Monthly Liquidity Report*).

Monthly Sales Figures means, in relation to a calendar month, the number of vehicles sold and the number of orders received for vehicles by the Group (on a consolidated basis) in that calendar month, as required to be reported in each Monthly Liquidity Report and Financial Condition Report pursuant to clause 19.1(c)(iv) (*Financial statements*) and clause 20.3 (*Financial testing*) respectively.

New Lender has the meaning given to that term in clause 24 (*Changes to the Lenders*).

Non-Extending Lender has the meaning given to that term in clause 2.4(g) (*Extension*).

Norwegian Obligor means any Obligor which is incorporated in or established under the laws of Norway (and, to the extent referred to in clauses 17.1 (*Guarantee and Indemnity*) or 17.11 (*Guarantee limitations – Norway*), in its capacity as Guarantor only).

Notice Period has the meaning given to it in clause 24.2 (*Conditions of assignment or transfer*).

Obligor means the Borrower or a Guarantor.

Obligors' Agent means Polestar Performance AB, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to clause 2.7 (*Obligors' Agent*).

OFAC means the Department of the Treasury's Office of Foreign Assets Control of the United States of America.

Original Financial Statements means the Borrower's audited financial statements for its financial year ended 31 December 2020.

Original Jurisdiction means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement, or in the case of an Additional Guarantor, as at the date on which that Additional Guarantor becomes Party as a Guarantor.

Original Obligor means the Borrower or an Original Guarantor.

Paid Prepayment Amount has the meaning given to it in clause 7.6(b) (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*).

Parent means each of SNITA Holding B.V. and PSD Investment Limited, and **Parents** shall be construed accordingly.

Participating Member State means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

Participation means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "Participation" in Part 2 of Schedule 1 (*The Original Parties*) and the amount of any other Participation transferred to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Participation transferred to it under this Agreement,

including any increased Participation referred to in clause 2.2 (*Accordion Increase*), and to the extent not cancelled, reduced or transferred by it under this Agreement.

Party means a party to this Agreement.

Periodic Prepayment Trigger has the meaning given to it in clause 7.6(b) (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*).

Permitted Reorganisation has the meaning given to it in clause 21.6(b) (*Reorganisation*).

Polestar Group means Polestar UK and its Subsidiaries for the time being.

Polestar UK means Polestar Automotive Holding UK PLC (incorporated in England with company number 13624183).

Potential Accordion Increase New Lender has the meaning given to it in clause 2.2(f) (*Accordion Increase*).

Prepayment Amount has the meaning given to it in clause 7.6(b) (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*).

Pro Rata Share means, at any time, a Lender's share of the Total Participations at that time (or if the Total Participations are then zero, its share of the Total Participations immediately prior to their reduction to zero), divided by the Total Participations.

PSD Letter of Comfort means the letter of comfort from PSD Investment Limited (and endorsed by Zhejiang Geely Holding Group Co., Ltd.) substantially in the form set out in Schedule 15 (*Form of PSD Letter of Comfort*) and dated 21 December 2021.

Quotation Day means, in relation to any period for which an interest rate is to be determined, two TARGET Days before the first day of that period unless market practice differs in the Relevant Market, in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days).

Receiver means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

Reformed Basel III means the agreements contained in "Basel III: Finalising post-crisis reforms" published by the Basel Committee on Banking Supervision in December 2017, as amended, supplemented or restated.

Reformed Basel III Increased Cost means an Increased Cost which is attributable to the implementation or application of or compliance with any Reformed Basel III Regulation (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

Reformed Basel III Regulation means any Applicable Law implementing Reformed Basel III save and to the extent that it re-enacts a Basel II Regulation or a Basel III Regulation.

Related Fund in relation to a fund (the **first fund**), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

Relevant Jurisdiction means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Transaction Security Document entered into by it.

Relevant Market means the European interbank market.

Remaining Lender has the meaning given to it in clause 5.4(i)(ii) (*Lenders' participation*).

Repeating Representations means each of the representations set out in clauses 18 (*Representations*) and 23.3 (*Green Loan – Representations and warranties*), except for clauses 18.8 (*Deduction of Tax*), 18.9 (*No filing or stamp taxes*),18.24 (*Invoices*) and 18.25 (*Supply Contracts*).

Representative means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

Restricted Party means a person that is: (i) listed on, or owned or controlled by a person listed on, or acting on behalf or at the direction of, a person listed on, any Sanctions List; (ii) located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Territory; or (iii) otherwise a target of Sanctions ("target of Sanctions" signifying a person with whom a US person or other national of a Sanctions Authority would be prohibited or restricted by Sanctions from engaging in trade, business or other activities).

Sale and Leaseback Transactions means any sale and leaseback transactions where vehicles are purchased by a lease company or bank and then leased back to a member of the Group.

Sanctioned Territory means a country, region or territory that is the subject of comprehensive country-wide, region-wide or territory-wide Sanctions, or whose government is the target of comprehensive Sanctions.

Sanctions means the economic or financial sanctions laws, regulations, trade embargoes, export controls or other restrictive measures enacted, administered, implemented and/or enforced from time to time by any Sanctions Authority.

Sanctions Authority means:

(a) the United Nations Security Council;

(b) the United States of America;

(c) the United Kingdom;

(d) the European Union and/or a member state of the European Union;

(e) the Kingdom of Norway;

(f) the respective governmental institutions and agencies of any of the foregoing which are duly appointed, empowered or authorised to enact, administer, implement and/or enforce Sanctions, including, without limitation, the Office of Foreign Assets Control of the US Department of Treasury (**OFAC**), the United States Department of State, and Her Majesty's Treasury (**HMT**); and

(g) any other governmental institution or agency with responsibility for imposing, administering or enforcing Sanctions with jurisdiction over any Finance Party, any member of the Group or performance of this Agreement.

Sanctions List means any of the lists of designated sanctions targets maintained by a Sanctions Authority from time to time, including (without limitation) as at the date of this Agreement:

(a) in the case of the United Nations Security Council, the United Nations Security Council Consolidated List;

(b) in the case of OFAC:

(i) the Specially Designated Nationals and Blocked Persons List; and

(ii) any list within its "the Consolidated Sanctions List";

(c) in the case of the United States Department of State or the United States Department of Commerce:

(i) the Denied Persons List;

(ii) the List of Statutorily Debarred Parties;

(iii) the Entity List; and

(iv) the Terrorist Exclusion List;

(d) in the case of HMT:

(i) the Consolidated List of Financial Sanctions Targets; and

(ii) the List of Persons Subject to Restrictive Measures in View of Russia's Actions Destabilising the Situation in Ukraine; and

(e) in the case of the European Union, the Consolidated List of Persons, Groups and Entities Subject to EU Financial Sanctions; and

(f) or any similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

Screen Rate means in relation to EURIBOR, the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page EURIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

Secured Obligations means all obligations at any time due, owing or incurred by any Obligor to any Secured Party under the Finance Documents, including the obligations set out in clause 27.2 (*Parallel debt (covenant to pay the Security Agent)*) whether present or future, actual or contingent (and whether incurred solely or jointly and whether as principal or surety or in some other capacity).

Secured Parties means each Finance Party from time to time party to this Agreement and any Receiver or Delegate.

Security means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

Shareholder means any direct or indirect shareholder of the Borrower.

SNITA Letter of Comfort means the letter of comfort from SNITA Holding B.V. (and endorsed by Volvo Car Corporation) substantially in the form set out in Schedule 14 (*Form of SNITA Letter of Comfort*) and dated 21 December 2021.

Specified Time means a day or time determined in accordance with Schedule 9 (*Timetables*).

Subsidiary means any person (referred to as the **first person**) in respect of which another person (referred to as the **second person**):

(a) has the power (either directly or indirectly and whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(i) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of the first person;

(ii) appoint and/or remove all, or the majority, of the directors or other equivalent officers of (or members of the governing body of) the first person; or

(iii) give directions with respect to (or controls or has the power to control) the affairs and policies of the first person with which the directors or other equivalent officers of the first person are obliged to comply (such that the first person is taken to be controlled by the second person); or

(b) directly or indirectly holds beneficially more than 50 per cent. of the issued share capital of the first person (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(c) is a Subsidiary of another Subsidiary of the first person.

Supply Contract means any contract between the Borrower and an Acceptable Supplier for the supply of goods.

Swedish Obligor means any Obligor which is incorporated in or established under the laws of Sweden (and, to the extent referred to in clauses 17.1 (*Guarantee and Indemnity*) or 17.12 (*Guarantee limitations – Sweden*), in its capacity as Guarantor only).

T2 means the real time gross settlement system operated by the Eurosystem, or any successor system.

TARGET Day means any day on which T2 is open for the settlement of payments in euro.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

Termination Date means the First Extended Termination Date or each Extended Termination Date (as applicable), provided that if such date is not a Business Day, the Termination Date shall be the immediately preceding Business Day.

Total Participations means the aggregate of the Participations, being €350,000,000 at the date of the Amendment and Restatement Agreement and as may be increased from time to time in accordance with clause 2.2 (*Accordion Increase*).

Transaction Security means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents.

Transaction Security Documents means each of:

(a) the English Security Agreement;

(b) any other document evidencing or creating Security over any asset to secure any obligation of any Obligor to a Secured Party under the Finance Documents; or

(c) any other document designated as such by the Security Agent and the Borrower.

Transfer Certificate means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

Transfer Date means, in relation to an assignment or a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

Unpaid Sum means any sum due and payable but unpaid by an Obligor under the Finance Documents.

US means the United States of America.

US Tax Obligor means:

(a) a Borrower which is resident for tax purposes in the US; or

(b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

US Obligor means any Obligor which is incorporated or organised in, or established under, the laws of any state of the US.

Utilisation Date means the date on which a Loan is to be made.

Utilisation Request means a notice substantially in the form set out in Part 1 of Schedule 3 (*Utilisation Requests*).

VAT means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere.

Vehicles means any vehicles that are the subject of an Invoice listed in a Utilisation Request for a Loan.

1.2 **Construction**

(a) Unless a contrary indication appears, any reference in this Agreement to:

(i) the **Agent**, each **Mandated Lead Arranger**, the **Structuring Bank**, the **FX Agent**, any **Finance Party**, any **Lender**, any **Obligor**, any **Party**, any

Secured Party, the **Security Agent** or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;

(ii) an **agency** shall be construed so as to include any governmental, intergovernmental or supranational agency, authority, body, central bank, commission, department, ministry, organisation, statutory corporation or tribunal (including any political sub-division, national, regional or municipal government and any administrative, fiscal, judicial, regulatory or self-regulatory body or persons);

(iii) a document in **agreed form** is a document which is previously agreed in writing by or on behalf of the Borrower and the Agent or, if not so agreed, is in the form specified by the Agent;

(iv) **assets** includes present and future properties, revenues and rights of every description;

(v) **director** includes any statutory legal representative(s) (*organschaftlicher Vertreter*) of a person pursuant to the laws of its jurisdiction of incorporation, including but not limited to, in relation to a person incorporated or established in Germany, a managing director (*Geschäftsführer*) or member of the board of directors (*Vorstand*);

(vi) a **Finance Document** or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(vii) a **group of Lenders** includes all the Lenders;

(viii) **guarantee** means (other than in clause 17 (*Guarantee and indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

(ix) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(x) a **person** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(xi) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any agency;

(xii) a provision of law is a reference to that provision as amended or re-enacted from time to time; and

(xiii) a time of day is a reference to London time.

(b) The determination of the extent to which a rate is **for a period equal in length** to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

(c) Section, clause and Schedule headings are for ease of reference only.

(d) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(e) A Default (other than an Event of Default) is **continuing** if it has not been remedied or waived and an Event of Default is **continuing** if it has not been remedied to the Lenders' satisfaction or waived.

(f) Any reference to the date of this Agreement is a reference to 28 February 2022.

1.3 **Currency symbols and definitions**

€, **EUR** and **euro** denote the single currency of the Participating Member States. **RMB** denotes the lawful currency of the People's Republic of China. **NOK** denotes the lawful currency of the Kingdom of Norway. **USD** denotes the lawful currency of the United States of America.

1.4 **Third party rights**

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the **Third Parties Act**) to enforce or to enjoy the benefit of any term of this Agreement.

(b) Subject to clause 36.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any Receiver, Delegate or any person described in paragraph (b) of clause 27.12 (*Exclusion of liability*) may, subject to this clause 1.4 and the Third Parties Act, rely on any clause of this Agreement which expressly confers rights on it.

1.5 **Swedish terms**

(a) Any transfer by novation in accordance with the Finance Documents, shall, as regards obligations owed by a company incorporated under Swedish law, be deemed to take effect as an assignment and assumption or transfer of such rights, benefits and obligations.

(b) In this Agreement, where it relates to a Swedish entity, a reference to:

(i) a composition or arrangement with any creditor includes (A) any write-down of debt (Sw. *ackord*) following from any procedure of business reorganisation (Sw. *företagsrekonstruktion*) under the Swedish Act on Business Reorganisation (Sw. *Lag om företagsrekonstruktion (1996:764)*), or (B) any write-down of debt in bankruptcy (Sw. *ackord i konkurs*) under the Swedish Insolvency Act (Sw. *Konkurslag (1987:672)*);

(ii) a compulsory manager, administrative receiver or administrator includes (A) a business reorganisation administrator (Sw. *rekonstruktör*) under the Swedish Act on business reorganisation, (B) a bankruptcy administrator (Sw. *konkursförvaltare*) under the Swedish Insolvency Act, or (C) liquidator (Sw. *likvidator*) under the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*);

(iii) a merger includes any merger (Sw. *fusion*) implemented in accordance with Chapter 23 of the Swedish Companies Act; and

(iv) a winding up, administration or dissolution includes voluntary liquidation (Sw. *frivillig likvidation*) or mandatory liquidation (Sw. *tvångslikvidation*) under Chapter 25 of the Swedish Companies Act.

(c) If any party to this Agreement that is incorporated in or established under the laws of Sweden (the **Obligated Party**) is required to hold an amount on trust on behalf of another party, the Obligated Party shall hold such money as agent for such other party on a separate account.

SECTION 2
THE FACILITY

2 The Facility

2.1 **The Facility**

Subject to the terms of this Agreement, the Lenders make available to the Borrower an uncommitted euro revolving trade credit facility to be utilised by way of Loans in an aggregate amount equal to the Total Participations.

2.2 **Accordion Increase**

(a) Subject to sub-clause (c) below, the Borrower may, by submitting a written request to the Agent substantially in the form set out in Schedule 10 (*Form of Accordion Increase Request*), request that the Total Participations be increased by an amount of up to €250,000,000 (such increase being an **Accordion Increase**, and such request being an **Accordion Increase Request**).

(b) The Borrower may only submit one Accordion Increase Request under this Agreement, unless:

(i) an Extension Confirmation Date has occurred; and

(ii) prior to such Extension Confirmation Date (or the immediately-preceding Extension Confirmation Date, if there has been more than one Extension Confirmation Date), no Finance Party or Potential Accordion Increase New Lender had agreed to be an Accordion Increase Lender in respect of any prior Accordion Increase Request(s),

then, subject to paragraph (c) below, the Borrower shall be permitted to submit one additional Accordion Increase Request during the period from and excluding such Extension Confirmation Date to and excluding the date of the Extended Termination Date.

(c) Each such Accordion Increase Request may be submitted at any time during the Availability Period, but shall not be submitted during any period from and including the date of submission of an Extension Request under clause 2.4(a) (*Extension*) below to and including the Extension Confirmation Date.

(d) The currency of any Accordion Increase shall be euro, and the amount and pricing of such Accordion Increase will be as agreed in the relevant Accordion Increase Confirmation.

(e) An Accordion Increase Request delivered in accordance with sub-clause (a) above shall only be effective if:

(i) on the date of the Accordion Increase Request and the Accordion Increase:

(A) no Default or Event of Default has occurred or is continuing, or would result from the proposed Accordion Increase;

(B) the Total Participations following such Accordion Increase does not exceed €600,000,000; and

(C) the Repeating Representations to be made by each Obligor are true; and

(ii) prior to the date of the Accordion Increase Request, the Borrower has delivered a written confirmation and endorsement from each of SNITA Holding B.V. and PSD Investment Limited in accordance with clause 21.19(c) (*Conditions subsequent – letters of comfort*); and

(iii) the Agent has received, in form and substance satisfactory to it, such documents (if any) as are reasonably necessary as a result of the establishment of that Accordion Increase to maintain the effectiveness of the Security, guarantees, indemnities and other assurance against loss provided to the Finance Parties pursuant to the Finance Documents.

(f) If the conditions set out in sub-paragraphs (a) to (e) above have been fully satisfied, the Structuring Bank shall use commercially reasonable efforts to arrange for the existing Finance Parties (and if necessary, lender(s) who may not at the date of the Accordion Increase Request be Finance Parties, provided such lender(s) have been approved by the Borrower (each, a **Potential Accordion Increase New Lender**)) to participate in such Accordion Increase.

(g) The Structuring Bank shall notify the Borrower of the Finance Parties and/or any other Potential Accordion Increase New Lender each of which have confirmed to the Structuring Bank in writing its willingness to assume all obligations of a Lender corresponding to the proportion of the Accordion Increase which it intends to participate in, as if it had been an Original Lender in respect of that proportion of such Accordion Increase (together, the **Accordion Increase Lenders**, and each an **Accordion Increase Lender**).

(h) Each Accordion Increase Lender may, in its sole and absolute discretion, enter into an accordion increase confirmation substantially in the form set out in Schedule 11 (*Form of Accordion Increase Confirmation*) (an **Accordion Increase Confirmation**) as agreed among themselves, the Borrower, the Agent, the Lenders and the Accordion Increase Lenders (if different) to document the Accordion Increase and to allocate such Accordion Increase among themselves on such terms and conditions which are acceptable to each of them. Any Accordion Increase shall only take effect on the date specified in the Accordion Increase Confirmation (or such other document or notice as the Accordion Increase Confirmation may refer to).

(i) The Agent:

(i) subject to sub-paragraph (i)(ii) below, as soon as reasonably practicable after receipt by it of a duly completed Accordion Increase Confirmation appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, shall execute that Accordion Increase Confirmation; and

(ii) shall only be obliged to execute an Accordion Increase Confirmation delivered to it by the Obligors' Agent and the Accordion Increase Lenders once it is satisfied that it (and each Lender) has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Participations by each Accordion Increase Lender.

(j) Each Accordion Increase Lender, by executing the Accordion Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the Accordion Increase becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as it would have been had it been an Original Lender.

(k) On the date that the Accordion Increase Confirmation is executed (or on any later date specified therein), the Agent, each Mandated Lead Arranger, the Security Agent, the Lenders party to that Lender Accordion Increase Confirmation, each of the Accordion Increase Lenders and the Obligors shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had each such Accordion Increase Lender been an Original Lender in respect of that part of the increased Participations which it is to assume.

(l) Each Accordion Increase Lender shall become a Party as a **Lender** and any Accordion Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Accordion Increase Lender and those Finance Parties would have assumed and/or acquired had the Accordion Increase Lender been an Original Lender in respect of that part of the increased Participations which it is to assume. The Participations of the other Lenders (as at the date prior to the Accordion Increase) shall continue in full force and effect on and after such Accordion Increase.

(m) A Lender may increase its Participation for the purposes of clause 2.2 (*Accordion Increase*) (and be entitled to share *pari passu* in all Security created by each Security Document owed to it as such).

(n) Except for any Lender which is an Accordion Increase Lender and subject to paragraph (h) above, no Lender is under any obligation whatsoever to provide any Accordion Increase or to enter into any documents confirming an Accordion Increase. No Lender shall be under any obligation whatsoever to find an Accordion Increase Lender.

(o) The Borrower must promptly on demand pay the Agent, the Structuring Bank, the Lenders, the Accordion Increase Lenders and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them (and in the case of the Security Agent, by any Receiver or Delegate) in connection with the establishment of an Accordion Increase under this clause 2.2.

(p) Each Accordion Increase Lender that was not a Lender before the date of an Accordion Increase must, on the date of such Accordion Increase, pay to the Agent (for its own account) a fee in an amount equal to the fee which would be payable under clause 24.3 (*Assignment or transfer fee*) as if the accordion increase were a transfer pursuant to clause 24 (*Changes to the Lenders*) and if that Accordion Increase Lender were a New Lender.

(q) Clause 24.4 (*Limitation of responsibility of Existing Lenders*) shall apply mutatis mutandis in this clause 2.2 in relation to an Increase Lender as if references in that clause to:

(i) an **Existing Lender** were references to all the Lenders immediately prior to the relevant increase;

(ii) the **New Lender** were references to that **Increase Lender**; and

(iii) a **re-transfer** and **re-assignment** were references to respectively a **transfer** and **assignment**.

2.3 **Finance Parties' rights and obligations**

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by an Obligor which relates to a Finance Party's participation in the Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by that Obligor.

(c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

2.4 **Extension**

(a) The Obligors' Agent may request that the Termination Date be extended by a period of up to 365 days (each such extended termination date being the **Extended Termination Date**) by delivery of a completed Extension Request to the Agent at least 60 days but no more than 120 days prior to such Termination Date.

(b) The Agent shall promptly forward a copy of any Extension Request to the Lenders.

(c) Each Lender shall (at least 30 days before the Termination Date and in its sole and absolute discretion) either agree or refuse the relevant Extension Request. If any Lender does not respond on or prior to the date occurring 30 days before the Termination Date, such Lender(s) will automatically be deemed to have declined that Extension Request.

(d) The Agent shall notify the Borrower which of the Lenders have agreed to the Extension Request by executing an Extension Confirmation (the date of such Extension Confirmation being the **Extension Confirmation Date**).

(e) The Borrowers may not submit an Extension Request in accordance with paragraph (a) of this clause 2.4 if an Event of Default is continuing.

(f) The Termination Date shall be the Extended Termination Date for all Lenders who have agreed to the Extension Request made under paragraph (a) (as the case may be) of this clause.

(g) The Termination Date will continue to be the First Extended Termination Date, or the current Extended Termination Date (as the case may be) for any Lender which has declined an Extension Request under paragraph (c) above (each, a **Non-Extending Lender**).

2.5 **Termination of a Lender's Participation**

(a) A Lender that wishes to terminate its Participation (each, a **Declining Lender**) shall notify the Agent by way of a written notice the date on which it intends to terminate its Participation (a **Lender Termination**), and shall endeavour (but shall not be obliged) to do so at least five (5) Business Days prior to the proposed termination date and (unless clause 5.4(f) (*Lenders' participation*) applies) shall do so prior to the time referred to in clause 5.4(e) (*Lenders' participation*).

(b) The Agent shall notify the other Lenders of all Declining Lenders and/or Non-Extending Lenders by email, but without being under any liability for any failure to do so.

(c)

(i) Each Non-Extending Lender, Declining Lender and Defaulting Lender shall not participate in any future Loans.

(ii) Notwithstanding paragraph (c)(i) above, a Non-Extending Lender may participate in future Loans provided that:

(A) the Interest Period of such Loan will be no less than 90 days (or such period as may from time to time apply under clause 9.1 (*Selection of Interest Periods*)); and

(B) such Loan will be repayable under clause 6.1 (*Repayment of Loans*) by the Termination Date applicable to such Non-Extending Lender.

(d) The Agent shall as soon as reasonably practicable after it has received any notice of a Lender Termination from the relevant Lender, inform the Borrower and the other Finance Parties of such Lender Termination.

(e) In the case of a Lender Termination:

(i) the Participation of the Declining Lender to which the Lender Termination relates will be immediately cancelled;

(ii) the Facility will be reduced by an amount equal to the Participation of such Declining Lender (unless its Participation is transferred in accordance with clause 24 (*Changes to the Lenders*)); and

(iii) the provisions of this Agreement will continue to apply in relation to any Loan in which such Declining Lender has previously participated. To the extent any Loan which such Declining Lender has participated in remains outstanding, the Borrower shall repay the outstanding Loans due to such Lender on the earlier of:

(A) the Termination Date; and

(B) any other date which may be prescribed under this Agreement.

2.6 **Borrower's termination option**

The Borrower may terminate this Agreement upon at least ten (10) Business Days' prior notice in writing to the Facility Agent provided that on or before the effective date of termination (i) all amounts due and payable to the Finance Parties under or in connection with the Facility Agreement have been paid (including any applicable Break Costs) in full to the satisfaction of the Finance Parties; and (ii) no Utilisation Requests are outstanding.

2.7 **Obligors' agent**

(a) Each Obligor (in case of an Original Obligor, by way of signing this Agreement, or in the case of any other Obligor, an Accession Letter, as applicable) irrevocably appoints the Obligors' Agent to act as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Obligors' Agent on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give and receive all notices and instructions, to make such agreements and to effect any amendments, supplements and variations to the Finance Documents or any other document in connection with such Finance Documents; and

(ii) each Finance Party to give any notice, demand or other communication for the attention of the Obligors pursuant to the Finance Documents to the Obligors' Agent,

(b) and in each case the relevant Obligors shall be bound as though each such Obligor had itself given or received the notices and instructions or executed or made the agreements of effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(c) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation (including by any increase in amounts owing or available to be utilised or any change to parties), notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document or any other document on behalf of the Obligors (or any of them) or in connection with any Finance Document or any other document (whether or not known to any other Obligor) shall be binding for all purposes on the Obligors as if all of the Obligors had expressly made, given or concurred with it and without the need to obtain any confirmation or acknowledgement from any of the Obligors. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

(d) To the extent legally possible, each Obligor releases the Obligors' Agent from the restrictions on self-dealing and multi-representation set out in section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under any other applicable laws.

3 Purpose

3.1 Purpose

Subject to clause 23.1 (*Green Loan – purpose*), all amounts borrowed by the Borrower under the Facility shall be applied towards the Borrower's working capital needs by making proceeds of any Loan available directly to Acceptable Suppliers in respect of the relevant supplier invoices ahead of cash collection from sales.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 Conditions of Utilisation

4.1 Initial conditions precedent

(a) The Borrower may not deliver a Utilisation Request unless the Agent has received all of the documents and other evidence listed in Part 1 of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Agent. The Agent shall notify the Borrower and the Lenders promptly upon being so satisfied.

(b) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.2 Further conditions precedent

Subject to clauses 5.4(a) and (e) (*Lenders' participation*) and 5.5(b) (*Consequences of becoming a Declining Lender, Delayed Lender or Defaulting Lender*), the Lenders will only be obliged to comply with clause 5.4 (*Lenders' participation*) in relation to a Loan if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) in the case of any Loan or Accordion Increase, no Default is continuing or would result from the proposed Loan; and

(b) the Repeating Representations to be made by each Obligor are true in all material respects.

4.3 **Maximum number of Loans**

(a) The Borrower shall deliver a maximum of two (2) Utilisation Requests to the Agent in each calendar month, excluding any Utilisation Requests which may be deemed to have been cancelled under clause 5.4(e)(ii) (*Lenders' participation*). Any Utilisation Request shall be delivered at least seven (7) days after any prior Utilisation Request.

(b) The Borrower may not deliver a Utilisation Request if as a result of the proposed Loan eight (8) or more Loans would be outstanding.

SECTION 3
UTILISATION

5 Utilisation

5.1 **Delivery of a Utilisation Request**

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time.

5.2 **Completion of a Utilisation Request**

(a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the Availability Period;

(ii) it is delivered to the Agent by the Specified Time;

(iii) the last day of the Interest Period of the Loan falls on a Business Day within the Availability Period;

(iv) a summary listing of Invoice(s) relating to the Utilisation Request is attached in the form provided at Schedule 3 Part 1 (*Utilisation Request*) below or as otherwise agreed between the Borrower and the Agent (acting on behalf of the Lenders) from time to time (and including an electronic copy of such summary listing);

(v) the currency and amount of the Loan comply with clause 5.3 (*Currency and amount*); and

(vi) the proposed Interest Period complies with clause 9 (*Interest Periods*).

(b) Only one Loan may be requested in each Utilisation Request.

5.3 **Currency and amount**

(a) The currency specified in a Utilisation Request must be euro.

(b) The amount of the proposed Loan must be an amount which is not more than the Available Facility and which is a minimum of €20,000,000 or, if less, the Available Facility.

5.4 **Lenders' participation**

(a) Notwithstanding any other provision of the Finance Documents (but subject only to clauses 2.5(e)(iii) (*Termination of a Lender's Participation*), 5.4(e)(i) and (h) (*Lenders' participation*) and 5.5(a) (*Consequences of becoming a Declining Lender, Delayed Lender or Defaulting Lender*), the Facility is an uncommitted facility and will be made available at the sole discretion of the Lenders.

(b) The amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Participation to the Available Facility immediately prior to making the Loan.

(c) The Agent shall notify each Lender (except any Declining Lender) of the amount of each Loan and the amount of its participation in that Loan and, if different, the amount of that participation to be made available in accordance with clause 30.1 (*Payments to the Agent*), in each case by the Specified Time.

(d) Upon receipt of the Agent's notification under paragraph (c), each Lender may in its sole and absolute discretion decide whether to participate in a Loan and shall notify the Agent in writing of such decision as soon as practicable (but in any case, by the Specified Time).

(e) If:

(i) all Lenders (except any Declining Lender) have confirmed in accordance with paragraph (d) above that they will participate in a Loan, then provided the conditions set out in this Agreement have been met, each such Lender shall make its participation in the Loan available by the Specified Time through its Facility Office. The amount of each Lender's participation shall be in accordance with sub-paragraph (b) above; or

(ii) one or more Lenders have (i) confirmed to the Agent under paragraph (d) that they will not participate in a Loan; or (ii) failed to respond to the request to participate in a Loan in accordance with paragraph (d) above, then notwithstanding clause 5.2(a) (*Completion of a Utilisation Request*) (but subject to sub-paragraph (g) below), the relevant Utilisation Request will be deemed to be cancelled and none of the Lenders shall be obliged to comply with or extend any Loan in respect of such duly completed Utilisation Request.

Declining Lender

(f) Any Lender which has declined to participate or has failed to respond to a request to participate in a Loan in accordance with paragraph (d) above shall (unless the Agent in its sole discretion determines otherwise) be deemed to be a Declining Lender and clause 5.5(b)(ii) (*Consequences of becoming a Declining Lender, Delayed Lender or Defaulting Lender*) shall apply to that Lender.

(g) The Agent shall promptly (and in any event within two (2) Business Days) notify the Borrower and the Lenders of any cancellation of a Utilisation Request pursuant to paragraph (e)(ii) above and of the identity of the Lender which has become a Declining Lender pursuant to paragraph (f) above.

(h) The Borrower may, promptly following its cancellation, re-deliver the duly completed Utilisation Request which had been cancelled by virtue of paragraph (e)(ii) above.

Defaulting Lender

(i) If, in respect of any Loan:

(i) there are one or more Defaulting Lenders; and

(ii) all of the remaining Lenders have confirmed to the Agent in accordance with paragraph (e)(i) above that they will participate in such Loan (each, a **Remaining Lender**),

then (x) the maximum amount of the Loan shall be reduced by the aggregate value of the Pro Rata Shares of each Defaulting Lender's Participation (as applicable); (y) each Remaining Lender shall make its participation in the relevant Loan available by the relevant Utilisation Date through its Facility Office, such amount being in accordance with clause 5.4(b) (*Lenders' participation*); and (z) the Agent shall only be obliged to fund the aggregate amount of the Participations made available by the Specified Time less the amount of Participations of such Defaulting Lenders (as the case may be). The Agent shall notify the Borrower within two (2) Business Days upon becoming aware that any Lender has become a Defaulting Lender.

Delayed Lender

(j) If, in respect of any Loan, there are one or more Delayed Lenders, the Agent shall only be obliged to:

(i) on the Utilisation Date, fund to the Borrower the aggregate amount of the Participations made available by the Lenders less the amount of Participations of such Delayed Lender(s); and

(ii) two (2) Business Days after the Utilisation Date, fund to the Borrower the Pro Rata Share of the Participation(s) of the Delayed Lender(s) only to the extent such Lender(s) makes available their participations in such Loan to the Agent by the Specified Time.

5.5 **Consequences of becoming a Declining Lender, Delayed Lender or Defaulting Lender**

(a) Notwithstanding clauses 2.5(a) and (c) (*Termination of a Lender's Participations*) and 5.4(a) (*Lenders' participation*) above:

(i) each Declining Lender and Delayed Lender shall be obliged to participate in a Loan which, prior to the date of the Lender Termination, it had notified the Agent that it would participate in pursuant to clause 5.4(e)(i) (*Lenders' participation*) above and to continue to participate in any Loan which it has already participated in; and

(ii) each Defaulting Lender shall be obliged to continue to participate in any Loan which it has already participated in.

(b) If any Lender becomes:

(i) a Defaulting Lender, then clauses 7.9 (*Right of cancellation in relation to a Defaulting Lender*) and 36.6(c) (*Excluded Participations*) shall apply with immediate effect; and

(ii) a Declining Lender, then clauses 2.5 (*Termination of a Lender's Participation*) (including clause 2.5(e) relating to the reduction of the Facility) and 36.6(d) (*Excluded Participations*) shall apply to that Lender with immediate effect (provided that if a Lender becomes a Declining Lender pursuant to clause 5.4(f) (*Lenders' participation*) above, such Lender will be deemed to have submitted a notice in writing duly compliant with clause 2.5(a) specifying the termination date as the date it had declined to participate in such Loan or had failed to respond by the Specified Time.

5.6 **Changes to Acceptable Suppliers**

(a) The Borrower may from time to time request that any of its suppliers be included as an additional Acceptable Supplier (each, an **Additional Acceptable Supplier**). Such supplier shall only become an Additional Acceptable Supplier if:

(i) the Borrower notifies the Agent in writing 30 days prior to the intended date of inclusion of such supplier as an Additional Acceptable Supplier;

(ii) the Agent (acting on the instructions of the Majority Lenders) approves in writing the inclusion of such supplier as an Additional Acceptable Supplier; and

(iii) each Lender is satisfied that it has completed all "know your customer" or other similar checks against such supplier entity under all applicable laws and regulations.

(b) The Agent shall notify the Borrower and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence that the conditions in sub-paragraph (a) have been fully complied with.

SECTION 4
REPAYMENT, PREPAYMENT AND CANCELLATION

6 Repayment

6.1 **Repayment of Loans**

Subject to clauses 7.4 (*Voluntary prepayment of Loans*), 7.5 (*Mandatory prepayment – material adverse change following Permitted Reorganisation*), 7.6 (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*) and 7.7 (*Mandatory prepayment – Shareholder loans)*, the Borrower shall repay each Loan in full (together with accrued interest and all other amounts accrued or outstanding under the Finance Documents) on the last day of its Interest Period (or, if earlier, on the Termination Date).

7 Prepayment and Cancellation

7.1 **Illegality**

If, in any applicable jurisdiction, it becomes unlawful for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Borrower, the Available Participation of that Lender will be immediately cancelled; and

(c) to the extent that the Lender's participation has not been transferred pursuant to clause 7.8(d) (*Right of replacement or repayment and cancellation in relation to a single Lender*), the Borrower shall repay that Lender's participation in the Loans made to the Borrower on the last day of the Interest Period for each Loan occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Participation(s) shall be immediately cancelled in the amount of the participations repaid.

7.2 **Change of control**

(a) If a Change of Control occurs:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event;

(ii) a Lender shall not be obliged to fund a Loan; and

(iii) if a Lender so requires and notifies the Agent within five (5) Business Days' of the Borrower notifying the Agent of the Change of Control event the Agent shall, by not less than five (5) Business Days' notice to the Borrower, cancel the Available Participation of each Lender and declare all Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents immediately due and payable, whereupon each such Available Participation will be immediately cancelled, the Facility shall immediately cease to be available for further utilisation and all such Loans, accrued interest and other amounts shall become immediately due and payable.

(b) For the purposes of paragraph (a) above, **Change of Control** means:

(i) Volvo Car Corporation ceases directly or indirectly to have the power (whether by way of ownership of shares, proxy, voting rights, contract, agency or otherwise) to:

(A) control SNITA Holding B.V.; or

(B) hold beneficially the majority of the issued share capital of SNITA Holding B.V. (whether directly or indirectly through wholly-owned Subsidiaries, and excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(ii) Mr Li Shufu ceases directly or indirectly to have the power (whether by way of ownership of shares, proxy, voting rights, contract, agency or otherwise) to:

(A) control PSD Investment Limited; or

(B) hold beneficially the majority of the issued share capital of PSD Investment Limited (whether directly or indirectly through wholly-owned Subsidiaries, and excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(iii) the Parents together cease directly or indirectly to have the power (whether by way of ownership of shares, proxy, voting rights, contract, agency or otherwise) to:

(A) control the Borrower; or

(B) hold beneficially the majority of the issued share capital of the Borrower (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(iv) any person or group or persons acting in concert gains direct or indirect control of the Borrower in circumstances where, Volvo Car Corporation and Mr Li Shufu together do not retain direct or indirect control over the Borrower; or

(v) any person or group or persons acting in concert gains direct or indirect control of any Parent in circumstances where:

(A) Volvo Car Corporation does not retain direct or indirect control over SNITA Holding B.V.; and

(B) Mr Li Shufu does not retain direct or indirect control over PSD Investment Limited.

(c) For the purpose of paragraph (b) above, "**control**" means the power to:

(i) cast, or control the casting of, the maximum number of votes that might be cast at a general or shareholder meeting (or any equivalent meeting of stakeholders or shareholders in any jurisdiction) of the Borrower;

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Borrower; or

(iii) give directions with respect to the operating and financial policies of the Borrower with which the directors or other equivalent officers of the Borrower are obliged to comply (or, in the case of a Swedish entity, to determine the

decisions at general meetings, whether through ownership of equity interest or partnership or other ownership interests by contract or otherwise); or

(d) For the purpose of paragraph (b) above, "**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Borrower or any Parent (as applicable) by any of them, either directly or indirectly, to obtain or consolidate control of the Borrower or any Parent (as applicable).

7.3 **Voluntary cancellation**

The Borrower may, if it gives the Agent not less than ten (10) Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of €20,000,000) of the Available Facility. Any cancellation under this clause 7.3 shall reduce the Participations of the Lenders rateably.

7.4 **Voluntary prepayment of Loans**

The Borrower may, if it gives the Agent not less than ten (10) Business Days' (or such shorter period as the Majority Lenders and the Agent may agree) prior notice, prepay the whole or any part of any Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of €20,000,000), together with any accrued interest and applicable Break Costs.

7.5 **Mandatory prepayment – material adverse change following Permitted Reorganisation**

If at any time, the Agent (acting on the instructions of the Majority Lenders) believes that any Permitted Reorganisation has or is reasonably likely to have a Material Adverse Effect:

(i) the Agent shall promptly notify the Borrower of this; and

(ii) upon delivery of the notification in sub-paragraph (a) above, the Borrower shall immediately prepay all amounts outstanding under the Facility, including but not limited to any amounts outstanding under any Loan, accrued interest and any applicable Break Costs.

7.6 **Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions**

(a) Notwithstanding clauses 6.1 (*Repayment of Loans*) and 7.4 (*Voluntary prepayment of Loans*), in the event that:

(i) any amounts are utilised (howsoever defined or described) under any of the Floorplan Facilities (each, in respect of any Vehicles);

(ii) proceeds of any insurance claim (in respect of any Vehicles relating to the relevant Loan(s) that have not been repaid in full) under any insurance maintained by any member of the Group (and after deducting any reasonable expenses in relation to that claim which are incurred by any member of the Group to persons who are not members of the Group) are received by any member of the Group; or

(iii) any amounts are received (howsoever defined or described and whether or not received by the Borrower) under any of the Sale and Leaseback Transactions (each, in respect of any Vehicles),

the Borrower shall prepay (without any set-off or counterclaim) the whole or any part of the Loan to which such amounts relate, in an amount equal to the value of the

above amounts together with any accrued interest and applicable Break Costs, subject to and in accordance with paragraph (b) below, provided that if any amounts are payable under both paragraphs (a)(i) and (ii) above in respect of the same Vehicles, the Borrower shall only be obliged to prepay an amount in aggregate which prepays the relevant Loan together with any related interest and applicable Break Costs for such Loan.

(b) In respect of any amounts to be prepaid in connection with paragraphs (a)(i), (ii) and (iii) above (each, a **Prepayment Amount**):

(i) if, at any time and from time to time, the aggregate value of all Prepayment Amounts exceeds €5,000,000 (the **Periodic Prepayment Trigger**), the Borrower shall promptly (and in any event, within two (2) Business Days of the occurrence of the Periodic Prepayment Trigger) prepay an amount which is equivalent to the aggregate value of such Prepayment Amounts in full to the Agent (the **Paid Prepayment Amount**); and

(ii) following the payment by the Borrower of the relevant Paid Prepayment Amount, and on each date the Agent confirms receipt in full of such Paid Prepayment Amount, the aggregate value of such Paid Prepayment Amount shall be deducted from and no longer count towards the aggregate value of all Prepayment Amounts currently outstanding for the time being. For the avoidance of doubt, any subsequent prepayment will only be triggered upon the Periodic Prepayment Trigger occurring again.

7.7 **Mandatory prepayment – Shareholder loans**

If at any time any Financial Indebtedness incurred by Polestar UK and/or a member of the Group from any Shareholder (save for any Financial Indebtedness incurred by the Borrower from Polestar Automotive (Singapore) Pte. Ltd as at the Amendment and Restatement Effective Date) is:

(a) declared to be or becomes due and payable as a result of an event of default (howsoever defined); or

(b) in respect of any such Financial Indebtedness incurred by Polestar UK, voluntarily repaid,

prior to its originally specified maturity date (or, such alternative maturity date with the prior consent of all the Lenders), the Borrower shall immediately (A) notify the Agent of the relevant event, and (B) prepay all amounts outstanding under the Facility, including but not limited to any amounts outstanding under any Loan, accrued interest and any applicable Break Costs.

7.8 **Right of replacement or repayment and cancellation in relation to a single Lender**

(a) If:

(i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of clause 12.2 (*Tax gross-up*); or

(ii) any Lender claims indemnification from the Borrower under clause 12.3 (*Tax indemnity*) or clause 13.1 (*Increased Costs*),

the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Participation(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Loans or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Available Participation(s) of that Lender shall be immediately reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in that Loan and that Lender's corresponding Participation shall be immediately cancelled in the amount of the participations repaid.

(d) If:

(i) any of the circumstances set out in paragraph (a) above apply to a Lender; or

(ii) an Obligor becomes obliged to pay any amount in accordance with clause 7.1 (*Illegality*) to any Lender,

the Borrower may, on 20 Business Days' prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to clause 24 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with clause 24 (*Changes to the Lenders*) for a purchase price in cash payable at the time of the transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest (to the extent that the Agent has not given a notification under clause 24.9 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents.

(e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent;

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and

(iv) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (d) above once it is satisfied that it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations in relation to that transfer.

(f) A Lender shall perform the checks described in paragraph (e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

7.9 **Right of cancellation in relation to a Defaulting Lender**

(a) If any Lender becomes a Defaulting Lender, the Agent may at any time notify the Borrower and such Defaulting Lender in writing that the Available Participation of such Lender be cancelled with immediate effect (or, if later, with effect from the date specified in such notice).

(b) On the notice referred to in paragraph (a) above becoming effective, the Available Participation of the Defaulting Lender shall be immediately reduced to zero and to the extent any Loan which such Defaulting Lender has participated in remains

outstanding, the Borrower shall repay the outstanding Loans due to such Lender on the earlier of:

(i) the Termination Date; and

(ii) any other date which may be prescribed under this Agreement.

(c) The Agent shall as soon as practicable after delivering a notice referred to in paragraph (a) above, notify all the Lenders.

7.10 **Restrictions**

(a) Any notice of cancellation or prepayment given by any Party under this clause 7.10 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) Except where the Facility has been cancelled or terminated, the Borrower may reborrow any part of the Facility which is prepaid or repaid in accordance with the terms of this Agreement.

(d) The Borrower shall not repay or prepay all or any part of the Loans or cancel all or any part of the Participations except at the times and in the manner expressly provided for in this Agreement.

(e) Subject to clause 2.2 (*Accordion Increase*), no amount of the Total Participations cancelled under this Agreement may be subsequently reinstated.

(f) If the Agent receives a notice under this clause 7.10 it shall promptly forward a copy of that notice to either the Borrower or the affected Lender, as appropriate.

(g) If all or part of any Lender's participation in a Loan is repaid or prepaid and is not available for redrawing (other than by operation of clause 4.2 (*Further conditions precedent*), an amount of that Lender's Participation (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

7.11 **Application of prepayments**

Any prepayment of a Loan pursuant to clauses 7.2 (*Change of control*), 7.3 (*Voluntary cancellation*), 7.4 (*Voluntary prepayment of Loans*), 7.5 (*Mandatory prepayment – material adverse change following Permitted Reorganisation*), 7.6 (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*) and 7.7 (*Mandatory prepayment – Shareholder loans)* shall be applied *pro rata* to each Lender's participation in that Loan.

SECTION 5
COSTS OF UTILISATION

8 Interest

8.1 **Calculation of interest**

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin; and

(b) EURIBOR.

8.2 **Payment of interest**

The Borrower shall pay accrued interest on the Loan to which that Interest Period relates on the last day of each Interest Period.

8.3 **Default interest**

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (a) below, is two (2) per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably).

(b) Any interest accruing under this clause 8.3 shall be immediately payable by the Obligor on demand by the Agent.

(c) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:

(i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and

(ii) the rate of interest applying to the overdue amount during that first Interest Period shall be two (2) per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.

(d) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notifications**

(a) The Agent shall promptly notify the relevant Lenders and the Borrower of the determination of a rate of interest under this Agreement.

(b) The Agent shall promptly notify the Borrower of each Funding Rate relating to a Loan.

9 Interest Periods

9.1 **Selection of Interest Periods**

(a) Subject to this clause 9, the Borrower may only select an Interest Period for a Loan of 90 days in the Utilisation Request for that Loan or of any other period notified in accordance with paragraph (b) below.

(b) If the Majority Lenders consider that changes to the prevailing Interest Period specified at paragraph (a) are necessary due to changes in the working capital cycle of the Group or otherwise, the Agent may (acting on the instructions of the Majority Lenders, acting reasonably) from time to time notify the Borrower of the Interest Period which shall be specified in respect of future Utilisation Requests and which shall apply to future Loans.

(c) An Interest Period for a Loan shall not extend beyond the Termination Date.

(d) Each Interest Period for a Loan shall start on its Utilisation Date.

(e) A Loan has one Interest Period only.

9.2 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the preceding Business Day.

10 Changes to the Calculation of Interest

10.1 **Unavailability of Screen Rate**

(a) *Interpolated Screen Rate*: If no Screen Rate is available for EURIBOR for the Interest Period of a Loan, the applicable EURIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of that Loan.

(b) *Cost of funds*: If no Screen Rate is available for EURIBOR for:

(i) euro; or

(ii) the Interest Period of a Loan and it is not possible to calculate the Interpolated Screen Rate,

then there shall be no EURIBOR for that Loan and clause 10.3 (*Cost of funds*) shall apply to that Loan for that Interest Period.

10.2 **Market disruption**

If, before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed 33 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of EURIBOR then clause 10.3 (*Cost of funds*) shall apply to that Loan for the relevant Interest Period.

10.3 **Cost of funds**

(a) If this clause 10.3 applies, the rate of interest on each Lender's share of the relevant Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before the date on which interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum

the cost to the relevant Lender of funding its participation in that Loan from whatever source it may reasonably select.

(b) If this clause 10.3 applies and the Agent or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(c) Any alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

10.4 **Notification to Borrower**

If clause 10.3 (*Cost of funds*) applies the Agent shall, as soon as is practicable, notify the Borrower.

10.5 **Break Costs**

(a) The Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fee Letters

11.1 **Participation Fee**

(a) The Borrower shall pay to the Agent, on the earlier of (i) the first Utilisation Date occurring after the Amendment and Restatement Effective Date; and (ii) within 30 days of the Amendment and Restatement Effective Date, for the account of each Arranger (including Standard Chartered Bank) on a pro rata basis determined in accordance with each Arranger's Participation on the Amendment and Restatement Effective Date, a one-time participation fee in the amount determined in accordance with each Arranger's role as set out in the table below.

Role	**Participation fee (in % of the relevant Participation on the Amendment and Restatement Effective Date)**
Mandated Lead Arranger	0.10
Lead Arranger	0.05

(b) If there is an increase in Participation after the Amendment and Restatement Effective Date (whether pursuant to clause 2.2 (*Accordion Increase*) or otherwise), the Borrower shall pay to the Agent, on the earlier of (i) the first Utilisation Date occurring after such increase in Participation becomes effective; and (ii) within 30 days of such increase in Participation becoming effective, for the account of each Arranger (including Standard Chartered Bank) on a pro rata basis determined in accordance with the increase of each Arranger's Participation, a one-time participation fee in the amount determined in accordance with each Arranger's role as set out in the table below.

Role	Participation fee (in % of any increase in Participation)
Mandated Lead Arranger	0.10
Lead Arranger	0.05

11.2 **Administrative agency fee**

The Borrower shall pay to the Agent (for its own account) an administrative agency fee in the amount and at the times agreed in a Fee Letter.

11.3 **Structuring fee**

The Borrower shall pay to the Structuring Bank (for its own account) a structuring fee in the amount and at the times agreed in a Fee Letter.

SECTION 6
ADDITIONAL PAYMENT OBLIGATIONS

12 Tax Gross Up and Indemnities

12.1 **Definitions**

In this Agreement:

Protected Party means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

Tax Credit means a credit against, relief or remission for, or repayment of any Tax.

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

Tax Payment means either the increase in a payment made by an Obligor to a Finance Party under clause 12.2 (*Tax gross-up*) or a payment under clause 12.3 (*Tax indemnity*).

Unless a contrary indication appears, in this clause 12 a reference to determines or determined means a determination made in the absolute discretion of the person making the determination.

12.2 **Tax gross-up**

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 **Tax indemnity**

(a) The Borrower shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes;

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(C) to the extent a loss, liability or cost is compensated for by an increased payment under clause 12.2 (*Tax gross-up*) or relates to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from an Obligor under this clause 12.3, notify the Agent.

12.4 **Tax Credit**

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 **Stamp taxes**

The Borrower shall pay and, within three Business Days of demand, indemnify each Secured Party and each Mandated Lead Arranger against any cost, loss or liability that Secured Party or Mandated Lead Arranger incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 **VAT**

(a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the **Supplier**) to any other Finance Party (the **Recipient**) under a Finance Document, and any Party other than the Recipient (the **Relevant Party**) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and

(ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(d) Any reference in this clause 12.6 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term representative member to have the same meaning as in the Value Added Tax Act 1994).

(e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 **FATCA Information**

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party;

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA;

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Borrower is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(i) where an Original Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where a Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date;

(iii) the date a new US Tax Obligor accedes as a Borrower; or

(iv) where a Borrower is not a US Tax Obligor, the date of a request from the Agent,

supply to the Agent:

(A) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

(h) The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Agent shall not be liable for any action taken by it under or in connection with paragraph (e), (f) or (g) above.

(i) Without prejudice to any other term of this Agreement, if a Lender fails to supply any withholding certificate, withholding statement, document, authorisation, waiver or information in accordance with paragraph (e) above, or any withholding certificate, withholding statement, document, authorisation, waiver or information provided by a Lender to the Agent is or becomes materially inaccurate or incomplete, then such Lender shall indemnify the Agent, within three Business Days of demand, against any cost, loss, Tax or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (including any related interest and penalties) in acting as Agent under the Finance Documents as a result of such failure.

12.8 **FATCA Deduction**

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), and in any case at least three (3) Business Days prior to making a FATCA Deduction, notify the Party to whom it is making the payment and, on or prior to the day on which it notifies that Party, shall also notify the Borrower, the Agent and the other Finance Parties

13 Increased Costs

13.1 **Increased Costs**

(a) Subject to clause 13.3 (*Exceptions*) the Borrower shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation;

(ii) compliance with any law or regulation made after the date of this Agreement; and/or

(iii) a Basel III Increased Cost; and/or

(iv) a Reformed Basel III Increased Cost.

(b) In this Agreement **Increased Costs** means:

(i) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Participation or funding or performing its obligations under any Finance Document.

13.2 **Increased Cost claims**

(a) A Finance Party intending to make a claim pursuant to clause 13.1 (*Increased Costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions**

(a) Clause 13.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) attributable to a FATCA Deduction required to be made by a Party;

(iii) compensated for by clause 12.3 (*Tax indemnity*) (or would have been compensated for under clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of clause 12.3 (*Tax indemnity*) applied); or

(iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

(b) In this clause 13.3, a reference to a **Tax Deduction** has the same meaning given to that term in clause 12.1 (*Definitions*).

14 Other Indemnities

14.1 **Currency indemnity**

(a) If any sum due from an Obligor under the Finance Documents (a **Sum**), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the **First Currency**) in which that Sum is payable into another currency (the **Second Currency**) for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Mandated Lead Arranger, the Structuring Bank and each other Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 **Other indemnities**

(a) The Borrower shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Mandated Lead Arranger, the Structuring Bank and each other Secured Party against any cost, loss or liability incurred by that Finance Party as a result of:

(i) the occurrence of any Event of Default;

(ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of clause 29 (*Sharing among the Finance Parties*);

(iii) funding, or making arrangements to fund, its participation in a Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(iv) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

(b) The Borrower shall promptly indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate, against any cost, loss or liability incurred by that Finance Party or its Affiliate (or officer or employee of that Finance Party or Affiliate) in connection with or arising out of the use of proceeds under the Facility or Transaction Security being taken over the Charged Property (including but not limited to those incurred in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry concerning the use of proceeds under the Facility), unless such loss or liability is caused by the gross negligence or wilful misconduct of that Finance Party or its Affiliate (or employee or officer of that Finance Party or Affiliate). Any Affiliate or any officer or employee of a Finance Party or its Affiliate may rely on this clause 14.2 subject to clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

14.3 **Indemnity to the Agent**

The Borrower shall promptly indemnify the Agent against:

(a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default;

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

(iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and

(b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 30.10 (*Disruption to payment systems etc.*) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents.

14.4 **Indemnity to the Security Agent**

(a) Each Obligor jointly and severally shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

(i) any failure by the Borrower to comply with its obligations under clause 16 (*Costs and Expenses*);

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

(iii) the taking, holding, protection or enforcement of the Transaction Security;

(iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

(v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

(vi) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Charged Property (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct); or

(vii) any liability of the Security Agent for the actions of any Receiver or Delegate (otherwise than by reason of the Security Agent's gross negligence or wilful misconduct).

(b) Each Obligor expressly acknowledges and agrees that the continuation of its indemnity obligations under this clause 14.4 will not be prejudiced by any release under clause 27.25 (*Releases*) or otherwise in accordance with the terms of this Agreement.

(c) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this clause 14.4 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

14.5 **Survival**

Each indemnity given by a Party under or in connection with a Finance Document (in this clause 14 or otherwise) is a continuing obligation, independent of the Party's other obligations under or in connection with that or any other Finance Document and survives after that Finance Document is terminated. It is not necessary for a Finance Party to pay any amount or incur any expense before enforcing an indemnity under or in connection with a Finance Document.

15 Mitigation by the Lenders

15.1 **Mitigation**

(a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of clause 7.1 (*Illegality*), clause 12 (*Tax gross-up and indemnities*) or clause 13 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 **Limitation of liability**

(a) The Borrower shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under clause 15.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16 Costs and Expenses

16.1 **Transaction expenses**

The Borrower shall promptly on demand pay the Agent, each Mandated Lead Arranger, the Structuring Bank and the Security Agent the amount of all costs and expenses (including but not limited to legal fees, any costs arising out of or in connection with an Accordion Increase pursuant to clause 2.2 (*Accordion Increase*) and/or any costs associated with use of the Debt Domain service in relation to communicating with Lenders in respect of this Agreement) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

(a) the Transaction Security, this Agreement and any other documents referred to in this Agreement; and

(b) any other Finance Documents executed after the date of this Agreement.

16.2 **Amendment costs**

If:

(a) an Obligor requests an amendment, waiver or consent;

(b) an amendment is required pursuant to any provision of this Agreement; or

(c) any amendment or waiver is contemplated or agreed pursuant to clause 36.5 (*Replacement of Screen Rate*),

the Borrower shall, within three Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating, complying with or implementing that request or requirement or actual or contemplated agreement.

16.3 **Security Agent's management time and additional remuneration**

(a) Any amount payable to the Security Agent under clause 14.4 (*Indemnity to the Security Agent*) and this clause 16 shall include the cost of utilising the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Security Agent may notify to the Borrower and the Lenders, and is in addition to any other fee paid or payable to the Security Agent.

(b) Without prejudice to paragraph (a) above, in the event of:

(i) a Default;

(ii) the Security Agent being requested by an Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrower agree to be of

an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or

(iii) the Security Agent and the Borrower agreeing that it is otherwise appropriate in the circumstances,

the Borrower shall pay to the Security Agent any additional remuneration that may be agreed between them or determined pursuant to paragraph (c) below.

(c) If the Security Agent and the Borrower fail to agree upon the nature of the duties or upon the additional remuneration referred to in paragraph (b) above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrower or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrower) and the determination of any investment bank shall be final and binding upon the Parties.

16.4 **Enforcement costs**

The Borrower shall, within three Business Days of demand, pay to each Mandated Lead Arranger, the Structuring Bank and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of, or the preservation of any rights under, any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights.

SECTION 7
GUARANTEE

17 Guarantee and Indemnity

17.1 **Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

(a) guarantees (in relation to each Swedish Obligor, as for its own debt (Sw. *proprieborgen*)) to each Finance Party punctual performance by the Borrower of all that Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever the Borrower does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of the Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this clause 17 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 **Continuing guarantee**

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 **Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this clause 17 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 **Waiver of defences**

The obligations of each Guarantor under this clause 17 will not be affected by an act, omission, matter or thing which, but for this clause, would reduce, release or prejudice any of its obligations under this clause 17 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any

formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

17.5 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.6 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this clause 17.

17.7 **Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this clause 17:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

(d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under clause 17.1 (*Guarantee and indemnity*);

(e) to exercise any right of set-off against any Obligor; and/or

(f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust (or on behalf of) for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with clause 30 (*Payment mechanics*).

17.8 **Release of Guarantors' right of contribution**

If any Guarantor (a **Retiring Guarantor**) ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

(a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and

(b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

17.9 **Additional security**

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

17.10 **Guarantee limitations – Germany**

In the case of a Guarantor incorporated in Germany as a limited liability company (*Gesellschaft mit beschränkter Haftung*) or established in Germany as a limited partnership (*Kommanditgesellschaft*) with a limited liability company (*Gesellschaft mit beschränkter Haftung*) as general partner (each a **German Guarantor**) the enforcement of the guarantee and indemnity (the **German Guarantee**) granted pursuant to this Clause 17.10 against such German Guarantor shall be limited as follows:

(a) To the extent a German Guarantor guarantees or indemnifies any obligations under this clause 17 or any other provision of the Finance Documents of any of its Holding Companies or Affiliates (other than a Subsidiary of that German Guarantor), the enforcement of the respective obligations of that German Guarantor under this clause 17 (or any other relevant provision of the Finance Documents) shall, subject to paragraphs (b) to (f) below, be limited to the amount that would not lead to the situation, that due to granting of the German Guarantee (i) such German Guarantor's net assets (for the purposes of this clause 17.10 net assets means the assets (taking into consideration the assets listed under Section 266 paragraph 2 A, B, C, D and E of the German Commercial Code (*HGB*)) less the aggregate of its liabilities (taking into consideration the liabilities listed under Section 266 paragraph 3 B, C, D and E of the German Commercial Code (*HGB*)) and amounts which are subject to legal dividend payment constraints (*Ausschüttungssprerre*) pursuant to section 253(6),

section 268(8) or section 272(5) HGB) of the German Guarantor fall below its (or in the case of a GmbH & Co. KG, its general partner's) registered share capital (*Stammkapital*) or (ii), if its (or in the case of a GmbH & Co. KG, its general partner's) net assets are already below its (or in the case of a GmbH & Co. KG, its general partner's) registered share capital, the existing shortage in its (or in the case of a GmbH & Co. KG, its general partner's) net assets would be further increased (*Vertiefung einer Unterbilanz*).

(b) For the purposes of such calculation the following balance sheet items shall be adjusted as follows:

(i) the amount of any increase after the date of this Agreement of the German Guarantor's, or, where the guarantor is a German GmbH & Co. KG Guarantor, its general partner's registered share capital which has been effected without the prior written consent of the Agent and which is made out of retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) shall be deducted from the registered share capital; and

(ii) liabilities in relation to loans granted to, and other contractual liabilities incurred by, the German Guarantor or as the case may be its general partner, in wilful (*vorsätzlich*) or grossly negligent (*grob fahrlässig*) violation of any Finance Document shall be disregarded.

(c) In addition, the German Guarantor and, where the guarantor is a German GmbH & Co. KG Guarantor, also its general partner shall, if so requested by the Agent, realise, to the extent legally permitted, in a situation where after enforcement of the Guarantee the German Guarantor, or, where the guarantor is a German GmbH & Co. KG Guarantor, its general partner would not have net assets in excess of its respective registered share capital, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the asset if such asset is not necessary for the German Guarantor's or as the case may be its general partner's operational business (*operativ nicht betriebsnotwendig*).

(d) The limitations set out in Paragraph (a) above of this clause 17.10 only apply:

(i) if and to the extent that the managing directors on behalf of such German Guarantor have evidenced (in reasonable detail) in writing to the Agent (**Management Confirmation**) within 15 Business Days of demand of the Agent under this clause 17 (or the respective other provision of the Finance Documents) the amount of the obligations under this clause 17 (or the respective other provision of the Finance Documents) which cannot be met without causing the net assets of such German Guarantor (or, in the case of a GmbH & Co. KG., its general partner) to fall below its registered share capital; and

(ii) in case a Lender raises an objection against the Management Confirmation and the Agent notifies the respective German Guarantor of such objection, if the Agent receives within 30 Business Days after such notification a written audit report prepared by auditors of international standard and reputation appointed by the respective German Guarantor with a view to investigating to what extent the net assets of that German Guarantor (or in the case of a GmbH & Co. KG, its general partner) exceeded its registered share capital (the **Auditor's Determination**).

(e) If (A) and to the extent the net assets as determined by the Auditors' Determination are lower than the amount enforced in accordance with the Management Determination or (B) the German Guarantee has been enforced without regard to the limitations set out in this clause 17.10 because (x) the Management Determination was not delivered within the relevant time frame or (y) the Auditors'

Determination was not delivered within the relevant time frame but has been delivered within twenty (20) Business Days following the due date for the delivery of the Auditors' Determination, the Agent shall promptly repay to the relevant German Guarantor upon written demand of the relevant German Guarantor any amount (if and to the extent already paid to the Finance Parties (or any of them)) in the case of (A) equal to the difference between the amount paid and the amount payable resulting from the Auditor's Determination, and in the case of (B), which the Agent would not have been entitled to enforce had the Management Determination and the Auditors' Determination been delivered in time provided such demand for repayment is made to the Agent within six (6) months from the date the German Guarantee is enforced. The Agent may withhold any amount received pursuant to an enforcement of the German Guarantee until final determination of the amount of the net assets pursuant to the Auditors' Determination.

(f) The limitations set out in this clause 17.10 shall not apply (or, as the case may be, shall cease to apply):

(i) to a German Guarantee in respect of loans made to the German Guarantor under this Agreement to the extent they are on-lent to that German Guarantor or its Subsidiaries (and/ or in the case of a GmbH & Co. KG, its general partner and the general partner's Subsidiaries) and such amount on-lent has not been returned prior to the time of the intended enforcement; or

(ii) if a domination and/ or profit and loss pooling agreement (*Beherrschungs- und/ oder Gewinnabführungsvertrag*) has been entered into with the German Guarantor as dominated party (*beherrschtes Unternehmen*) and the Finance Parties agree to repay any amount received from the German Guarantor due to this paragraph if and to the extent the German Guarantor is not able to recover the annual loss (*Jahresfehlbetrag*) which the dominating entity (*herrschendes Unternehmen*, the **Dominating Entity**) is obliged to pay pursuant to section 302 AktG, due to the fact that the Dominating Entity is unable to fulfil its obligations pursuant to section 302 AktG when they fall due (*zahlungsunfähig*) or the Dominating Entity is over-indebted (*überschuldet*).

The restrictions set forth in paragraph (a) of this clause 17.10 shall not imply any full or partial waiver of any amount owed under the German Guarantee and indemnity under this clause 17, but shall impede only temporarily the enforcement of the German Guarantee and indemnity under this clause 17 to the extent the enforcement of the German Guarantee and indemnity under this clause 17 is limited by the restrictions set forth in paragraph (a) of this clause 17.10.

17.11 **Guarantee limitations – Norway**

(a) Notwithstanding anything set out in this Agreement or any other Finance Document to the contrary, the obligations and liabilities of each Norwegian Obligor under this clause 17 or any other provision of this Agreement or any other Finance Document to which it is a party shall be limited by such mandatory provisions of law applicable to that Norwegian Obligor limiting the legal capacity or ability of the relevant Norwegian Obligor to grant and/or honour a guarantee hereunder (including, but not limited to, the provisions of Sections 8-7 to 8-10 (both inclusive) of the Norwegian Private Limited Liability Companies Act of 13 June 1997 No. 44 or the Norwegian Public Limited Liability Companies Act of 13 June 1997 No. 45 (as the case may be)), and the obligations and liability of each such Norwegian Obligor under this clause 17 or under any other guarantee or indemnity contained in this Agreement or any other Finance Document shall only apply to the extent not so limited.

(b) The liability of each Norwegian Obligor under this clause 17 or under any other provision of this Agreement or any other Finance Document to which it is a party shall be limited to EUR 720,000,000 plus any unpaid amount of interest, fees, liability, costs and expenses under the Finance Documents.

17.12 **Guarantee limitations – Sweden**

The obligations of each Swedish Obligor under this clause 17 shall be limited if (and only if) and to the extent required by an application of the provisions of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)) regulating distribution of assets (including profits and dividends and any other form of transfer of value (Sw. värdeöverföring) within the meaning of Chapter 17, Sections 1-3 of the Swedish Companies Act) of the Swedish Companies Act. It is agreed that the liability of such Obligor under this clause 17 in respect of such obligations only applies to the extent permitted by the above mentioned provisions of the Swedish Companies Act.

SECTION 8
REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

18 Representations

Each Obligor makes the representations and warranties set out in this clause 18 to each Finance Party on the date of this Agreement.

18.1 **Status**

(a) It is a limited liability corporation, duly incorporated and validly existing under the law of its Original Jurisdiction.

(b) Each of its Subsidiaries is a limited liability corporation, duly incorporated and validly existing under the law of its jurisdiction of incorporation.

(c) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

18.2 **Binding obligations**

Subject to the Legal Reservations:

(a) the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and

(b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective.

18.3 **Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents and the granting of the Transaction Security do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its or any of its Subsidiaries' constitutional documents; or

(c) any agreement or instrument binding upon it or any of its Subsidiaries or any of its Subsidiaries' assets or constitute a default or termination event (however described) under any such agreement or instrument.

18.4 **Power and authority**

(a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

(b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Finance Documents to which it is a party.

18.5 **Validity and admissibility in evidence**

(a) All Authorisations and any other acts, conditions or things required or desirable:

(i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and

(ii) to make the Finance Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained, effected, done, fulfilled or performed and are in full force and effect.

(b) All Authorisations necessary for the conduct of the business, trade and ordinary activities of members of the Group have been obtained or effected and are in full force and effect.

(c) All the Material Licences have been obtained or effected and are in full force and effect.

18.6 **Governing law and enforcement**

(a) The choice of the law stated to be the governing law of each Finance Document will be recognised and enforced in its Relevant Jurisdictions.

(b) Any judgment obtained in relation to a Finance Document in the jurisdiction of the stated governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

18.7 **Insolvency**

No:

(a) corporate action, legal proceeding or other procedure or step described in clause 22.7 (*Insolvency proceedings*); or

(b) creditors' process described in clause 22.8 (*Creditors' process*),

has been taken or, to the knowledge of the Borrower, threatened in relation to a member of the Group and none of the circumstances described in clause 22.6 (*Insolvency*) applies to a member of the Group.

18.8 **Deduction of Tax**

It is not required to make any Tax Deduction (as defined in clause 12.1 (*Definitions*)) from any payment it may make under any Finance Document.

18.9 **No filing or stamp taxes**

Under the law of its Relevant Jurisdictions it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents.

18.10 **No default**

(a) No Event of Default is continuing or might reasonably be expected to result from the making of any Loan or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

(b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which might have a Material Adverse Effect.

18.11 **No misleading information**

(a) Any factual information provided by any member of the Group for the purposes of the Information Memorandum was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(b) The financial projections contained in the Information Memorandum have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

(c) Nothing has occurred or been omitted from the Information Memorandum and no information has been given or withheld that results in the information contained in the Information Memorandum being untrue or misleading in any material respect.

(d) All other written information provided by any member of the Group (including its advisers) to a Finance Party was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

18.12 **Financial statements**

(a) Its Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) Its Original Financial Statements fairly present its financial condition as at the end of the relevant financial year and its results of operations during the relevant financial year (consolidated in the case of the Borrower).

(c) Each of the Business Plan and any budgets and forecasts supplied under this Agreement was arrived at after careful consideration and have been prepared in good faith on the basis of recent historical information and on the basis of assumptions which were reasonable as at the date they were prepared and supplied.

(d) There has been no material adverse change in its business or financial condition (or the business or consolidated financial condition of the Group, in the case of the Borrower) since 31 December 2020.

18.13 **Pari passu ranking**

Its payment obligations under the Finance Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors (including but not limited to creditors in respect of any Floorplan Facilities), except for obligations mandatorily preferred by law applying to companies generally.

18.14 **No proceedings**

(a) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has or have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

(b) No judgment or order of a court, arbitral body or agency which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any of its Subsidiaries.

18.15 **No breach of laws**

(a) It has not (and none of its Subsidiaries has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

(b) No labour disputes are current or, to the best of its knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or are reasonably likely to have a Material Adverse Effect.

18.16 **Environmental laws**

(a) Each member of the Group is in compliance with clause 21.8 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any member of the Group where that claim has or is reasonably likely, if determined against that member of the Group, to have a Material Adverse Effect.

18.17 **Taxation**

(a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes such that a liability of, or claim against, any member of the Group is reasonably likely to arise.

(c) It is resident for Tax purposes only in its Original Jurisdiction.

18.18 **Anti-Corruption Laws**

(a) Each member of the Group has at all times conducted its businesses in compliance with Anti-Corruption Laws and has instituted and maintains as at the date of this Agreement and the Amendment and Restatement Effective Date policies and procedures designed to promote and achieve compliance with such laws.

(b) No member of the Group (nor to the best of its knowledge and belief (having made due and careful enquiry) any agent, director, employee or officer of any member of the Group) has made or received, or directed or authorised any other person to make or receive, any offer, payment or promise to pay, of any money, gift or other thing of value, directly or indirectly, to or for the use or benefit of any person, where this violates or would violate, or creates or would create liability for it or any other person under, any Anti-Corruption Laws.

(c) No member of the Group (nor to the best of its knowledge and belief (having made due and careful enquiry) any agent, director, employee or officer of any member of the Group) is being investigated by any agency, or party to any proceedings, in each case in relation to any Anti-Corruption Laws.

(d) No action, suit, or proceeding by or before any court or government agency, authority, or body or any arbitrator involving the Borrower or any of its subsidiaries with respect to the Anti-Corruption Laws is pending or, to the best knowledge of the Borrower, threatened.

18.19 **Sanctions**

(a) No member of the Group, nor any of their Subsidiaries or joint ventures, nor any of their respective directors, officers or employees nor, to the knowledge of the Obligor(s), any persons acting on any of their behalf:

(i) is a Restricted Party;

(ii) has conducted any business, transaction or activity:

(A) with any Restricted Party or Sanctioned Country; or

(B) prohibited by any applicable Sanctions, or which would be reasonably likely to result in them becoming a Restricted Party or otherwise being subject to Sanctions; or

(iii) has received written notice of or is aware of any claim, action, suit, proceeding or investigation against it, with respect to Sanctions by any Sanctions Authority.

(b) Each member of the Group is in compliance with all applicable Sanctions and has adequate internal controls designed to promote compliance with applicable Sanctions.

(c) This representation is not made by any Obligor or any affiliated company of an Obligor having its seat in the European Union or the United Kingdom or being managed from inside the European Union or the United Kingdom, to the extent such representation would result in a breach of the German Act on Foreign Trade (*Außenwirtschaftsgesetz*), the German Foreign Trade Ordinance (Außenwirtschaftsverordnung) or would be contrary to or result in a violation of the provisions of the Blocking Laws.

18.20 **Security**

(a) Without prejudice to clause 21.3 (*Negative pledge*) and paragraph (b) below, no Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted under this Agreement.

(b) Any Security or Quasi-Security granted over any present or future assets of each member of the Group complies fully with clauses 21.3(c) (*Negative pledge*).

18.21 **Ranking**

The Transaction Security has or will have first ranking priority and it is not subject to any prior ranking or second ranking or *pari passu* ranking Security.

18.22 **Good title to assets**

It and each of its Subsidiaries has a good, valid and (subject to any Security or Quasi-Security listed in clause 21.3(c) (*Negative pledge*)) unencumbered and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted (including but not limited to the vehicle inventories it may own).

18.23 **Legal and beneficial ownership**

(a) Subject to paragraph (b) below in respect of the Borrower, it and each of its Subsidiaries is the sole legal and beneficial owner of the respective assets over which it purports to grant Security free from any claims, third party rights or competing interests other than Security permitted under paragraph (c) of clause 21.3 (*Negative pledge*).

(b) The Borrower is the sole legal and beneficial owner of:

(i) the Charged Property free from any claims, third party rights or competing interests (other than any lien arising by operation of law and in the ordinary course of trading); and

(ii) (without prejudice to sub-paragraph (b)(i) above) all vehicles which are from time to time supplied, produced, manufactured or assembled (howsoever described, whether in part or in whole) by an Acceptable Supplier from the time such vehicles are loaded onto a ship at the relevant port of loading to the later of the time that (i) such vehicles are unloaded at the discharge port; and (ii) upon invoicing of the relevant subsidiary of the Borrower located in Europe, except for vehicles for which the port of destination is outside of Europe, in which case the Borrower is the sole legal and beneficial owner of such vehicles from the time such vehicles are loaded onto a ship at the relevant port of loading to a time prior to arrival of those vehicles in the discharge port.

18.24 **Invoices**

(a) In relation to each Invoice listed on the relevant Utilisation Request, that such Invoice:

(i) arises or has been validly issued under, and has not since been revoked in respect of the relevant Supply Contract;

(ii) relates to amounts which will be funded from the proceeds of the relevant Loan requested pursuant to such Utilisation Request, and the relevant Invoice will be paid without set-off or deduction;

(iii) prior to such Invoice being paid from the proceeds of the relevant Loan, is and remains due from the Borrower to the relevant Acceptable Supplier listed on such Invoice in respect of the full amount specified on such Invoice;

(iv) is payable but is not overdue, in each case on the relevant proposed Utilisation Date and on the date falling one (1) Business Day after the relevant proposed Utilisation Date (or such other period as the Agent acting on the instructions of the Majority Lenders may accept on a Loan-by-Loan basis from time to time); and

(v) specifies a payment date which is not more than 45 days from the date that the goods referred to in paragraph (c) below had been shipped.

(b) Any goods required to be delivered in connection with each Invoice listed on the relevant Utilisation Request have been so delivered in accordance with the terms of the relevant Supply Contract and such delivered goods have been accepted by the Borrower (or if different, the relevant Obligor).

18.25 **Supply Contract**

In relation to each Invoice listed on the relevant Utilisation Request, it has been issued under or pursuant to a Supply Contract which is (a) unconditionally in full force and effect; (b) has been made on arms' length terms; and (c) has been or remains validly entered into with the Acceptable Supplier listed as a counterparty to such Supply Contract.

18.26 **Group Structure Chart**

The group structure chart delivered to the Agent pursuant to clause 4.1 (*Initial conditions precedent*) (the **Group Structure Chart**) or most recently delivered pursuant to clause 19.7(d) (*Information: miscellaneous*) is true, complete and accurate in all material respects and shows the following information:

(a) each member of the Group, including current name and company registration number, its Original Jurisdiction (in the case of an Obligor), its jurisdiction of incorporation (in the case of a member of the Group which is not an Obligor) and/or its jurisdiction of establishment, a list of shareholders and indicating whether a company is not a company with limited liability; and

(b) all minority interests in any member of the Group and any person in which any member of the Group holds shares in its issued share capital or equivalent ownership interest of such person.

18.27 **No adverse consequences**

(a) It is not necessary under the laws of its Relevant Jurisdictions:

(i) in order to enable any Finance Party to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of its Relevant Jurisdictions.

(b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in its Relevant Jurisdictions by reason only of the execution, performance and/or enforcement of any Finance Document.

18.28 **Centre of main interests and establishments**

Its centre of main interest (as that term is used in Article 3(1) of Regulation (EU) 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the **Regulation**)) (**COMI**) is situated in its Original Jurisdiction and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

18.29 **Repetition**

(a) The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on:

(i) the date of each Utilisation Request, each Utilisation Date, each date falling one (1) Business Day after a Utilisation Date and the first day of each Interest Period (if different from the Utilisation Date); and

(ii) in the case of an Additional Guarantor, the day on which it becomes (or it is proposed that it becomes) an Additional Guarantor.

(b) The representations in clauses 18.24 (*Invoices*) and 18.25 (*Supply Contract*) shall be repeated on the date of each Utilisation Request, each Utilisation Date and each date falling one (1) Business Day after a Utilisation Date only in respect of Invoices listed on the relevant Utilisation Request.

19 Information Undertakings

The undertakings in this clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Participation is in force.

19.1 **Financial statements**

The Borrower shall supply to the Agent in sufficient copies for all the Lenders:

(a) as soon as the same become available, but in any event within seven months after the end of each of its financial years its audited consolidated financial statements for that financial year;

(b) as soon as the same become available, but in any event within 60 days after the end of each quarter of each of its financial years:

(i) its unaudited consolidated balance sheet and income statements for that financial quarter; and

(ii) written confirmation of the amounts outstanding under the Floorplan Facilities (including principal and interest) and the extent of utilisation of such facilities;

(c) within 7 Business Days of the end of each calendar month (except (X) if such calendar month is the final month of a financial quarter, in which case the same information will be required to be included in a Financial Condition Report which will be due on such date instead pursuant to clause 20.3 (*Financial testing*)) and/or (Y) for the months of July and August, in which case the Monthly Liquidity Report shall be delivered pursuant to paragraph (d) below), a Monthly Liquidity Report signed on behalf of the Borrower by two of its Authorised Signatories confirming, as at the end of such calendar month (and in the case of paragraph (i) to (iv) below, on a consolidated basis):

(i) current Group Cash (as defined in clause 20.1 (*Financial definitions*));

(ii) current Group Cash Equivalent Investment (as defined in clause 20.1 (*Financial definitions*));

(iii) current Available Credit (as defined in clause 20.1 (*Financial definitions*)) available to the Group;

(iv) the Monthly Sales Figures of the Group;

(v) in respect of indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments, the amount of such indebtedness outstanding at that time, the relevant maturity dates, the names of the lenders and borrowers and the interest rate; and

(d) within 7 Business Days of the end of the calendar months of July and August, a Monthly Liquidity Report signed on behalf of the Borrower by two of its Authorised Signatories confirming, as at the end of such calendar month (and on a consolidated basis):

(i) current Group Cash (as defined in clause 20.1 (*Financial definitions*); and

(ii) the Monthly Sales Figures of the Group.

19.2 **Monthly reporting of invoices**

Within 30 days of the end of each calendar month, the Agent shall notify the Borrower in writing of the Invoices it has selected at random for inspection, being up to two (2) per cent. in volume of Invoices (and capped at a maximum number of 15 Invoices). The Borrower shall supply such requested Invoices, the relevant transportation documentation and other applicable documents to the Agent within 21 days of the Agent's notification.

19.3 **Requirements as to financial statements**

(a) Each set of financial statements delivered by the Borrower pursuant to clause 19.1 (*Financial statements*) shall be certified by a director of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up.

(b) The Borrower shall procure that each set of financial statements delivered pursuant to clause 19.1 (*Financial statements*) is prepared using GAAP.

19.4 **Anti-corruption information**

Unless such disclosure would constitute a breach of any applicable law or regulation, the Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) promptly upon becoming aware of them, the details of any actual or potential violation by, or creation of liability for, any member of the Group or any agent, director, employee or officer of any member of the Group (or any counterparty of any such person in relation to any transaction contemplated by a Finance Document) of or in relation to any Anti-Corruption Laws, or of any investigation or proceedings relating to the same;

(b) copies of any correspondence delivered to, or received from, any regulatory authorities in relation to any matter referred to in paragraph (a) above at the same time as they are dispatched or promptly upon receipt (as the case may be); and

(c) promptly upon request by any Finance Party (through the Agent), such further information relating to any matter referred to in paragraphs (a) and (b) above as that Finance Party may reasonably require.

19.5 **Information: inventory and Floorplan Facilities**

(a) The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(i) within 90 days after the end of each quarter of each of its financial years, an update to the then-current Business Plan by reference to the then-current Business Plan;

(ii) within 90 days after the end of the third quarter of each of its financial years, an updated Business Plan for the next financial year;

(iii) promptly upon becoming aware, notice of the existence of any security interest (including but not limited to any lien, retention of title, repo, consignment, hire purchase or conditional sale arrangement or arrangements having similar effect) being created or arising (whether by operation of law or otherwise) over any of the vehicles or vehicle inventories excluding any Security or Quasi-Security referred to clause 21.3(c) (*Negative pledge*); and

(iv) any document, evidence or records relating to sub-paragraph (b) below.

(b) Each Obligor shall maintain (with respect to its car inventory) all records, logs, serviceability tags and other documents and materials required by applicable law.

19.6 **Information: Permitted Reorganisations**

(a) The Borrower shall promptly (and in any event, within one (1) Business Day) notify the Agent in writing upon the occurrence of

any Permitted Reorganisation which in each case has or is reasonably likely to have a Material Adverse Effect**.**

(b) The Agent shall promptly (and in any event, within two (2)) Business Days) notify the Lenders upon becoming aware of the occurrence of any Permitted Reorganisation which in each case has or is reasonably likely to have a Material Adverse Effect.

19.7 **Information: miscellaneous**

The Borrower shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) all documents dispatched by the Borrower to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigation, including from any Sanctions Authority, which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect;

(c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;

(d) at the end of each of its financial quarters, if there has been any change to the Group structure, a revised Group Structure Chart on the date falling 14 days after the end of each of its financial quarters. If this sub-paragraph (d) is applicable, the Borrower shall notify the Agent in writing of such change promptly on or prior to such change;

(e) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents; and

(f) promptly, such further information, any Material Licence and (subject to any confidentiality prohibitions on the provision thereof) any documents regarding the financial condition, business and operations of any member of the Group as any Finance Party (through the Agent) may reasonably request.

19.8 **Notification of new Material Subsidiary**

(a) The Borrower shall notify the Agent in each Financial Condition Report required to be delivered pursuant to clause 20.3 (*Financial Testing*) if any entity (including any of its Subsidiaries) becomes a Material Subsidiary.

(b) Subject to any applicable legal restriction in the jurisdiction of such new Material Subsidiary, the Borrower shall procure that such new Material Subsidiary shall within thirty (30) days' of the notification in paragraph (a) above become an Additional Guarantor pursuant to clause 25 (*Changes to the Obligors*).

19.9 **Year-end**

The Borrower shall not change its Accounting Reference Date.

19.10 **Notification of default**

(a) Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Agent, the Borrower shall supply to the Agent a certificate signed by two of its directors, Authorised Signatories or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

19.11 **Direct electronic delivery by Borrower**

The Borrower may satisfy its obligation under this Agreement to deliver any information in relation to a Lender by delivering that information directly to that Lender in accordance with clause 32.5 (*Electronic communication*) to the extent that Lender and the Agent agree to this method of delivery.

19.12 **Know your customer checks**

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of an Obligor (or of a Holding Company of an Obligor) or the composition of the shareholders of an Obligor (or of a Holding Company of an Obligor) after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with know your customer or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(c) Following the giving of any notice pursuant to clause 19.8(b) (*Notification of New Material Subsidiary*) above, if the accession of such Additional Guarantor obliges the Agent or any Lender to comply with know your customer or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrower shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Guarantor.

20 Financial Covenants

20.1 **Financial definitions**

In this Agreement:

Acceptable Bank means:

(a) an Original Lender;

(b) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa2 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency; or

(c) any other bank or financial institution approved by the Agent.

Available Credit means in relation to any person, any available commitments under any of its committed facilities.

Group Cash means at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a member of the Group with an Acceptable Bank and to which a member of the Group is alone beneficially entitled and for so long as:

(a) that cash is repayable within 3 days after the relevant date of calculation;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;

(c) there is no Security over that cash except for Transaction Security or any permitted security constituted by a netting or set-off arrangement entered into by members of the Group in the ordinary course of their banking arrangements; and

(d) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facility.

Group Cash Equivalent Investments means at any time:

(a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;

(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

  (i) for which a recognised trading market exists;

  (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;

  (iii) which matures within one year after the relevant date of calculation; and

  (iv) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);

(e) any investment in money market funds which:

(i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited; and

(ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above,

to the extent that investment can be turned into cash on not more than 30 days' notice; or

(f) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents).

Polestar Group Cash means at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a member of the Polestar Group with an Acceptable Bank and to which a member of the Polestar Group is alone beneficially entitled and for so long as:

(a) that cash is repayable within 3 days after the relevant date of calculation;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Polestar Group or of any other person whatsoever or on the satisfaction of any other condition;

(c) there is no Security over that cash except for Transaction Security or any permitted security constituted by a netting or set-off arrangement entered into by members of the Polestar Group in the ordinary course of their banking arrangements; and

(d) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facility.

Polestar Group Cash Equivalent Investments means at any time:

(a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;

(b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;

(c) commercial paper not convertible or exchangeable to any other security:

(i) for which a recognised trading market exists;

(ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;

(iii) which matures within one year after the relevant date of calculation; and

(iv) which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;

(d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);

(e) any investment in money market funds which:

(i) have a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investors Service Limited; and

(ii) invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above,

to the extent that investment can be turned into cash on not more than 30 days' notice; or

(f) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Polestar Group is alone (or together with other members of the Polestar Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Polestar Group or subject to any Security (other than Security arising under the Transaction Security Documents).

First Test Date means 31 March 2023.

Test Date means the First Test Date and on each date falling on the last day of each financial quarter thereafter (and if such date is not a Business Day, the next Business Day thereafter).

20.2 **Financial condition**

On each Test Date, the Borrower shall ensure that the aggregate amount of the Polestar Group Cash, Polestar Group Cash Equivalent Investments and Available Credit available to any member of the Polestar Group (or the equivalent value in EUR) is at least EUR 400,000,000.

20.3 **Financial testing**

The financial covenant set out in clause 20.2 (*Financial condition*) shall be tested by reference to a Financial Condition Report, which the Borrower shall deliver to the Agent within 7 Business Days following the relevant Test Date. Each Financial Condition Report shall be signed by two Authorised Signatories of the Borrower and include:

(a) information used for the basis of the calculation of the financial covenant;

(b) all information required to be provided pursuant to clause 19.1(c) (*Financial statements*); and

(c) any notification required to be provided pursuant to clause 19.8(a) (*Notification of new Material Subsidiary*); and

(d) in the case of a Financial Condition Report in respect of the Test Date on or around 30 September in each year:

(i) current Group Cash Equivalent Investment (as defined in clause 20.1 (*Financial definitions*)) (on a consolidated basis);

(ii) current Available Credit available to the Group (on a consolidated basis); and

(iii) in respect of the indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments, the amount of such indebtedness outstanding at that time, the relevant maturity dates, the names of the lenders and borrowers and the interest rate,

in each case calculated as at the end of the previous calendar months of July and August.

21 General Undertakings

The undertakings in this clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Participation is in force.

21.1 Authorisations

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) (other than any Material Licence) supply certified copies to the Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

(i) enable it to perform its obligations under the Finance Documents;

(ii) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and

(iii) carry on its business.

21.2 Compliance with laws

Each Obligor shall comply in all respects with all laws to which it may be subject, if failure so to comply would materially impair its ability to perform its obligations under the Finance Documents.

21.3 Negative pledge

In this clause 21.3, **Quasi-Security** means an arrangement or transaction described in paragraph (b) below.

(a) No Obligor shall (and the Borrower shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets (including but not limited to any liens arising out of conditional sale, repo, retention of title or hire-purchase arrangements, repos, consignment or similar arrangements for sale of goods).

(b) No Obligor shall (and the Borrower shall ensure that no other member of the Group will):

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms, unless the proceeds from such sale, transfer or disposal are used to prepay a Loan under this Agreement in accordance with clause 7.4 (*Voluntary prepayment of Loan*);

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Other than in respect of the Charged Property, paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, listed below:

(i) any pledge, mortgage, charge, lien, floating charge or other security interest provided by an Obligor other than the Borrower granted to secure amounts owing under a Floorplan Facility, provided that such amounts received under any such Floorplan Facility or any equivalent amounts, in each case, have been (or will be) applied towards prepayments under the Facility in accordance with clause 7.6 (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*);

(ii) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;

(iii) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances

(iv) any Security over any bank account of the Dutch Obligor in the Netherlands arising in the ordinary course of its banking arrangements and under the general banking conditions (*algemene bankvoorwaarden*) in favour of the account bank with which such bank account is held;

(v) any payment or close out netting or set-off arrangement pursuant to any hedging transaction entered into by a member of the Group for the purpose of:

(A) hedging any risk to which any member of the Group is exposed in its ordinary course of trading; or

(B) its interest rate or currency management operations which are carried out in the ordinary course of business and for non-speculative purposes only,

excluding, in each case, any Security or Quasi-Security under a credit support arrangement in relation to a hedging transaction;

(vi) any lien arising by operation of law and in the ordinary course of trading;

(vii) any Security or Quasi-Security securing liabilities to part-time retirees (*Altersteilzeit*), given in order to comply with the requirements of section 8a of the German Act on Partial Retirement (*Altersteilzeitgesetz*) or of section 7e of the Fourth Book of the German Social Security Code (*Sozialgesetzbuch IV*);

(viii) any Security or Quasi-Security entered into pursuant to any Finance Document; or

(ix) any Sale and Leaseback Transactions, provided that such amounts received under any such transaction or any equivalent amounts, in each case, have been (or will be) applied towards prepayments under the Facility in accordance with clause 7.6 (*Mandatory prepayment – Floorplan Financing, insurance proceeds and Sale and Leaseback Transactions*).

(d) In respect of the Charged Property, paragraphs (a) and (b) above do not apply to any lien arising by operation of law and in the ordinary course of trading.

21.4 **Disposal of Charged Vehicles**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will), enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any Charged Vehicle (as defined the English Security Agreement) earlier than the time specified in clause 18.23(b)(ii) (*Legal and beneficial ownership*) at which ownership of the Charged Vehicles is expressed to pass from the Borrower.

21.5 **Arm's length basis**

No Obligor shall (and the Borrower shall ensure that no other member of the Group will) enter into any transaction with any person (including but not limited to any transaction directly or indirectly relating to its car inventories and transactions between members of the Group) except on arm's length terms and for full market value.

21.6 **Reorganisation**

(a) No Obligor shall (and the Borrower shall ensure that no other member of the Group will) enter into any reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise).

(b) Paragraph (a) above does not apply to any reorganisation which (each, a **Permitted Reorganisation**):

(i) does not have or is not reasonably likely to have a Material Adverse Effect;

(ii) provided no Event of Default is continuing, is a solvent reorganisation which is not resulting from any actual or anticipated financial difficulties and pursuant to which the net assets of any successor entity to an Obligor are not reduced and so long as any payments or assets distributed as a result of such reorganisation are distributed to another Obligor; or

(iii) the Majority Lenders have expressly consented to in writing thereof.

21.7 **Change of business**

The Borrower shall procure that no substantial change is made to the general nature of the business of the Borrower or the Group from that carried on at the date of this Agreement.

21.8 **Environmental compliance**

Each Obligor shall (and the Borrower shall ensure that each member of the Group will):

(a) comply with all Environmental Laws;

(b) obtain, maintain and ensure compliance with all requisite Environmental Permits;

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

21.9 **Environmental Claims**

Each Obligor shall (through the Borrower), promptly upon becoming aware of the same, inform the Agent in writing of:

(a) any Environmental Claim against any member of the Group which is current, pending or threatened; and

(b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any member of the Group,

where the claim, if determined against that member of the Group, has or is reasonably likely to have a Material Adverse Effect.

21.10 **Anti-Corruption Laws**

(a) No Obligor shall (and the Borrower shall ensure that no other member of the Group will) directly or indirectly use the proceeds of the Facility for any purpose which would breach any Anti-Corruption Laws.

(b) Each Obligor shall (and the Borrower shall ensure that each other member of the Group will) at all times:

(i) conduct its businesses in compliance with Anti-Corruption Laws;

(ii) maintain policies and procedures designed to promote and achieve compliance with such laws; and

(iii) take all reasonable and prudent steps to ensure that each of its agents, directors, employees and officers comply with such laws.

21.11 **Sanctions**

(a) Each Obligor shall and shall procure that each other member of the Group shall:

(i) comply with applicable Sanctions, and not engage in any trade, business or other activities that would be reasonably likely to result in them becoming a Restricted Party or otherwise being subject to Sanctions;

(ii) not, and shall not permit or authorise any other person to:

(A) directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of any Loan or other transaction(s) contemplated by this Agreement to fund any trade, business or other activities:

(1) involving or for the benefit of any Restricted Party or Sanctioned Territory; or

(2) in any manner that would be reasonably likely to result in any Obligor or any Lender being in breach of any Sanctions (if and to the extent applicable to either of them) or becoming a Restricted Party or otherwise being subject to Sanctions; or

(iii) not fund all or part of any payment under a Finance Document:

(A) out of proceeds derived from trade, business or other activities with a Restricted Party or Sanctioned Territory, or from any action which would be prohibited by applicable Sanctions; or

(B) in any manner that would cause any Obligor or Lender to:

(1) breach Sanctions (if and to the extent applicable to either of them); or

(2) to be reasonably likely to be exposed to the risk of becoming a Restricted Party or otherwise being subject to Sanctions.

(b) This undertaking does not apply to any Obligor or any affiliated company of an Obligor having its seat in the European Union or the United Kingdom or being managed from inside the European Union or the United Kingdom, to the extent such representation would result in a breach of the German Act on Foreign Trade (*Außenwirtschaftsgesetz*), the German Foreign Trade Ordinance (*Außenwirtschaftsverordnung*) or would be contrary to or result in a violation of the provisions of the Blocking Laws.

(c) Each Obligor shall and shall ensure that each other member of the Group shall ensure that appropriate controls and safeguards, designed to prevent any breach of compliance with this clause 21.11, are in place.

21.12 **Taxation**

(a) Each Obligor shall (and the Borrower shall ensure that each member of the Group will) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under clause 19.1 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) No member of the Group may change its residence for Tax purposes.

21.13 **Insurance**

(a) Each Obligor shall (and the Borrower shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

(b) All insurances must be with reputable independent insurance companies or underwriters.

21.14 **Pari passu ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors (including but not limited to creditors in respect of any Floorplan Facilities) except those creditors whose claims are mandatorily preferred by laws of general application to companies.

21.15 **Inventory**

Upon request by the Agent (acting on the instructions of the Majority Lenders, acting reasonably), the Borrower shall promptly notify the Agent in writing of the transport arrangements in respect of all vehicles the subject of the Transaction Security prior to the commencement of the transportation, such information being at least the name of the relevant vessel and date of departure of such vessel carrying the relevant vehicles.

21.16 **Centre of main interests and establishments**

Each Obligor shall maintain its COMI in its Original Jurisdiction and shall not register any "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

21.17 **Access**

Each Obligor shall, and the Borrower shall ensure that each member of the Group will, permit the Agent and/or the Security Agent (and/or if reasonably necessary, any accountants or other professional advisers and contractors of the Agent or Security Agent) free access at all reasonable times and on reasonable notice at the risk and cost of the Obligor or the Borrower to:

(a) following the occurrence of an Event of Default or where the Lenders reasonably suspect an Event of Default has occurred or is likely to occur, the premises, assets, books, accounts and records of each member of the Group (and to make copies thereof). Any access to the premises of any member of the Group shall be coordinated through the Agent and shall be accompanied by the Group's personnel; and

(b) meet and discuss matters with management of the Group following reasonable notice and at agreed times.

21.18 **Maintenance of properties and assets**

Each Obligor shall maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in a reasonably good working order, repair and condition (excepting for ordinary wear and tear).

21.19 **Conditions subsequent – letters of comfort**

(a) The Borrower shall within 90 days of the date of this Agreement deliver (and shall procure that SNITA Holding B.V. delivers) to the Agent a duly executed copy of a letter of comfort substantially in the form set out in Schedule 14 (*Form of SNITA Letter of Comfort*) and valid for a period expiring no earlier than the date falling 12 months after the date of this Agreement, and thereafter, shall (at least 5 days prior to the date of any Extension Request) deliver a duly executed copy of a letter of comfort substantially in the form set out in Schedule 14 (*Form of SNITA Letter of Comfort*) or such other form as the Agent may agree in writing which is valid for a period expiring no earlier than the applicable Extended Termination Date.

(b) The Borrower shall within 90 days of the date of this Agreement deliver (and shall procure that PSD Investment Limited delivers) to the Agent a duly executed copy of a letter of comfort substantially in the form set out in Schedule 15 (*Form of PSD Letter of Comfort*) and valid for a period expiring no earlier than the date falling 12

months after the date of this Agreement, and thereafter, shall (at least 5 days prior to the date of any Extension Request) deliver a duly executed copy of a letter of comfort substantially in the form set out in Schedule 15 (*Form of PSD Letter of Comfort*) or such other form as the Agent may agree in writing which is valid for a period expiring no earlier than the applicable Extended Termination Date.

(c) The Borrower shall deliver (and shall procure that each of SNITA Holding B.V. and PSD Investment Limited delivers) a written confirmation and endorsement from each of SNITA Holding B.V. and PSD Investment Limited of the proposed addition to the size of the Facility pursuant to any proposed Accordion Increase at least 15 days prior to the date of the relevant Accordion Increase Request.

21.20 **Further assurance**

(a) Each Obligor shall (and the Borrower shall procure that each other member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):

(i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law; and/or

(ii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.

(b) Each Obligor shall (and the Borrower shall procure that each other member of the Group will) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents (including but not limited to perfecting any security assignment made under the English Security Agreement under the jurisdiction of the relevant debtor).

22 Events of Default

Each of the events or circumstances set out in clause 22 is an Event of Default (save for clause 22.21 (*Acceleration*)).

22.1 **Non-payment**

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable, unless:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) payment is made within three (3) Business Days of its due date.

22.2 **Financial covenants, information undertakings and conditions subsequent**

(a) Any requirement of clauses 19 (*Information Undertakings*), 20 (*Financial covenants*) or 21.20 (*Conditions subsequent - letters of comfort*) is not satisfied.

(b) No Event of Default under paragraph (a) will occur in relation to failure to satisfy a requirement of clause 19 (*Information Undertakings)* if the failure to comply is capable of remedy and is remedied within 10 Business Days of the earlier of (A) the Agent giving notice to the Borrower; and (B) the Borrower becoming aware of the failure to comply.

22.3 **Other obligations**

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in clause 22.1 (*Non-payment*) and clause 22.2 (*Financial covenants*)).

(b) No Event of Default under paragraph (a) will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the earlier of (A) the Agent giving notice to the Borrower; and (B) the Borrower becoming aware of the failure to comply.

22.4 **Misrepresentation**

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

22.5 **Cross default**

(a) Any Financial Indebtedness of any member of the Group is not paid when due nor within 20 days of the later of: (i) such due date; and (ii) the date of expiry of any originally applicable grace period (if any). This paragraph (a) shall not apply in respect of trade receivables which may from time to time be outstanding from any member of the Group for the supply of goods and services to the Borrower and its Group, which are due and payable to any Parent or any of its Affiliates (including any Parent or its Affiliate which is a supplier to the Borrower, including for the avoidance of doubt Asia Euro Automobile Manufacturing (Taizhou) Co. Ltd).

(b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described). This paragraph (b) shall not apply in respect of Financial Indebtedness incurred by any member of the Group from any Shareholder.

(c) Any commitment for any Financial Indebtedness of any member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this clause 22.5:

(i) in respect of any Financial Indebtedness incurred by the Borrower from Polestar Automotive (Singapore) Pte. Ltd as at the Amendment and Restatement Effective Date; or

(ii) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than €15,000,000 (or its equivalent in any other currency or currencies).

22.6 **Insolvency**

(a) A member of the Group:

(i) is unable or admits inability to pay its debts as they fall due;

(ii) suspends making payments on any of its debts;

(iii) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness; or

(iv) incorporated in Germany is unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of section 17 of the Insolvency Code (*Insolvenzordnung*) or is overindebted within the meaning of section 19 of the Insolvency Code (*Insolvenzordnung*).

(b) The value of the assets of the Borrower is less than its liabilities (taking into account contingent and prospective liabilities and amounts available under Capital Adequacy Guarantees).

(c) The value of the assets of the Group taken as a whole is less than its liabilities (taking into account contingent and prospective liabilities and amounts available under Capital Adequacy Guarantees).

(d) A moratorium is declared in respect of any indebtedness of any member of the Group.

(e) In this Clause, "**Capital Adequacy Guarantee**" means any guarantee provided by Polestar UK, whereby Polestar UK undertakes to irrevocably contribute (through its wholly owned subsidiaries Polestar Holding AB and Polestar Automotive (Singapore) Pte Ltd.) upon written request by the Borrower, through capital contribution or otherwise, certain amounts or any amount necessary to ensure that the Borrower's equity calculated in accordance with the provisions for drawing up a special balance sheet in chapter 25 section 13 in the Swedish Companies Act (Sw: Aktiebolagslagen) at each and all times amounts to at least half of the share capital.

22.7 **Insolvency proceedings**

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any member of the Group other than a solvent liquidation or reorganisation of any member of the Group which is not an Obligor;

(ii) a composition, compromise, assignment or arrangement with any creditor of any member of the Group;

(iii) the appointment of a liquidator (other than in respect of a solvent liquidation of a member of the Group which is not an Obligor), receiver, administrative receiver, administrator, compulsory manager, receiver-manager, custodian, monitor, trustee or other similar officer in respect of any member of the Group or any of its assets; or

(iv) enforcement of any Security over any assets of any member of the Group,

or any analogous procedure or step is taken in any jurisdiction.

(b) This clause 22.7 shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

22.8 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of a member of the Group having an aggregate value of EUR15,000,000 and is not discharged within 14 days.

22.9 **Failure to comply with court judgment or arbitral award**

(a) Any member of the Group fails to comply with or pay by the required time any sum due from it under any final judgment or any final order made or given by a court or arbitral tribunal or other arbitral body, in each case of competent jurisdiction.

(b) No Event of Default under paragraph (a) above will occur if the aggregate liability under that judgment or order is less than EUR15,000,000 (or its equivalent in any other currency or currencies).

22.10 **Ownership of the Obligors**

An Obligor (other than the Borrower) is not or ceases to be a Subsidiary of the Borrower.

22.11 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Security ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

22.12 **Repudiation and rescission of agreements**

An Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.

22.13 **Cessation of business**

Any member of the Group suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business, unless such business is transferred to another member of the Group.

22.14 **Audit qualification**

The auditors of the Group qualify the audited annual consolidated financial statements of the Borrower.

22.15 **Litigation**

Any litigation, arbitration, administrative, governmental, regulatory or other investigation, proceeding or dispute is commenced or threatened, or any judgement or order of a court, arbitral body or agency is made:

(a) in relation to the Finance Documents or the transactions contemplated in the Finance Documents; or

(b) otherwise against any member of the Group or its assets (or against the directors of any member of the Group),

which (in each case) is reasonably likely to be adversely determined and, if adversely determined, will have or is reasonably likely to have a Material Adverse Effect.

22.16 **Expropriation**

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, compulsory acquisition, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets or the shares in that member of the Group (including without limitation the displacement of all or part of the management of any member of the Group).

22.17 **Convertibility/Transferability**

Any foreign exchange law is amended, enacted or introduced or is reasonably likely to be amended, enacted or introduced in Sweden, that (in the opinion of the Majority Lenders):

(a) has or is reasonably likely to have the effect of prohibiting, or restricting or delaying in any material respect any payment that any Obligor is required to make pursuant to the terms of any of the Finance Documents; or

(b) is materially prejudicial to the interests of the Finance Parties under or in connection with any of the Finance Documents.

22.18 **Material Licences**

(a) Any Material Licence is terminated, cancelled, suspended or revoked (whether wholly or in part). No Event of Default shall occur under this paragraph (a) if:

(i) such Event of Default is capable of being remedied; and

(ii) such Material Licence is reinstated in full or replaced by a similar Material Licence (as applicable) within ten (10) days of the date of termination, cancellation, suspension or revocation.

(b) Any restrictions or conditions are imposed on any Material Licence in a way that is adverse in any material respect to the interests of the relevant member or members of the Group.

(c) Any Material Licence is modified or varied in a way that is adverse in any material respect to the interests of the relevant member of the Group.

(d) Any Material Licence expires and is not renewed on substantially the same terms.

22.19 **Material adverse change**

Any event or circumstance occurs which the Majority Lenders reasonably believe has or is reasonably likely to have a Material Adverse Effect.

22.20 **Sanctions**

Any Obligor or any other member of the Group:

(a) becomes a Restricted Party; or

(b) fails to comply with any Sanctions.

22.21 **Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders:

(a) by notice to the Borrower:

(i) cancel the Total Participations whereupon the Total Participations and Facility shall immediately be cancelled and the Facility shall immediately cease to be available for further utilisation;

(ii) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(iii) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or

(b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

23 Green Loan

23.1 **Green Loan – Definitions**

In this Agreement:

European Vehicle Regulation means Regulation (EU) No 168/2013 of the European Parliament and of the Council of 15 January 2013 on the approval and market surveillance of two- or three-wheel vehicles and quadricycles;

European Vehicle Emissions Regulations means Directive 2002/24/EC of the European Parliament and of the Council of 18 March 2002 relating to the type-approval of two or three-wheel motor vehicles and repealing Council Directive 92/61/EEC, Directive 2007/46/EC of the European Parliament and of the Council of 5 September 2007 establishing a framework for the approval of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles (Framework Directive) and Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on driving licences (Recast);

GLP means the Green Loan Principles published by the Loan Market Association in 2018 (as may be amended, restated, supplemented, modified or varied in any manner from time to time);

Green Loan Facility means a facility which is aligned with the GLP and the Green Loan Purpose (and whose borrower complies with all aspects of the GLP);

Green Loan Impact Report means a report substantially in the form set out in Schedule 16 (*Form of Green Loan Impact Report*);

Green Loan Purpose means the design and sales of electric, hydrogen, or hybrid vehicles with the below specifications:

(a) from and including the date of this Agreement to 31 December 2025:

(i) vehicles falling within categories M1 and N1 under the European Vehicle Emissions Regulations; and

(ii) producing tailpipe CO_2 emissions of less than 50g CO_2/km, calculated in accordance with the emission test laid down in the European Vehicle Regulation; and

(b) from and including 1 January 2026:

(i) vehicles falling within categories L, M1 and N1 under the European Vehicle Emissions Regulations; and

(ii) producing tailpipe CO_2 emissions equal to 0g CO_2/km, calculated in accordance with the emission test laid down in the European Vehicle Regulation; and

Green Loan Transaction means a Loan which is aligned with the GLP and the Green Loan Purpose (and whose borrower complies with all aspects thereof).

23.2 **Green Loan – Purpose**

The Borrower shall apply the proceeds of the Facility solely to the financing or refinancing of activities compliant with both the GLP and the Green Loan Purpose, and shall provide the requisite confirmation(s) under this Agreement in respect of its use of proceeds.

23.3 **Green Loan – Representations and warranties**

The Borrower makes the following representations and warranties to each Finance Party on the date of this Agreement:

(a) it has obtained all necessary regulatory approvals and authorisations in relation to the Green Loan Purpose;

(b) it has provided the Agent with all relevant information necessary (which, in each case, is true and correct as at the date of delivery) for each Lender to evaluate whether the Facility qualifies as a Green Loan Facility or the transaction that the Borrower is applying for qualifies as a Green Loan Transaction; and

(c) it is not aware of any matter which will reasonably cause the Lenders not to classify the Facility as a Green Loan Facility or any transaction that the Borrower is applying for or has applied for as a Green Loan Transaction.

23.4 **Green Loan – Undertakings**

The Borrower shall:

(a) provide all relevant information to the Agent enable the Lenders to verify and monitor compliance with the GLP in relation to the Facility, and whether any Loan(s) under the Facility have been or are being applied towards the Green Loan Purpose (but without prejudice to the provisions of clause 3.1 (*Purpose*));

(b) promptly notify the Agent in writing upon becoming aware of any information which may:

(i) cause the Lenders (or any Lender) to declassify the Facility as a Green Loan Facility; or

(ii) prevent the Lenders (or any Lender) from classifying the Facility as a Green Loan Facility or from classifying a transaction that the Borrower is applying for or has applied for as a Green Loan Transaction; and

(c) maintain policies and procedures to enable it to track utilisations under the Green Loan Facility or Green Loan Transaction(s) and monitor and evaluate on an on-going basis that the Green Loan Facility or Green Loan Transaction is being applied towards the Green Loan Purpose; and

(d) deliver to the Agent, a Green Loan Impact Report:

(i) by 31 May 2022 and thereafter on the date falling on each anniversary of such date (and if such day is not a Business Day, the next Business Day); and/or

(ii) promptly upon request by the Agent in writing (if the Majority Lenders, acting reasonably, consider that a Declassification Event has occurred or may occur); and

(e) deliver to the Agent, a sustainability report substantially in the form of the report published by the Borrower in 2020, as can be found here: https://reports.polestar.com/media/v0qp2bte/polestar-sustainability-report-2020.pdf by 31 May 2023 and thereafter on the date falling on each anniversary of such date (and if such day is not a Business Day, the next Business Day).

The undertakings in this clause 23.4 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Participation is in force.

23.5 **Green Loan – Audit**

(a) If:

(i) the Lenders consider it reasonably necessary; or

(ii) a breach or likely breach of this Agreement has occurred which, in the opinion of the Lenders (acting reasonably), will result in a Declassification Event occurring or being reasonably likely to occur,

then the Lenders may at any time carry out (or arrange for a third party to carry out) any verifications or audits of the records of a Borrower to confirm its compliance with the obligations relating to this clause 23 (*Green Loan*). For the purposes of sub-paragraph (i) above, the parties agree that it shall always be deemed to be "reasonably necessary" for such verifications or audits (including, without limitation, annual audits) to be carried out where the GLP requires or recommends an audit.

(b) The Borrower shall cooperate with the Lenders in good faith to assist the Lenders or third party in carrying out the verification or audit.

(c) The costs and expenses incurred in connection with any verification or audit referred to in sub-paragraph (a) shall be solely borne by the Borrower.

23.6 **Green Loan – Declassification Event**

(a) If the Facility (for whatever reason, including the Borrower failing to comply with any provision of this Agreement) no longer constitutes a Green Loan Facility, the Facility shall, with immediate effect, be declassified as a Green Loan Facility (such occurrence being a **Declassification Event**).

(b) The Borrower shall notify the Agent and the Lenders in writing promptly upon becoming aware of the occurrence of a Declassification Event.

(c) Notwithstanding any other provision of this Agreement, on and after the date of the Declassification Event, neither the Borrower nor any member of the Group shall refer

to the Facility or any Loan as a Green Loan Facility or Green Loan Transaction (as the case may be):

(i) in any future financial statements or annual report (if applicable), to the extent that these are publicly available;

(ii) on the Group's website; or

(iii) in any regulatory news service announcement (or similar public announcement).

23.7 **Green Loan – Limitation of responsibility**

(a) The Borrower and members of the Group are solely responsible for ensuring that they fulfil the standards required for any Green Loan Purpose, certification, accreditation, or concession in connection with its business activities.

(b) The Mandated Lead Arrangers, the Agent, the Structuring Bank and the Security Agent shall have no obligations of any kind to any Party in relation to fulfilment of the standards referred to in sub-paragraph (a) above.

SECTION 9
CHANGES TO PARTIES

24 Changes to the Lenders

24.1 **Assignments and transfers by the Lenders**

(a) Subject to this clause 24, a Lender (the **Existing Lender**) may:

(i) assign its rights in full; or

(ii) transfer by novation its rights and obligations in full,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (including but not limited to any of the Existing Lender's Affiliates, but in each case excluding any member of the Group or nominee for any member of the Group) (the **New Lender**).

(b) Subject to paragraph (c) below, the Borrower's consent shall only be required for (and if such consent is required, shall be provided to the relevant Existing Lender in respect of) any assignment or transfer contemplated by paragraph (a) above if the proposed New Lender is any of the following entities:

(i) any entity which is, or is materially similar to, a hedge fund which has been established primarily for the purpose of acquiring distressed debt, or manufacturer of vehicles (other than any Parent or its affiliates); or

(ii) any entity which is controlled by a person referred to in sub-paragraph (i) above.

(c) No Borrower consent shall be required under paragraph (b) above if an Event of Default has occurred.

24.2 **Conditions of assignment or transfer**

(a) Each Existing Lender shall provide the Borrower (through the Agent) at least 21 days' prior notice of the intended assignment or transfer (as applicable) (the **Notice Period**) of its rights and/or obligations (the **Existing Participation**). If, within the Notice Period, the Borrower notifies the Agent that:

(i) an Alternative Transferee (or any of its Affiliates, as applicable) is willing to acquire the Existing Participation; or

(ii) it elects to prepay all amounts outstanding under the Existing Participation or cancel the Existing Participation,

then:

(iii) where sub-paragraph (i) applies, the Alternative Transferee (or any of its Affiliates, as applicable) shall be specified as the "New Lender" in the relevant Assignment Agreement or Transfer Certificate (as applicable) and, subject to satisfaction of the conditions in sub-paragraphs (b) and (c) below, the assignment or transfer shall be made to such Alternative Transferee upon the later of:

(A) the expiry of the Notice Period; or

(B) five (5) Business Days' after the Agent notifies the Existing Lender and the Alternative Transferee (or any of its Affiliates, as applicable) of the completion of the checks required to be performed under sub-paragraph (c)(ii) below; and

(iv) where sub-paragraph (ii) applies, clause 7.3 (*Voluntary cancellation*) or clause 7.4 (*Voluntary prepayment of Loans*) shall apply as applicable, provided that:

(A) in each case, the notice periods referred to in each of clauses 7.3 or 7.4 will be deemed to have been made or to have occurred, and without regard to any minimum amounts specified in such clauses; and

(B) in the case of any voluntary prepayment to be made under clause 7.4, the Borrower shall prepay the whole (and not a part) of all amounts outstanding under the Existing Participation; and

(v) if the assignment or transfer in paragraph (a)(iii) fails (for whatever reason) to occur, then clause 7.4 (*Voluntary prepayment of Loans*) shall apply as though the notice therein had occurred, and without regard to any minimum amounts specified in such clause.

(b) Paragraph (a) above shall not apply if:

(i) an Event of Default has occurred;

(ii) the proposed New Lender has already been named as an Alternative Transferee (or is an Affiliate of such entity, as applicable) in the Borrower's latest notification to the Lenders regarding the same; or

(iii) the proposed New Lender is an Affiliate of an Existing Lender.

(c) An assignment will only be effective on:

(i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it had been an Original Lender;

(ii) performance by the Agent of all necessary know your customer or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender; and

(iii) receipt by the Agent of a US tax withholding certificate (or, alternatively, other evidence satisfactory to the Agent) confirming FATCA compliance of the New Lender pursuant to paragraph (e) of clause 12.7 (*FATCA Information*). For the avoidance of doubt, and pursuant to paragraph (h) of clause 12.7 (FATCA Information), the Agent may rely on such US tax withholding certificate or other evidence from each Lender without further verification, and the Agent shall not be liable for any action taken by it in respect of such US tax withholding certificate or other evidence under or in connection with paragraph (e), (f) or (g) of clause 12.7 (*FATCA Information*).

(d) A transfer will only be effective if the procedure set out in clause 24.5 (*Procedure for transfer*) is complied with.

(e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on

behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

24.3 **Assignment or transfer fee**

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of USD 2,000.

24.4 **Limitation of responsibility of Existing Lenders**

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document or the Transaction Security; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Participation is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this clause 24; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

24.5 **Procedure for transfer**

(a) Subject to the conditions set out in clause 24.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer

Certificate. The Obligors and the other Finance Parties irrevocably authorise the Agent to execute any Transfer Certificate on their behalf, without any consultation with them

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has:

(i) complied with all necessary know your customer or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender; and

(ii) received a US tax withholding certificate (or, alternatively, other evidence satisfactory to the Agent) confirming FATCA compliance of the New Lender pursuant to paragraph (d) of clause 12.7 (*FATCA Information*). For the avoidance of doubt, and pursuant to paragraph (h) of clause 12.7 (*FATCA Information*), the Agent may rely on such US tax withholding certificate or other evidence from each Lender without further verification, and the Agent shall not be liable for any action taken by it in respect of such US tax withholding certificate or other evidence under or in connection with paragraph (e), (f) or (g) of clause 12.7 (*FATCA Information*).

(c) Subject to clause 24.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the **Discharged Rights and Obligations**);

(ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, each Mandated Lead Arranger, the Structuring Bank, the Security Agent, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, each Mandated Lead Arranger, the Structuring Bank, the Security Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a Lender.

24.6 **Procedure for assignment**

(a) Subject to the conditions set out in clause 24.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to clause 24.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released by each Obligor and the other Finance Parties from the obligations owed by it (the **Relevant Obligations**) and expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and

(iii) the New Lender shall become a Party as a Lender and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this clause 24.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with clause 24.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in clause 24.2 (*Conditions of assignment or transfer*).

24.7 **Copy of Transfer Certificate or Assignment Agreement to Borrower**

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

24.8 **Security over Lenders' rights**

In addition to the other rights provided to Lenders under this clause 24, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

24.9 **Pro rata interest settlement**

(a) If the Agent has notified the Lenders that it is able to distribute interest payments on a pro rata basis to Existing Lenders and New Lenders then (in respect of any transfer pursuant to clause 24.5 (*Procedure for transfer*) or any assignment pursuant to clause 24.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

(i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (**Accrued Amounts**) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and

(ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this clause 24.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

(b) In this clause 24.9 references to "**Interest Period**" shall be construed to include a reference to any other period for accrual of fees.

(c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this clause 24.9 but which does not have a Participation shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

25 Changes to the Obligors

25.1 Assignments and transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

25.2 Additional Guarantors

(a) Subject to clauses 19.8 (Notification of new Material Subsidiary) and 19.12(c) (*Know your customer checks*), the Agent may from time to time request that any of the Borrower's Material Subsidiaries become an Additional Guarantor. That Subsidiary shall become an Additional Guarantor if:

(i) the Borrower delivers to the Agent a duly completed and executed Accession Letter; and

(ii) the Agent has received all of the documents and other evidence listed in Part 2 of Schedule 2 (*Conditions Precedent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent.

(b) The Agent shall notify the Borrower and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part 2 of Schedule 2 (*Conditions Precedent*).

(c) Other than to the extent that the Majority Lenders notify the Agent in writing to the contrary before the Agent gives the notification described in paragraph (b) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

25.3 **Repetition of Representations**

Delivery of an Accession Letter constitutes confirmation by the relevant Subsidiary that the Repeating Representations are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

SECTION 10
THE FINANCE PARTIES

26 Role of the Agent, the Mandated Lead Arrangers and the Structuring Bank

26.1 **Appointment of the Agent**

(a) Each of the Mandated Lead Arrangers and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the Mandated Lead Arrangers and the Lenders authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

26.2 **Instructions**

(a) The Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:

(A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.

(b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion. The Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Agent.

(d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.

(e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.

(f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

(g) The Agent shall act on the instructions of a Lender provided in connection with any split of its Participation under clause 36.4 (*Split voting*) and shall not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with such instructions.

26.3 **Duties of the Agent**

(a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.

(c) Without prejudice to clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate, any Assignment Agreement or any Accordion Increase Confirmation.

(d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(f) If the Agent is aware of the non-payment of any principal, interest, participation fee or other fee payable to a Finance Party (other than the Agent, the Mandated Lead Arrangers, the Structuring Bank or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.

(g) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

26.4 **Role of the Mandated Lead Arrangers and Structuring Bank**

Except as specifically provided in the Finance Documents, the Mandated Lead Arrangers and Structuring Bank have no obligations of any kind to any other Party under or in connection with any Finance Document. Each Obligor and Finance Party confirms that it has taken its own independent legal, accounting, tax, financial and any other necessary advice in relation to any transaction under the Finance Documents and does not and will not rely on any statements or representations of the Mandated Lead Arrangers or the Structuring Bank or any of their officers, directors and affiliates or any of their advisors as to the legal, accounting, tax, financial or other implications whatsoever.

26.5 **No fiduciary duties**

(a) Nothing in any Finance Document constitutes the Agent, the Mandated Lead Arrangers or the Structuring Bank as a trustee or fiduciary of any other person.

(b) None of the Agent, the Mandated Lead Arrangers and the Structuring Bank shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

26.6 **Business with the Group**

The Agent, the Mandated Lead Arrangers and Structuring Bank may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

26.7 **Rights and discretions**

(a) The Agent may rely on:

(i) any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under clause 22.1 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised; and

(iii) any notice or request made by the Borrower (other than a Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) The Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be necessary.

(e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(f) The Agent and the Structuring Bank may act in relation to the Finance Documents through its officers, employees and agents.

(g) Unless a Finance Document expressly provides otherwise the Agent and the Structuring Bank may disclose to any other Party any information it reasonably believes it has received as agent (or structuring bank, as applicable) under this Agreement.

(h) Without prejudice to the generality of paragraph (g) above, the Agent:

(i) may disclose; and

(ii) on the written request of the Borrower or the Majority Lenders shall, as soon as reasonably practicable, disclose,

the identity of any Defaulting Lender and/or Declining Lender to the Borrower and to the other Finance Parties.

(i) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent, the Mandated Lead Arrangers and the Structuring Bank are obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(j) Notwithstanding any provision of any Finance Document to the contrary, the Agent and the Structuring Bank are not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

26.8 **Responsibility for documentation**

None of the Agent, the Mandated Lead Arrangers and the Structuring Bank are responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Mandated Lead Arrangers, the Structuring Bank, an Obligor or any other person in or in connection with any Finance Document or the Information Memorandum or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into made or executed in anticipation of, under or in connection with any Finance Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; or

(c) any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

26.9 **No duty to monitor**

The Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

(c) whether any other event specified in any Finance Document has occurred.

26.10 **Exclusion of liability**

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent and the Structuring Bank), the Agent and the Structuring Bank will not be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security, other than by reason of its gross negligence or wilful misconduct; or

(iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation, for negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent or the Structuring Bank, as applicable) arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent may rely on this paragraph (b) subject to clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Agent, the Mandated Lead Arrangers or the Structuring Bank to carry out:

(i) any know your customer or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender or for any Affiliate of any Lender,

on behalf of any Lender and each Lender confirms to the Agent, the Mandated Lead Arrangers and the Structuring Bank that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent, the Mandated Lead Arrangers or the Structuring Bank.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent's liability, any liability of the Agent arising under or in connection with any Finance Document shall be limited to the amount of actual loss which has been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

26.11 **Lenders' indemnity to the Agent**

Each Lender shall (in proportion to its Pro Rata Share) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence in relation to any FATCA related liability or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 30.10 (*Disruption to payment systems etc.*) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).

26.12 **Resignation of the Agent**

(a) The Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders and the Borrower.

(b) Alternatively the Agent may resign by giving 30 days' notice to the Lenders and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor Agent. If the Agent is removed by the Majority Lenders, then shall be at the cost of the Lenders.

(c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Borrower) may appoint a successor Agent.

(d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this clause 26 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties.

(e) The retiring Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(f) The Agent's resignation notice shall only take effect upon the appointment of a successor.

(g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of clause 14.3 (*Indemnity to the Agent*) and this clause 26 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(h) After consultation with the Borrower, the Majority Lenders may, by notice to the Agent, require it to resign in accordance with paragraph (b) above. In this event, the Agent shall resign in accordance with paragraph (b) above.

26.13 **Confidentiality**

(a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) In acting as structuring bank in this Agreement, the Structuring Bank shall be regarded as acting through its transaction team which shall be treated as a separate entity from any other of its divisions or departments.

(c) If information is received by another division or department of the Agent (or the Structuring Bank, as applicable), it may be treated as confidential to that division or department and the Agent (or the Structuring Bank, as applicable) shall not be deemed to have notice of it.

26.14 **Relationship with the Lenders**

(a) Subject to clause 24.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Any Lender may, by notice to the Agent, appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under clause 32.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of clause 32.2 (*Addresses*) and paragraph (a)(ii) of clause 32.5 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

26.15 **Credit appraisal by the Lenders**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent, the Mandated Lead Arrangers and the Structuring Bank that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(d) the adequacy, accuracy or completeness of the Information Memorandum and any other information provided by the Agent, each Mandated Lead Arranger, the Structuring Bank, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

26.16 **Agent's management time**

Where a Default has occurred or is (in the Majority Lenders' opinion) likely to occur, any amount payable to the Agent under clause 14.3 (*Indemnity to the Agent*), clause 16 (*Costs and expenses*) and clause 26.11 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Borrower and the Lenders, and is in addition to any fee paid or payable to the Agent under clause 11 (*Fee Letters*).

26.17 **Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

26.18 **Amounts paid in error**

(a) If the Agent pays an amount to another Party and the Agent notifies that Party that such payment was an Erroneous Payment then the Party to whom that amount was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

(b) Neither:

(i) the obligations of any Party to the Agent; nor

(ii) the remedies of the Agent,

(whether arising under this clause 26.18 or otherwise) which relate to an Erroneous Payment will be affected by any act, omission, matter or thing which, but for this paragraph (b), would reduce, release or prejudice any such obligation or remedy (whether or not known by the Agent or any other Party).

(c) All payments to be made by a Party to the Agent (whether made pursuant to this clause 26.18 or otherwise) which relate to an Erroneous Payment shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

(d) In this Agreement, "**Erroneous Payment**" means a payment of an amount by the Agent to another Party which the Agent determines (in its sole discretion) was made in error.

27 The Security Agent

27.1 **Security Agent as trustee**

(a) The Security Agent declares that it holds the Transaction Security on trust for the Secured Parties on the terms contained in this Agreement.

(b) Each of the Agent, the Mandated Lead Arrangers, the Structuring Bank and each Lender authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

27.2 **Parallel debt (covenant to pay the Security Agent)**

(a) Notwithstanding any other provision of this Agreement, the Borrower hereby irrevocably and unconditionally undertakes to pay to the Security Agent, as creditor in its own right and not as representative of the other Secured Parties, sums equal to and in the currency of each amount payable by the Borrower to each of the Secured Parties under each of the Finance Documents as and when that amount falls due for payment under the relevant Finance Document or would have fallen due but for any discharge resulting from failure of another Secured Party to take appropriate steps, in insolvency proceedings affecting the Borrower, to preserve its entitlement to be paid that amount.

(b) The Security Agent shall have its own independent right to demand payment of the amounts payable by the Borrower under this clause 27.2 irrespective of any discharge of the Borrower's obligation to pay those amounts to the other Secured Parties resulting from failure by them to take appropriate steps, in insolvency proceedings affecting the Borrower, to preserve their entitlement to be paid those amounts.

(c) Any amount due and payable by the Borrower to the Security Agent under this clause 27.2 shall be decreased to the extent that the other Secured Parties have received (and are able to retain) payment in full of the corresponding amount under the other provisions of the Finance Documents and any amount due and payable by the Borrower to the other Secured Parties under those provisions shall be decreased to the extent that the Security Agent has received (and is able to retain) payment in full of the corresponding amount under this clause 27.2.

27.3 **Enforcement through Security Agent only**

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Transaction Security Documents except through the Security Agent.

27.4 **Instructions**

(a) The Security Agent shall:

(i) subject to paragraphs (d) and (e) below exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by Agent; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if the relevant Finance Document stipulates the matter is a decision for any Lender or group of Lenders in accordance with instructions given to it by that Lender or group of Lenders).

(b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Agent (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives those instructions or that clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary intention appears in the relevant Finance Document, any instructions given to the Security Agent by the Agent shall override any conflicting instructions given by any other Parties and will be binding on all Secured Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in this Agreement;

(ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the Secured Parties including, without limitation, clauses 27.7 (*No duty to account*) to clause 27.12 (*Exclusion of liability*), clause 27.15 (*Confidentiality*) to clause 27.21 (*Custodians and nominees*) and clause 27.24 (*Acceptance of title*) to clause 27.28 (*Disapplication of Trustee Acts*); or

(iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:

(A) clause 27.29 (*Order of application*); and

(B) clause 27.32 (*Permitted deductions*).

(e) If giving effect to instructions given by the Agent on behalf of the Majority Lenders would (in the Security Agent's opinion) have an effect equivalent to an amendment or waiver which is subject to clause 36.2 (*All Lender matters*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:

(i) it has not received any instructions as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to paragraph (d)(iv) above,

the Security Agent shall do so having regard to the interests of all the Secured Parties.

(g) The Security Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the provisions of the remainder of this clause 27.4, in the absence of instructions, the Security Agent may act (or refrain from acting) as it considers in its discretion to be appropriate.

27.5 **Duties of the Security Agent**

(a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) The Security Agent shall promptly:

(i) forward to the Agent a copy of any document received by the Security Agent from any Obligor under any Finance Document; and

(ii) forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.

(c) The Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Agent.

(e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

27.6 **No fiduciary duties to Obligors**

Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Obligor.

27.7 **No duty to account**

The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

27.8 **Business with the Group**

The Security Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

27.9 **Rights and discretions**

(a) The Security Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Agent, Majority Lenders, the Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents;

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Security Agent shall be entitled to carry out all dealings with the Lenders through the Agent and may give to the Agent any notice or other communication required to be given by the Security Agent to the Lenders.

(c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as Security Agent for the Secured Parties) that:

(i) no Default has occurred;

(ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised; and

(iii) any notice made by the Obligors' Agent is made on behalf of and with the consent and knowledge of all the Obligors.

(d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(e) Without prejudice to the generality of paragraph (d) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Lenders and/or the Agent) if the Security Agent in its reasonable opinion deems this to be necessary.

(f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(g) The Security Agent, any Receiver and any Delegate may act in relation to the Finance Documents and the Transaction Security through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Security Agent's, Receiver's or Delegate's (as the case may be) gross negligence or wilful misconduct.

(h) Unless a Finance Document expressly specifies otherwise, the Security Agent may disclose to any other Party any information it reasonably believes it has received as security trustee under this Agreement.

(i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(j) Notwithstanding any provision of any Finance Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

27.10 **Responsibility for documentation**

None of the Security Agent, any Receiver nor any Delegate is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent, an Obligor or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or

(c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

27.11 **No duty to monitor**

The Security Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

(c) whether any other event specified in any Finance Document has occurred.

27.12 **Exclusion of liability**

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate), none of the Security Agent, any Receiver nor any Delegate will be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising or not exercising any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security, other than by reason of its gross negligence or wilful misconduct;

(iii) any shortfall which arises on the enforcement or realisation of the Transaction Security; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs, losses, any diminution in value or any liability whatsoever (but not including any claim based on the fraud of the Security Agent) arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party (other than the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Security and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this paragraph (b) subject to clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

(c) Nothing in this Agreement shall oblige the Security Agent to carry out:

(i) any know your customer or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any other Secured Party,

on behalf of any other Secured Party and each other Secured Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

(d) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate, any liability of the Security Agent, any Receiver or Delegate arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate (as the case may be) or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, Receiver or Delegate (as the case may be) at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, Receiver or Delegate (as the case may be) has been advised of the possibility of such loss or damages.

27.13 **Lenders' indemnity to the Security Agent**

(a) Each Lender shall (in the proportion of its Pro Rata Share), indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence in relation to any FATCA related liability or any other category of liability whatsoever) incurred by any of them (otherwise than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to clause 30.10 (*Disruption to payment systems etc.*), notwithstanding the Security Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Security Agent) in acting as Security Agent, Receiver or Delegate under, or exercising any authority conferred under, the Debt Documents (unless the relevant Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).

(b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.

(c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

27.14 **Resignation of the Security Agent**

(a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the Lenders and the Obligors' Agent. If the Security Agent is removed by the Majority Lenders, then this shall be at the cost of the Lenders.

(b) Alternatively the Security Agent may resign by giving 30 days' notice to the Lenders and the Obligors' Agent, in which case the Majority Lenders may appoint a successor Security Agent.

(c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent (after consultation with the Agent) may appoint a successor Security Agent.

(d) If the Security Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as security agent and the Security Agent is entitled to appoint a successor under paragraph (c) above, the Security Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Security Agent to become a party to this Agreement as Security Agent) agree with the proposed successor Agent

amendments to this clause 27 and any other term of this Agreement dealing with the rights or obligations of the Security Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonably amendments to the security agency fee payable under this Agreement which are consistent with the successor Security Agent's normal fee rates and those amendments will bind the Parties.

(e) The retiring Security Agent shall make available to the successor Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrower shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(f) The Security Agent's resignation notice shall only take effect upon:

(i) the appointment of a successor; and

(ii) the transfer of all the Transaction Security to that successor.

(g) Upon the appointment of a successor, the retiring Security Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of clause 27.26 (*Winding up of trust*) and paragraph (e) above) but shall remain entitled to the benefit of this clause 27 and clause 14.4 (*Indemnity to the Security Agent*) (and any Security Agent fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.

(h) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrower.

27.15 **Confidentiality**

(a) In acting as trustee for the Secured Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

27.16 **Information from the Lenders**

Each Lender shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

27.17 **Credit appraisal by the Secured Parties**

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Secured Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

(d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

27.18 **Reliance and engagement letters**

The Security Agent may obtain and rely on any certificate or report from any Obligor's auditor and may enter into any reliance letter or engagement letter relating to that certificate or report on such terms as it may consider appropriate (including, without limitation, restrictions on the auditor's liability and the extent to which that certificate or report may be relied on or disclosed).

27.19 **No responsibility to perfect Transaction Security**

The Security Agent shall not be liable for any failure to:

(a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Charged Property;

(b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;

(c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;

(d) take, or to require any Obligor to take, any step to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or

(e) require any further assurance in relation to any Transaction Security Document.

27.20 **Insurance by Security Agent**

(a) The Security Agent shall not be obliged:

(i) to insure any of the Charged Property;

(ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document.

and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

(b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within fourteen days after receipt of that request.

27.21 **Custodians and nominees**

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

27.22 **Delegation by the Security Agent**

(a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.

(b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

(c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

27.23 **Additional Security Agents**

(a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:

(i) if it considers that appointment to be in the interests of the Secured Parties; or

(ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or

(iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrower and the Secured Parties of that appointment.

(b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

(c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

27.24 **Acceptance of title**

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Charged Property and shall not be liable for, or bound to require any Obligor to remedy, any defect in its right or title.

27.25 **Releases**

Upon a disposal of any of the Charged Property pursuant to the enforcement of the Transaction Security by a Receiver or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

27.26 **Winding up of trust**

If the Security Agent, with the approval of the Agent, determines that:

(a) all of the Secured Obligations and all other obligations secured by the Transaction Security Documents have been fully and finally discharged; and

(b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,

then:

(i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Transaction Security Documents; and

(ii) any Security Agent which has resigned pursuant to clause 27.14 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Transaction Security Document.

27.27 **Powers supplemental to Trustee Acts**

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

27.28 **Disapplication of Trustee Acts**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

27.29 **Order of application**

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Documents, under clause 27.2 (*Parallel debt (covenant to pay the Security Agent)*), or in connection with the realisation or enforcement of all or any part of the Transaction Security shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:

(a) in discharging any sums owing to the Security Agent (in its capacity as such) (other than pursuant to clause 27.2 (*Parallel debt (covenant to pay the Security Agent)*), any Receiver or any Delegate;

(b) in payment or distribution to the Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Obligor under any of the Finance Documents in accordance with clause 30.5 (*Partial payments*);

(c) if none of the Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Obligor; and

(d) the balance, if any, in payment or distribution to the relevant Obligor.

27.30 **Investment of proceeds**

Prior to the application of the proceeds of the Transaction Security in accordance with clause 27.29 (*Order of application*) the Security Agent may, at its discretion, hold all or part of those proceeds in one or more interest bearing suspense or impersonal accounts in the name of the Security Agent with any financial institution (including itself) and for so long as the Security Agent thinks fit (the interest being credited to the relevant account) pending the application from time to time of those monies at the Security Agent's discretion in accordance with the provisions of clause 27.29 (*Order of application*).

27.31 **Currency conversion**

(a) For the purpose of, or pending the discharge of, any of the Secured Obligations the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at the spot rate at which the Security Agent is able to purchase the currency in which the Secured Obligations are due with the amount received.

(b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

27.32 **Permitted deductions**

The Security Agent shall be entitled (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any law or regulation to make from any distribution or payment made by it under this Agreement, and to pay all Taxes which may

be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties or exercising its rights, powers, authorities and discretions, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

27.33 **Good discharge**

(a) Any distribution or payment to be made in respect of the Secured Obligations by the Security Agent may be made to the Agent on behalf of the Lenders and any distribution or payment made in that way shall be a good discharge, to the extent of that payment or distribution, by the Security Agent.

(b) The Security Agent is under no obligation to make payment to the Agent in the same currency as that in which any Unpaid Sum is denominated.

27.34 **Amounts received by Obligors**

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust (on behalf of) for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

27.35 **Application and consideration**

In consideration for the covenants given to the Security Agent by each Obligor in relation to clause 27.2 (*Parallel debt (covenant to pay the Security Agent)*), the Security Agent agrees with each Obligor to apply all moneys from time to time paid by such Obligor to the Security Agent in accordance with the foregoing provisions of this clause 27.

28 Conduct of business by the Finance Parties

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

29 Sharing among the Finance Parties

29.1 **Payments to Finance Parties**

If a Finance Party (a **Recovering Finance Party**) receives or recovers any amount from an Obligor other than in accordance with clause 30 (*Payment mechanics*) or clause 27.29 (*Order of application*) to and including clause 27.35 (*Application and consideration*) (a **Recovered Amount**) and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with clause 30

(*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the **Sharing Payment**) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with clause 30.5 (*Partial payments*).

29.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the **Sharing Finance Parties**) in accordance with clause 30.5 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

29.3 **Recovering Finance Party's rights**

On a distribution by the Agent under clause 29.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

29.4 **Reversal of redistribution**

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the **Redistributed Amount**); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

29.5 **Exceptions**

(a) This clause 29 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11
ADMINISTRATION

30 Payment Mechanics

30.1 **Payments to the Agent**

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Agent) and with such bank as the Agent, in each case, specifies.

30.2 **Distributions by the Agent**

Each payment received by the Agent under the Finance Documents for another Party shall, subject to clause 30.3 (*Distributions to an Obligor*) and clause 30.4 (*Clawback and pre-funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London, as specified by that Party).

30.3 **Distributions to an Obligor**

The Agent may (with the consent of the Obligor or in accordance with clause 31 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

30.4 **Clawback and pre-funding**

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

(c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:

(i) the Borrower to whom that sum was made available shall on demand refund it to the Agent; and

(ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

30.5 **Partial payments**

(a) If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(i) **first**, in or towards payment pro rata of any unpaid amounts owing to the Agent or the Security Agent under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest, fee or commission due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal due but unpaid under this Agreement; and

(iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (a)(iv) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

30.6 **No set-off by Obligors**

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

30.7 **Business Days**

(a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.8 **Currency of account**

(a) Subject to paragraphs (b) and (c) below, EUR is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than EUR shall be paid in that other currency.

30.9 **Change of currency**

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

30.10 **Disruption to payment systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:

(a) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;

(b) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(d) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of clause 36 (*Amendments and Waivers*);

(e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this clause 30.10; and

(f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

31 Set-Off

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies,

the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32 Notices

32.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax, letter or electronic communication (including electronic mail).

32.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Borrower or any Obligor, that identified with its name below;

(b) in the case of each Lender or any Additional Guarantor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent or the Security Agent, that identified with its name below,

or any substitute address or fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

For the Agent and Security Agent:

Standard Chartered Bank

Address: 6th Floor, 1 Basinghall Avenue, London, EC2V 5DD

Fax: +4420 7885 9728

Attention: Asset Servicing manager

Email: Loans.AgencyUK@sc.com

For the Original Lenders:

Standard Chartered Bank

Address: Standard Chartered Bank, 2nd Floor, 1 Basinghall Avenue, London, EC2V 5DD

Attention: [***]

Email: [***]

Nordea Bank Abp, filial i Sverige

Address: Smålandsgatan 15-17, 105 71 Stockholm

Attention: [***]

Email: [***]

Citibank Europe Plc

Address: C/O Citibank Europe Plc Ireland,

London Trade Operations

Citigroup Centre 1, 14th Floor,

33 Canada Square, London E14 5LB, United Kingdom

Attention: [***]

Mail drop: [***]

Email: [***]

ING Belgium SA/NV

Address: Avenue Marnixlaan 24, B-1000 Brussels, Belgium

Tel: [***]

Attention: [***]

Email: [***]

For the Borrower:

Polestar Performance AB

Address: Assar Gabrielssons väg 9, Göteborg, SE-405 31, Sweden

Attention: [***]

Email: [***] with a copy to legal@polestar.com

For the Original Guarantors:

Polestar Automotive Germany GmbH

Address: Erftstraße, 50672 Köln, Germany

E-mail: [***]

Attention: [***]

Copy: Polestar Treasury

E-mail: treasury@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Copy: Polestar Legal

E-mail: legal@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Polestar Automotive Norway AS

Address: Snarøyveien 32, 1364 Fornebu, Norway

E-mail: [***]

Attention: [***]

Copy: Polestar Treasury

E-mail: treasury@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Copy: Polestar Legal

E-mail: legal@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Polestar Automotive Sweden AB

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

E-mail: [***]

Attention: [***]

Copy: Polestar Treasury

E-mail: treasury@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Copy: Polestar Legal

E-mail: legal@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Polestar Automotive USA Inc.

Address: 777 MacArthur Blvd., Mahwah, NJ, 07430 USA

E-mail: [***]

Attention: [***]

Copy: Polestar Treasury

E-mail: treasury@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Copy: Polestar Legal

E-mail: legal@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

Polestar Automotive UK Limited

Address: Li Close Ansty Park, Ansty, Coventry, England, CV7 9RF

Polestar Automotive Netherlands B.V.

Address: Stationsweg 2, 4153 RD Beesd, Netherlands

E-mail: [***]

Attention: [***]

Copy: Polestar Treasury

E-mail: treasury@polestar.com

Address: Assar Gabrielssons väg 9, 40531, Gothenburg, Sweden

Copy: Polestar Legal

E-mail: legal@polestar.com

Address: Assar Gabrielssons väg 9, 40531 Gothenburg, Sweden

32.3 **Delivery**

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of fax, when received in legible form;

(ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or

(iii) if by way of electronic mail, when received in readable form,

and, if a particular department or officer is specified as part of its address details provided under clause 32.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Obligors' Agent in accordance with this clause will be deemed to have been made or delivered to each of the Obligors.

(e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

32.4 **Notification of address and fax number**

Promptly upon changing its address or fax number, the Agent shall notify the other Parties.

32.5 **Electronic communication**

(a) Any communication or document to be made or delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

(b) Any such electronic communication or delivery as specified in paragraph (a) above to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication or delivery.

(c) Any such electronic communication or document as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received (or made available) in readable form and in the case of any electronic communication or document made or delivered by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.

(d) Any electronic communication or document which becomes effective, in accordance with paragraph (c) above, after 5:00 p.m. in the place in which the Party to whom the relevant communication or document is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received or a document being delivered shall be construed to include that communication or document being made available in accordance with this clause 32.5.

(f) The Borrower shall indemnify the Agent and (if communicating directly with any other Finance Party, such Finance Party) the Agent's and any such Finance Party's officers, directors, agents, representatives and employees (each, an **Indemnified Person**) in respect of all actions, proceedings, costs, claims, demands, expenses or losses of any nature (direct or indirect, but always documented) which such Indemnified Person may suffer, incur or sustain as a consequence of (i) accepting and/or acting upon any such electronic communication made under paragraph (a), except to the extent that any such losses are caused by that Indemnified Person's wilful misconduct, fraud or gross negligence.

32.6 **English language**

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33 Calculations and Certificates

33.1 **Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

33.2 **Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

33.3 **Day count convention**

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of

360 days (or, in any case where the practice in the Relevant Market differs, in accordance with that market practice).

34 Partial Invalidity

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of any Finance Party or Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

36 Amendments and Waivers

36.1 Required consents

(a) Subject to clause 36.2 (*All Lender matters*) and clause 36.3 (*Other exceptions*), any term of the Finance Documents (other than the Mandate Letter and the Fee Letters) may be amended or waived only with the consent of the Majority Lenders and the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this clause 36.

(c) Paragraph (c) of clause 24.9 (*Pro rata interest settlement*) shall apply to this clause 36.

36.2 All Lender matters

Subject to clauses 36.4 (*Replacement of Screen Rate*) and 36.7 (*Disenfranchisement of Defaulting Lenders*), an amendment or waiver of any term of any Finance Document that has the effect of changing or which relates to:

(a) the definition of "Majority Lenders", "Restricted Party", "Sanctions", "Sanctions Authority" and/or "Sanctions List" in clause 1.1 (*Definitions*);

(b) an extension to the date of payment of any amount under the Finance Documents;

(c) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(d) a change in currency of payment of any amount under the Finance Documents;

(e) an increase in any Participation or the Total Participations, an extension of the Availability Period or any requirement that a cancellation of Participations reduces the Participations of the Lenders rateably under the Facility (excluding, where not relevant to such Lenders, any increase pursuant to an Accordion Increase);

(f) a change to the Borrower or (other than in accordance with clause 25 (*Changes to the Obligors*)) the Guarantors;

(g) any provision which expressly requires the consent of all the Lenders;

(h) clause 18.15 (*No breach of laws*), clause 18.18 (*Anti-Corruption Laws*), clause 18.19 (*Sanctions*), clause 21.10 (*Anti-Corruption Laws*), or clause 21.11 (*Sanctions*) or any requirement that any counterparty not be a Restricted Party;

(i) clause 2.2 (*Finance Parties' rights and obligations*), clause 5.1 (*Delivery of a Utilisation Request*), clause 7.1 (*Illegality*), clause 7.2 (*Change of control*), clause 7.11 (*Application of prepayments*), clause 24 (*Changes to the Lenders*), clause 25 (*Changes to the Obligors*), clause 29 (*Sharing among the Finance Parties*), this clause 36, the governing law of any Finance Document or clause 42.1 (*Jurisdiction*);

(j) the nature or scope of:

(i) the guarantee and indemnity granted under clause 17 (*Guarantee and indemnity*);

(ii) the Charged Property; or

(iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed; or

(k) the release of any guarantee and indemnity granted under clause 17 (*Guarantee and indemnity*) or of any Transaction Security,

shall not be made without the prior consent of all the Lenders.

36.3 **Other exceptions**

An amendment or waiver which relates to the rights or obligations of the Agent or the Mandated Lead Arrangers, the Structuring Bank or the Security Agent (each in their capacity as such) may not be effected without the consent of the Agent, the Mandated Lead Arrangers, the Structuring Bank or the Security Agent, as the case may be.

36.4 **Split voting**

(a) For the purposes of responding (or failing to respond) to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of the Lenders under the terms of this Agreement, a Lender may split its Participation into any number of portions and may respond (or fail to respond) or otherwise exercise its rights in respect of each such individual portion on a several basis.

(b) If a Lender exercises its rights under paragraph (a) above in respect of any part of its Participation, such Lender shall notify the Agent of the portions into which it has split its Participation.

36.5 **Replacement of Screen Rate**

(a) Subject to clause 36.3 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for euro, the Agent (acting on the instructions of the Majority Lenders) and the Borrower shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark in relation to euro in place of that Screen Rate as soon as practicable after the occurrence of such Screen Rate Replacement Event. Any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in relation to euro in place of the Screen Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Benchmark;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

(b) In this clause 36.5:

Relevant Nominating Body means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

Replacement Benchmark means a benchmark rate which is:

(A) formally designated, nominated or recommended as the replacement for the Screen Rate by:

(1) the administrator of the Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by the Screen Rate); or

(2) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "**Replacement Benchmark**" will be the replacement under paragraph (2) above;

(B) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to the Screen Rate; or

(C) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to the Screen Rate.

Screen Rate Replacement Event means:

(A) the methodology, formula or other means of determining the Screen Rate has, in the opinion of the Majority Lenders and the Borrower, materially changed;

(B)

(1)

(I) the administrator of the Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(II) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of the Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide the Screen Rate;

(2) the administrator of the Screen Rate publicly announces that it has ceased or will cease to provide the Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide the Screen Rate;

(3) the supervisor of the administrator of the Screen Rate publicly announces that the Screen Rate has been or will be permanently or indefinitely discontinued; or

(4) the administrator of the Screen Rate or its supervisor announces that the Screen Rate may no longer be used; or

(C) the administrator of the Screen Rate determines that the Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(1) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or

(2) the Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than four (4) weeks; or

(D) in the opinion of the Majority Lenders and the Borrower, the Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

36.6 **Excluded Participations**

If:

(a) any Lender becomes a Defaulting Lender otherwise than because of paragraph (a) of the definition of "Defaulting Lender" and fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within three (3) Business Days of that request being made; or

(b) any Lender which is not a Defaulting Lender fails to respond to a request in paragraph (a) above, clause 36.5 (*Replacement of Screen Rate*) or such a vote in each case in respect of any portion of its Participation within three (3) Business Days of that request being made,

in the case of paragraphs (a) and (b), unless, in either case, the Borrower and the Agent agree to a longer time period in relation to any request; or

(c) any Lender becomes a Defaulting Lender pursuant to paragraph (a) of the definition of "Defaulting Lender"; or

(d) any Lender becomes a Declining Lender,

then:

(i) its Participations (or, in the case only paragraph (c) above applies, the portion of its Participation(s) in respect of which it failed to make available its Participations pursuant to paragraph (a) of the definition of Defaulting Lender) shall not be included for the purpose of calculating the Total Participations under the relevant Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Participations has been obtained to approve that request; and

(ii) its status as a Lender in respect of its Participations (or, in the case only paragraph (c) above applies, the portion of its Participation(s) in respect of which it failed to make available its Participations pursuant to paragraph (a) of the definition of Defaulting Lender) shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

36.7 **Disenfranchisement of Defaulting Lenders**

(a) For so long as a Defaulting Lender has any Available Participations, in ascertaining:

(i) the Majority Lenders; or

(ii) whether:

(A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Participations under the Facility; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents, that Defaulting Lender's Participations under the Facility will (subject to paragraph (b) below) be reduced by the amount of its Available Participations under the Facility and, to the extent that that reduction results in that Defaulting Lender's Total Participations being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of voting, the amount of reduction of the Defaulting Lender’s Available Participations as specified in paragraph (a) above shall be amended as follows:

(i) in cases where a Lender only becomes a Defaulting Lender pursuant to paragraph (a) of the definition of “Defaulting Lender”, only in respect of which such Lender has failed to make its Participations available pursuant to paragraph (a) of the definition of Defaulting Lender; and

(ii) in cases other than where paragraph (b)(i) applies, and where a Lender has split its Participations in accordance with clause 36.4 (*Split voting*), only in respect of the portion of its Participations which such Lender does not and continues not to consent or agree to the relevant consent, waiver, amendment or other vote.

36.8 **Replacement of a Defaulting Lender**

(a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving ten (10) Business Days' prior written notice to the Agent and such Lender, replace such Lender (or, as the context may require, a portion of its Participation) by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer:

(i) where that Lender has split its Participations in accordance with clause 36.4 (*Split voting*), all (and not part only) of its rights and obligations under this Agreement which relate to the portion of its Participation that is attributable to that Lender being a Defaulting Lender; and

(ii) where that Lender has not split its Participations in accordance with clause 36.4 (*Split voting*), all (and not part only) of its rights and obligations under this Agreement,

in each case, to a New Lender pursuant to and in accordance with clause 24.1 (*Assignments and transfers by the Lenders*).

(c) Any transfer of all or part of the rights, obligations and Participations of a Defaulting Lender pursuant to this clause 36.8 shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent or Security Agent;

(ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a replacement New Lender;

(iii) in the event of a replacement of all or part of a Defaulting Lender's Participations, such replacement must take place no later than 15 Business Days after the date on which that Lender is deemed a Defaulting Lender in respect of all or part of its Participations; and

(iv) in no event shall the Defaulting Lender be required to pay or surrender to the New Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents.

(d) The Defaulting Lender shall perform the checks described in clause 24.2(c)(ii) (*Conditions of assignment or transfer*) as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

37 Confidential Information

37.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by clause 37.2 (*Disclosure of Confidential Information*) and clause 37.4 (*Disclosure to numbering service providers)*, and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

37.2 Disclosure of Confidential Information

Any Finance Party may disclose:

(a) to any of its (or another Finance Party's) Affiliates and Related Funds (including head offices and any branches) and any of its or their officers, directors, employees, professional advisers, auditors, partners, insurers, insurance brokers, service providers and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents (or any document between such Finance Party and any member of their group) or which succeeds (or which may potentially succeed) it as Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents (or any document between such Finance Party and any member of the Group and any member of that Finance Party's group) and/or one or more Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (b) of clause 26.14 (*Relationship with the Lenders*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;

(v) to whom information is required or requested to be disclosed by any court or tribunal of competent jurisdiction or any governmental, quasi-governmental, banking, taxation, supervisory or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to clause 24.8 (*Security over Lenders' rights*);

(viii) who is a Party; or

(ix) with the consent of the Borrower,

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(A) in relation to paragraphs (b)(i), (b)(ii) and (b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature

and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances; and

(c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party; and

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors.

37.3 **Disclosure in respect of banking secrecy obligations**

Each Obligor expressly and irrevocably consents to any disclosure of Confidential Information made pursuant to clause 37.2 (*Disclosure of Confidential Information*) and releases each Finance Party from any applicable banking secrecy obligations.

37.4 **Disclosure to numbering service providers**

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) clause 41 (*Governing law*);

(vi) the names of the Agent and the Mandated Lead Arrangers;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of Total Participations;

(ix) currency of the Facility;

(x) type of revolving credit Facility;

(xi) ranking of Facility;

(xii) Termination Date for the Facility;

(xiii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xii) above; and

(xiv) such other information agreed between such Finance Party and the Borrower,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Obligor represents that none of the information set out in paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

37.5 **Publicity and announcements**

Subject to any regulatory obligation applicable to the Borrower or any other person, the Borrower and the Lenders shall cooperate to agree in advance any publicity regarding the Facility prior to such publicity being released.

37.6 **Entire agreement**

This clause 37 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

37.7 **Inside information**

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

37.8 **Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of clause 37.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this clause 37.

37.9 **Continuing obligations**

The obligations in this clause 37 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Participations have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceases to be a Finance Party.

38 Confidentiality of Funding Rates

38.1 **Confidentiality and disclosure**

(a) The Agent and each Obligor agree to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.

(b) The Agent may disclose:

(i) any Funding Rate to the Borrower pursuant to clause 8.4 (*Notifications*); and

(ii) any Funding Rate to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender.

(c) The Agent and each Obligor may disclose any Funding Rate, to:

(i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or is otherwise bound by requirements of confidentiality in relation to it;

(ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person with the consent of the relevant Lender.

38.2 **Related obligations**

(a) The Agent and each Obligor acknowledge that each Funding Rate is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and each Obligor undertake not to use any Funding Rate for any unlawful purpose.

(b) The Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender:

(i) of the circumstances of any disclosure made pursuant to paragraph (c)(ii) of clause 38.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this clause 38.

38.3 **No Event of Default**

No Event of Default will occur under clause 22.3 (*Other obligations*) by reason only of an Obligor's failure to comply with this clause 38.

39 Contractual recognition of bail-in

39.1 **Contractual recognition of bail-in**

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

39.2 **Bail-In definitions**

In this clause 39:

Article 55 BRRD means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

Bail-In Action means the exercise of any Write-down and Conversion Powers.

Bail-In Legislation means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to the United Kingdom, the UK Bail-In Legislation; and

(c) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

EEA Member Country means any member state of the European Union, Iceland, Liechtenstein and Norway.

EU Bail-In Legislation Schedule means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

Resolution Authority means any body which has authority to exercise any Write-down and Conversion Powers.

UK Bail-In Legislation means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

Write-down and Conversion Powers means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(c) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation.

40 Counterparts

40.1 Each Finance Document may be executed in any number of counterparts and each party may execute a separate counterpart. In addition, if any Finance Document is to be executed by any party by the signature of more than one person, they may do so on separate counterparts. The parties intend that all the counterparts together constitute a single copy of the Finance Document.

40.2 The parties agree that any Finance Document, Financial Condition Report, Monthly Liquidity Report, Green Loan Impact Report, Utilisation Request or other related document, notice or communication can be executed using an Electronic Signature and where a Finance Document is executed using an Electronic Signature the original shall be:

(a) where a Signing Platform is used, the signed and dated document stored in the cloud of that Signing Platform, any document which a party, or their legal advisors, downloads from the Signing Platform and the dated document circulated by e-mail on, or shortly after, the dating of such Finance Document; and

(b) where an Electronic Signature is affixed outside of a Signing Platform, the dated document circulated by e-mail on, or shortly after, the dating of such Finance Document.

40.3 For the purpose of this clause 40:

(a) **Electronic Signature** means an electronic signature as set out in section 7 of the UK Electronic Communications Act 2000.

(b) **Signing Platform** means DocuSign, or any other secure, electronic signing platform which allows a signatory to insert an Electronic Signature **into** an electronic version of a document and which the parties agree can be used to sign a Finance Document.

SECTION 12
GOVERNING LAW AND ENFORCEMENT

41 Governing law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

42 Enforcement

42.1 Jurisdiction of English courts

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a **Dispute**).

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

42.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):

(i) irrevocably appoints Polestar Automotive UK Limited of Li Close Ansty Park, Ansty, Coventry, England, CV7 9RF as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document (and each of the Obligors, by its execution of this Agreement, accepts that appointment);

(ii) agrees that failure by an agent for service of process to notify the relevant Obligor of the process will not invalidate the proceedings concerned; and

(iii) each Obligor incorporated or established in Germany hereby release Polestar Automotive UK Limited from any restrictions on representing several persons and self-dealing under any applicable law, and in particular from the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*), to the extent legally possible.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Obligors' Agent (on behalf of all the Obligors) must immediately (and in any event within five (5) days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

43 Waiver of Immunity

43.1 Waiver of immunity

(a) Each Obligor irrevocably waives generally all immunity it or its assets or revenues may otherwise have in any jurisdiction, including immunity in respect of:

(i) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and

(ii) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues.

(b) Each Obligor agrees that in any proceedings in England this waiver shall have the fullest scope permitted by the English State Immunity Act 1978 and that this waiver is intended to be irrevocable for the purposes of the English State Immunity Act 1978.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

Schedule 1
The Original Parties

Part 1 - The Original Obligors

Name of Borrower	Original Jurisdiction	Registration number (or equivalent, if any)
Polestar Performance AB	Sweden	556653-3096

Name of Original Guarantor	Original Jurisdiction	Registration number (or equivalent, if any)
Polestar Automotive Germany GmbH	Germany	AG Köln HRB 99619
Polestar Automotive Norway AS	Norway	922704481
Polestar Automotive Sweden AB	Sweden	559225-6258
Polestar Automotive USA Inc.	Delaware	EIN 82-5420108 (Unique identifier assigned by the Delaware Secretary of State: 6859352)
Polestar Automotive UK Limited	United Kingdom	11926357
Polestar Automotive Netherlands B.V.	Netherlands	76386228

Part 2 - The Original Lenders

Name of Original Lender	Participation (in EUR)
Standard Chartered Bank	120,000,000
Nordea Bank Abp, filial i Sverige	100,000,000
Citibank Europe Plc	65,000,000
ING Belgium SA/NV	65,000,000

Schedule 2
Conditions Precedent

Part 1 - Conditions Precedent to initial Loan

1 Original Obligors

(a) A copy of the constitutional documents of each Original Obligor and each Original Subordinated Creditor.

(b) A copy of a resolution of the board of directors of each Original Obligor and each Original Subordinated Creditor (or, in the case of a German Obligor, a copy of a resolution of the supervisory board (*Aufsichtsrat*) and/or advisory board (*Beirat*) (if applicable) of such Original Obligor approving the terms of, and the transactions contemplated by the Finance Documents to which it is a party):

(i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf;

(iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party; and

(iv) in the case of an Original Obligor other than the Borrower, authorising the Borrower to act as its agent (with respect to its capacity as Obligors' Agent) in connection with the Finance Documents.

(c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above.

(d) If applicable, a copy of a resolution signed by all the holders of the issued shares in each Original Guarantor and each Original Subordinated Creditor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Original Guarantor or the Original Subordinated Creditor (as applicable) is a party.

(e) A certificate of each Original Obligor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Participations would not cause any borrowing, guaranteeing, securing (as appropriate) or similar limit binding on any Original Obligor (as applicable) to be exceeded.

(f) A certified copy of the register of members/shareholders of each Original Obligor and each Original Subordinated Creditor (if applicable).

(g) In relation to a German Obligor, an up-to-date commercial register extract from the electronic commercial register (*Auszug aus dem elektronischen Handelsregister*), its articles of association (*Satzung*), copies of any by-laws as well as a list of shareholders (*Gesellschafterliste*).

(h) In relation to a Dutch Obligor:

(i) an excerpt (*uittreksel*) from the trade register of the Chamber of Commerce *(Kamer van Koophandel*) relating to it, issued no more than four weeks prior to the date of this Agreement; and

(ii) a copy of:

(A) the request for advice from the works council of the Guarantor; and

(B) the positive advice from such works council which contains no condition, which if not fulfilled, could result in a breach of any of the Finance Documents; or

(iii) a confirmation in the resolution of the board of directors of the Guarantor that:

(A) no such works council has been installed and no action has been taken for the installation of such a works council; or

(B) a works council has been installed but such works council does not have jurisdiction in respect of the transactions contemplated by the Finance Documents.

(i) In relation to a US Obligor, a certificate of good standing obtained from the Delaware Secretary of State dated two (2) days before the date of satisfaction of all other conditions precedent under this Schedule 2, Part 1 (*Conditions Precedent to initial Loan*), as to the valid existence and good standing of the US Obligor as a corporation incorporated under the laws of Delaware.

(j) In relation to Polestar Automotive USA Inc., a copy of a signed and dated notice (including a copy of the relevant board resolutions attached thereto and incorporated therein by reference) given by such entity to the holders of record of valid and putative stock of the Corporation entitled thereto pursuant to Section 204(g) of the General Corporation Law of the State of Delaware (which gives notice of the ratification of certain defective corporate acts and putative stock), and a confirmation of delivery of such notice to its intended recipient in connection thereof.

(k) A certificate of an authorised signatory of the relevant Original Obligor and Original Subordinated Creditor certifying that each copy document relating to it specified in this Part 1 of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of this Agreement.

2 Finance Documents

(a) This Agreement duly executed by all original parties to it.

(b) The Fee Letters duly executed by all parties.

(c) The Mandate Letter, duly executed by the relevant parties.

(d) At least two originals of the documents referred to in paragraphs (a) of the definition of Transaction Security Documents, duly executed by each party.

(e) A copy of all notices required to be sent under the Transaction Security Documents referred to in paragraph (d) above, executed by the relevant Obligor, duly acknowledged by the addressee.

(f) A copy of all share certificates, transfers and stock transfer forms or equivalent duly executed by the relevant Obligor in blank in relation to the assets subject to or expressed to be subject to the Transaction Security and other documents of title to be provided under the Transaction Security Documents referred to in paragraph (d) above.

(g) A copy of the duly executed Deed of Subordination entered into by the Borrower, PP Singapore and the Agent.

3 Legal opinions

(a) A legal opinion of Norton Rose Fulbright LLP, legal advisers to the Mandated Lead Arranger and the Agent in England in respect of enforceability of this Agreement and the English Transaction Security Documents (if any), in form and substance acceptable to the Original Lenders prior to signing this Agreement.

(b) A legal opinion of Norton Rose Fulbright LLP to the Mandated Lead Arranger and the Agent in England in respect of the capacity and due execution of Polestar Automotive UK Limited entering into this Agreement and (if required) any relevant Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(c) A legal opinion of Norton Rose Fulbright LLP to the Mandated Lead Arranger and the Agent in Germany in respect of the capacity and due execution of Polestar Automotive Germany GmbH entering into this Agreement and (if required) any relevant Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(d) A legal opinion of Schjødt to the Mandated Lead Arranger and the Agent in Norway in respect of the capacity and due execution of Polestar Automotive Norway AS entering into this Agreement and (if required) any relevant Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(e) A legal opinion of Setterwalls Advokatbyrå AB to the Mandated Lead Arranger and the Agent in Sweden in respect of the capacity and due execution of Polestar Performance AB entering into this Agreement, the Deed of Subordination and (if required) any relevant Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(f) A legal opinion of Potter Anderson & Corroon LLP to the Mandated Lead Arranger and the Agent in Delaware in respect of the capacity and due execution of Polestar Automotive USA, Inc. entering into this Agreement and (if required) any relevant Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(g) A legal opinion of Norton Rose Fulbright LLP to the Mandated Lead Arranger and the Agent in The Netherlands in respect of the capacity and due execution of Polestar Automotive Netherlands B.V. entering into this Agreement and (if required) any Transaction Security Document, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

(h) A legal opinion of Norton Rose Fulbright (Asia) LLP to the Mandated Lead Arranger and the Agent in Singapore in respect of the capacity and due execution of Polestar Automotive (Singapore) Pte. Ltd. entering into the Deed of Subordination, substantially in the form distributed to the Original Lenders prior to signing this Agreement.

4 Other documents and evidence

(a) Evidence that any process agent referred to in clause 42.2 (*Service of process*), if not an Original Obligor, has accepted its appointment.

(b) A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Finance Document or for the validity and enforceability of any Finance Document.

(c) The Original Financial Statements of the Borrower.

(d) The Business Plan.

(e) Evidence that the fees, costs and expenses then due from the Borrower pursuant to clause 11 (*Fee Letters*), clause 12.5 (*Stamp taxes*) and clause 16 (*Costs and expenses*) have

been paid or will be paid within three (3) Business Days of the date of this Agreement, but in any event by the first Utilisation Date.

(f) Suitable evidence to each Original Lender that all of their "Know Your Customer" requirements have been satisfactorily completed.

(g) A certified copy of the Group Structure Chart.

(h) Signed copies of each Letter of Comfort.

(i) A US tax withholding certificate (or, alternatively, other evidence satisfactory to the Agent) confirming FATCA compliance from each Lender pursuant to paragraph (e) of clause 12.7 (*FATCA Information*). For the avoidance of doubt, and pursuant to paragraph (h) of clause 12.7 (*FATCA Information*), the Agent may rely on such US tax withholding certificate or other evidence from each Lender without further verification, and the Agent shall not be liable for any action taken by it in respect of such US tax withholding certificate or other evidence under or in connection with paragraph (e), (f) or (g) of clause 12.7 (*FATCA Information*).

(j) The list of Alternative Transferees as at the date of this Agreement.

Part 2
Conditions Precedent required to be delivered by an Additional Guarantor

1 An Accession Letter, duly executed by the Additional Guarantor and the Borrower.

2 A copy of the constitutional documents of the Additional Guarantor.

3 If applicable, a copy of a resolution of the board of directors of the Additional Guarantor:

(a) approving the terms of, and the transactions contemplated by, the Accession Letter and the Finance Documents and resolving that it execute the Accession Letter and any other Finance Document to which it is a party;

(b) authorising a specified person or persons to execute the Accession Letter and other Finance Documents to which it is a party on its behalf;

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is party; and

(d) authorising the Borrower to act as its agent (with respect to its capacity as Obligors' Agent) in connection with the Finance Documents.

4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 3 above.

5 If applicable, a copy of a resolution signed by all the holders of the issued shares of the Additional Guarantor, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Additional Guarantor is a party, and in the case of:

(a) an Additional Guarantor which is incorporated in Germany, a copy of a resolution of the supervisory board (*Aufsichtsrat*) and/ or advisory board (*Beirat*) of such Additional Guarantor approving the terms of, and the transactions contemplated by the Accession Letter and any Finance Documents to which it is a party (if applicable); and

(b) an Additional Guarantor which is incorporated in Sweden, a copy of a resolution of the board of directors of the direct parent company of such Additional Guarantor approving the terms of, and the transactions contemplated by the Accession Letter and any Finance Documents to which it is a party.

6 A certificate of the Additional Guarantor (signed by a director) confirming that borrowing or guaranteeing or securing, as appropriate, the Total Participations would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.

7 A certified copy of the register of members/shareholders of the Additional Guarantor (if applicable).

8 In relation to an Additional Guarantor which is incorporated in Germany, an up-to-date commercial register extract from the electronic commercial register (*Auszug aus dem elektronischen Handelsregister*), its articles of association (*Satzung*) or partnership agreement (*Gesellschaftsvertrag*), copies of any by-laws as well as a list of shareholders (*Gesellschafterliste*) (if applicable).

9 In relation to an Additional Guarantor which is incorporated in The Netherlands:

(a) an excerpt (*uittreksel*) from the trade register of the Chamber of Commerce *(Kamer van Koophandel*) relating to it, issued no more than four weeks prior to the date of this Agreement; and

(b) a copy of:

(i) the request for advice from the works council of the Guarantor; and

(ii) the positive advice from such works council which contains no condition, which if not fulfilled, could result in a breach of any of the Finance Documents; or

(c) a confirmation in the resolution of the board of directors of the Guarantor that:

(i) no such works council has been installed and no action has been taken for the installation of such a works council; or

(ii) a works council has been installed but such works council does not have jurisdiction in respect of the transactions contemplated by the Finance Documents.

10 A certificate of an authorised signatory of the Additional Guarantor certifying that each copy document listed in this Part 2 of Schedule 2 is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of the Accession Letter.

11 A copy of any other Authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable in connection with the entry into and performance of the transactions contemplated by the Accession Letter or for the validity and enforceability of any Finance Document.

12 If available, the latest audited financial statements of the Additional Guarantor.

13 A legal opinion of the legal advisers to the Mandated Lead Arranger and the Agent in the jurisdiction in which the Additional Guarantor is incorporated.

14 If the proposed Additional Guarantor is incorporated in a jurisdiction other than England and Wales, evidence that the process agent specified in clause 42.2 (*Service of process*), if not an Obligor, has accepted its appointment in relation to the proposed Additional Guarantor.

15 Any Transaction Security Documents which are required by the Agent to be executed by the proposed Additional Guarantor.

16 Any notices or other documents required to be given or executed or made under the terms of those Transaction Security Documents, including evidence that all registrations and other perfection steps as the Agent or Security Agent may reasonably specify have been made or completed.

Schedule 3
Requests

Part 1 - Utilisation Request

From: Polestar Performance AB

To: [*Agent*]

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow a Loan on the following terms:

Proposed Utilisation Date:	[ ]
Currency of Loan:	EUR
Drawdown Amount (in EUR):	[ ]
Corresponding aggregate value of Invoice(s) (in RMB):	[ ]
Interest Period:	[ ]
Proposed date of payment to the relevant supplier:	[ ]

3 We confirm that:

(a) each condition specified in clause 4.2 (*Further conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request;

(b) the spot rate of exchange applied to the aggregate value of the Invoice (in RMB) to obtain the drawdown amount (in EUR) in paragraph 2 above has been agreed with the FX Agent; and

(c) the representations and warranties at clause 23.3 (*Green Loan – Representations and warranties*) are true in all material aspects on the date of this Utilisation Request.

4 The proceeds of this Loan should be credited to [*account details of Acceptable Supplier*].

5 Pursuant to clause 5.2(a)(iv) (*Completion of a Utilisation Request*), we attach a summary listing of Invoices in respect of this Utilisation Request.

6 This Utilisation Request is irrevocable.

Yours faithfully

.....

authorised signatory for

Polestar Performance AB

Part 2 – Form of Summary Listing of Invoice

Summary list of Invoices

Please see the following relevant information in respect of each Invoice relating to this Utilisation Request:

Column Name	Format for data entry
Invoice Number	[Text]
Document CCY	[Text]
Invoice Amount	[Number]
Invoice Issue Date	[Date (MM/dd/yy)]
Shipment Date	[Date (MM/dd/yy)]
Document Due Date	[Date (MM/dd/yy)]
Supplier Name	[Text]
Goods Description	[Text]
Shipment From (Port of Loading + country)	[Text]
Shipment To (Port of Discharge + Country)	[Text]
Bill of Lading reference number	[Text]
Vessel Name (Shipping company name)	[Text]

We confirm that the above information is also reflected in an excel form of summary listing of invoices, a completed version of which is appended.

Schedule 4
Form of Transfer Certificate

To: [ ] as Agent

From: [*the Existing Lender*] (the **Existing Lender**) and [*the New Lender*] (the **New Lender**)

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to clause 24.5 (*Procedure for transfer*) of the Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with clause 24.5 (*Procedure for transfer*) of the Agreement, all of the Existing Lender's rights and obligations under the Agreement, the other Finance Documents [and in respect of the Transaction Security] which relate to that portion of the Existing Lender's Participation and participations in Loans under the Agreement as specified in the Schedule.

(b) The proposed Transfer Date is [ ].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 32.2 (*Addresses*) of the Agreement are set out in the Schedule.

3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of clause 24.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

4 The New Lender confirms that it has provided the Agent with a US tax withholding certificate (or, alternatively, other evidence satisfactory to the Agent) confirming FATCA compliance of the New Lender pursuant to paragraph (e) of clause 12.7 (*FATCA Information*). For the avoidance of doubt, and pursuant to paragraph (h) of clause 12.7 (*FATCA Information*), the Agent may rely on such US tax withholding certificate or other evidence from each Lender without further verification, and the Agent shall not be liable for any action taken by it in respect of such US tax withholding certificate or other evidence under or in connection with paragraph (e), (f) or (g) of clause 12.7 (*FATCA Information*).

5 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

6 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

7 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

8 This Transfer Certificate is a Finance Document.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to

perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Participation/rights and obligations to be transferred

[Insert relevant details]
[Facility office address, fax number and attention details for notices and account details for payments,]

[Existing Lender]	[New Lender]
By:	By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [ ].

[Agent]

By:

Schedule 5
Form of Assignment Agreement

To: [ ] as Agent and [ ] as Obligors' Agent, for and on behalf of each Obligor

From: [the *Existing Lender*] (the **Existing Lender**) and [the *New Lender*] (the **New Lender**)

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2 We refer to clause 24.6 (*Procedure for assignment*) of the Agreement:

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents [and in respect of the Transaction Security] which correspond to that portion of the Existing Lender's Participation and participations in Loans under the Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Participation and participations in Loans under the Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.

3 The proposed Transfer Date is [ ].

4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5 The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of clause 32.2 (*Addresses*) of the Agreement are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of clause 24.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

7 This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with clause 24.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*) of the Agreement, to the Obligors' Agent (on behalf of each Obligor) of the assignment referred to in this Assignment Agreement.

8 The New Lender confirms that it has provided the Agent with a US tax withholding certificate (or, alternatively, other evidence satisfactory to the Agent) confirming FATCA compliance of the New Lender pursuant to paragraph (e) of clause 12.7 (*FATCA Information*). For the avoidance of doubt, and pursuant to paragraph (h) of clause 12.7 (*FATCA Information*), the Agent may rely on such US tax withholding certificate or other evidence from each Lender without further verification, and the Agent shall not be liable for any action taken by it in respect of such US tax withholding certificate or other evidence under or in connection with paragraph (e), (f) or (g) of clause 12.7 (*FATCA Information*).

9 This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

10 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

11 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

12 This Assignment Agreement is a Finance Document.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Rights to be assigned and obligations to be released and undertaken

[*Insert relevant details]*

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender] [New Lender]

By: By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [ ].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

Schedule 6
Form of Accession Letter

To: [ ] as Agent

From: [Subsidiary] and Polestar Performance AB (as Obligors' Agent)

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is an Accession Letter. Terms defined in the Agreement have the same meaning in this Accession Letter unless given a different meaning in this Accession Letter.

2 [Subsidiary] agrees to become an Additional Guarantor and to be bound by the terms of the Agreement as an Additional Guarantor pursuant to clause 25.2 (*Additional Guarantors*) of the Agreement [and the provisions included in the Schedule to this Accession Letter][1]. [Subsidiary] is a company duly incorporated under the laws of [name of relevant jurisdiction].

3 [Subsidiary's] administrative details are as follows:

Address:

Fax No:

Attention:

4 This Accession Letter and any non-contractual obligations arising out of or in connection with it are governed by English law.

This Accession Letter is entered into by deed.

[Polestar Performance AB] (in its capacity as Obligors' Agent)

[Subsidiary]]

Accepted by:

[Agent]

[THE SCHEDULE

[●]][2]

[1] Note: To be included if any jurisdiction-specific provisions will need to be added in respect of the acceding Additional Guarantor.
[2] Note: To insert any jurisdiction-specific provisions in respect of the acceding Additional Guarantor. Local counsel should be consulted to ensure the benefit of any guarantee provided by an Additional Guarantor will be duly executed to the Finance Parties.

Schedule 7
Form of Monthly Liquidity Report

To: [ ] as Agent

From: Polestar Performance AB

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is a Monthly Liquidity Report in respect of the month ended [date] (the **Month-end Date**). Terms defined in the Agreement have the same meaning when used in this Monthly Liquidity Report unless given a different meaning in this Monthly Liquidity Report.

2 We confirm that, as at the Month-end Date, the following is the Monthly Liquidity Report as required pursuant to clause 19.1(c) (*Financial Statements*):

(a) current Group Cash: [●]

(b) current Group Cash Equivalent Investment: [●]

(c) current Available Credit available to the Group: [●]

(d) the Monthly Sales Figures of the Group: [●]

(e) the details of all outstanding indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments: [●]

Signed:	.....	.....
	Authorised Signatory of	Authorised Signatory of
	Polestar Performance AB	Polestar Performance AB

Schedule 8
Form of Financial Condition Report

To: [ ] as Agent

From: Polestar Performance AB

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is a Financial Condition Report in respect of the financial quarter ending on [date] (the **Quarter Date**). Terms defined in the Agreement have the same meaning when used in this Financial Condition Report unless given a different meaning in this Financial Condition Report.

2 We confirm that, as at the Quarter Date: [Insert detail of covenant to be certified]

3 We confirm that, as at the Quarter Date: the following is the quarterly information relating to the Polestar Group for the basis of the calculation of the financial covenant set out in clause 20.2 (*Financial condition*):

(a) Polestar Group Cash: [●]

(b) Polestar Group Cash Equivalent Investment: [●]

(c) Available Credit available to the Polestar Group: [●]

4 We confirm that, as at the Quarter Date: the following is the Monthly Liquidity Report as required pursuant to clause 19.1(c) (*Financial Statements*):

(a) current Group Cash: [●]

(b) current Group Cash Equivalent Investment: [●]

(c) current Available Credit available to the Group: [●]

(d) the Monthly Sales Figures of the Group: [●]

(e) the details of all outstanding indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments: [●]

5 [We confirm that the following is the monthly information as required pursuant to clause 20.3(d) (*Financial testing*) for each previous month of July and August:

(a) Group Cash Equivalent Investment as at the end of July: [●]

(b) Group Cash Equivalent Investment as at the end of August: [●]

(c) Available Credit available to the Group as at the end of July: [●]

(d) Available Credit available to the Group as at the end of August: [●]

(e) the details of all outstanding indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments as at the end of July: [●]

(f) the details of all outstanding indebtedness incurred by Polestar UK and/or the Group from any Shareholder by way of any loans, bonds, notes or other similar instruments as at the end of August: [●]][3]

6 [We confirm that the Material Subsidiaries for the time being [are: [Insert list of Material Subsidiaries]/remain unchanged since the last Financial Condition Report][4]

7 [We confirm that no Default is continuing.] [5]

Signed:	.....	.....
	Authorised Signatory of	Authorised Signatory of
	Polestar Performance AB	Polestar Performance AB

[3] Note: Paragraph 5 to be included in every Financial Covenant Report due in September.
[4] Note: As per the definition of Material Subsidiaries, the determination of which companies are Material Subsidiaries will be based on the latest consolidated financial report delivered pursuant to clause 19.1 (*Financial statements*)
[5] Note: If this statement cannot be made, the Financial Condition Report should identify any Default that is continuing and the steps, if any, being taken to remedy it.

Schedule 9
Timetables

Delivery of a duly completed Utilisation Request (clause 5.1 (*Delivery of a Utilisation Request*))		U-4, by 12pm UK time
Agent notifies the Lenders of the Loan in accordance with clause 5.4 (*Lenders' participation*)		U-4, by 4pm UK time
Each Lender to confirm whether it will participate in a Loan to the Agent in accordance with clause 5.4(d) (*Lenders' participation*). If so, and after which, each such Lender will be committed to fund		U-3, by 4pm UK time
EURIBOR is fixed and confirmed to the Lenders		U-2, by 5pm UK time
Each Lender to provide the Agent with their funding by cut-off		U, by 1pm UK time
Delayed Lender notifies Agent that its failure to pay is caused by administrative or technical error or a Disruption Event		U, by 1pm UK time
Agent to make payment to the relevant Acceptable Supplier pursuant to the relevant Utilisation Request (subject to clauses 5.4(i) and 5.4(j) (*Lenders' participation*))		U+1
Delayed Lender to provide the Agent with their funding by delayed cut-off		U+1, by 1pm UK time
Agent to make payment to the relevant Acceptable Supplier of the Delayed Lender's participation in a Loan, in accordance with clause 5.4(j) (*Lenders' participation*)		U+2

U = date of utilisation
U – X = Business Days prior to date of utilisation
U + X = Business Days following date of utilisation

Schedule 10
Form of Accordion Increase Request

To: [ ] as Agent (for itself and on behalf of all Finance Parties)

From: Polestar Performance AB (the **Obligors' Agent**) and each of the Guarantors

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is an Accordion Increase Request. Terms defined in the Agreement have the same meaning in this Accordion Increase Request unless given a different meaning in this Accordion Increase Request.

2 We wish to increase the maximum amount that may be made available to us by the Lenders by [●].

3 The effective date of the Accordion Increase is proposed to be at least [●] Business Days after the date of this request.

4 We confirm that:

(a) each condition specified in clause 4.2 (*Further conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request;

(b) no Default or Event of Default has occurred or is continuing, or would result from the proposed Accordion Increase; and

(c) the Repeating Representations to be made by each Obligor are true on the date of this Accordion Increase Request.

5 We also hereby confirm (in our capacity as Obligors' Agent on behalf of each of the Guarantors, or as a Guarantor, as the case may be) that, notwithstanding the amendments to be made to the Agreement by virtue of this Accordion Increase Request, the guarantees granted by the Guarantors under clause 17 (*Guarantee and Indemnity*) of the Agreement in favour of the Finance Parties will continue to secure the obligations of the Borrower under the Finance Documents.

6 We also confirm that the Borrower has delivered a written confirmation and endorsement from each of SNITA Holding B.V. and PSD Investment Limited in accordance with clause 21.19(c) (*Conditions subsequent – letters of comfort*) of the Agreement.

7 This Accordion Increase Request and any non-contractual obligations arising out of or in connection with it are governed by English law.

8 This Accordion Increase Request is a Finance Document.

Polestar Performance AB

in its capacity as Obligors' Agent

By:

[*Insert signature blocks for each of the Guarantors*]

This document is accepted as an Accordion Increase Request for the purposes of the Agreement by the Agent on [●].

[Agent]

By:

Note: The execution of this Accordion Increase Request may not be sufficient for the Accordion Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Accordion Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

Schedule 11
Form of Accordion Increase Confirmation

To: [ ] as Agent (for itself and on behalf of all Accordion Increase Lenders)

From: Polestar Performance AB (as **Obligor's Agent**) and the entities listed in the Schedule as Accordion Increase Lenders (the **Accordion Increase Lenders**)

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is an Accordion Increase Confirmation. Terms defined in the Agreement have the same meaning in this Accordion Increase Confirmation unless given a different meaning in this Accordion Increase Confirmation.

2 We refer to clause 2.2 (*Accordion Increase*) of the Agreement and to the Accordion Increase Request dated [●] from the Borrower.

3 We confirm the establishment of an Accordion Increase on the following terms:

(a) Amount of Accordion Increase: [●]

(b) Effective date of Accordion Increase: [the date of this Accordion Increase Confirmation] / [●][6]

(c) [Pricing/Margin: [●]][7]

4 We note that each Accordion Increase Lender's Accordion Increase Participation is further set out in the Schedule to this Accordion Increase Confirmation.

5 We further confirm that:

(a) each condition specified in clause 4.2 (*Further conditions precedent*) of the Agreement is satisfied on the date of this Utilisation Request;

(b) no Default or Event of Default has occurred or is continuing, or would result from the proposed Accordion Increase; and

(c) the Repeating Representations to be made by each Obligor are true on the date of this Accordion Increase Request.

6 We also hereby confirm (in our capacity as Obligors' Agent) on behalf of each of the Guarantors that, notwithstanding the amendments to be made to the Agreement by virtue of this Accordion Increase Confirmation, the guarantees granted by the Guarantors under clause 17 (*Guarantee and Indemnity*) of the Agreement in favour of the Finance Parties will continue to secure the obligations of the Borrower under the Finance Documents.

7 On the effective date of the Accordion Increase, any Accordion Increase Lender which is not an existing Lender under the Agreement shall become a party to relevant Finance Documents as a Lender.

8 Each Accordion Increase Lender agrees to assume and will assume all of the obligations corresponding to the "Accordion Increase Participations" set opposite its name in the Schedule as if it had been an Original Lender under the Agreement in respect of such Participations. Each Accordion Increase Lender further expressly acknowledges the limitations on the Lenders'

[6] Note: Please delete as applicable.
[7] Note: To insert any new or amended pricing terms in respect of the Accordion Increase.

obligations referred to in clause 24.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

9 This Accordion Increase Confirmation is irrevocable.

10 This Accordion Increase Confirmation may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Accordion Increase Confirmation.

11 This Accordion Increase Confirmation and any non-contractual obligations arising out of or in connection with it are governed by English law.

12 This Accordion Increase Confirmation is a Finance Document.

Polestar Performance AB

in its capacity as Obligors' Agent

By:

[Each Accordion Increase Lender(s)]

By:

This document is accepted as an Accordion Increase Confirmation for the purposes of the Agreement by the Agent and the effective date of the Accordion Increase is confirmed on [●].

[Agent]

By:

Note: The execution of this Accordion Increase Request may not be sufficient for the Accordion Increase Lender to obtain the benefit of the Transaction Security in all jurisdictions. It is the responsibility of the Accordion Increase Lender to ascertain whether any other documents or other formalities are required to obtain the benefit of the Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Name of Accordion Increase Lender	Accordion Increase Participation (in EUR)	Total Participation of Accordion Increase Lender following Accordion Increase (in EUR)
[●]	[●]	[●]
[●]	[●]	[●]

Schedule 12
Form of Extension Request

To: [ ] as Agent (for itself and on behalf of all Finance Parties)

From: [*Obligors' Agent*] as **Obligors' Agent** and each of the Guarantors

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1 We refer to the Agreement. This is an Extension Request. Terms defined in the Agreement have the same meaning in this Extension Request unless given a different meaning in this Extension Request.

2 We wish to extend the Termination Date from [●] to [●] in accordance with clause 2.4 (*Extension*) of the Agreement.

3 [●][8]

4 We confirm that as at the date of this Extension Request, no Event of Default has occurred or is continuing.

5 We also confirm (in our capacity as Obligors' Agent on behalf of each of the Guarantors or as a Guarantor, as the case may be) that, notwithstanding the amendments to be made to the Agreement by virtue of this Extension Request, the guarantees granted by the Guarantors under clause 17 (*Guarantee and Indemnity*) of the Agreement in favour of the Finance Parties will continue to secure the obligations of the Borrower under the Finance Documents.

6 We also confirm that SNITA Holding B.V. and PSD Investment Limited have each executed a letter of comfort (and that such letters have been delivered to the Agent) in accordance with clause 21.19 (*Letters of comfort*) of the Agreement.

7 This Extension Request and any non-contractual obligations arising out of or in connection with it are governed by English law.

8 This Extension Request is a Finance Document.

9 This Extension Request is irrevocable.

Yours faithfully

[●]

.....

authorised signatory for

[Obligors' Agent]

[*Insert signature blocks for each of the Guarantors*]

[8] Note: Placeholder for the insertion of any request for changes to the existing terms.

Schedule 13
Form of Extension Confirmation

To: [*Obligors' Agent*] as **Obligors' Agent**

To: [ ] as Agent (for itself and on behalf of all Finance Parties)

Dated:

Polestar Performance AB – EUR 350,000,000 single currency uncommitted green trade finance facility (together with an accordion facility of up to EUR 250,000,000) Agreement dated 28 February 2022 as amended and restated on [ ] (the Agreement)

1. We refer to your attached extension request dated [●] (the **Extension Request**) in respect of the Agreement. Terms defined in the Agreement have the same meaning in this confirmation unless given a different meaning in this Extension Confirmation.

2. We confirm that:

   (a) the Extension Request has been approved and the Termination Date shall be extended to [●] in accordance with clause 2.4 (*Extension*) of the Agreement;

   (b) the extension fee payable in connection thereof shall be [●];

   (c) the amount of Participations that have been extended under this extension confirmation are set out in the annex to this acknowledgment; and

   (d) [●][9].

3. This Extension Confirmation and any non-contractual obligations arising out of or in connection with it are governed by English law.

4. This Extension Confirmation is designated as a Finance Document.

5. This Extension Confirmation is irrevocable.

Yours faithfully

[●]

……

authorised signatory for

[Agent]

[9] Note: Placeholder for the insertion of any request for changes to the existing terms.

THE SCHEDULE

Name of Lender	Participation of such Lender which will be extended to [●][10] (in EUR)	Total Participation of Lender following Extension (in EUR)
[●]	[●]	[●]
[●]	[●]	[●]

[10] Note: To insert the relevant Extended Termination Date here.

Schedule 14
Form of SNITA Letter of Comfort

To: Standard Chartered Bank as Agent (for itself and on behalf of all Finance Parties)

Date: _____ 2022

Letter of Comfort

SNITA HOLDING B.V. ("**Snita**"), a wholly owned subsidiary of Volvo Car Corporation (556074-3089, "**VCC**") and PSD INVESTMENT LIMITED ("**PSD**"), a company wholly owned by PSD Capital Limited, are joint owners of Polestar Automotive Holding Limited which in turn is the indirect main owner of Polestar Performance AB ("**Polestar**"). Polestar is a company under expansion, and in connection with the entering into of a syndicated uncommitted senior facility of up to EUR 350,000,000 (or any additional size as agreed to between Standard Chartered Bank as mandated lead arranger (the "**Bank**") and Polestar and confirmed in writing by Snita) for facilitating payment to suppliers (the "**Facility**"), the Bank has requested that certain confirmations and undertakings are provided in relation to Polestar's current and future financial situation.

Snita (endorsed by VCC) hereby confirm to the Bank and each lender under the Facility that it is aware of the financial situation of Polestar. Snita (endorsed by VCC) furthermore confirm its intent to, to the extent that Polestar is owned by Snita and for a period not shorter than 12 months from the date of this letter: (i) provide conditions for Polestar to continue its on-going business operation and fulfil its existing and future business obligations; (ii) not permitting Polestar to enter into liquidation (whether voluntary or compulsory) or enter into any arrangement with its creditors without its liability to the Bank (and each lender under the Facility) being unconditionally and irrevocably paid and discharged in full; and (iii) ensure that Polestar pays off all of its indebtedness arising under the Facility.

Acknowledging the importance of Polestar for Volvo Car Group, VCC furthermore confirms that its endorsement of its wholly owned subsidiary Snita is made with the intention of supporting Snita in Snita's support of Polestar in accordance with this Letter of Comfort.

Zhejiang Geely Holding Group Co., Ltd. shall provide the same undertakings and confirmations under a separate Letter of Comfort governed by the laws of the People's Republic of China.

The Letter of Comfort is governed by and construed in accordance with the laws of Sweden.

SNITA HOLDING B.V.

…….. ……

Name: Name:

Title: Title:

VOLVO CAR CORPORATION

…….. ……

Name: Name:

Title: Title:

Schedule 15
Form of PSD Letter of Comfort

To: Standard Chartered Bank as Agent (for itself and on behalf of all Finance Parties)

Date: _____ 2022

Letter of Comfort

SNITA HOLDING B.V. ("**Snita**"), a wholly owned subsidiary of Volvo Car Corporation (556074-3089, "**VCC**") and PSD INVESTMENT LIMITED ("**PSD**"), a company wholly owned by PSD Capital Limited, are joint owners of Polestar Automotive Holding Limited ("**Polestar Holdco**") which in turn is the indirect main owner of Polestar Performance AB ("**Polestar**"). Polestar is a company under expansion, and in connection with the entering into of a syndicated uncommitted senior facility of up to EUR 350,000,000 dated on or about the date of this Letter of Comfort (or any additional size as agreed to between Standard Chartered Bank as mandated lead arranger (the "**Bank**") and Polestar and confirmed in writing by PSD) for facilitating payment to suppliers (the "**Facility**"), the Bank has requested that certain confirmations are provided in relation to Polestar's current and future financial situation.

PSD, endorsed by Zhejiang Geely Holding Group Co., Ltd. ("**ZGH**"), hereby confirms to the Bank and each lender under the Facility that it is aware of the financial situation of Polestar. PSD (endorsed by ZGH) furthermore confirms its intent to, for a period not shorter than 12 months from the date of this letter: (i) provide conditions for Polestar to continue its on-going business operation and fulfil its existing and future business obligations to the extent of a percentage equal to the shareholding in Polestar Automotive Holding Limited directly held by shareholders other than Snita; (ii) not permit (to the extent of PSD's voting right) Polestar to enter into voluntary liquidation or any arrangement with its creditors without its liability to the Bank (and each lender under the Facility) being unconditionally and irrevocably paid and discharged in full; and (iii) ensure that Polestar pays off all of its indebtedness arising under the Facility to the extent of a percentage equals to the shareholding in Polestar Automotive Holding Limited directly held by shareholders other than Snita.

ZGH furthermore confirms that its endorsement of PSD is made with the intention of supporting PSD in PSD's support of Polestar in accordance with this Letter of Comfort.

VCC and Snita shall provide a separate Letter of Comfort governed by the laws of Sweden.

The Letter of Comfort is governed by and construed in accordance with the laws of the People's Republic of China.

ZHEJIANG GEELY HOLDING GROUP CO., LTD.

……

Name:

Title:

PSD INVESTMENT LIMITED

…… ……

Name: Name:

Title: Title:

Schedule 16
Form of Green Loan Impact Report

GREEN LOAN IMPACT REPORT	
To: Standard Chartered Bank (the **Bank**)	
Address: 1 Basinghall Avenue, London EC2V 5DD, United Kingdom	
Date: [●]	
We refer to the Agreement dated [●] between Polestar Performance AB and the Bank. This is a Green Loan Impact Report required under the terms of the Agreement. Terms defined in the Agreement have the same meaning when used in this Green Loan Impact Report unless given a different meaning in this Green Loan Impact Report. This Green Loan Impact Report is a Finance Document under the Agreement.	
Borrower Name:	Polestar Performance AB
Utilised amount of each Green Loan Facility (include currency) / Utilised amount of all Green Loan Transactions (include currency):	[●]
Relevant Sustainable Development Goals (**SDGs**) to which the Green Loan Facility and / or Green Loan Transactions significantly contributed to:	[●]
Details of how all utilisations under each Green Loan Facility and / or under all Green Loan Transactions have been applied towards the Green Loan Purpose and are compliant with the GLP. Specifically: • how the proceeds of the Green Loan Facility or Green Loan Transactions have been applied to achieve the Green Loan Purpose; • how the Green Loan Purpose fits with the Borrower's environmental sustainability objectives, including any eligibility criteria; • what steps the Borrower has taken to ensure that the proceeds of the Green Loan Facility or Green Loan Transactions have been properly and clearly allocated	[●]

towards the Green Loan Purpose; • how the economic activity referred to in the Green Loan Purpose significantly contributed a positive impact to the relevant SDGs; and • the process applied to determine the level of positive impact.	
Relevant Jurisdictions:	[●]

Compliance Statement: We confirm that all utilisations under the Green Loan Facility and / or the Green Loan Transactions (as the case may be) have been applied towards a Green Loan Purpose and confirm compliance with clauses relating to the Green Loan Purpose and the GLP, including use of proceeds and relevant representations, warranties and undertakings. All relevant documents required to establish and support the statements made in this Green Loan Impact Report have been attached.

Signed: …… Name: …… Title: ……	Signed: …… Name: …… Title: ……

SIGNATURES

[Signature pages not restated]

SIGNATORIES

Borrower

For itself and on behalf of the Obligors as Obligors' Agent

Polestar Performance AB

Signature: /s/ Johan Malmqvist

Name: Johan Malmqvist

Title/capacity: Director

Signature: /s/ Thomas Ingenlath

Name: Thomas Ingenlath

Title/capacity: Director

Agent

For itself and as agent of the other Finance Parties

Standard Chartered Bank

/s/ Valdeep Singh

By: Valdeep Singh, Director

Address: 6th Floor, 1 Basinghall Avenue, London, EC2V 5DD

Security Agent

Standard Chartered Bank

Signature: /s/ Valdeep Singh

Name: Valdeep Singh

Title/capacity: Director

AMENDMENT AGREEMENT NO. 1

This Amendment Agreement No. 1 to the Polestar 2 Model Year Program License, License Assignment and Service Agreement ("**Amendment**") is between Volvo Car Corporation, Reg. No. 556074-3089, a corporation organized and existing under the laws of Sweden ("**Volvo Cars**") and Polestar Performance AB, 556653-3096, a corporation organized and existing under the laws of Sweden ("**Polestar")**.

Each of Volvo Cars and Polestar is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have entered into a Polestar 2 Model Year Program License, License Assignment and Service Agreement (PS21-007) dated 13 April 2021 (the "**Agreement**").

B. The Parties now wish to amend the Agreement to the extent set out below.

C. Now, therefore, the Parties agree as follows:

1. SCOPE OF AMENDMENT

1.1 The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.

1.2 The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on the date this Amendment is signed by the last Party to sign it (as indicated by the date associated with that Party's signature).

2. AMENDMENTS

2.1 ***The definition of "Affiliate" in Section 1 of the Agreement*** shall be amended and restated in its entirety as follows:

""**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by Volvo Car Corporation or Polestar Automotive Holding UK PLC; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity."

2.2 ***Appendix 1 to the Agreement*** shall be replaced in its entirety by Appendix 1 attached to this Amendment.

2.3 ***Appendix 2 to the Agreement*** shall be replaced in its entirety by Appendix 2 attached to this Amendment.

3. GENERAL PROVISIONS

3.1 This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.

3.2 No amendment of this Amendment will be effective unless it is in writing and signed by both Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.

3.3 Sections 17 and 18 of the Agreement shall apply to this Amendment as well.

3.4 The Parties may execute this Amendment in counterparts, including electronic copies, which taken together will constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

VOLVO CAR CORPORATION	**POLESTAR PERFORMANCE AB**
By: /s/ Maria Hemberg	By: /s/ Anna Rudensjö
Printed Name: Maria Hemberg	Printed Name: Anna Rudensjö
Title: General Counsel	Title: General Counsel
Date: Sep 22, 2022	Date: Nov 3, 2022
By: /s/ Johan Ekdahl	By: /s/ Dennis Nobelius
Printed Name: Johan Ekdahl	Printed Name: Dennis Nobelius
Title: CFO	Title: COO
Date: Sep 22, 2022	Date: Nov 9, 2022

Appendix 1

[***]

APPENDIX 2
FEE

1. GENERAL

1.1 This appendix determines the Fee for the deliveries under this Agreement.

1.2 Any capitalised terms used but not specifically defined in this Appendix shall have the meanings set out for such terms in the License and Service Agreement. In addition, the capitalised terms set out below shall for the purpose of this Appendix have the meaning described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

2. FEE

2.1 Principles for determining the Fee

2.2 As regards the Polestar and Volvo Technology, the Fee shall be determined based on Volvo Cars actual development costs for developing the Polestar and Volvo Technology.

2.3 The Fee shall be determined based on the activities performed when Volvo Cars has developed/develops the Volvo Technology and the Polestar Technology, and on estimated development costs, which shall be calculated on a time and material (and other costs) basis applying arm's length pricing using the cost plus method, i.e. full cost incurred plus an arm's length mark-up.

2.4 The Fee will be based on the actual hours required for the Service Specification in Appendix 1 and the hourly rates as set forth in Section 2.5 below. The Parties acknowledge that the estimated Fee set forth in this Appendix 2, are based on an estimation of the number of hours required and that this estimation may differ from the final actual number of hours charged by Volvo Cars. Hence, the Fee will ultimately be invoiced based on actual hours, not on estimated hours.

2.5 The hourly rates shall be determined by Volvo Cars on an annual basis in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties. All costs Volvo Cars has in order to develop the Agreement Result shall be included in the License and Service fee.

2.6 The estimated Fee that Polestar shall pay to Volvo Cars for the development of MY [***] is set out in the table below.

[***]

2.7 The estimated Fee that Polestar shall pay to Volvo Cars for the development of MY [***] (MY [***] and [***]) is set out in the table below, a total of [***].

[***]

2.8 The estimated Fee that Polestar shall pay to Volvo Cars for the development of MY[***] is set out in the tables below, a total of [***].

[***]

3. PAYMENT TERMS

3.1 The Fee outlined above in 2.6 in this appendix and included in the License and Service Agreement will be paid, as regards Volvo Cars' actual development costs up until and including February 2021, when the Agreement is signed by duly authorised signatories of each Party.

3.2 The Fee outlined above in 2.7 referring to [***] will be paid, as regards Volvo Cars' actual development costs up until and including 1st of March 2022, when the Amendment of the Agreement is signed by duly authorised signatories of each Party.

3.3 The Fee outlined above in 2.8 referring to [***] will be paid, as regards Volvo Cars' actual development costs up until and including 17st of April 2022, when the Amendment of the Agreement is signed by duly authorised signatories of each Party.

3.4 The actual development costs shall then be invoiced on a monthly basis, at the end of each month and payable within [***] days after the date of invoice.

3.5 All amounts and payments referred to in this Agreement shall be paid in SEK.

3.6 Volvo Cars is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Polestar. All amounts referred to in this Agreement are exclusive of VAT.

3.7 If Volvo Cars is obligated to collect or pay taxes, such taxes shall be invoiced to Polestar, unless Polestar provides a valid tax exemption certificate authorized by the appropriate Tax Authority. If Polestar is required by law to withhold any taxes from its payments Polestar must provide an official tax receipt or other appropriate documentation to support this withholding.

3.8 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on [***] per annum.

3.9 Any paid portion of the Fee is non-refundable, with the exceptions set out in this Agreement.

Certain identified information marked with "[***]" has been omitted from this document because it is both (i) not material and (ii) the type that the registrant treats as private or confidential.

Agreement No.: PS20-072

SERVICE AGREEMENT
MAIN DOCUMENT

Name of Project: PS2 Model Year Support

Short description of activities under this Service Agreement: The Service Provider shall provide certain manufacturing engineering services in relation to the production of Polestar 2 vehicles.

This Service Agreement is Zhongjia Automobile Manufacturing (Chengdu) CO., Ltd., Reg. No. 1510112562005858U, a corporation organized and existing under the laws of China ("**Service Provider**"), and Polestar Automotive China Distribution Co. Ltd., Reg. No. 91331001MA2DYEJ4XH, a corporation organized and existing under the laws of China ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have determined that Service Provider shall provide to Purchaser certain Services (as defined in the General Terms), which are further described in the Service Specification in Appendix 1. The provision of the Services shall be performed in accordance with the terms in this service agreement and its appendices (the "**Service Agreement**").

B. Purchaser now wishes to enter into this Service Agreement for the purpose of receiving the Services and Service Provider wishes to provide the Services in accordance with the terms set forth in this Service Agreement.

C. In light of the foregoing, the Parties have agreed to execute this Service Agreement.

AGREEMENT

1. GENERAL

1.1 This Service Agreement consists of this main document (the "**Main Document**") and its appendices. This Main Document sets out the specific terms in respect of the provision of the Services, whereas Appendix 2 sets out certain general terms and conditions applicable to the Parties' rights, obligations and the performance of the Parties' activities hereunder (the "**General Terms**").

1.2 All capitalized terms used, but not specifically defined in this Main Document, shall have the meaning ascribed to them in the General Terms.

2. SERVICE SPECIFICATION

2.1 The Parties have agreed upon the scope and specification for the Services as specified in the Service Specification in Appendix 1.

3. AFFILIATE

3.1 Affiliate shall for the purpose of this Service Agreement have the following meaning:

"**Affiliate**" means any other legal entity that, directly or indirectly, is controlled by or is under common control with Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd. or Polestar Automotive China Distribution Co. Ltd.; and control means the possession, directly or indirectly, by agreement or otherwise, of (i) at least 50% of the voting stock, partnership interest or other ownership interest, or (ii) the power (a) to appoint or remove a majority of the board of directors or other governing body of an entity, or (b) to cause the direction of the management of an entity.

4. INTELLECTUAL PROPERTY RIGHTS

4.1 The Parties agree that the Service Provider shall be the exclusive owner of all Results (as defined in the General Terms in Appendix 2) developed through the performance of the Services in accordance with what is set forth in Section 4.2.1 in the General Terms and shall thus be deemed the Results Owner (as defined in the General Terms in Appendix 2).

5. SERVICE CHARGES

5.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser shall pay to Service Provider the service charges as further described below (the "**Service Charges**").

5.2 The Service Charges for the Services will be based on the actual hours required for the Services to be performed by Service Provider as set forth in the Service Specification in Appendix 1 and the hourly rates as set forth in Appendix 3. The Parties acknowledge that the estimated Service Charges set forth in the Service Specification in Appendix 1 are based on an estimation of the amount of hours required for the performance of the Services and that this estimation may differ from the final actual number of hours charged by Service Provider. Hence, the Service Charges will ultimately be invoiced based on actual hours, not on estimated hours.

5.3 The Service Charges shall be paid in the currency: CNY.

5.4 The hourly rates that are used to calculate the Service Charges shall be determined by Service Provider on an annual basis in compliance with applicable tax legislation, including but not limited to the principle of "arm's length distance" between the Parties. The hourly rates shall be calculated using the cost plus method, *i.e.* full cost incurred plus an arm´s length mark-up. All costs Service Provider has in order to perform the Services shall be reimbursed by Purchaser.

6. PAYMENT

6.1 If Service Provider, pursuant to the General Terms, appoints its Affiliates and/or subcontractors to perform the Services under this Service Agreement, Service Provider shall include the costs relating to such work in the invoices to Purchaser.

6.2 The actual Service Charges shall be invoiced on a monthly basis at the end of each month and paid by Purchaser in accordance with what is set out in the General Terms.

7. GOVERNANCE FORUM

7.1 The Parties agree that governance in respect of this Service Agreement shall be handled in accordance with what is set out in the General Terms in Appendix 2. When reference is made

to a relevant governance forum, it shall for the purpose of this Service Agreement have the meaning set out below in this Section 7.

7.2 The first level of governance forum for handling the co-operation between the Parties in various matters, handling management, prioritisation of development activities etc. under the Service Agreement shall be the "**Steering Committee**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive M&L Steering Committee. The Steering Committee shall be the first level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

7.3 The higher level of governance forum, to which an issue shall be escalated if the Steering Committee fails to agree upon a solution shall be the "**Strategic Board**", which regarding cooperation between Service Provider and Purchaser is the so called Volvo Polestar Executive Meeting. The Strategic Board shall be the highest level of governance forum established by the Parties for handling the cooperation between them in respect of various matters.

8. TERRITORY

8.1 For the purposes of this Service Agreement, the "**Territory**" shall mean all countries in the world.

9. TEMPLATE FINANCIAL REPORTING

9.1 The Parties agree that the basis for calculating the Service Charges shall be transparent and auditable to Purchaser and be done based on the template attached as Appendix 4.

ORDER OF PRIORITY

9.2 In the event there are any contradictions or inconsistencies between the terms of this Main Document and any of the Appendices hereto, the Parties agree that the following order of priority shall apply:

(1) This Main Document
(2) Appendix 2, General Terms – Service Agreement
(3) Appendix 1, Service Specification
(4) Appendix 3, Hourly Rates
(5) Appendix 4, Template Financial Reporting

10. NOTICES

10.1 All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

(a) To Service Provider:

Volvo Car Corporation
Attention: [***]
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
Attention: Dept. 50090 HBS3
405 31 Gothenburg, Sweden
Email: legal@volvocars.com

(b) To Purchaser:

Polestar Automotive China Distribution Co. Ltd.
Attention: [***]
1280 Tiangong Avenue
Xinxing Neighborhood
Tianfu New District
610000
Email: [***]

With a copy not constituting notice to:

Polestar Performance AB
Legal Department
Assar Gabrielssons Väg 9
SE-405 31 Gothenburg, Sweden
Email: legal@polestar.com

[SIGNATURE PAGE FOLLOWS]

This Service Agreement has been signed in 2 originals, of which the Parties have received 1 each.

ZHONGJIA AUTOMOBILE MANUFACTURING (CHENGDU)	**POLESTAR AUTOMOTIVE CHINA DISTRIBUTION CO. LTD.**
By: /s/ Xiaolin Yuan	By: /s/ Dan Feng
Printed Name: Xiaolin Yuan	Printed Name: Dan Feng
Title: Legal Representative	Title: Legal Representative.
Date:	Date: Nov 22, 2022
By:	By:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:

SERVICE AGREEMENT
APPENDIX 1
SERVICE SPECIFICATION

1. GENERAL

1.1 This Service Specification is a part of the Service Agreement executed between Service Provider and Purchaser. This Service Specification sets out the scope and the specification of the activities that shall be performed under the Service Agreement, the division of responsibilities between Service Provider and Purchaser and the applicable time plan for the performance of the activities.

2. DEFINITIONS

2.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalised terms set out below in this Section 2 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

3. GENERAL DESCRIPTION

3.1 The Service Provider is requested to support the Purchaser with Manufacturing Engineering, New Model launch, Logistic Engineering, and Inbound Logistics services for model year upgrades of the Polestar 2 vehicle.

3.2 The Parties have agreed to that the services will be performed as part of the corresponding Model Year programs [***].

3.3 The overall objectives of the activities are to safeguard a seamless introduction of the updated parts.

4. ASSUMPTIONS/PRE-REQUISITES

4.1 The support is limited to parts having a corresponding usage in the Service Provider´s platforms.

5. DESCRIPTION OF THE SERVICE ACTIVITIES

5.1 Industrial Operations & Quality will provide the following services:

(a) Product and Process related activities, in the areas of Stamping, Body in White, Paint Shop, Final Plant, Geometry & Logistics.

(b) Release Process Inspection Instructions and script updates for the Hardware and Software introductions.

(c) Perform the product, process, and logistics engineering work according to the Volvo Product Development System (VPDS) pre-requisites. This for all changes that affects the Polestar 2 vehicle.

(d) If content in the specific programs is changed, VCC needs to contact Polestar.

6. TIMING AND DELIVERABLES

6.1 The activities shall commence in Q1 2019 until end of 2023.

6.2 Deliveries will be according to Model Year program´s time schedule.

7. ESTIMATED HOURS

7.1 The Parties estimate that the number of hours that are required to perform the Services in China are [***] hours. The estimated hours are based on the Purchaser paying [***] of their unique content and [***] of the common content in [***] and [***] of the common content in [***] and [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day.

7.2 The estimated service fee is [***] CNY.

8. PARTIES RESPONSIBILITIES

8.1 **General.** The division of the responsibilities between the Parties can be described as follows in this Section 8.

8.2 **Service Provider's responsibilities.** Service Provider is responsible for the following activities:

(a) Supply Manufacturing Engineering support as defined with the Volvo Cars Program management system.

8.3 **Purchaser's responsibilities.** Purchaser is responsible for all the other activities in relation to the Model Year upgrade including:

(a) Timely providing, in relation to the Polestar 2 vehicle, the necessary pre-requisites and information to launch the production.

SERVICE AGREEMENT
APPENDIX 2
GENERAL TERMS

1. BACKGROUND

This Appendix 2, General Terms – Service Agreement, (the "**General Terms**") is an Appendix to the Main Document and is an integrated part of the Service Agreement entered into between the Parties.

2. DEFINITIONS

2.1 For the purpose of these General Terms, the following terms shall have the meanings assigned to them below. All capitalized terms in singular in the list of definitions shall have the same meaning in plural and *vice versa*. Any capitalized terms used, but not specifically defined below in this Section 2, shall have the meaning ascribed to them in the Main Document.

2.2 "**Appendix**" means an appendix to the Main Document.

2.3 "**Background IP**" means the Intellectual Property Rights either:

(a) owned by either of the Parties;

(b) created, developed or invented by directors, managers, employees or consultants of either of the Parties;

(c) to which the Party has licensed rights instead of ownership and the right to grant a sublicense

prior to the execution of this Service Agreement, and any Intellectual Property Rights developed or otherwise acquired independently of this Service Agreement.

2.4 **"Change Management"** means maintenance and development of the Results to be performed 90 days after the start of production of the first vehicle in which the Results are installed, incorporated, included or otherwise used, and which are driven by for example legal requirements or changes in other products/parts having an effect on the Results.

2.5 "**Confidential Information**" means any and all non-public information regarding the Parties and their respective businesses, whether commercial or technical, in whatever form or media, including but not limited to the existence, content and subject matter of this Service Agreement, information relating to Intellectual Property Rights, concepts, technologies, processes, commercial figures, techniques, algorithms, formulas, methodologies, know-how, strategic plans and budgets, investments, customers and sales, designs, graphics, CAD models, CAE data, statement of works (including engineering statement of works and any high level specification), targets, test plans/reports, technical performance data and engineering sign-off documents and other information of a sensitive nature, that a Party learns from or about the other Party prior to or after the execution of this Service Agreement.

2.6 "**Data Room**" means the secure environment personal approved access information sharing platform agreed to be used between the Parties for making available the Results to Purchaser.

2.7 "**Disclosing Party**" means the Party disclosing Confidential Information to the Receiving Party.

2.8 "**EU Data Protection Laws**" shall mean collectively, any applicable data protection, privacy or similar law generally applicable to the processing of personal data, including but not limited to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) and any act or piece of national legislation implementing, supporting or otherwise incorporating said regulation, including any amendment made to any of the foregoing.

2.9 "**Force Majeure Event**" shall have the meaning set out in Section 15.1.1.

2.10 "**Industry Standard**" means the exercise of such professionalism, skill, diligence, prudence and foresight that would normally be expected at any given time from a skilled and experienced actor engaged in a similar type of undertaking as under this Service Agreement.

2.11 "**Intellectual Property Rights**" or "**IP**" means Patents, Non-patented IP, rights in Confidential Information and Know-How to the extent protected under applicable laws anywhere in the world. For the avoidance of doubt, Trademarks are not comprised by this definition.

2.12 "**Know-How**" means confidential and proprietary industrial, technical and commercial information and techniques in any form including (without limitation) drawings, formulae, test results, reports, project reports and testing procedures, instruction and training manuals, tables of operating conditions, specifications, component lists, market forecasts, lists and particulars of customers and suppliers.

2.13 "**Main Document**" means the contract document (with the heading "Main Document - Service Agreement"), which is signed by Service Provider and Purchaser, to which these General Terms are an Appendix.

2.14 "**Non-patented IP**" means copyrights (including rights in computer software), database rights, semiconductor topography rights, rights in designs, and other intellectual property rights (other than Trademarks and Patents) and all rights or forms of protection having equivalent or similar effect anywhere in the world, in each case whether registered or unregistered, and registered includes registrations, applications for registration and renewals whether made before, on or after execution of this Service Agreement.

2.15 "**Patent**" means any patent, patent application, or utility model, whether filed before, on or after execution of this Service Agreement, along with any continuation, continuation-in-part, divisional, re-examined or re-issued patent, foreign counterpart or renewal or extension of any of the foregoing.

2.16 "**Receiving Party**" means the Party receiving Confidential Information from the Disclosing Party.

2.17 "**Results**" shall mean any outcome of the Services provided to Purchaser under this Service Agreement (including but not limited to any IP, technology, software, methods, processes, deliverables, objects, products, documentation, modifications, improvements, and/or amendments to be carried out by Service Provider under the Service Specification) and any other outcome or result of the Services to be performed by Service Provider as described in the relevant Service Specification, irrespective of whether the performance of the Services has been completed or not.

2.18 "**Results Owner**" shall mean the Party which shall be the owner of the Results in accordance with what is set forth in Section 5.2.

2.19 "**Services**" shall mean the services to be performed by Service Provider to Purchaser hereunder, including all services under the Appendices attached hereto.

2.20 "**Service Agreement**" means the Main Document including all of its Appendices and their Schedules as amended from time to time.

2.21 "**Service Charges**" means the service charges as set forth or referenced to in the Main Document.

2.22 "**Service Specification**" describes the Services to be provided by Service Provider to Purchaser hereunder including (if applicable) a time plan for the provision of the Services, which is included as Appendix 1 in this Service Agreement.

2.23 "**Third Party**" means a party other than any of the Parties and/or an Affiliate of one of the Parties to this Service Agreement.

2.24 "**Trademarks**" means trademarks (including part numbers that are trademarks), service marks, logos, trade names, business names, assumed names, trade dress and get-up, and domain names, in each case whether registered or unregistered, including all applications, registrations, renewals and the like, in each case to the extent they constitute rights that are enforceable against Third Parties.

2.25 "**Use**" means to make, have made, use (including in a process, such as use in designing, engineering, testing or assembling products or in their research or development), keep, install, integrate, extract, assemble, reproduce, incorporate, create derivative works of, modify, adapt, improve, enhance, develop, service or repair, including in the case of installation, integration, assembly, service or repair, the right to have a subcontractor of any tier carry out any of these activities on behalf of Purchaser.

2.26 The right to "**have made**" is the right of Purchaser to have another person (or their subcontractor of any tier) make for Purchaser and does not include the right to grant sublicenses to another person to make for such person's own use or use other than for Purchaser.

3. PROVISION OF SERVICES

3.1 **Service Specification.** The Parties have agreed upon the scope and specification of the Services provided under this Service Agreement in the Service Specification.

3.2 **Making available the Results.**

3.2.1 Service Provider shall make the Results (or if not finalised, any part of the Results that has been finalised) available to Purchaser within the timeframes specified in the Service Specification, but under all circumstances promptly after any part of the Results has been finalised. The Results shall only be made available in a Data Room.

3.2.2 The Results (or any finalised part thereof) shall be deemed made available by Service Provider to Purchaser if such files have been electronically loaded into and made accessible by Service Provider in the Data Room agreed upon.

3.3 **Change Management.** Service Provider has an obligation to, upon Purchaser's request, perform Change Management in relation to the developed Results, such as changes required in order to maintain functionality, adjust the Results due to new technical solutions etc. For the avoidance of doubt, the performance of Change Management is however not governed by this Service Agreement, but shall be subject to a separate agreement between the Parties, which the Parties upon either Party's request shall execute.

3.4 **Service Recipients.** In addition to Purchaser, all of Purchaser's Affiliates shall be entitled to receive and use the Services under this Service Agreement. Nevertheless, Purchaser shall be Service Provider's sole point of contact and shall be responsible for payment of the Service Charges as set forth in this Service Agreement, irrespectively of whether it is Purchaser or any of Purchaser's Affiliates that in reality received and used the Services.

3.5 **Subcontractors.**

3.5.1 The Parties acknowledge that Service Provider may use its Affiliates and/or subcontractors to perform the Services under this Service Agreement, provided that Service Provider informs Purchaser thereof.

3.5.2 Service Provider shall however remain responsible for the performance, and any omission to perform or comply with the provisions of this Service Agreement, by any Affiliate to Service Provider and/or any subcontractor to the same extent as if such performance or omittance was made by Service Provider itself. Service Provider shall also remain Purchaser's sole point of contact unless otherwise agreed.

3.6 **Relationship between the Parties.** The Parties are acting as independent contractors when performing each Party's respective obligations under the Service Agreement. Neither Party nor its Affiliates are agents for the other Party or its Affiliates and have no authority to represent them in relation to any matters. Nothing in these General Terms or the Service Agreement shall be construed as to constitute a partnership or joint venture between the Parties.

4. SERVICE REQUIREMENTS

4.1 All Services shall be performed in accordance with the requirements set forth in this Service Agreement, including the Service Specification, and otherwise in a professional manner.

4.2 When providing the Services, Service Provider shall use professional and skilled personnel, reasonably experienced for the Services to be performed, Service Provider shall work according to the same standard of care and professionalism that is done in Service Provider's internal business and development projects. Such standard of care and

professionalism, shall however at all times correspond to Industry Standard. For the avoidance of doubt, Service Provider is responsible for all necessary recruiting and hiring costs associated with employing appropriate personnel as well as all necessary training costs.

4.3 Service Provider acknowledges that time is of essence and Service Provider agrees to strictly respect and adhere to the deadlines set out in the Service Specification in Appendix 1, such as time limits, milestones and gates. In the event Service Provider risks not to meet an agreed deadline or is otherwise in delay with the performance of the Services, Service Provider shall appoint additional resources in order to avoid the effects of the anticipated delay or the delay (as the case may be).

4.4 In the event the Services or any part thereof, more than insignificantly deviate from the requirements set forth in the Service Specification, or if Service Provider otherwise does not meet or ceases to meet the requirements set forth in this Service Agreement (except for minor faults and defects, which do not affect the provision of the Services), Service Provider shall remedy such incompliance, fault or defect as soon as reasonably possible.

4.5 In the event Service Provider fails to act in accordance with Section 4.3 and 4.4 above, such failure shall be escalated in accordance with the escalation principles set forth in Section 17.1 and eventually give Purchaser the right to terminate the Service Agreement in accordance with Section 14.4.

4.6 Purchaser shall provide Service Provider with instructions as reasonably required for Service Provider to be able to carry out the Services. Service Provider must continuously inform Purchaser of any needs of additional instructions or specifications required to perform the Services.

4.7 Service Provider shall ensure that it has sufficient resources to perform its undertakings under this Service Agreement. Further, Service Provider undertakes to ensure that the performance of the Services will not be given lower priority than other of Service Provider's internal similar projects.

5. INTELLECTUAL PROPERTY RIGHTS

5.1 **Ownership of existing Intellectual Property Rights.**

5.1.1 Each Party remains the sole and exclusive owner of its Background IP and any Intellectual Property Rights which are modifications, amendments or derivatives of any Intellectual Property Rights already owned by such Party.

5.1.2 Nothing in this Service Agreement shall be deemed to constitute an assignment of, or license to use, any Trademarks of the other Party.

5.2 **Ownership of Results.**

5.2.1 The Party specified in the Main Document to own the Results shall be the exclusive owner of the Results, including all modifications, amendments and developments thereof.

5.2.2 If Purchaser is the Party indicated as owning the Results in the Main Document, all Results, including all modifications, amendments and developments thereof, and any Intellectual Property Rights developed as a result of the Services provided by Service Provider (or if

applicable, any of its appointed Affiliates or subcontractors), shall consequently automatically upon creation be transferred from Service Provider to Purchaser. Purchaser shall further have the right to transfer, sublicense, modify and otherwise freely dispose of the Results, however with the restrictions set forth in Section 5.3 below.

5.3 **License grant.**

5.3.1 The Results Owner hereby grants to the other Party a non-exclusive, irrevocable, perpetual (however at least 50 years long (however, in no event shall such time exceed the validity period of any IP or Background IP included in the license described hereunder)), non-assignable (however assignable to the Party's Affiliates and related companies) license to, within the Territory:

(a) Use , in whole or in part, the Results and, if applicable, any Background IP embedded in or otherwise used in the development of the Results to the extent such license is necessary or reasonably necessary to make use of this license granted to the Results and the Services provided hereunder; and

(b) design, engineer, Use, make and have made, repair, service, market, sell and make available products and/or services based on, incorporating or using the Results and any Background IP referred to in (a) above, in whole or in part.

5.3.2 Notwithstanding anything to the contrary in the Service Agreement, nothing in these General Terms or otherwise in the Service Agreement shall be construed as to give the other Party any rights, including but not limited to any license rights (express or implied), to any Background IP, except as expressly stated herein.

5.3.3 The license granted from the Results Owner to the other Party under Section 5.3.1 above shall be fully sublicensable to the other Party's Affiliates, but shall not be sublicensable to any Third Party without prior written approval from the Results Owner, however with the exception stated in Section 5.3.4 below. For the avoidance of doubt, the Results Owner shall be entitled to license the Results, including any Background IP therein, to the Results Owner's Affiliates without prior written consent from the other Party.

5.3.4 In the event either Party would want to sublicense/license the rights granted under Section 5.3.1 above in whole, or a substantial part of said rights, to a Third Party, such sublicense/license requires the prior written approval of the other Party, which shall not be unreasonably withheld (whereby a sublicense/license to a Third Party which is a competitor of either Party is an example of what could be deemed unreasonable and subject to non-approval) or delayed. Any approval in accordance with the foregoing shall be handled at a high governance level by the Strategic Board. For the avoidance of doubt, the other Party has no obligation to provide any support regarding sublicensing/licensing of any rights connected to this Service Agreement to a Party providing a sublicense/license to a Third Party.

5.4 **Suspected infringement.**

5.4.1 The Party to whom the license in Section 5.3 is granted, shall promptly (upon becoming aware) notify the Results Owner in writing of:

(a) any conduct of a Third Party that the Party reasonably believes to be, or reasonably believes to be likely to be, an infringement, misappropriation or other violation of

any Intellectual Property Rights licensed to the Party hereunder by a Third Party; or

(b) any allegations made to the Party by a Third Party that any Intellectual Property Rights licensed hereunder are invalid, subject to cancellation, unenforceable, or is a misappropriation of any Intellectual Property Rights of a Third Party.

5.4.2 In the event that the Party has provided the Results Owner a notification pursuant to Section 5.4.1(a) above, and the Results Owner decides not to take any action against the Third Party, the Results Owner may approve in writing that the other Party shall be entitled to itself take action against the Third Party at its own cost. If the Results Owner approves, it shall provide reasonable assistance to the other Party, as requested by the other Party at the other Party's expense. If the Results Owner does not approve to the other Party taking such action, the issue should be escalated to the Strategic Board for decision.

5.4.3 For the avoidance of doubt, the Results Owner has no responsibility in the event the Results are alleged to infringe in any Third Party's Intellectual Property Rights and the Results Owner has, except for what is set out above in this Section 5.4 no obligation to defend and hold the other Party harmless from and against any alleged infringements.

5.5 **Volvo brand name.**

5.5.1 For the sake of clarity, it is especially noted that this Service Agreement does not include any right to use the "Volvo" brand name, or Trademarks, or refer to "Volvo" in communications or official documents of whatever kind. The Parties acknowledge that the "Volvo" Trademarks as well as the "Volvo" name is owned by Volvo Trademark Holding AB and that the right to use the name and the "Volvo" Trademarks is subject to a service agreement, which stipulates that the name, Trademarks and all thereto related Intellectual Property can only be used by Volvo Car Corporation and its Affiliates in relation to Volvo products.

5.5.2 This means that this Service Agreement does not include any rights to directly or indirectly use the "Volvo" brand name or "Volvo" Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, e.g. in presentations, business cards and correspondence.

5.6 **Polestar brand name.**

5.6.1 Correspondingly, it is especially noted that this Service Agreement does not include any right to use the Polestar brand name or Trademarks, or refer to Polestar in communications or official documents of whatever kind.

This means that this Service Agreement does not include any rights to directly or indirectly use the Polestar brand name or Polestar Trademarks, on or for any products or when marketing, promoting and/or selling such products, or in any other contacts with Third Parties, *e.g.* in presentations, business cards and correspondence.

6. SERVICE CHARGES

6.1 In consideration of Service Provider's performance of the Services under this Service Agreement, Purchaser agrees to pay to Service Provider the Service Charges as set forth or referenced to in the Main Document.

7. PAYMENT TERMS

7.1 The Service Charges shall be paid in the currency set forth in the Main Document, in a timely manner and in accordance with the payment terms set forth in this Section 7.

7.2 Service Provider is responsible for charging and declaring sales tax/VAT or other taxes as follow from applicable law. Any applicable sales tax/VAT on the agreed price will be included in the invoices and paid by Purchaser. All amounts referred to in this Service Agreement are exclusive of VAT.

7.3 If Service Provider is obligated to collect or pay taxes, such taxes shall be invoiced to Purchaser, unless Purchaser provides a valid tax exemption certificate authorized by the appropriate Tax Authority. If Purchaser is required by law to withhold any taxes from its payments, Purchaser must provide an official tax receipt or other appropriate documentation to support this withholding.

7.4 Any amount of the Service Charges invoiced by Service Provider to Purchaser shall be paid by Purchaser within [***] after the invoice date.

7.5 Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on [***] per annum.

7.6 Any paid portion of the Service Charges is non-refundable, with the exception set forth in the Main Document.

8. AUDIT

8.1 During the term of the Service Agreement, Purchaser shall have the right to, upon reasonable notice in writing to Service Provider, inspect Service Provider's books and records related to the Services and the premises where the Services are performed, in order to conduct quality controls and otherwise verify the statements rendered under this Service Agreement.

8.2 Audits shall be made during regular business hours and be conducted by Purchaser or by an independent auditor appointed by Purchaser. Should Purchaser during any inspection find that Service Provider or the Services does/do not fulfil the requirements set forth herein, Purchaser is entitled to comment on the identified deviations. Service Provider shall, upon notice from Purchaser, take reasonable efforts to take the actions required in order to fulfil the requirements. In the event the Parties cannot agree upon measures to be taken in respect of the audit, each Party shall be entitled to escalate such issue to the Steering Committee.

9. REPRESENTATIONS

9.1 Each Party warrants and represents to the other Party that:

(a) it is duly organized, validly existing, and in good standing under the laws of its respective jurisdiction of incorporation or formation, as applicable;

(b) it has full corporate power and authority to execute and deliver this Service Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance of this Service Agreement have been duly authorized and approved, with such authorization and approval in full force and effect, and do not and will not (i) violate any laws or regulations applicable to it or (ii) violate its organization documents or any agreement to which it is a party; and

(d) this Service Agreement is a legal and binding obligation of it, enforceable against it in accordance with its terms.

9.2 To the extent any Background IP is embedded, or otherwise included, in the Results and subject to the license granted in Section 5.3 above, the Parties acknowledge that the Background IP is licensed on an "as is" basis, without any warranties or representations of any kind (except for the warranties in Section 9.1 above), whether implied or express, and in particular any warranties of suitability, merchantability, description, design and fitness for a particular purpose, non-infringement, completeness, systems integration and accuracy are expressly excluded to the maximum extent permissible by law.

10. SERVICE WARRANTY

10.1 When performing the Services, Service Provider shall provide professional and skilled personnel, reasonably experienced for the Services to be performed at the best of their knowledge.

10.2 Service Provider provides the Services "as is". Service Provider does neither warrant nor represent that any Services, provided or delivered to Purchaser hereunder are functional for the business needs of Purchaser or otherwise suitable for any specific purpose, nor that the Services, are not infringing any Intellectual Property of any third party. Service Provider does neither give any representations or warranties as regards the merchantability of the deliverables to be delivered hereunder nor any other representations or warranties of any kind whatsoever concerning the Services. Purchaser acknowledges that the price of the Services to be performed and other deliverables to be delivered by Service Provider are set in consideration of the foregoing.

10.3 Service Provider shall after receipt of notice of a claim related to Purchaser's use of the Services notify Purchaser of such claim in writing and Purchaser shall following receipt of such notice, to the extent permitted under applicable law, at its own cost conduct negotiations with the third party presenting the claim and/or intervene in any suit or action. Purchaser shall at all times keep Service Provider informed of the status and progress of the claim and consult with Service Provider on appropriate actions to take. If Purchaser fails to or chooses not to take actions to defend Service Provider within a reasonable time, or at any time ceases to make such efforts, Service Provider shall be entitled to assume control over the defence against such claim and/ or over any settlement negotiation at Purchaser's cost. Any settlement proposed by Purchaser on its own account must take account of potential implications for Service Provider and shall therefore be agreed with Service Provider before settlement. Each Party will at no cost furnish to the other Party all data, records, and assistance within that Party's control that are of importance in order to properly defend against a claim.

11. LIMITATION OF LIABILITY

11.1 Neither Party shall be responsible for any indirect, incidental or consequential damage or any losses of production or profit caused by it under this Service Agreement.

11.2 Each Party's aggregate liability for any direct damage arising out of or in connection with this Service Agreement shall be limited to [***] payable by Purchaser to Service Provider hereunder.

11.3 The limitations of liability set forth in this Section 11 shall not apply in respect of:

(a) claims related to death or bodily injury;

(b) damage caused by wilful misconduct or gross negligence;

(c) damage caused by a Party's breach of the confidentiality undertakings in Section 13 below; or

(d) damage arising out of an infringement, or alleged infringement, of the other Party's or any third party's Intellectual Property.

12. GOVERNANCE AND CHANGES

12.1 **Governance.**

12.1.1 The Parties shall act in good faith in all matters and shall at all times co-operate in respect of changes to this Service Agreement as well as issues and/or disputes arising under this Service Agreement.

12.1.2 The governance and co-operation between the Parties in respect of this Service Agreement shall primarily be administered on an operational level. In the event the Parties on an operational level cannot agree upon *inter alia* the prioritisation of development activities or other aspects relating to the co-operation between the Parties, each Party shall be entitled to escalate such issue to the Steering Committee.

12.1.3 If the Steering Committee fails to agree upon a solution of the disagreement the relevant issue should be escalated to the Strategic Board for decision.

12.2 **Changes.**

12.3 During the term of this Service Agreement, Purchaser can request changes to the Service Specification, which shall be handled in accordance with the governance procedure set forth in Section 12.112.1 above. Both Parties agree to act in good faith to address and respond to any change request within a reasonable period of time.

12.4 The Parties acknowledge that Service Provider will not perform in accordance with such change request until agreed in writing between the Parties. For the avoidance of any doubt, until there is agreement about the requested change, all work shall continue in accordance with the existing Service Specification.

13. CONFIDENTIAL INFORMATION

13.1 The Parties shall take any and all necessary measures to comply with the security and confidentiality procedures of the other Party.

13.2 All Confidential Information shall only be used for the purposes comprised by the fulfilment of this Service Agreement. Each Party will keep in confidence any Confidential

Information obtained in relation to this Service Agreement and will not divulge the same to any Third Party, unless the exceptions specifically set forth below in this Section 13.2 below apply, in order to obtain patent protection or when approved by the other Party in writing, and with the exception of their own officers, employees, consultants or sub-contractors with a need to know as to enable such personnel to perform their duties hereunder. This provision will not apply to Confidential Information which the Receiving Party can demonstrate:

(a) was in the public domain other than by breach of this undertaking, or by another confidentiality undertaking;

(b) was already in the possession of the Receiving Party before its receipt from the Disclosing Party;

(c) is obtained from a Third Party who is free to divulge the same;

(d) is required to be disclosed by mandatory law, court order, lawful government action or applicable stock exchange regulations;

(e) is reasonably necessary for either Party to utilize its rights and use of its Intellectual Property Rights; or

(f) is developed or created by one Party independently of the other, without any part thereof having been developed or created with assistance or information received from the other Party.

13.3 The Receiving Party shall protect the disclosed Confidential Information by using the same degree of care, but no less than a reasonable degree of care, as the Receiving Parts uses to protect its own Confidential Information of similar nature, to prevent the dissemination to Third Parties or publication of the Confidential Information. Further, each Party shall ensure that its employees and consultants are bound by a similar duty of confidentiality and that any subcontractors taking part in the fulfilment of that Party's obligations hereunder, enters into a confidentiality undertaking containing in essence similar provisions as those set forth in this Section 13.

13.4 Any tangible materials that disclose or embody Confidential Information should be marked by the Disclosing Party as "Confidential," "Proprietary" or the substantial equivalent thereof. Confidential Information that is disclosed orally or visually shall be identified by the Disclosing Party as confidential at the time of disclosure, with subsequent confirmation in writing within 30 days after disclosure. However, the lack of marking or subsequent confirmation that the disclosed information shall be regarded as "Confidential", "Proprietary" or the substantial equivalent thereof does not disqualify the disclosed information from being classified as Confidential Information.

13.5 If any Party violates any of its obligations described in this Section 13, the violating Party shall, upon notification from the other Party, (i) immediately cease to proceed such harmful violation and take all actions needed to rectify said behaviour and (ii) financially compensate for the harm suffered as determined by an arbitral tribunal pursuant to 17.1.5 below. All legal remedies (compensatory but not punitive in nature) according to law shall apply.

13.6 For the avoidance of doubt, this Section 13 does not permit disclosure of source code to software, and/or any substantial parts of design documents to software, included in the Results, to any Third Party, notwithstanding what it set forth above in this Section 13. Any such disclosure to any Third Party is permitted only if approved in writing by Service Provider.

13.7 This confidentiality provision shall survive the expiration or termination of this Service Agreement without limitation in time.

14. TERM AND TERMINATION

14.1 This Service Agreement shall become effective when the Main Document is signed by duly authorised signatories of each Party and shall, unless terminated in accordance with this Section 14 below, remain in force until the Services are completed.

14.2 Either Party shall be entitled to terminate this Service Agreement with immediate effect in the event:

(a) the other Party commits a material breach of the terms of this Service Agreement, which has not been remedied within 30 days from written notice from the other Party to remedy such breach (if capable of being remedied); or

(b) if the other Party should become insolvent or enter into negotiations on composition with its creditors or a petition in bankruptcy should be filed by it or it should make an assignment for the benefit of its creditors.

14.3 For avoidance of doubt, Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, shall be considered in material breach for the purpose of this Service Agreement.

14.4 Furthermore, Purchaser is entitled to terminate this Service Agreement with immediate effect in case Service Provider acts in breach, which is not insignificant, of what is set forth in Section 4.3 and 4.4 provided that the issue first has been escalated in accordance with Section 17.1.

14.5 Purchaser shall in addition be entitled to cancel the Services performed by Service Provider for convenience upon 30 days written notice to Service Provider. In such event, Service Provider shall, upon request from Purchaser, promptly make available in the Data Room (if applicable) any and all parts of the Results which have been finalised on the effective date of the cancellation. Moreover, the "Results" shall for the purposes of this Service Agreement be considered such parts of the Results that Service Provider has finalised on the effective date of the cancellation.

14.6 In the event Purchaser cancels the Services in accordance with Section 14.5 above, the Service Charges shall, instead of what is set out in the Main Document, correspond to Service Provider's costs for the Services performed up, until and including the effective date of the cancellation, including the mark-up otherwise applied to calculate the Service Charges in accordance with the Main Document and any other reasonable proven costs Service Provider has incurred.

14.7 Either Party shall in addition be entitled to terminate the Service Agreement for convenience upon 60 days written notice to the other Party.

15. MISCELLANEOUS

15.1 **Force majeure.**

15.1.1 Neither Party shall be liable for any failure or delay in performing its obligations under the Service Agreement to the extent that such failure or delay is caused by a Force Majeure Event. A "**Force Majeure Event**" means any event beyond a Party's reasonable control, which by its nature could not have been foreseen, or, if it could have been foreseen, was unavoidable, including strikes, lock-outs or other industrial disputes (whether involving its own workforce or a Third Party's), failure of energy sources or transport network, restrictions concerning motive force, acts of God, war, terrorism, insurgencies and riots, civil commotion, mobilization or extensive call ups, interference by civil or military authorities, national or international calamity, currency restrictions, requisitions, confiscation, armed conflict, malicious damage, breakdown of plant or machinery, nuclear, chemical or biological contamination, sonic boom, explosions, collapse of building structures, fires, floods, storms, stroke of lightning, earthquakes, loss at sea, epidemics or similar events, natural disasters or extreme adverse weather conditions, or default or delays of suppliers or subcontractors if such default or delay has been caused by a Force Majeure Event.

15.1.2 A non-performing Party, which claims there is a Force Majeure Event, and cannot perform its obligations under the Service Agreement as a consequence thereof, shall use all commercially reasonable efforts to continue to perform or to mitigate the impact of its non-performance notwithstanding the Force Majeure Event and shall continue the performance of its obligations as soon as the Force Majeure Event ceases to exist.

15.2 **Notices.** All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement must be in legible writing in the English language delivered by personal delivery, email transmission or prepaid overnight courier using an internationally recognized courier service and shall be effective upon receipt, which shall be deemed to have occurred:

(a) in case of personal delivery, at the time and on the date of personal delivery;

(b) if sent by email transmission, at the time and date indicated on a response confirming such successful email transmission;

(c) if delivered by courier, at the time and on the date of delivery as confirmed in the records of such courier service; or

(d) at such time and date as delivery by personal delivery or courier is refused by the addressee upon presentation;

in each case provided that if such receipt occurred on a non-business day, then notice shall be deemed to have been received on the next following business day; and provided further that where any notice, demand, request or other communication is provided by any party by email, such party shall also provide a copy of such notice, demand, request or other communication by using one of the other methods. All such notices, demands, requests and other communications shall be addressed to the address, and with the attention, as set forth in the Main Document, or to such other address, number or email address as a Party may designate.

15.3 **Assignment.**

15.3.1 Neither Party may, wholly or partly, assign, pledge or otherwise dispose of its rights and/or obligations under this Service Agreement without the other Party's prior written consent.

15.3.2 Notwithstanding the above, each Party may assign this Service Agreement to an Affiliate without the prior written consent of the other Party.

15.4 **Waiver.** Neither Party shall be deprived of any right under this Service Agreement because of its failure to exercise any right under this Service Agreement or failure to notify the infringing party of a breach in connection with the Service Agreement. Notwithstanding the foregoing, rules on complaints and limitation periods shall apply.

15.5 **Severability.** In the event any provision of this Service Agreement is wholly or partly invalid, the validity of the Service Agreement as a whole shall not be affected and the remaining provisions of the Service Agreement shall remain valid. To the extent that such invalidity materially affects a Party's benefit from, or performance under, the Service Agreement, it shall be reasonably amended.

15.6 **Entire agreement.** All arrangements, commitments and undertakings in connection with the subject matter of this Service Agreement (whether written or oral) made before the date of this Service Agreement are superseded by this Service Agreement and its Appendices.

15.7 **Amendments.** Any amendment or addition to this Service Agreement must be made in writing and signed by the Parties to be valid.

15.8 **Survival.**

15.8.1 If this Service Agreement is terminated or expires pursuant to Section 14 above, Section 5.3 (*License grant*), Section 13 (*Confidentiality*), Section 16 (*Governing Law),* Section 17 *(Dispute Resolution*) as well as this Section 15.8, shall survive any termination or expiration and remain in force as between the Parties after such termination or expiration.

15.8.2 Notwithstanding Section 15.8.1 above, if this Service Agreement is terminated due to Purchaser not paying the Service Charges, without legitimate reasons for withholding payment, pursuant to Section 14 above, Section 5.3 (*License Grant*) shall not survive termination or remain in force as between the Parties after such termination. For the avoidance of doubt, what is stated in this Section 15.8.2 shall only apply in relation to such licenses granted to Purchaser pursuant to Section 5.3 above and any licenses granted to Service Provider under Section 5.3 shall thus nevertheless remain in force after such termination.

16. GOVERNING LAW

16.1 This Service Agreement and all non-contractual obligations in connection with this Service Agreement shall be governed by the substantive laws of:

(a) the People's Republic of China, if the Party that is providing the Services is incorporated under the laws of the People's Republic of China; and

(b) Sweden, if the Party that is providing the Services is incorporated under the laws of Sweden,

without giving regard to its conflict of laws principles.

17. DISPUTE RESOLUTION

17.1 **Escalation principles.**

17.1.1 In case the Parties cannot agree on a joint solution for handling disagreements or disputes, a deadlock situation shall be deemed to have occurred and each Party shall notify the other Party hereof by the means of a deadlock notice and simultaneously send a copy of the notice to the Steering Committee. Upon the receipt of such a deadlock notice, the receiving Party shall within ten days of receipt, prepare and circulate to the other Party a statement setting out its position on the matter in dispute and reasons for adopting such position, and simultaneously send a copy of its statement to the Steering Committee. Each such statement shall be considered by the next regular meeting held by the Steering Committee or in a forum meeting specifically called upon by either Party for the settlement of the issue.

17.1.2 The members of the Steering Committee shall use reasonable endeavours to resolve a deadlock situation in good faith. As part thereof, the Steering Committee may request the Parties to in good faith develop and agree on a plan to resolve or address the breach, to be presented for the Steering Committee without undue delay. If the Steering Committee agrees upon a resolution or disposition of the matter, the Parties shall agree in writing on terms of such resolution or disposition and the Parties shall procure that such resolution or disposition is fully and promptly carried into effect.

17.1.3 If the Steering Committee cannot settle the deadlock within 30 days from the deadlock notice pursuant to the section above, despite using reasonable endeavours to do so, such deadlock will be referred to the Strategic Board for decision. If no Steering Committee has been established between the Parties, the relevant issue shall be referred to the Strategic Board. Should the matter not have been resolved by the Strategic Board within 30 days counting from when the matter was referred to them, despite using reasonable endeavours to do so, the matter shall be resolved in accordance with Section 17.1.5 below.

17.1.4 All notices and communications exchanged in the course of a deadlock resolution proceeding shall be considered Confidential Information of each Party and be subject to the confidentiality undertaking in Section 13 above.

17.1.5 Notwithstanding the above, the Parties agree that either Party may disregard the time frames set forth in this Section 17.1 and apply shorter time frames and/or escalate an issue directly to the Strategic Board in the event the escalated issue is of an urgent character and where the applicable time frames set out above are not appropriate.

17.1.6 **Arbitration.**

17.1.7 Any dispute, controversy or claim arising out of or in connection with this Service Agreement, or the breach, termination or invalidity thereof, shall:

(a) if the Party that is providing the Services is incorporated under the laws of the People's Republic of China, be submitted to China International Economic and Trade Arbitration Committee (“CIETAC”) for arbitration, which shall be held in Shanghai

and conducted in accordance with the CIETAC's arbitration rules in effect at the time of applying for arbitration, whereas the language to be used in the arbitral proceedings shall be English and Chinese; and

(b) if the Party that is providing the Services is incorporated under the laws of Sweden, be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce, whereas the seat of arbitration shall be Gothenburg, Sweden, the language to be used in the arbitral proceedings shall be English, and the arbitral tribunal shall be composed of three arbitrators.

17.1.8 Irrespective of any discussions or disputes between the Parties, each Party shall always continue to fulfil its undertakings under this Service Agreement unless an arbitral tribunal or court (as the case may be) decides otherwise.

17.1.9 In any arbitration proceeding, any legal proceeding to enforce any arbitration award, or any other legal proceedings between the Parties relating to this Service Agreement, each Party expressly waives the defence of sovereign immunity and any other defence based on the fact or allegation that it is an agency or instrumentality of a sovereign state. Such waiver includes a waiver of any defence of sovereign immunity in respect of enforcement of arbitral awards and/or sovereign immunity from execution over any of its assets.

17.1.10 All arbitral proceedings as well as any and all information, documentation and materials in any form disclosed in the proceedings shall be strictly confidential.

Appendix 3

[***]

PS2 Model Year Support Billing
Program Engineering Expense

Program Engineering Expense

			[Calender year]											
			January Act/Fcst	February Act/Fcst	March Act/Fcst	April Act/Fcst	May Act/Fcst	June Act/Fcst	July Act/Fcst	August Act/Fcst	September Act/Fcst	October Act/Fcst	November Act/Fcst	December Act/Fcst
			[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]	[Currency]
Present Status														
Engineering														
Head cost			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Hired Service incl D&D			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Test Objects			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
All other			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Blue collar			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Rigs			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subtotal Status			0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	Hourly rate													
Hours White Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Blue Collars	[Currency]	[Amount]	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Hours Rigs			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

AMENDMENT AGREEMENT No 1

This Amendment Agreement No 1 to the Service Agreement PS2 Model Year Support ("**Amendment**") is between between Zhongjia Automobile Manufacturing (Chengdu) Co., Ltd., Reg. No. 1510112562005858U, a corporation organized and existing under the laws of China ("**Service Provider**"), and Polestar Automotive China Distribution Co. Ltd., Reg. No. 91510112MA6D05KT88, a corporation organized and existing under the laws of China ("**Purchaser**").

Each of Service Provider and Purchaser is hereinafter referred to as a "**Party**" and jointly as the "**Parties**".

BACKGROUND

A. The Parties have entered into a Service Agreement PS2 Model year Support (Agreement no.: 20-072) on 22. November 2022 (the "**Agreement**").

B. The Parties now wish to amend the Agreement to the extent set out below.

C. Now, therefore, the Parties agree as follows:

1. SCOPE OF AMENDMENT

1.1 The Agreement will be deemed amended to the extent herein provided and will, except as specifically amended, continue in full force and effect in accordance with its original terms. In case of any discrepancy between the provisions of this Amendment and the Agreement, the provisions of this Amendment shall prevail. Any definitions used in this Amendment shall, unless otherwise is stated herein, have the respective meanings set forth in the Agreement.

1.2 The amendments to the provisions in the Agreement as stated in Section 2 below, such provisions highlighted for ease of reference in bold italics, shall come into force on 1. March 2022.

2. AMENDMENTS

2.1 ***Section 10.1*** in the Main Document ***of the Agreement*** shall be amended and restated in its entirety as follows:

All notices, demands, requests and other communications to any Party as set forth in, or in any way relating to the subject matter of, this Service Agreement shall be sent to the following addresses and shall otherwise be sent in accordance with the terms in the General Terms:

(a) To Service Provider

Volvo Car Corporation
Attention: [***]
SE-405 31 Gothenburg, SWEDEN
Email: [***]

With a copy not constituting notice to:

Volvo Car Corporation
General Counsel
50090 Group Legal and Corporate Governance
SE-405 31 Gothenburg, SWEDEN
Email: legal@volvocars.com

2.2 ***Section 7.5 in Appendix 2 General Terms to the Agreement*** shall be amended and restated in its entirety as follows:

Payment made later than the due date will automatically be subject to interest for late payments for each day it is not paid and the interest shall be based on the one month applicable interbank rate, depending on invoice and currency, with an addition of [***] per annum.

2.3 ***Appendix 1 Service Specification to the Agreement*** shall be replaced in its entirety by a new Appendix 1 as attached to this Amendment.

2.4 ***Appendix 3 Hourly Rates to the Agreement*** shall be replaced in its entirety by a new Appendix 3 as attached to this Amendment.

3. GENERAL PROVISIONS

3.1 This Amendment is and should be regarded and interpreted as an amendment to the Agreement. The validity of this Amendment is therefore dependent upon the validity of the Agreement.

3.2 No amendment of this Amendment will be effective unless it is in writing and signed by both Parties. A waiver of any default is not a waiver of any later default and will not affect the validity of this Amendment.

3.3 Sections 16 and 17 in Appendix 2 General Terms of the Agreement shall apply to this Amendment as well.

3.4 The Parties may execute this Amendment in counterparts, which taken together will constitute one instrument.

[SIGNATURE PAGE FOLLOWS]

ZHONGJIA AUTOMOBILE MANUFACTURING CO. LTD. (CHENGDU)	**POLESTAR AUTOMOTIVE CHINA DISTRIBUTION CO. LTD.**
By: /s/ Xiaolin Yuan	By: /s/ Dan Feng
Printed Name: Xiaolin Yuan	Printed Name: Dan Feng
Title: Legal Representative	Title: Legal Representative.
Date:	Date: March 22, 2023.
By:	By:
Printed Name:	Printed Name:
Title:	Title:
Date:	Date:

SERVICE AGREEMENT
APPENDIX 1
SERVICE SPECIFICATION

4. GENERAL

4.1 This Service Specification is a part of the Service Agreement executed between Service Provider and Purchaser. This Service Specification sets out the scope and the specification of the activities that shall be performed under the Service Agreement, the division of responsibilities between Service Provider and Purchaser and the applicable time plan for the performance of the activities.

5. DEFINITIONS

5.1 Any capitalised terms used but not specifically defined herein shall have the meanings set out for such terms in the Main Document. In addition, the capitalised terms set out below in this Section 5 shall for the purposes of this Service Specification have the meanings described herein. All capitalised terms in singular in the list of definitions shall have the same meaning in plural and vice versa.

6. GENERAL DESCRIPTION

6.1 The Service Provider is requested to support the Purchaser with Manufacturing Engineering, Logistic Engineering, and Inbound Logistics services for model year upgrades of the Polestar 2 vehicle.

6.2 The Parties have agreed to that the services will be performed as part of the corresponding Model Year programs [***].

6.3 The overall objectives of the activities are to safeguard a seamless introduction of the updated parts and capacity changes in production.

7. ASSUMPTIONS/PRE-REQUISITES

7.1 The support is limited to parts having a corresponding usage in the Service Provider´s platforms.

8. DESCRIPTION OF THE SERVICE ACTIVITIES

8.1 Industrial Operations & Quality will provide the following services:

(a) Product and Process related activities, in the areas of Stamping, Body in White, Paint Shop, Final Plant, Geometry & Logistics.

(b) Release Process Inspection Instructions and script updates for the Hardware and Software introductions.

(c) Perform the product, process, and logistics engineering work according to the Volvo Product Development System (VPDS) pre-requisites. This for all model year changes that affects the Polestar 2 vehicle.

(d) If content in the specific programs is changed, VCC needs to contact Polestar.

9. TIMING AND DELIVERABLES

9.1 For [***] the activities shall commence in Q1 2019 until end of 2023.

9.2 For [***] the activities shall commence in Q2 2022 and are assumed to continue until mid-2024.

9.3 Deliveries will be according to Model Year program´s time schedule.

10. ESTIMATED HOURS

10.1 For [***] the Parties estimate that the number of hours that are required to perform the Services in China are [***]. The estimated hours are based on the Purchaser paying [***] of their unique content and [***] of the common content in [***] and [***] of the common content in [***] and [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day.

10.2 For [***] the estimated service fee is [***] CNY.

10.3 For [***] the Parties estimate that the number of hours that are required to perform the Services in China are [***] hours. The estimated hours are based on the Purchaser paying [***] of the common content in [***]. It is both Parties understanding that eight hours constitute one working day.

10.4 For [***] the estimated service fee is [***]CNY.

11. PARTIES RESPONSIBILITIES

11.1 **General.** The division of the responsibilities between the Parties can be described as follows in this Section 11.

11.2 **Service Provider's responsibilities.** Service Provider is responsible for the following activities:

(a) Supply Manufacturing Engineering support as defined with the Volvo Cars Program management system.

11.3 **Purchaser's responsibilities.** Purchaser is responsible for all the other activities in relation to the Model Year upgrade including:

(a) Timely providing, in relation to the Polestar 2 vehicle, the necessary pre-requisites and information to launch the production.

APPENDIX 3

[***]

Exhibit 8.1

Subsidiaries of the Company

Legal Name	Jurisdiction of Incorporation
Polestar Holding AB	Sweden
Polestar Automotive (Singapore) Pte. Ltd.	Singapore
Polestar Performance AB	Sweden
Polestar Automotive Canada Inc.	Alberta, Canada
Polestar Automotive USA Inc.	Delaware, USA
Gores Guggenheim, Inc.	Delaware, USA
Polestar Automotive Belgium BV	Belgium
Polestar Automotive Germany GmbH	Germany
Polestar Automotive Netherlands BV	Netherlands
Polestar Automotive Sweden AB	Sweden
Polestar Automotive Austria GmbH	Austria
Polestar Automotive Denmark ApS	Denmark
Polestar Automotive Finland Oy	Finland
Polestar Automotive Switzerland GmbH	Switzerland
Polestar Automotive Norway A/S	Norway
Polestar Automotive Korea Limited	South Korea
Polestar Automotive Australia PTY Ltd	Australia
Polestar Automotive (Singapore) Distribution Pte. Ltd.	Singapore
Polestar Automotive Ireland Limited	Republic Ireland
PLSTR Automotive Portugal Unipessoal Lda	Portugal
Polestar Automotive Poland sp. zo. o	Poland
Polestar Automotive UK Limited	United Kingdom
Polestar Automotive Spain S.L	Spain
Polestar Automotive Luxembourg SARL	Luxembourg
Polestar Automotive Czech Republic s.r.o	Czech Republic
Polestar Automotive Italy s.r.l	Italy
Polestar Automotive Shanghai Co., Ltd.	People’s Republic of China
Polestar New Energy Vehicle Co., Ltd.	People’s Republic of China
Polestar Automotive China Distribution Co., Ltd.	People’s Republic of China
Polestar Automotive Consulting Service (Shanghai) Co., Ltd.	People’s Republic of China
Polestar Automotive (Chongqing) Co., Ltd.	People’s Republic of China

Exhibit 12.1

CERTIFICATION 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

I, Thomas Ingenlath, certify that:

1. I have reviewed this annual report on Form 20-F of Polestar Automotive Holding UK PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. [reserved];

c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 14, 2023

/s/ Thomas Ingenlath

Name: Thomas Ingenlath

Title: Chief Executive Officer and Director (*Chief Executive Officer*)

Exhibit 12.2

CERTIFICATION 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

I, Johan Malmqvist, certify that:

1. I have reviewed this annual report on Form 20-F of Polestar Automotive Holding UK PLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. [reserved];

c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 14, 2023

/s/ Johan Malmqvist

Name: Johan Malmqvist
Title: Chief Financial Officer
(*Principal Financial Officer*)

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with Polestar Automotive Holding UK PLC's annual report on Form 20-F for the year ended December 31, 2022 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Thomas Ingenlath, the Chief Executive Officer of Polestar Automotive Holding UK PLC, certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Polestar Automotive Holding UK PLC.

Date: April 14, 2023

/s/ Thomas Ingenlath

Name: Thomas Ingenlath

Title: Chief Executive Officer and Director
(*Principal Executive Officer*)

Exhibit 13.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with Polestar Automotive Holding UK PLC's annual report on Form 20-F for the year ended December 31, 2022 (the "Report") for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

I, Johan Malmqvist, the Chief Financial Officer of Polestar Automotive Holding UK PLC, certify that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Polestar Automotive Holding UK PLC.

Date: April 14, 2023

/s/ Johan Malmqvist

Name: Johan Malmqvist

Title: Chief Financial Officer
(*Principal Financial Officer*)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-267146 on Form S-8 of our report dated April 14, 2023, relating to the financial statements of Polestar Automotive Holding UK PLC (formerly known as Polestar Automotive Holding UK Limited) appearing in this Annual Report on Form 20-F for the year ended December 31, 2022.

/s/Deloitte AB

Gothenburg, Sweden
April 14, 2023