

Investor update for the nine months ended September 30, 2023

Polestar

Disclaimer

Forward-Looking Statements

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These forward-looking statements are based upon estimates and assumptions that, while considered reasonable by Polestar and its management, as the case may be, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, but are not limited to: (1) Polestar’s ability to maintain agreements or partnerships with its strategic partners, such as Volvo Cars, Geely or Xingji Meizu Group, and to develop new agreements or partnerships; (2) Polestar’s ability to maintain relationships with its existing suppliers, source new suppliers for its critical components, enter into longer term supply contracts, and complete building out its supply chain, while effectively managing the risks due to such relationships; (3) Polestar’s reliance on its partnerships with vehicle charging networks to provide charging solutions for its vehicles and its reliance on strategic partners for servicing its vehicles and their integrated software; (4) Polestar’s reliance on its partners, some of which may have limited experience with electric vehicles, to manufacture vehicles at a high volume or develop devices, products, apps or operating systems for Polestar, and to allocate sufficient production capacity or resources to Polestar in order for Polestar to be able to increase its vehicle production capacities and product offerings; (5) the ability of Polestar to grow and manage growth profitably including expectations of growth and financial performance by generating expected revenues at expected selling prices, maintain relationships with customers and retain its management and key employees; (6) Polestar’s estimates of expenses, profitability, gross margin, cash flow, and cash reserves; (7) increases in costs, disruption of supply or shortage of materials, in particular for lithium-ion cells or semiconductors; (8) the possibility that Polestar may be adversely affected by other economic, business, and/or competitive factors; (9) the effects of competition and the high barriers to entry in the automotive industry, and the pace and depth of electric vehicle adoption generally on Polestar’s future business; (10) changes in regulatory requirements, governmental incentives and fuel and energy prices; (11) the outcome of any legal proceedings that may be instituted against Polestar or others, adverse results from litigation,

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Non-GAAP Financial Information

This presentation includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the U.S. (“GAAP”), including adjusted operating loss, adjusted EBITDA, adjusted net loss, and free cash flow. Please see slide 29 for a reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures.

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Statement Regarding Preliminary Unaudited Financial and Operational Results

The unaudited financial and operational information published herein is preliminary and subject to potential adjustments. Potential adjustments to operational and consolidated financial information may be identified from further work performed during Polestar’s quarter-end review. This could result in differences from the unaudited operational and financial information published herein. For the avoidance of doubt, the preliminary unaudited operational and financial information published herein should not be considered a substitute for the further financial information to be filed with the SEC for the quarter ended September 30, 2023 expected on or before November 17, 2023.

Polestar



Polestar

Recent developments

Delivered 13,976¹ vehicles in Q323; up 51% year on year

Achieved \$613mn in revenues, driven by volume growth, as well as price increases implemented last year and MY24 ramp up

Polestar 2 MY24 ramp up continues; receiving great independent reviews

Top Gear: 'One of the most complete electric cars money can buy'; Autotrader 4.5/5.0

Polestar 3 start of production in China on track; US factory preparation progressing well

Completed successful hot weather testing in UAE; start of production Q124 in China, and the US in summer 2024

Polestar 4 production starts next week; first customer deliveries expected next month

Recent media test drives in China at Ningbo racetrack delivered extremely positive reviews

Polestar 4 LCA reveals lowest carbon impact of all Polestar vehicles at launch

The Polestar 4 Standard range Single motor comes with a carbon footprint of 19.4 tCO₂e

Launched Prime Video in Google Play App

Brings even more entertainment to Polestar 2 - accessible to stream content while parked or charging

Announced strengthened business plan and funding update

Announced strengthened business plan and funding update with Q323 results

Holding Polestar Day in Los Angeles on 11.09.23

Polestar Day to showcase the latest innovations and technologies, alongside the full model line-up

1. Represents the sum of total volume of vehicles delivered for (a) external sales of new vehicles without repurchase obligations, (b) external sales of vehicles with repurchase obligations, and (c) internal use vehicles for demonstration and commercial purposes or to be used by Polestar employees (vehicles are owned by Polestar and included in inventory). A vehicle is deemed delivered and included in the volume figure for each category once invoiced and registered to the external or internal counterparty, irrespective of revenue recognition. Revenue is recognized in scenarios (a) and (b) in accordance with IFRS 15, *Revenue from Contracts with Customers*, and IFRS 16, *Leases*, respectively. Revenue is not recognized in scenario (c).
2. Rounded. See slide 26 for unaudited condensed consolidated statement of loss and comprehensive loss for figure in thousands of U.S. dollars.

Polestar

—
Our past, our present and our future

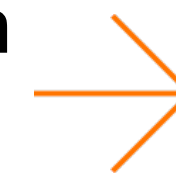


History in performance 1996–2017



- Founded in 1996 as a racing team
- Developed and sold performance software for Volvo Cars
- The official performance partner to Volvo Cars from 2009
- Acquired by Volvo Cars in 2015

Growth and established global reach 2017–2023



- Launched Polestar 1 in 2017 and Polestar 2 in 2019
- First customer handovers and retail locations in 2020
- Launched limited edition Polestar 6 in 2022
- Launched Polestar 3 in 2022 and Polestar 4 for China in 2023
- Established sales and service network in 27 countries

Expansion and profitability 2024 onwards

- Strengthened business plan with expected 2025 cash flow break-even
- 4 models in production by 2025, including two luxury SUVs
- Leading ambition of a climate-neutral production car by 2030

Polestar

Rapidly expanding premium product portfolio



	Polestar 1	Polestar 2	Polestar 3	Polestar 4	Polestar 5	Polestar 6
Type	Hybrid Grand Tourer	Fastback	Luxury Aero SUV	Premium Sport SUV	Luxury Sport GT 4-Door	Luxury 2+2 roadster
Segment	Sports Premium	C/D premium	SUV E premium	SUV D premium	F coupé premium	S roadster premium
ASP ¹	~\$155k	~\$50-70k	~\$75-115k	~\$60-90k	>\$100k	>\$150k
Range	~120km	~540km	up to 610km ²	600km + ²	600km + ²	600km + ²
Launch	2017	2019	2022	2023	2024E	2026E
Factory	Chengdu, China ³	Taizhou, China	Chengdu, China Charleston, US	Hangzhou Bay, China TBC ⁴	Chongqing, China	Chongqing, China

1. Prices vary by region. Estimated indicative US market pricing range as of October 2023, subject to change.
2. WLTP (Worldwide Harmonised Light Vehicle Test Procedure) target range.
3. On August 1, 2023, Chengdu manufacturing plant was sold to Zhejiang Geely Property Investment Holding Co. Ltd. The total consideration received from the sale of the plant was \$71mn.
4. Another production site earmarked outside China. To be confirmed soon; expected to start production in mid-2025.
Source: Company information, management estimates.

Polestar

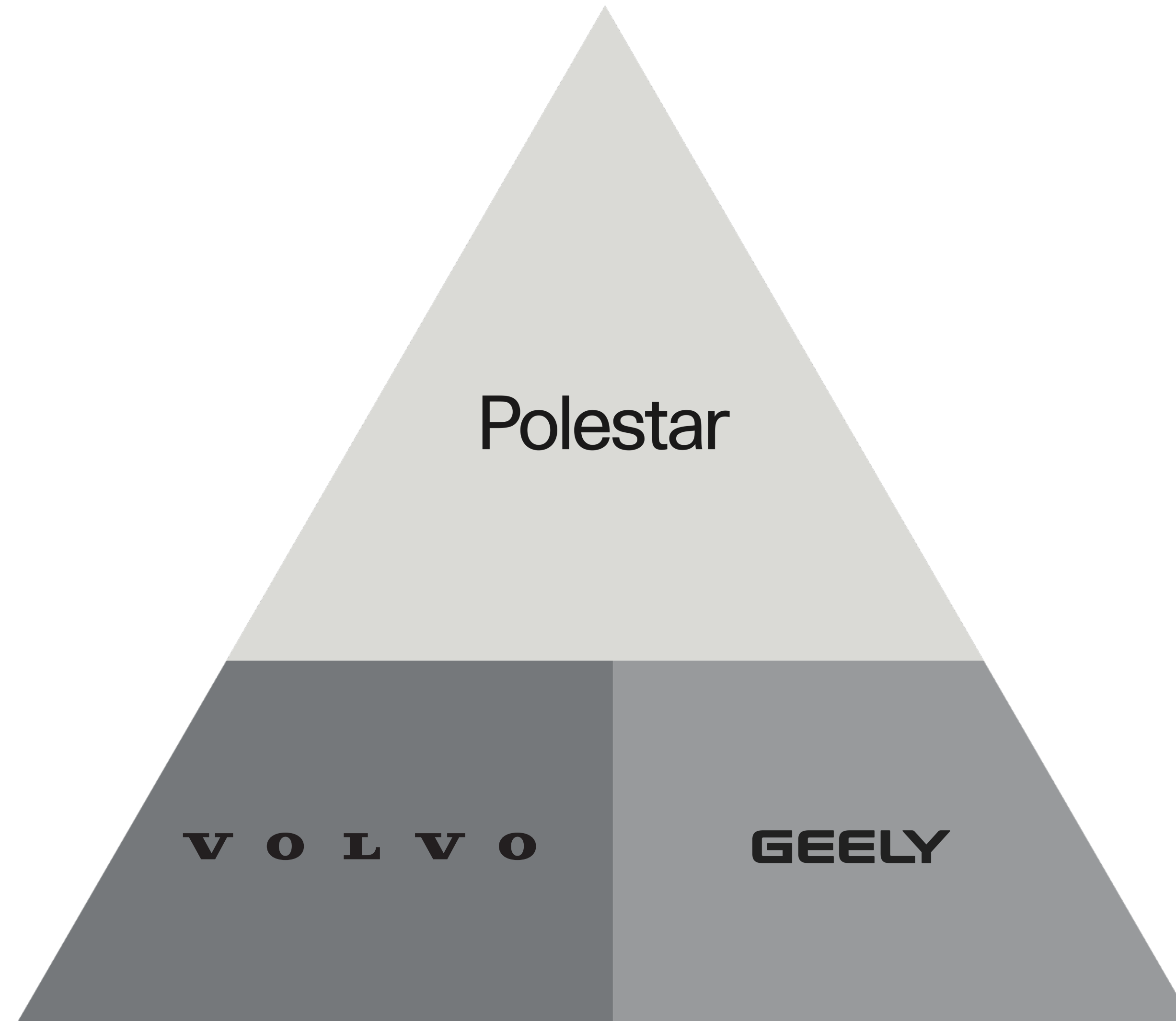
Our asset-light model

Flexible and scalable set-up

- Agility of a start-up
- Innovation and high-performance technologies
- Avant-garde design
- Leading sustainability goals
- Full vehicle attributes
- Digital first DTC customer approach

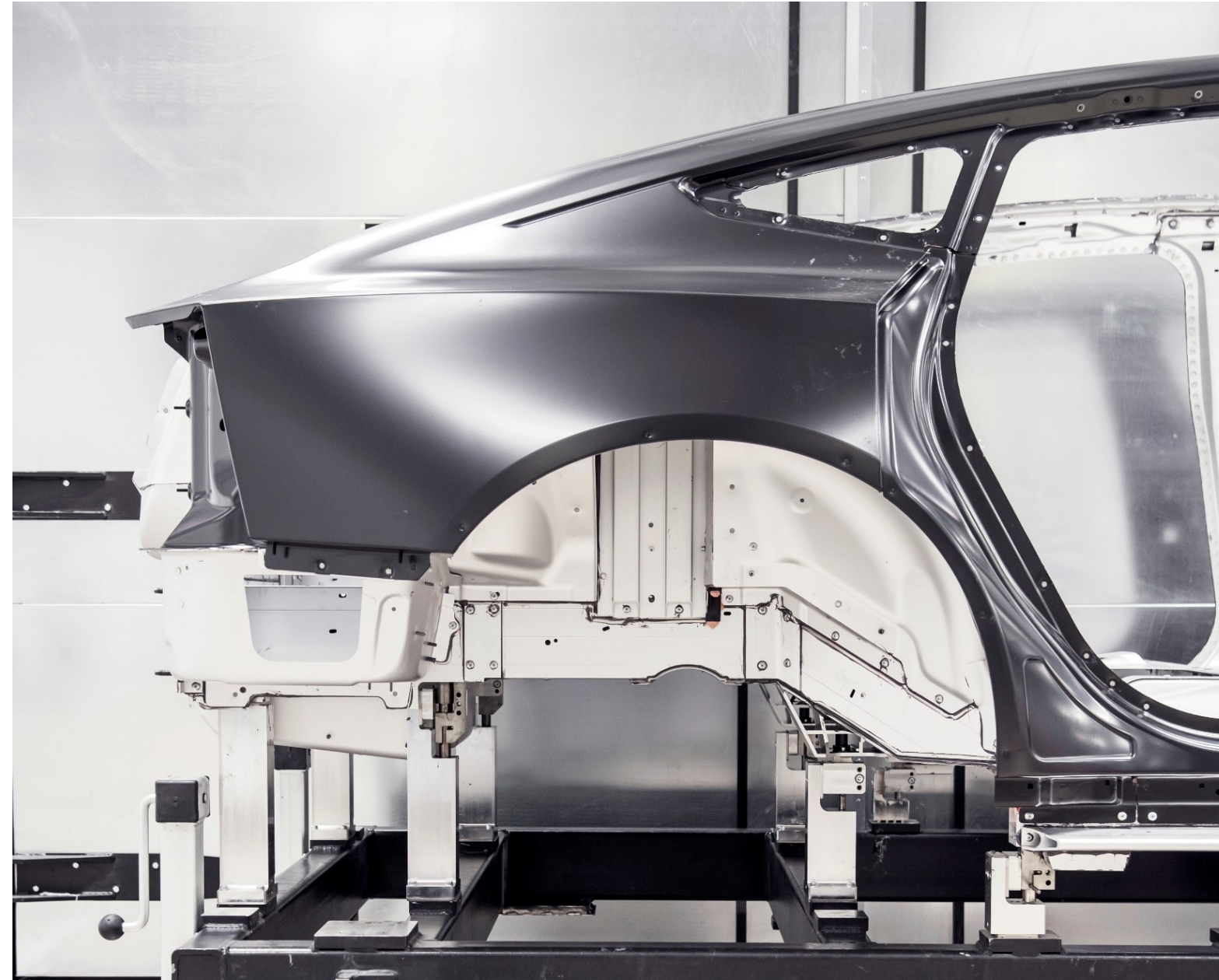
Stability of established players

- Over 100 years of combined experience
- Platform development
- Engineering capability
- Supply chain and partnerships
- Manufacturing capacity
- Safety credentials
- Service network access



Polestar

Our core pillars



01 Design

- Avant-garde, pure Scandinavian design
- High tech minimalism
- Design perfection focus
- Unique design attributes

02 Innovation

- Bonded aluminium platform
- High-performance electric motors
- Advanced battery technology design
- R&D capability in the UK, Sweden and China

03 Sustainability

- Climate-neutral car by 2030 with ongoing sustainability upgrades
- Circular battery and material strategy, battery centers in place
- Blockchain-powered traceability on risk materials
- Ethical and inclusive work principles and values

Polestar

Our well-defined growth strategy

Product launches

2019 Polestar 2
2022 Polestar 3
2023 Polestar 4
2024E Polestar 5
2026E Polestar 6

01
Rapidly expanding product portfolio

Global presence



02
Growth in existing and new markets

Global network – Q3 2022 vs Q3 2023

Locations¹

128 → 157

Service points²

1,033 → 1,135

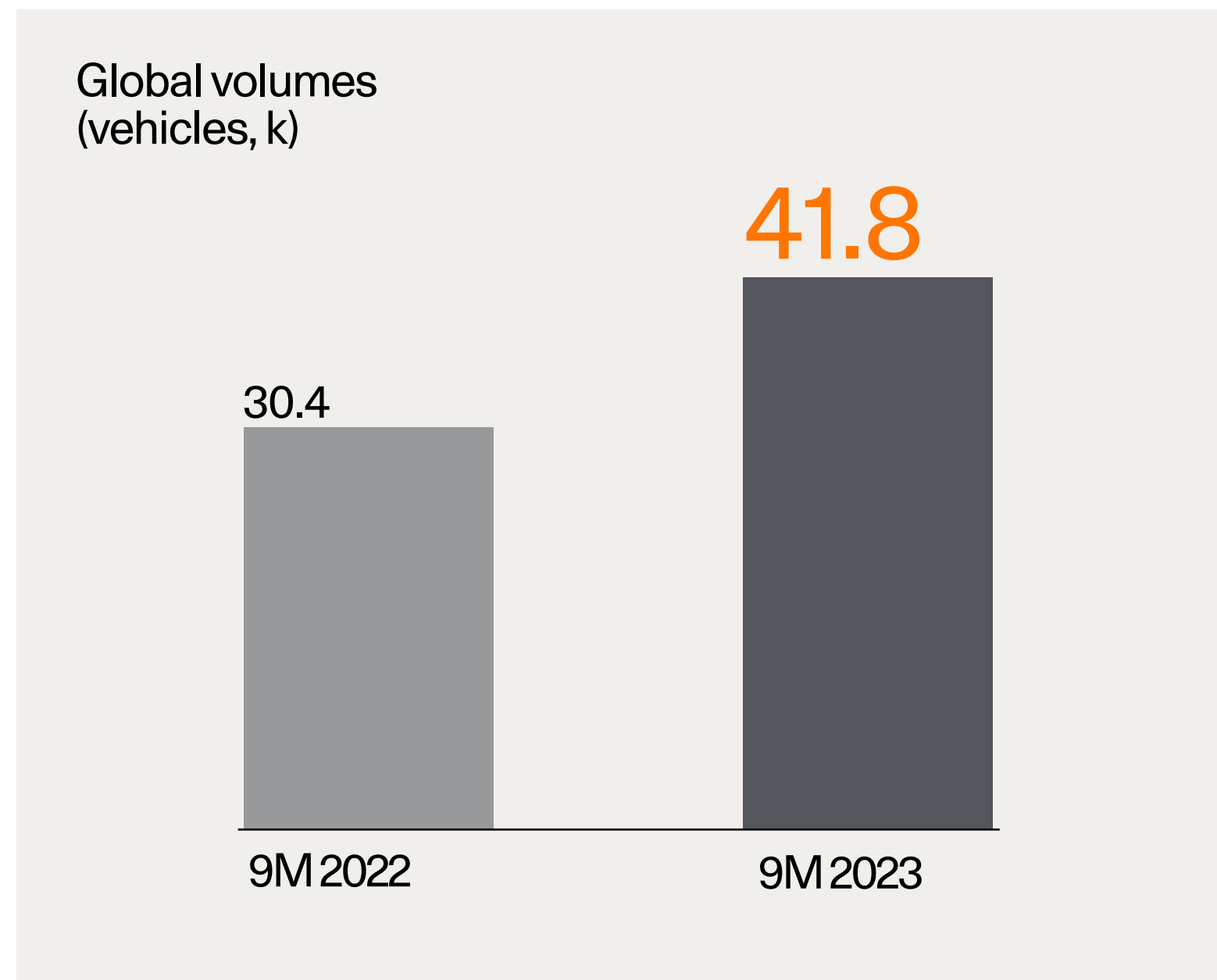
03
Expanding sales and service network

1. Represents Polestar Spaces, Polestar Destinations and Polestar Test Drive Centers (Unaudited).
2. Represents Volvo Cars service centres to provide access to customer service points worldwide in support of Polestar's international expansion (Unaudited).
Source: Company information.

Unaudited financial highlights
for the nine months ended
September 30, 2023

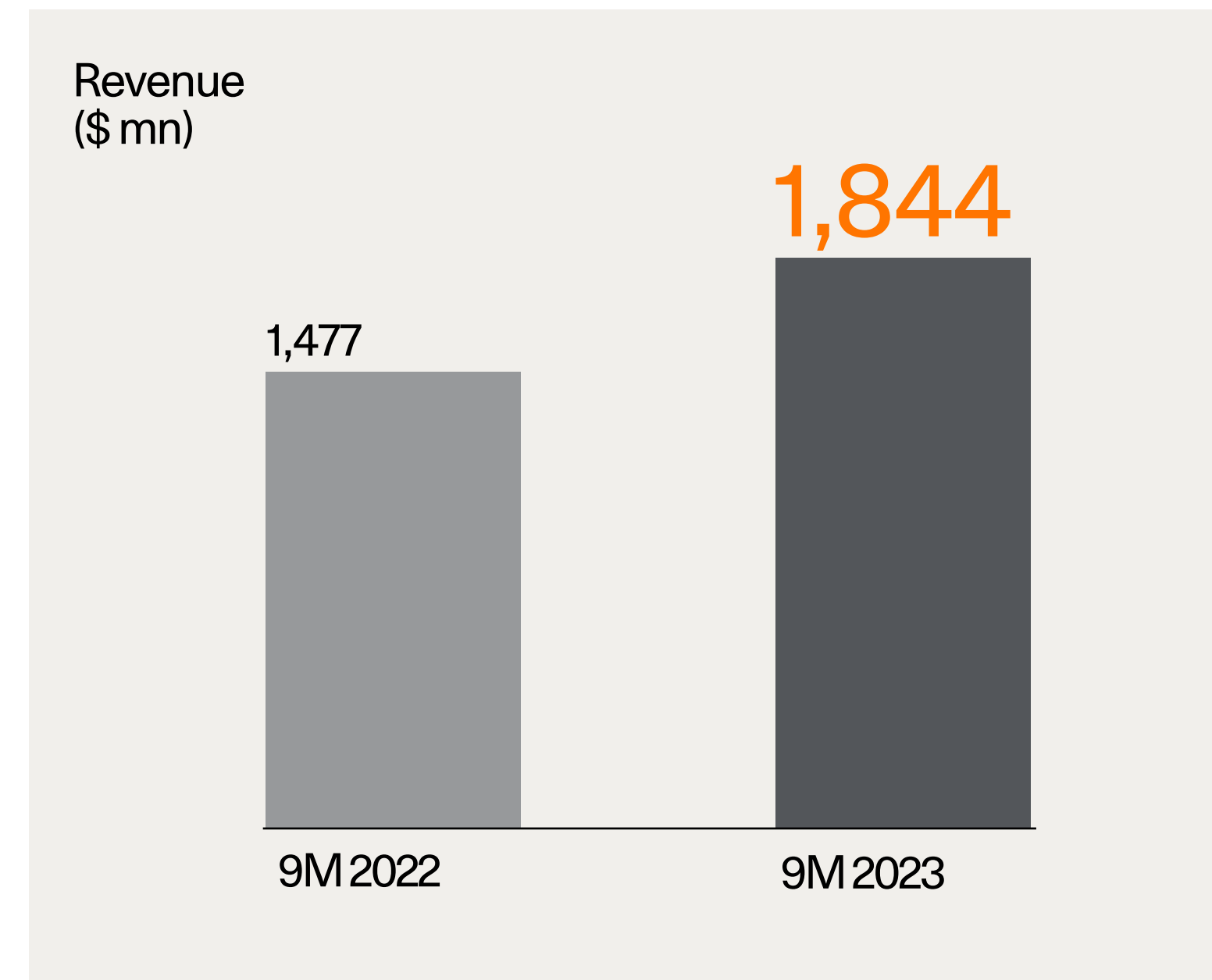
Financial and operational highlights

Key preliminary financial highlights for the nine months ended Sep 30, 2023 (unaudited)



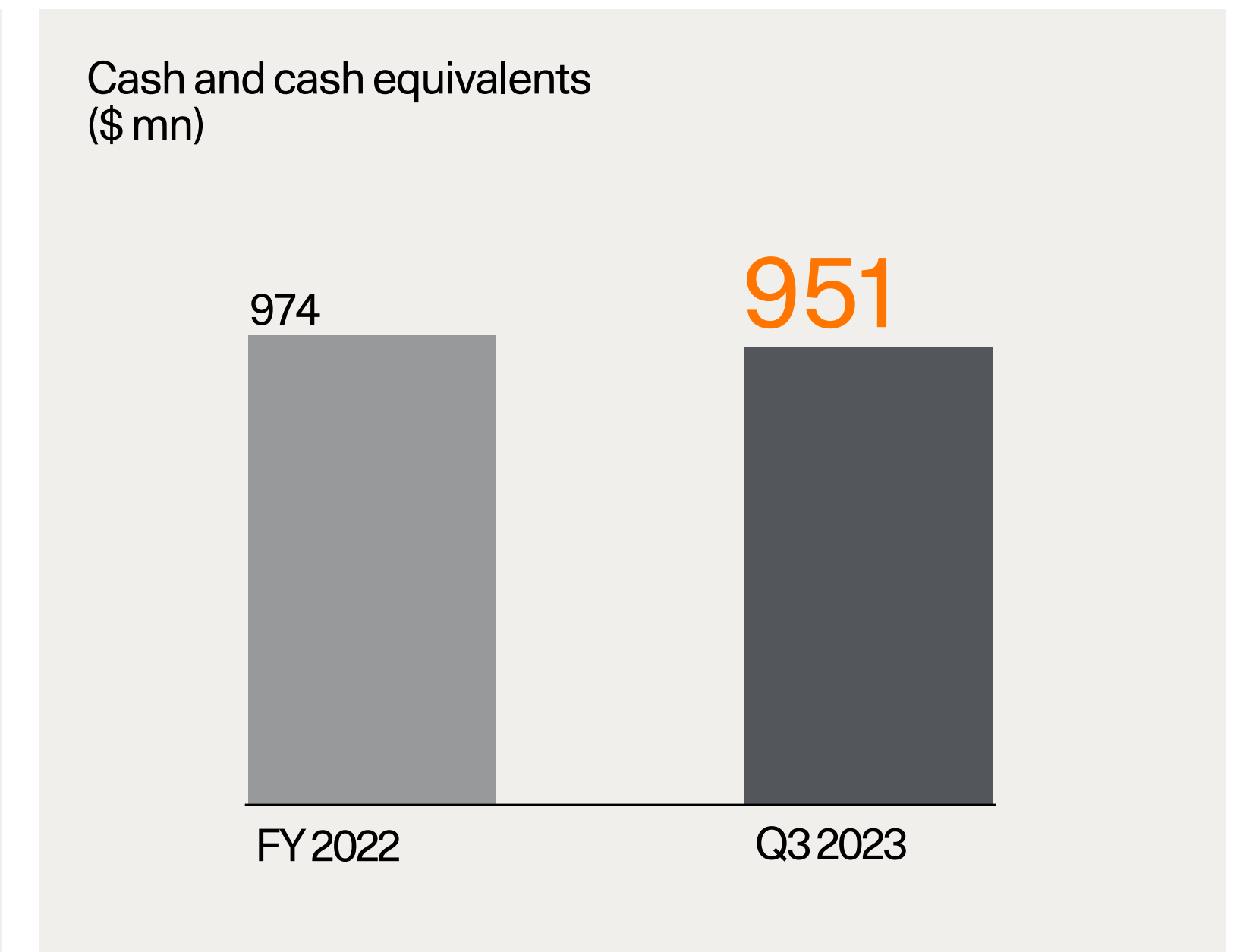
Delivered 41,817 vehicles

Up 37% year on year, with strong Polestar 2 sales in United Kingdom and Germany, alongside incremental sales in our newest markets of Italy, Spain, and Portugal.



Achieved \$1.8bn in revenues

Up 25% year on year, driven by higher Polestar 2 sales and price increases implemented last year and Model Year 2024 ramp up in Q323, partially offset by channel and product mix and higher discounts.



Cash balance of \$951mn

Reflecting the liquidity provided by the Volvo Cars shareholder term loan and other short-term financing facilities, partially offset by the operating loss, working capital changes and investment in IP.

Financial and operational highlights

Key preliminary financial highlights for the three months ended Sep 30, 2023 (unaudited)

Revenue up 41%

With higher deliveries and price increases implemented last year and MY24 ramp up, offset by channel and product mix, and higher discounts

Gross profit of \$4mn

Higher contract manufacturing costs and inventory impairment charge, partly offset by positive FX effect

SG&A up 32%

Primarily higher advertising, selling and promotion activities ahead of PS3 and PS4 deliveries

R&D up \$30mn

Reflecting continued investment in future vehicles and technologies

Operating loss up 33%

Predominantly impacted by the impairment charges and higher operating expenses

US\$ million	Q3 2023	Q3 2022	% Change
Revenue	613	435	41
Cost of sales	(610)	(431)	41
Gross profit	4	4	(11)
<i>Gross margin (%)</i>	<i>0.6</i>	<i>0.9</i>	<i>(30)bps</i>
SG&A expense	(236)	(179)	32
R&D expense	(55)	(25)	123
Other operating income, net	26	3	n/m
Operating loss	(261)	(196)	33

Financial and operational highlights

Key preliminary financial highlights for the nine months ended Sep 30, 2023 (unaudited)

Variances for 9M 2023 versus 9M 2022 largely followed the trends outlined for Q3 2023 versus Q3 2022, with the following notable exceptions:

Gross profit of \$21mn

Higher contract manufacturing costs, inventory impairment and supplier charges for semiconductors and batteries, partially offset by price increases implemented last year and positive FX

Operating loss down 32%

Adjusted operating loss broadly flat, excluding Q222 one-time share-based listing charge of \$372mn

US\$ million	9M 2023	9M 2022	% Change
Revenue	1,844	1,477	25
Cost of sales	(1,823)	(1,419)	28
Gross profit	21	57	(63)
<i>Gross margin (%)</i>	<i>1.2</i>	<i>3.9</i>	<i>(270)bps</i>
SG&A expense	(685)	(625)	10
R&D expense	(136)	(123)	10
Other operating income (expense), net	65	(18)	n/m
Listing expense ¹	-	(372)	n/m
Operating loss	(735)	(1,082)	(32)
Adjusted operating loss ²	(735)	(709)	4

1. The listing expense in Q2 2022 represents a non-recurring, non-cash, share-based listing charge, incurred in connection with the business combination with Gores Guggenheim, Inc. on June 23, 2022.
2. Non-GAAP measure. See slide 29 for details and a reconciliation of adjusted metrics to the nearest GAAP measure.
Note: All U.S. dollar figures on this slide rounded. Percentages have been calculated using unrounded amounts. See slide 26 for unaudited condensed consolidated statement of loss for figures in thousands of U.S. dollars.

Financial and operational highlights

Preliminary cash flow for the nine months ended Sep 30, 2023 (unaudited)

Operating

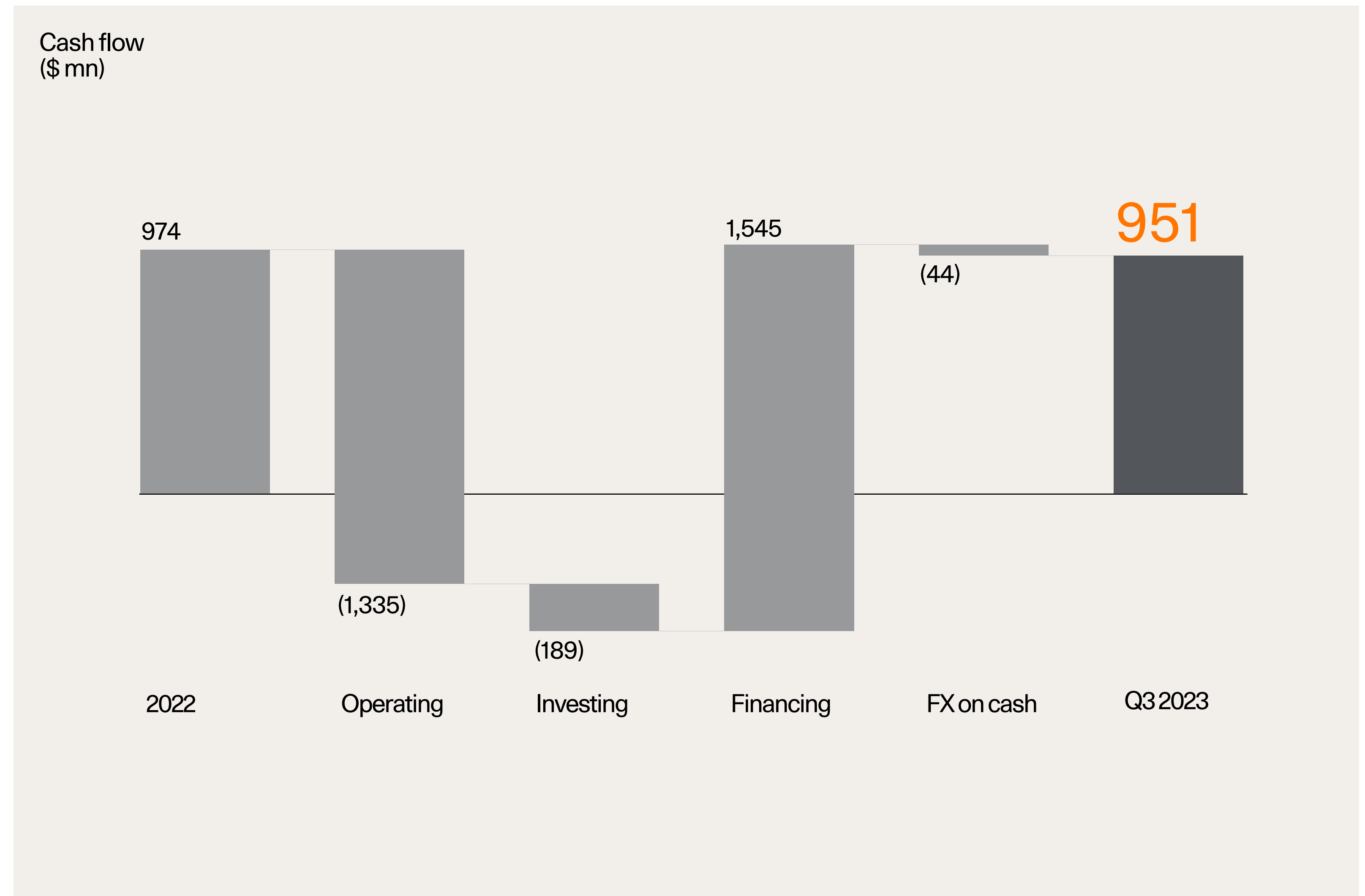
Mainly attribute to operating loss and working capital changes with higher levels of inventory and trade payables payments

Investing

Primarily as a result of Polestar 2, Polestar 3 and Polestar 4 intellectual property investments, offset by the divestment of Chengdu manufacturing plant

Financing

Reflecting short-term borrowings of \$3,422mn, of which \$800mn was drawn down from the Volvo Cars shareholder term loan, and principal repayments of \$1,877mn



Financial and operational highlights

2023 outlook

Global deliveries

~60k

Expect to deliver c60k vehicles, as we maintain a disciplined approach to our premium brand positioning against the background of weakening global consumer demand particularly affecting the rate of EV adoption.

Gross profit margin

~2%

Expect a FY23 gross profit margin of around 2%, with lower deliveries for the year and the financial performance to date, in particular inventory impairment charges.

Liquidity

Strengthened

With \$951mn cash on the balance sheet, \$450mn new funds from major shareholders, as well as other unutilized funding sources.

Strengthened business plan
– business drivers and key
financials

Strengthened business plan

2025 targets

Global volume

155-165k

With four models expected to be in production in 2025, Polestar 2, Polestar 3, Polestar 4 and Polestar 5, we are targeting total deliveries of around 155-165k.

Gross profit margin

High teens

Anticipating an improved product mix and additional margin enhancing measures, we are targeting gross margin in the high teens.

Additional external funding need

~\$1.3bn

Based on the expected cumulative negative free cash flow of ~\$1.9bn from end Q323 until achieving cash flow break-even targeted for 2025 and taking into account \$600mn of existing and new financing and liquidity support from Geely Holding and Volvo Cars.

Strengthened business plan

Key business actions

Gross margin improvement measures

Richer product mix - a main driver of accelerated margin progression

With model line-up expected to expand from 1 to 4 in 2025, to include more luxurious and exclusive cars which will yield much higher margins.

Increased build options and packs

We expect to monetise our rapidly growing luxury model line-up, by offering customers more flexibility and much greater customization options.

More focused approach to market presence

In Europe, we intend on directing sales and investments towards markets that have the greatest potential for profitable growth. In China, our innovative JV model is expected to lead to higher sales and technological advances.

Improved profitability of the US business

By diversifying planned manufacturing footprint into the US and adding another production location outside China. We will also plan to optimize marketing and retail partner set up.

Further product cost reduction opportunities

By working closely with our current manufacturing partners to drive the costs down, while maintaining the high-quality product.

Cost management measures

Already announced headcount reductions

Measures announced with Q123 results, which included taking out 300 existing headcount as well as a hiring freeze that eliminated 500 additional roles that were planned for this year, were completed.

Resized and optimised advertising, selling & promotion spend

We intend to improve marketing efficiency, with market spend re-allocation, alongside funnel and channel mix improvements.

Commercial digital efficiency

We intend to steer value-based prioritisations and increase effectiveness in Digital Industrial Core and Digital Commercial Experience.

R&D set up and efficiency

We intend to ensure R&D operations are operating efficiently through working smarter across our sales network and at head office.

Capex and Working Capital management

We intend to continue to be very disciplined in our planned capex spend. We will also look for ways to reduce working capital through JV set up as well as more localized manufacturing.

Imagery

Polestar 2
—
Model Year 24



Polestar 3
—
Hot weather testing in UAE



Polestar 4
—
The electric SUV coupé



Polestar 5

—
Dynamic debut at Goodwood Festival of Speed



Polestar 6
—
The electric roadster



Appendix

Financial statements

Preliminary unaudited condensed consolidated statement of income (loss)

in thousands of U.S. dollars except per share data and unless otherwise stated

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Revenue	613,182	435,449	1,844,447	1,476,746
Cost of sales	(609,581)	(431,390)	(1,823,234)	(1,419,271)
Gross profit	3,601	4,059	21,213	57,475
Selling, general and administrative expense	(236,246)	(178,643)	(684,877)	(625,424)
Research and development expense	(54,865)	(24,598)	(136,176)	(123,353)
Other operating income (expense), net	26,305	2,781	64,886	(17,961)
Listing expense	—	—	—	(372,318)
Operating loss	(261,205)	(196,401)	(734,954)	(1,081,581)
Finance income	8,997	711	21,487	1,485
Finance expense	(63,389)	(60,539)	(153,904)	(111,966)
Fair value change - Earn-out rights	155,557	546,961	388,552	965,668
Fair value change - Class C Shares	7,250	14,059	18,000	35,590
Income (loss) before income taxes	(152,790)	304,791	(460,819)	(190,804)
Income tax expense	(2,579)	(5,404)	(7,581)	(12,543)
Net income (loss)	(155,369)	299,387	(468,400)	(203,347)

Financial statements

Preliminary unaudited condensed consolidated statement of financial position

in thousands of U.S. dollars	September 30, 2023	December 31, 2022	in thousands of U.S. dollars	September 30, 2023	December 31, 2022
Assets			Liabilities		
Non-current assets			Non-current liabilities		
Intangible assets and goodwill	1,529,706	1,396,477	Non-current contract liabilities	(60,866)	(50,252)
Property, plant and equipment	259,656	258,048	Deferred tax liabilities	(461)	(476)
Vehicles under operating leases	93,945	92,198	Other non-current provisions	(107,844)	(73,985)
Other non-current assets	4,008	5,306	Other non-current liabilities	(60,641)	(14,753)
Deferred tax asset	17,628	7,755	Earn-out liability	(210,019)	(598,570)
Other investments	2,225	2,333	Other non-current interest-bearing liabilities	(74,529)	(85,556)
Total non-current assets	1,907,168	1,762,117	Total non-current liabilities	(514,360)	(823,592)
Current assets			Current liabilities		
Cash and cash equivalents	951,088	973,877	Trade payables	(96,079)	(98,458)
Trade receivables	140,382	246,107	Trade payables - related parties	(632,354)	(957,497)
Trade receivables - related parties	135,180	74,996	Accrued expenses - related parties	(323,462)	(164,902)
Accrued income - related parties	75,323	49,060	Advance payments from customers	(18,487)	(40,869)
Inventories	1,005,607	658,559	Current provisions	(63,884)	(74,907)
Current tax assets	8,010	7,184	Liabilities to credit institutions	(2,036,525)	(1,328,752)
Assets held for sale	—	63,224	Current tax liabilities	(14,370)	(10,617)
Other current assets	160,816	107,327	Interest-bearing current liabilities	(28,821)	(21,545)
Other current assets - related parties	2,890		Interest-bearing current liabilities - related parties	(829,658)	(16,690)
Total current assets	2,479,296	2,180,334	Current contract liabilities	(101,224)	(46,217)
Total assets	4,386,464	3,942,451	Class C Shares liability	(10,000)	(28,000)
			Other current liabilities	(308,174)	(393,790)
Equity			Other current liabilities - related parties	(37,999)	(70,258)
Share capital	(21,168)	(21,165)	Total current liabilities	(4,501,037)	(3,252,502)
Other contributed capital	(3,587,871)	(3,584,232)	Total liabilities	(5,015,397)	(4,076,094)
Foreign currency translation reserve	42,796	12,265	Total equity and liabilities	(4,386,464)	(3,942,451)
Accumulated deficit	4,195,176	3,726,775			
Total equity	628,933	133,643			

Financial statements

Preliminary unaudited condensed consolidated statement of cash flows

in thousands of U.S. dollars	For the nine months ended September 30,		in thousands of U.S. dollars	For the nine months ended September 30,	
	2023	2022		2023	2022
Cash flows from operating activities			Cash flows from investing activities		
Net loss	(468,400)	(203,347)	Additions to property, plant and equipment	(51,699)	(7,452)
Adjustments to reconcile net loss to net cash flows:			Additions to intangible assets	(293,048)	(642,846)
Depreciation and amortization expense	101,499	140,063	Additions to other investments	—	(2,480)
Warranties	56,805	—	Proceeds from the sale of property, plant and equipment	1,747	—
Inventory impairment	39,415	—	Proceeds from disposal of asset grouping classified as held for sale	153,586	—
Finance income	(21,487)	(1,485)	Cash used for investing activities	(189,414)	(652,778)
Finance expense	153,904	111,966			
Fair value change - Earn-out rights	(388,552)	(965,668)	Cash flows from financing activities		
Fair value change - Class C Shares	(18,000)	(35,590)	Proceeds from short-term borrowings	3,422,189	1,555,201
Listing expense	—	372,318	Principal repayments of short-term borrowings	(1,857,680)	(957,186)
Income tax expense	7,581	12,543	Principal repayments of lease liabilities	(19,160)	(11,332)
Other non-cash expense	16,646	12,497	Proceeds from the issuance of share capital and other contributed capital	—	1,417,973
Change in operating assets and liabilities:			Transaction costs	—	(38,903)
Inventories	(372,504)	(311,154)	Cash provided by financing activities	1,545,349	1,965,753
Vehicles under operating leases	—	17,722	Effect of foreign exchange rate changes on cash and cash equivalents	(43,907)	(57,968)
Contract liabilities	69,033	(16,390)	Net increase in cash and cash equivalents	(22,789)	231,582
Trade receivables, prepaid expenses and other assets	(113,113)	(43,458)	Cash and cash equivalents at beginning of period	973,877	756,677
Trade payables, accrued expenses and other liabilities	(306,039)	(60,645)	Cash and cash equivalents at end of period	951,088	988,259
Interest received	21,487	1,485			
Interest paid	(98,549)	(37,075)			
Taxes paid	(14,543)	(17,207)			
Cash used for operating activities	(1,334,817)	(1,023,425)			

Financial statements

Preliminary unaudited reconciliation of GAAP and Non-GAAP results

Non-GAAP financial measures

Polestar uses both generally accepted accounting principles (i.e., IFRS known as “GAAP”) and non-GAAP (i.e., non-IFRS) financial measures to evaluate operating performance, internal comparisons to historical performance, and other strategic and financial decision-making purposes. Polestar believes non-GAAP financial measures are helpful to investors as they provide a useful perspective on underlying business trends and assist in period-on-period comparisons. These measures also improve the ability of management and investors to assess and compare the financial performance and position of Polestar with those of other companies. These non-GAAP measures are presented for supplemental information purposes only and should not be considered a substitute for financial information presented in accordance with GAAP. The measures are not presented under a comprehensive set of accounting rules and, therefore, should only be read in conjunction with financial information reported under GAAP when understanding Polestar’s operating performance. The measures may not be the same as similarly titled measures used by other companies due to possible differences in calculation methods and items or events being adjusted. A reconciliation between non-GAAP financial measures and the most comparable GAAP performance measures is provided below.

in thousands of U.S. dollars	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
<i>Adjusted operating loss</i>				
Operating loss	(261,205)	(196,401)	(734,954)	(1,081,581)
Listing expense	—	—	—	372,318
Adjusted operating loss	(261,205)	(196,401)	(734,954)	(709,263)

in thousands of U.S. dollars	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
<i>Adjusted EBITDA</i>				
Net loss	(155,369)	299,387	(468,400)	(203,347)
Listing expense	—	—	—	372,318
Fair value change - Earn-out rights	(155,557)	(546,961)	(388,552)	(965,668)
Fair value change - Class C Shares	(7,250)	(14,059)	(18,000)	(35,590)
Interest income	(8,997)	(711)	(21,487)	(1,485)
Interest expenses	59,011	11,824	130,736	46,205
Income tax expense	2,579	5,404	7,581	12,543
Depreciation and amortization	51,345	69,363	101,499	140,063
Adjusted EBITDA	(214,238)	(175,753)	(656,622)	(634,961)

in thousands of U.S. dollars	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
<i>Adjusted net loss</i>				
Net loss	(155,369)	299,387	(468,400)	(203,347)
Listing expense	—	—	—	372,318
Fair value change - Earn-out rights	(155,557)	(546,961)	(388,552)	(965,668)
Fair value change - Class C Shares	(7,250)	(14,059)	(18,000)	(35,590)
Adjusted net loss	(318,176)	(261,633)	(874,952)	(832,287)

in thousands of U.S. dollars	For the nine months ended September 30,	
	2023	2022
<i>Free cash flow</i>		
Cash used for operating activities	(1,334,817)	(1,023,425)
Additions to property, plant and equipment	(51,699)	(7,452)
Additions to intangible assets	(293,048)	(642,846)
Free cash flow	(1,679,564)	(1,673,723)

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