POLESTAR AUTOMOTIVE HOLDING UK PLC

Annual Report and Financial Statements

for the year ended 31 December 2024

Company number: 13624182

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Strategic Report

Chairman's Statement

Dear shareholders,

It's my pleasure to present Polestar's 2024 annual report for the first time in my new role as Chairman of the Board.

2024 was the year in which we laid the foundation for the next stage in Polestar's journey. Developing a young company from the start to the next level is a fascinating task. Polestar has a young team, just leaving the startup phase with great ambitions, motivation and drive. I see so much power on all levels at the company. With what we have achieved and, above all, our model range, I know how capable this outstanding team is.

With that in mind, I want to take this opportunity to thank our previous Chairman, Håkan Samuelsson. I have great respect for Håkan's initiative, creating a new brand for the electric era.

Polestar is the only true premium EV brand, offering cars with outstanding performance and thoughtful innovation. The management team, together with our previous CEO, Thomas Ingenlath have done a great job and I want to thank all of them for their efforts.

At the same time, I am pleased to welcome Michael Lohscheller as our new CEO and Jean-Francois Mady, who joined us as CFO in October 2024. Michael and Jean-Francois bring significant experience from the automotive industry and have formed a competent, international and diverse management team, who are delivering at high speed. We must continue to be relevant, fearless and maintain our speed of execution. Perhaps most importantly, we have to maintain our winning spirit.

Together, Michael and the new management team have intensively worked on a forward-looking strategy over the last months. The updated business plan, derived through a bottom-up approach and with defined targets and ambitions, was presented in January of 2025. The Company now has a clear path towards expected profitability and positive cash flow generation, driven by strong sales growth, continued cost efficiency realisation and our growing line-up of performance EVs.

Simply put: Polestar will be one of the winners in the transformation of the automotive industry.

On behalf of the Board, I thank you for your continued support and look forward to an exciting 2025.

Winfried Vahland

Chairman of the Board

Chief Executive Officer's Statement

Dear shareholders,

Since joining Polestar in the autumn of 2024, I've had the pleasure of meeting colleagues, partners and retailers across almost all our markets. One of the first questions I get from everyone is: "What made you want to come to Polestar?"

The opportunity to lead such an exciting, well-positioned brand was of course the first thing that excited me, but what really convinced me to take on the job was my first drive in a Polestar 2. Experiencing the car during a twelve-hour round-trip across the Netherlands and Germany opened my eyes to the performance, quality and technology that Polestar drivers experience. The Google integration through Android Automotive, the charging speed and access and, of course, the handling of the car were real eye-openers for me.

Since then, I've been fortunate to spend a lot of time in our cars: on the road, on track and even on ice. Every experience reinforces that Polestars really are setting new standards for performance. And that is one of the things that is so exciting. With the shift to electric, the industry is redefining itself and we are positioning ourselves as the leader in electric performance.

An updated strategy and clear path to profitability

In addition to meeting as many people as possible during my first months at the Company, my focus has been to lead the development of our updated strategy. A strategy that has been developed for, with and by Polestar – not external consultants. That is an incredibly important point for me. The team I have around me is very much made up of Polestar veterans: leaders who live the values of the brand, who understand the products and who are driven by doing what's right. As I look ahead, into 2025 and beyond, I am extremely optimistic but also humble. Polestar has an incredibly strong brand, a unique line-up of cars and a strong, diversified manufacturing footprint as well as an established presence around the world. With the shift towards an active selling model, with more partners and more sales points, we have the foundation in place for profitable growth. Our sales performance in the first markets to make this transition shows that we are on the right track and doing the right thing. We are making it easier for more people to experience, test drive and buy our great cars.

Our updated strategy is very clear: sell more cars and reduce our cost base. We have a clear path towards retail sales volume growth and profitability, driven by our attractive product line-up and dealership expansion.

I look forward to engaging with you throughout the year to track our progress against these targets.

Consistency is needed in a changing political landscape

The global car industry has only one credible and viable route to reduce emissions: electrification. Several car companies – like Polestar – have committed to investing in this shift, based on the frameworks that were put in place by regulators in close collaboration with the industry and on a foundation of global free trade. What the industry needs more than anything right now is for regulators to reinforce the targets they have put in place and to avoid protectionist policies, which only serve to hamper technology development and reduce consumer choices.

Polestar delivered 44,851 cars during 2024, generating a gross loss of USD $2,050 million, a performance that we are clearly not satisfied with. Significant investments have been made in establishing the Polestar brand and operations across 27 markets, as well as developing a growing model line-up. These investments have laid the foundation for our continued development and 2025 is set to be Polestar's strongest ever year - in terms of volumes and financial performance and it's a pleasure to lead this incredible team.

Thank you for your continued support.

Michael Lohscheller
Chief Executive Officer

2 June 2025

Market Overview and Strategy

About Polestar

Polestar is the Swedish electric performance car brand with a focus on uncompromised design and innovation, and the ambition to accelerate the change towards a sustainable future. Headquartered in Gothenburg, Sweden, its cars are available in 27 markets globally across North America, Europe and Asia Pacific.

Polestar has three models in its line-up: Polestar 2, Polestar 3, and Polestar 4. Planned models include the Polestar 5 four-door GT (to be introduced in 2025), the Polestar 6 roadster and the Polestar 7 compact SUV. With its vehicles currently manufactured on two continents, North America and Asia, Polestar plans to diversify its manufacturing footprint further, with production of Polestar 7 planned in Europe.

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

Polestar's cars have received major acclaim, winning multiple globally recognised 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 4 has won the Production Car Design of the Year award for 2023, Car of the Year and Design Car of the Year in South Korea and Executive Car of the Year in the UK.

As of December 31, 2024, Polestar's cars are on the road in 27 markets across Europe, North America and Asia Pacific, with further market expansion planned in 2025. Deliveries of Polestar 3 and Polestar 4 commenced during 2024 and sales of Polestar 5 will start in 2025.

As the first planned phase of the Polestar 0 project is coming to an end, the project partners and Polestar are proud to announce that, across the companies' combined initiatives, important low carbon solutions have been identified. The joint efforts show potential to produce an equivalent of Polestar 2 with a CO2e footprint that could be 10 tonnes lower today than when the project started in 2020, where the largest contributions to the total potential are within aluminium and steel material manufacturing.

The cradle-to-gate carbon footprint of the 2020 launch edition Polestar 2 long range dual motor variant would go from about 26 tonnes to 16 tonnes of CO2e by fully incorporating the solutions identified within the partnerships. Aluminium and steel are key materials for decarbonisation as they represent around 45% of the total GHG emissions in the LCA of Polestar 2.

Polestar 2 vehicles are currently manufactured at a plant in Taizhou, China that is owned and operated by Volvo Cars. The 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. Polestar 3 is manufactured at two sites: Chengdu, China and South Carolina, USA, with both factories operated by Volvo Cars. Polestar 4 is manufactured in Hangzhou Bay, China, at a factory operated by Geely. Production of Polestar 4 in Busan, South Korea, is expected to start during the second half of 2025, at a factory operated by Renault Korea Manufacturing (RKM).

Polestar's ability to leverage the manufacturing footprint of its partners provides it with access to a substantial combined installed production capacity and gives Polestar's highly scalable business model immediate operating leverage. Access to a range of manufacturing sites is expected to give us flexibility to minimize impact from tariffs.

Polestar's sales channels include both direct-to-consumer, direct-to-business and more traditional retailer set-ups. 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 online. In direct-to-business, vehicles are sold to various fleet customers, such as rental car companies and corporate fleet managers. Through its growing network of retail partners, Polestar is expanding its physical sales point reach across Europe and North America, making it easier for more customers to experience, test drive and purchase a Polestar. 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 centre network.

Polestar's research and development expertise is a core competence and Polestar believes it is a significant competitive advantage. With personnel located in Coventry, United Kingdom and Gothenburg, Sweden, the European research and development team focuses on areas such as bonded aluminium architectures, high-performance electric motor and bi-directional compatible battery packs, in-car software development and advanced engineering and research. A further 30 (2022: 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 recognised as a key differentiator.

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

Management Key Performance Indicators (KPIs)

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

Financial KPIs

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Statement of Financial Position			
Cash and cash equivalents	739,237	768,264	973,877
Total assets - (Restated)	4,054,350	4,292,210	4,009,733
Total equity - (Restated)	3,328,560	1,250,991	89,931
Total liabilities - (Restated)	(7,382,910)	(5,543,201)	(4,099,664)

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Statement of Loss			
Revenue	2,034,261	2,368,085	2,440,818
Cost of sales	(2,910,428)	(2,778,222)	(2,339,696)
Gross (loss) profit	**$ (876,167)**	**$ (410,137)**	**$ 101,122**
Operating expenses	(937,144)	(1,059,377)	(1,387,690)
Operating loss	**$ (1,813,311)**	**$ (1,469,514)**	**$ (1,286,568)**
Finance income and expense, net	(369,906)	(143,677)	(99,850)
Fair value change - Earn-out rights	126,624	443,168	902,068
Fair value change - Class C Shares	2,500	22,000	35,090
Share of losses in associates	(4,970)	(43,304)	—
Loss before income taxes	(2,059,063)	(1,191,327)	(449,260)
Income tax expense	9,166	9,452	(29,757)
Net loss	**$ (2,049,897)**	**$ (1,181,875)**	**$ (479,017)**

	For the year ended December 31,		
	2024	2023 (Restated)	2022 (Restated)
Statement of Cash Flows			
Cash used for operating activities	$ (991,209)	$ (1,893,841)	$ (1,080,951)
Cash used for investing activities	$ (412,562)	$ (417,619)	$ (709,044)
Cash provided by financing activities	$ 1,424,192	$ 2,104,361	$ 2,074,161

Non-financial KPIs

	2024	2023 (Restated)	2022 (Restated)
Key metrics			
Class A shares outstanding at period end	2,060,461,997	467,976,748	467,677,673
Class B shares outstanding at period end	49,892,575	1,642,233,575	1,642,233,575
Share price at period end[1]	$ 1.05	$ 2.26	$ 5.31
Net loss per share (basic and diluted)	$ (0.97)	$ (0.56)	$ (0.24)
Equity ratio[2]	82.10 %	29.15 %	2.14%
Retail Sales[3]	44,851	52,796	50,510
including external vehicles with repurchase obligations	1,651	2,859	1,344
including internal vehicles	2,927	1,958	1,630
Markets[4]	27	27	27
Locations[5]	193	192	158
Sales Points[6]	175	153	99
Service points[7]	1,170	1,149	1,116

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

2 - Calculated as total equity divided by total assets.

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

4 - Represents the markets in which Polestar operates.

5 - Represents Polestar Spaces, Polestar Destinations, and Polestar Test Drive Centres.

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

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

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

Strategy

Polestar's updated business plan targets growth of retail sales volumes and improvement of adjusted EBITDA. Gaining commercial and operational momentum and further margin, fixed costs and working capital improvements are expected from 2026 onwards, leading to a positive free cash flow after investments result.

Leveraging model line-up

After the global success of Polestar 2 and ramp-up of deliveries of Polestar 3 and Polestar 4, the second half of 2025 will see the planned start of sales of Polestar 5, the performance 4-seat grand-tourer based on Polestar's in-house developed bonded-aluminium platform. It will also be the first Polestar to use 800-Volt technology.

Polestar 7 will be a premium compact SUV, targeting the world's fastest growing and most profitable premium segment. With its growing portfolio, Polestar reaffirms its position as a truly global, premium EV brand.

Reinforcing the value of Polestar's asset-light business model, Polestar 7 is planned to be manufactured in Europe. With production already in place in the USA, South Korea from the second half of 2025 and China, Polestar continues to strengthen its global position with a well-balanced international manufacturing network. Over time, from Polestar 7 onwards, the Company will gradually move from a multi-platform approach to one single-platform architecture, reducing complexity, costs, and investments.

Commercial expansion

Polestar is accelerating its shift to an active selling model, with new retail partners and more retail spaces. Together with its partners, Polestar plans to expand from 70 to 130 and from 36 to 57 retail spaces in Europe and North America, respectively. The established direct-to-consumer online sales channel will remain, giving customers a choice in how they want to buy their Polestar.

Polestar's new market expansion will now focus on France, with sales starting in 2025. France is one of the largest and fastest growing EV markets in Europe and a natural fit for a premium brand like Polestar. Additional expansion, across Eastern Europe, Asia and Latin America, is planned from 2026 onwards.

Additional revenue streams: Increasing sales of CO2 credits

Moving forward, Polestar expects increased revenue contribution from the sales of CO2 credits. With traditional OEMs struggling to transition to EVs, the demand for these credits is expected to increase in the coming years, to a three-digit million-dollar amount per year, from 2025. Polestar has already created an EU CO2 pool with four OEMs for 2025.

New customer offer: Launch of innovative energy business

Polestar is launching Polestar Energy in several key markets in Europe. This new customer offer makes home charging smarter, more efficient, and cheaper. Through the service, customers can reduce their home charging costs by up to 30%, using the Polestar Energy app. The more Polestar customers charge and support the grid through Polestar Energy, the more benefits they get. The service is to be launched in several additional markets during the second half of 2025, with the launch of bidirectional charging capabilities in Polestar's line-up making the offer even more attractive.

Operational efficiency and cost discipline

Polestar is expected to continue to reduce its cost base, enhance operational efficiency, and bring further enhancements in product design.

Operating environment: 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 include, but are 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. Polestar believes it can differentiate itself from its competitors due to its brand pillars of pure, progressive, performance and core pillars of design, innovation and sustainability alongside its established global presence and ability to leverage an established production ecosystem due to its relationships with its founding partners.

On a global basis, Polestar's principal 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 has become more relevant with the launch of Polestar 4. Lucid, a US vertically integrated technology and automotive company headquartered in California, is a growing 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. Lucid unveiled its first SUV, Lucid Gravity in November 2023, started taking orders in November 2024 and delivered the first production vehicles to customers in December 2024.

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 launched the Taycan and Macan electric vehicles which bring the brand's renowned dynamic experience to an electric vehicle. 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, and Rivian.

Operating environment: Tariffs and import/export restrictions

Polestar operates globally with presence in 27 markets and a manufacturing network that spans China and the USA with plans to commence production in South Korea in the second half of 2025 and in Europe in the future. As such, Polestar is subject to restrictions on international trade, such as tariffs and other controls on imports or exports of goods, information or technology. Our objective is to continuously optimise manufacturing footprint to minimize the tariffs impact. Polestar has been deploying an asset-light contract manufacturing approach to produce its cars, leveraging partnership relationships with Volvo Cars and Geely Group. This diversity of manufacturing locations (in the USA, China, South Korea from the second half of 2025) gives Polestar flexibility, for example, Polestar 3 is produced at manufacturing sites in the USA and in China, and is expected to support Polestar's operations and distribution to minimize impacts from tariffs.

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

The European Union has imposed a complex sanctions regime with higher import tariffs on Chinese electric vehicle imports. This has resulted in an additional 18.8% import tariff (in addition to the previously existing 10% tariff) on Polestar's vehicles by the European Union for Polestar vehicles imported from China, which will lead to higher selling prices or lower margins on the vehicles sold. Polestar relies on a network of manufacturing facilities in Charleston, South Carolina, the USA and Busan, South Korea from the second half of 2025 (these facilities are owned and operated by Polestar's manufacturing partners) as well as considers any potential future facilities to make its network more robust and diverse. This flexibility is anticipated to help us to reduce the impact of higher import or custom duties in the US and/or the European Union, however, there is no assurance that we may be able to mitigate fully or partially these impacts.We assess the situation continuously and adjust production plans and distribution routes to mitigate confirmed tariffs and/or import/export restrictions of vehicles and/or parts.

Polestar's currently available models - Polestar 2, Polestar 3 and Polestar 4 - are all currently manufactured in China and distributed to markets where we operate. Polestar 3 is also manufactured in the USA and the plan is to commence the production of Polestar 4 in South Korea in the second half of 2025. Polestar is committed to mitigating the financial risk by flexing production and expanding it in the future to manufacturing facilities in Charleston, South Carolina, USA; Busan, South Korea from the second half of 2025 (which are owned and operated by Polestar's manufacturing partners) and in Europe.

Additionally, the US Department of Commerce has implemented regulations on the use of information and communications technologies from China and deployed in connected vehicles. These regulations may prohibit the import of vehicles manufactured in China or by Chinese owned companies. Unless remedial measures to replace certain suppliers can be implemented and a license to exempt the indirect ownership of Polestar by a Chinese national can be obtained from the US Department of Commerce, there is a risk that these new US regulations governing connected vehicles may effectively prohibit Polestar from selling its vehicles in the US market. Such a result would have a materially negative result on our results of operations, cash flow and financial condition.

Recent developments

- On 9 January 2025, Polestar reported its global retail volumes for the fourth quarter and full year 2024.
- On 16 January 2025, Polestar, under its new senior management, published its updated strategy and medium-term targets.
- On 16 January 2025, Polestar published select results for the third quarter and nine months ending on 30 September 2024 and updated financial guidance for the full year 2024.
- On 28 February 2025, Polestar announced that the company had secured a 12-month term facility of up to USD 450 million and had renewed the EUR 480 million Green Trade Finance Facility.
- On 10 April 2025, Polestar reported Q1 2025 retail sales.
- On 12 May 2025, Polestar reported Q1 2025 select financial results.

Section 172 statement

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

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

The Board has a defined framework for considering matters within its remit, with approved Charters for each of its committees and the Corporate Governance Guidelines, which are approved annually and available on the Company’s website. These were last reviewed and approved in June 2024. Our Board has delegated matters to the CEO and management team in accordance with the Corporate Governance Guidelines.
All decisions made by the Board are subject to the submission of quality, appropriate information by way of Board pre-read material, provided to the Board in a timely manner. Our Board meetings are structured in such a way to allow sufficient time to dedicate to all topics. When making decisions, each Director ensures that they act in a way they consider, in good faith, would most likely promote the Company’s success for the benefit of its shareholders, and has due regard (among other matters) to the factors set out below. We are mindful of our ways of working as Board, and this year again have conducted an evaluation to identify our strength and improvement areas. The evaluation was conducted through anonymous questionnaires and interviews between the Chair and each Director.

The likely consequence of any decision in the long term:
The Board understands that all decisions made today, affect the long-term success of the Company. During the year, the Board was mindful of the long-term success of the Company in all of its considerations. The Board approved a new, strengthened business plan targeting a positive adjusted EBITDA in 2025 and positive free cash flow after investments in 2027. Furthermore, strategic long-term decisions were taken in terms of manufacturing footprint, to mitigate risk related to tariffs for EV vehicles in the EU and the US. This includes the manufacturing of Polestar 4 in Korea for the European market, and the manufacturing of the future Polestar 7 in Europe. The Board’s long-term vision for the Company was also preserved by choosing to make Polestar 7 a premium compact SUV, targeting the world’s fasting growing and most profitable premium segment for the Company’s next high-volume model.

More information on our strategy can be found on pages 5 to 10

Interests of employees and other stakeholders:
The Board, we understands the importance of a motivated workforce to the long-term success of our Company and the Group. When making decisions, we as a Board have had regard to the interest of the Company’s employees, as well as the interests of wider stakeholder groups. In 2024, the Board approved the roll-out of our employee share matching plan for one more year. The plan is running in Sweden, the UK, Norway, the Netherlands, Germany, and the US. where most our employees are located. The programme expanded to more employees, with Norway, the Netherlands and Germany being added to the programme. The programme ceased in China due to the increased legal requirements for running such programs in China.   The programme is done on a 1:1 matching basis. This programme further aligns the employees’ interests with those of the Company and supports retention.

Furthermore, although the bonus KPIs for 2023 were not all reached, thereby not allowing for a cash bonus payout, the Board decided to motivate and incentivise employees eligible for a bonus with a one-off free share programme. This programme, allowed employees to receive free shares for an amount equivalent to their eligible cash bonus, subject to a 12-month holding period.

As a Board, we consider stakeholder views to help us understand how our business impacts stakeholders. For more information on stakeholder engagement, see pages 12 to 16.

Impact on the environment
We recognise the importance of using business as a positive force for good, and to build ethical and sustainable business practices and operations. The Nominating and Governance Committee continually oversees the sustainability strategy and monitors the progress of sustainability-related targets and commitments. For the first time, the Nominating and Governance Committee approved a double-materiality assessment evaluating environmental, social and governance factors from both financial and impact materiality perspectives in application of the CSRD. For more information on our sustainability goals,

see page 44, and information on how we have addressed our climate-related financial disclosures can be found on page 37-43.

High standards of business conduct

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

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

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

Furthermore, in 2024, the Board received training on its general duties and responsibilities, insider trading topics, SOX compliance, anti-corruption. The training covered the main different jurisdictional framework the Board is subject to, i.e. the US and the UK.

Act fairly between members

During FY24, the CEO and CFO along with the Investor Relations team held regular meetings with investors and potential investors. These meetings gave potential investors the opportunity to discuss key topics, which are detailed on page 12 under our Stakeholder Engagement section.

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

Stakeholder Engagement

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

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

Customers

Customer engagement is led by the Head of Customer Experience who focuses on building a customer-centric mindset and drives commercial impact by unifying Polestar's teams, business and partners around customers.

By understanding and acting on customers' needs Polestar creates innovative products, uncompromised in technology and design, and shapes customer experiences that guide the industry forward, The Head of Customer Experience along with the CEO are responsible for providing updates to the Board on customer insights and the Customer Experience strategy.

The mechanisms for engaging with customers include among others direct sales and direct digital communication, including feedback from the Space Operators network, customer surveys, owners' communities and events, as well as all customer support channels. The Group's aim is to offer a seamless customer experience from the first interaction to ongoing customer relationship management.

All employees, including Management, are encouraged to contribute to Polestar's ambitious customer experience vision as customer experience is part of the Company's metrics for the annual bonus scheme. In 2024, the outcome of the customer experience metrics as measured against the target was 90%, demonstrating the dedication of the Company and its employees to customers.

Employees

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

The Company regularly engages with the workforce through several channels, including through the onboarding process, monthly fortnightly pulse surveys , internal communication channels including an active intranet and regular Global townhall meetings, ongoing performance and development reviews, leadership training, health, and wellbeing activities. In light of the staff reductions in 2023 and 2024, the employee engagement surveys were used to monitor what actions to prioritise to mitigate any risks. The survey is assessed from a team and function perspective, but also from market perspective to capture strengths and weaknesses in each respective site. Examples of direct results of assessing employee surveys were improvements regarding the expansion of office space in Sweden and the UK and enhanced clarity globally on strategy and objectives. To engage with employees and bring awareness of the business objectives and progress the company regularly answered all questions raised by employees in Townhalls in writing which were then published on the intranet. The Company's Board of Directors meetings were held in UK, US, Spain and China in addition to the headquarters in Sweden to engage with the Company's local staff in different markets. Employees were further aligned with the success of the Company following with the launch of a share matching programme in 2023.

Society and the Environment

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

Given the resource-intensive nature of electric vehicle (EV) manufacturing, Polestar places considerable focus on the environmental and social risks related to mining, vehicle and component recyclability, and continuously strives to reduce the environmental impact of its manufacturing process, particularly in terms of waste and carbon emissions.

The Board acknowledges the opportunity and role of Polestar's electric vehicles in advancing global climate-neutral mobility targets, including the IPCC 1.5°C and UN Race to Net Zero goals. While electric vehicles produce no carbon emissions during their use phase, the Board recognises that climate neutrality requires the elimination of greenhouse gas emissions across the entire vehicle lifecycle, including charging from renewable energy sources. The Board is also mindful of other environmental impacts associated with Polestar's vehicles.

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

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

The Head of Sustainability regularly provides the Board with updates on external developments, emerging trends, regulatory changes, and relevant policy shifts concerning sustainability. Furthermore, the Sustainability function is tasked with engaging policymakers and non-profit organisations focused on environmental and social matters.

Details of the Company's climate and sustainability strategy and impact can be found on pages 37 to 43.

Suppliers

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

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

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

Investors

The Investor Relations function facilitates communication with existing and prospective equity shareholders. The Audit Committee and the Board receive regular updates, including feedback from investors, research analysts and brokers. The feedback covers the equity markets take on Company's performance and shareholder sentiment on Company's strategic priorities including progress against environmental, social, and governance ("ESG") matters.

During 2024, the Investor Relations team conducted regular meetings with global investors and analysts. Key topics discussed included:

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

Regulators

The Group monitors policy and regulatory developments across the regions and markets in which it operates. Our operations are affected by complex and changing requirements in the countries where we operate, covering a wide range of topics from manufacturing, safety, data privacy, cyber security, environmental and corporate sustainability requirements, taxes. In 2024, sanctions, tariffs and , other trade related regulatory topics have been of particular focused due to the international and increase unilateral actions taken by i.a. the US and the EU. The Legal, Quality & Logistics and Sustainability functions are primarily responsible for overseeing these developments and report regularly to the Group Senior Management Team and the Board (or its committees) as required.

Diversity and inclusion

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

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

A breakdown of the Group's employment statistics as of 31 December 2024 is as follows:

As at 2024-12-31	Male	Female	Prefer not to say, or not disclosed	Total
Executive Director	1	0	0	1
Senior Managers	6	3	0	9
All Other Employees of the Group	1,530	680	327	2,537
Non-executive directors	5	4	0	9
Total directors and Employees	**1542**	**687**	**327**	**2,556**

Financial Overview

Comparison of the years ended December 31, 2024, 2023 and 2022

The following table summarizes Polestar's historic Consolidated Statement of Loss for the years ended December 31, 2024, 2023 and 2022. All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	For the year ended December 31,			2024 vs 2023 Variance		2023 vs 2022 Variance	
	2024	2023	2022	$	%	$	%
		(Restated)	(Restated)				
Revenue	2,034,261	2,368,085	2,440,818	(333,824)	(14)	(72,733)	(3)
Cost of sales	(2,910,428)	(2,778,222)	(2,339,696)	(132,206)	5	(438,526)	19
Gross (loss) profit	**$ (876,167)**	**$ (410,137)**	**$ 101,122**	**$ (466,030)**	**114**	**$ (511,259)**	**(506)**
Selling, general and administrative expense	(890,703)	(944,177)	(840,151)	53,474	(6)	(104,026)	12
Research and development expense	(38,350)	(157,280)	(174,916)	118,930	(76)	17,636	(10)
Other operating income and expenses, net	(8,091)	42,080	(305)	(50,171)	119	42,385	(13897)
Listing expense	—	—	(372,318)	—	n/a	372,318	n/a
Operating loss	**$ (1,813,311)**	**$ (1,469,514)**	**$ (1,286,568)**	**$ (343,797)**	**23**	**$ (182,946)**	**14**
Finance income	23,879	69,565	8,552	(45,686)	(66)	61,013	713
Finance expense	(393,785)	(213,242)	(108,402)	(180,543)	85	(104,840)	97
Fair value change - Earn-out rights	126,624	443,168	902,068	(316,544)	(71)	(458,900)	(51)
Fair value change - Class C Shares	2,500	22,000	35,090	(19,500)	(89)	(13,090)	(37)
Share of losses in associates	(4,970)	(43,304)	—	38,334	(89)	(43,304)	n/a
Loss before income taxes	**$ (2,059,063)**	**$ (1,191,327)**	**$ (449,260)**	**$ (867,736)**	**73**	**$ (742,067)**	**165**
Income tax benefit (expense)	9,166	9,452	(29,757)	(286)	(3)	39,209	(132)
Net loss	**$ (2,049,897)**	**$ (1,181,875)**	**$ (479,017)**	**$ (868,022)**	**73**	**$ (702,858)**	**147**

Revenues

Polestar's net revenue for the year ended December 31, 2024 was $2,034.3 million, a decrease of $333.8 million, or 14% compared to $2,368.1 million for the year ended December 31, 2023. Revenue from related parties for the year ended December 31, 2024 was $276.3 million, an increase of $137.6 million, or 99% compared to $138.7 million for the year ended December 31, 2023. Polestar's Revenue for the year ended December 31, 2023 was $2,368.1 million, a decrease of $72.7 million, or 3% compared to $2,440.8 million for the year ended December 31, 2022. Revenue from related parties for the year ended December 31, 2023 was $138.7 million, an increase of $5.7 million, or 4% compared to $132.9 million for the year ended December 31, 2022.

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

	For the year ended December 31,			2024 vs 2023 Variance		2023 vs 2022 Variance	
	2024	2023	2022	$	%	$	%
		(Restated)	(Restated)				
Revenues							
Sales of vehicles	1,975,864	2,313,124	2,386,685	(337,260)	(15)	(73,561)	(3)

Sales of software and performance engineered kits	15,344	18,994	21,308	(3,650)	(19)	(2,314)	(11)
Sales of carbon credits	10,918	1,452	10,984	9,466	652	(9,532)	(87)
Vehicle leasing revenue	17,175	17,421	16,719	(246)	(1)	702	4
Other revenue	14,960	17,094	5,122	(2,134)	(12)	11,972	234
Total	**$ 2,034,261**	**2,368,085**	**2,440,818**	**$ (333,824)**	**(14)**	**$ (72,733)**	**(3)**

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

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

Sales of vehicles for the year ended December 31, 2023 were $2,313.1 million, a decrease of $73.6 million, or 3% compared to $2,386.7 million for the year ended December 31, 2022. The decrease was primarily driven by $116.6 million in discounts to fleet customers, offset by an increase in fleet vehicle sales volumes and an increase in per unit price of the PS2 model year 2023 and 2024 vehicles.

Sales of software and performance engineered kits for the year ended December 31, 2024 were $15.3 million, a decrease of $3.7 million, or 19% compared to $19.0 million for the year ended December 31, 202Gro3. The decrease is primarily a result of Polestar's continued focus on developing and selling its own vehicles rather than its performance engineered kits for Volvo cars. Sales of software and performance engineered kits for the year ended December 31, 2023 were $19.0 million, a decrease of $2.3 million, or 11% compared to $21.3 million for the year ended December 31, 2022. The decrease is a result of Polestar's continued emphasis on its own vehicles, coupled with a continued decline in Volvo Car's sales of Polestar's performance engineered kits.

Sales of carbon credits for the year ended December 31, 2024 were $10.9 million, an increase of $9.5 million, or 652% compared to $1.5 million for the year ended December 31, 2023. This increase is driven by Polestar entering into and executing more contracts to sell its excess carbon credits as compared to the previous year. Sales of carbon credits for the year ended December 31, 2023 were $1.5 million, a decrease of $9.5 million, or 87% compared to $11 million for the year ended December 31, 2022. This decrease is driven by Polestar executing fewer contracts to sell its excess carbon credits as compared to the previous year

Vehicle leasing revenue for the year ended December 31, 2024 was $17.2 million, a decrease of $0.2 million, or 1% compared to $17.4 million for the year ended December 31, 2023 reflecting a stable volume of vehicles sold with repurchase obligations. Vehicle leasing revenue for the year ended December 31, 2023 was $17.4 million, an increase of $0.7 million, or 4% compared to $16.7 million for the year ended December 31, 2022. This increase is due to Polestar selling more vehicles with repurchase obligations.

Other revenue for the year ended December 31, 2024 was $15.0 million, a decrease of $2.1 million, or 12% compared to $17.1 million for the year ended December 31, 2023.This decrease is the result of (1) a decrease in sales of Polestar's research and development services to Volvo Cars of $5.0 million, offset partially by an increase of $3.4 million in sales under Polestar's intellectual property license to Volvo Cars which grants Volvo Cars the rights to source and distribute parts and accessories for Polestar's vehicles to customers in exchange for sales-based royalties to us. Other revenue for the year ended December 31, 2023 was $17.1 million, an increase of $12.0 million, or 234% compared to $5.1 million for the year ended December 31, 2022. This increase is the result of (1) greater sales of Polestar's research and development services to Volvo Cars, (2) greater sales under Polestar's intellectual property license to Volvo Cars which grants Volvo Cars the rights to source and distribute parts and accessories for Polestar's vehicles to customers in exchange for sales-based royalties to us for $8.5 million, and (3) a one-time sale of know-how to Lotus for $4.6 million.

Cost of sales

Cost of sales for the year ended December 31, 2024 was $2,910.4 million, an increase of $132.2 million, or 5% compared to $2,778.2 million for the year ended December 31, 2023. During the year ended December 31, 2024, Polestar recognized an increase in impairment charges of $282.5 million as compared to the year ended December 31, 2023. In the year ended December 31, 2024 Polestar recognized an impairment loss of $205.8 million and $416.3 million on the Polestar 3 and the internal development project (i.e., Polestar 5, Polestar 6, and PX2 powertrain), respectively, primarily due to a decrease in forecasted pricing for the Polestar 3 and in forecasted demand for the Polestar 5.This increase was partially offset by a decrease in write-downs of inventories to net realizable value of $56.8 million, a decrease in inventory cost of $71.5 million primarily related to lower sales volumes, and decreased warranty costs of $24.6 million.

Cost of sales for the year ended December 31, 2023 was $2,778.2 million, an increase of $438.5 million, or 19% compared to $2,339.7 million for the year ended December 31, 2022. This increase was primarily driven by CGU impairment of PS2 related PPE and Vehicles under operating leases of $90.2 million, CGU impairment of PS2 related intangible assets of $249.4 million, increased inventory impairment of $146.6 million, and increased materials cost due to rising raw material costs of $23.1 million. This activity is being partially offset by decreased warranty expenses of $36.3 million, and positive impacts of foreign currency effects due to an improved SEK/CNY foreign exchange rate. For further information, see *Note 15 - Intangible assets and goodwill*, *Note 16 - Property, plant and equipment* in the accompanying Consolidated Financial Statements.

Gross (loss) profit

Gross (loss) profit for the year ended December 31, 2024 was a gross loss of $876.2 million, an increase in gross loss of $466.0 million, or 114% compared to a gross loss of $410.1 million for the year ended December 31, 2023 primarily due to the factors described above.
Gross (loss) profit for the year ended December 31, 2023 was a gross loss of $410.1 million, a decrease in gross result of $511.3 million, or 506% compared to a gross profit of $101.1 million for the year ended December 31, 2022 primarily due to the factors described above.

Selling, general and administrative expenses

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

Selling, general and administrative expenses for the year ended December 31, 2023 were $944.2 million, an increase of $104.0 million, or 12% compared to $840.2 million for the year ended December 31, 2022. This increase was primarily due to higher advertising, sales, and promotion expenses of $67.9 million related to new video productions, marketing, and PR events for the PS3 and PS4 campaigns to expand Polestar's markets related to these vehicles. Additional increases were attributed to higher wages and salaries of $41.9 million, associated with headcount need to meet the demands of Polestar's growing business.

Research and development expenses

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

Research and development expenses for the year ended December 31, 2023 were $157.3 million, a decrease of $17.6 million, or 10% compared to $174.9 million for the year ended December 31, 2022. This change was mainly driven by a decrease in the amortization costs of $37.7 million due to internal development programs reaching development phase, therefore no longer being expensed. These decrease was partially offset by increased full time personnel cost of $18.3 million and $2.4 million in service purchased from related parties.

Other operating income (expenses), net

Other operating income (expenses), net for the year ended December 31, 2024 was an expense of $8.1 million, a decrease of $50.2 million, or 119% compared to an income of $42.1 million for the year ended December 31, 2023. This decrease was primarily driven by higher negative foreign exchange effects on working capital of 81.2 million and reduced income of $15.1 million for related party sales of plant operation services. This loss is partially offset by the recognition of $26.9 million in income and reduced expenses of $18.7 million related to services provided to Polestar Times Technology.

Other operating income (expenses), net for the year ended December 31, 2023 were an income of $42.1 million, an increase of $42.4 million compared to an expense of $0.3 million for the year ended December 31, 2022. This increase was primarily driven by positive foreign exchange effects on working capital of $37.5 million, sales of plant operation services to a related party for $25.2 million, and sales of carbon credits to a related party for $5.6 million. These gains are partially offset by the costs of services provided to Polestar Technology for $27.6 million.

Finance income

Finance income for the year ended December 31, 2024 was $23.9 million, a decrease of $45.7 million, or 66% compared to $69.6 million for the year ended December 31, 2023. This decrease was primarily the result of a decreased net foreign exchange gain effect related to financial items of 37.2 million and a decrease in interest income on bank deposits of $11.2 million due to lower interest rates and reduced bank deposits. Finance income for the year ended December 31, 2023 was $69.6 million, an increase of $61.0 million, or 713% compared to $8.6 million for the year ended December 31, 2022. This increase was primarily the result of a positive net foreign exchange effect related to financial items of $37.2 million and increased interest income on bank deposits of $24.6 million due to rising interest rates.

Finance expense

Finance expenses for the year ended December 31, 2024 was $393.8 million, an increase of $180.5 million, or 85% compared to $213.2 million for the year ended December 31, 2023. This increase was primarily the result of an increase of 127.4 million in the aggregated amount of interest expense on credit facilities and financing obligations and interest expense to related parties. The increase was also the result of an increase in net foreign exchange rate effects on financial activities of $45.1 million. Finance expenses for the year ended December 31, 2023 was $213.2 million, an increase of $104.8 million, or 97% compared to $108.4 million for the year ended December 31, 2022. This increase was primarily the result of an increase in interest expense on credit facilities and financing obligations and interest expense to related parties totaling $129.4 million and a loss on modification of debt of $7.6 million. These increases are partially offset by a decrease in foreign exchange losses on financial activities of $30.9 million.

Fair value change - Earn out rights

As part of the capital reorganization via the merger with GGI on June 23, 2022, Polestar issued earn-out rights. The gain on fair value change - Earn-out rights for the year ended December 31, 2024 was $126.6 million, a decrease of $316.5 million or 71% compared to a gain of $443.2 million for the year ended December 31, 2023. This decrease is primarily attributable to changes in Polestar's share price from $2.26 as of December 31, 2023, compared to $1.05 as of December 31, 2024. The gain on Fair value change - Earn-out rights for the year ended December 31, 2023 was $443.2 million, a decrease of $458.9 million or 51% compared to $902.1 million for the year ended December 31, 2022. This decrease is primarily attributable to changes in Polestar's share price from $5.31 as of December 31, 2022, compared to $2.26 as of December 31, 2023.

Fair value change - Class C Shares

As part of the capital reorganization via the merger with GGI on June 23, 2022, Polestar exchanged rights and obligations to the public and private warrant instruments of GGI. The gain on the fair value change of these warrants (i.e, Class C Shares) for the year ended December 31, 2024 was $2.5 million, a decrease of $19.5 million or 89% compared to $22.0 million for the year ended December 31, 2023. This change is primarily attributable to a change in the price of the Class C-1 Shares and the estimated value of the Class C-2 Shares by $0.10, from $0.24 for the year ended December 31, 2023, to $0.14 for the year ended December 31, 2024. The gain on the fair value change of these warrants (i.e, Class C Shares) for the year ended December 31, 2023 was $22.0 million, a decrease of $13.1 million or 37% compared to $35.1 million for the year ended December 31, 2022. This change is primarily attributable to a change in the price of the Class C-1 Shares and the estimated value of the Class C-2 Shares by $0.88 or from $1.12 for the year ended December 31, 2022, to $0.24 for the year ended December 31, 2023.

Share of losses in associate

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

Income tax benefit (expense)

Income tax benefit (expense) for the year ended December 31, 2024 was a benefit of $9.2 million, a decrease of $0.3 million, or 3% compared to a benefit of $9.5 million for the year ended December 31, 2023. This decrease was primarily driven by an increase of the current income tax expense of 21.9 million due to higher taxable income which was partially offset by a decrease in withholding tax expense on license transactions which was a benefit of $2.2 million in the year ended December 31, 2024 compared to an expense of $15.6 million in the year-ended December 31, 2023. Income tax benefit (expense) for the year ended December 31, 2023 was a benefit of $9.5 million, an increase of $39.2 million, or 132% compared to an expense of $29.8 million for the year ended December 31, 2022. This was primarily driven by a decrease in deferred tax liabilities and an increase in deferred tax assets due to increased deductible temporary differences related to inventory and warranty, resulting in an increase in deferred tax benefit of $46.4 million. The deferred tax benefit for the year ended December 31, 2023 was $38.8 million. The current income tax decreased by $7.4 million, resulting in current income tax expenses of $13.7 million. The expenses of foreign taxes increased $14.6 million due to an increase in withholding tax expense on transactions incurred in China, resulting in foreign tax expenses of $15.6 million.

B. Liquidity and capital resources

Polestar continues to finance its operations primarily through various short-term credit facilities like working capital facilities, sale leaseback arrangements, and inventory finance facilities ("floorplan facilities"), as well as through long-term loans with credit institutions and related parties and extended trade credit with related parties. Refer to *Note 25 - Liabilities to credit institutions* and *Note 27 - Related party transactions* in the accompanying Consolidated Financial Statements for further details on Polestar's borrowings. Polestar intends to continue developing its financing relationships with European and Chinese banking partners and Polestar's related parties, including upsizing current facilities where applicable, while also continuing to explore potential equity or debt offerings. The principal uses for liquidity and capital are funding operations, repayment of debt, market expansion, and investments in Polestar's future vehicles and automotive technologies.

Polestar anticipates it will continue to need to raise funding via these methods and / or via issuance of equity to meet its cash requirements and fulfill its obligations and investment plans. Refer to *Note 1 - Overview and basis of preparation* in the accompanying Consolidated Financial Statements for further details on management's going concern assessment, including its conclusion that material uncertainty related to the execution of management's liquidity and funding plan casts significant doubt upon Polestar's ability to continue as a going concern.

Liquidity risk

Liquidity risk is the risk that Polestar is unable to meet its financial obligations on time. Polestar faces liquidity risk primarily in relation to its loans from financial institutions which are short-term and long-term in nature, generally with a credit term of less than 5 years. Polestar needs to have adequate cash and highly liquid assets on hand to mitigate this liquidity risk and also satisfy working capital needs. Polestar's short-term financing obligations relate to the repayment of its current liabilities to credit institutions whereas long-term financing obligations relate to the repayment of long-term related party loans and long-term loans from unrelated parties. Polestar's most cash intensive working capital needs relate to its settlement of related party trade payables related to the purchases of inventories, intangible assets, and items of PPE from Volvo Cars and Geely.

As of December 31, 2024 and 2023, Polestar had cash and cash equivalents of $739.2 million and $768.3 million, respectively. As of December 31, 2024 and 2023, the Group had restricted cash of $31.0 million and $1.8 million, respectively, which is presented as other non-current assets in the Consolidated Statement of Financial Position.

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 and/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. Any financing arrangements may require the payment of higher interest or preferred dividends, which will impact cash retention. There can be no assurance Polestar will be able to obtain additional funds. 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, discontinue the production and sale of its vehicles as well as research and development and commercialization efforts and may not be able to fund continuing operations, all of which could adversely impact Polestar's financial performance and position.

Polestar continues to generate negative operating and investing cash flows as a result of scaling up commercialization efforts globally, along with continuing capital expenditures for the PS2, PS3, PS4, PS5 and PS6. Managing the company’s liquidity profile and funding needs remains one of management’s key priorities.

Polestar has established a liquidity risk management framework for management of its short-term and long-term funding and liquidity requirements and prepares long-term planning in order to mitigate funding and re-financing risks. Polestar’s liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations. Certain key stakeholders engage in a weekly meeting to discuss Polestar's current and forecasted liquidity position to determine the Group's funding needs. Polestar prepares long-term planning to mitigate funding and re-financing risks. Depending on 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.

Additionally, Polestar holds 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. Polestar also benefits from its related party relationships and has been able to negotiate flexible payment terms for the repayment of related party trade payables, allowing additional liquidity to remain available for other working capital and financial needs. However, these flexible payment terms are not a contractual right and may be called upon in the future. Refer to *Note 27 - Related party transactions* in the accompanying Consolidated Financial Statements for additional information on these arrangements.

Debt and equity financing

Equity

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 18 - Reverse recapitalization* in the accompanying Consolidated Financial Statements.

Debt

Polestar enters into various debt arrangements with European and Chinese banking partners, related parties, and other financial institutions in the form of short-term, medium-term, and long-term funding to meet Polestar's capital needs.

Current and non-current liabilities to credit institutions

During the periods presented in the accompanying Consolidated Financial Statements, Polestar utilized several short-term working capital loans, primarily originating from European and Chinese banking partners. These existing and developing relationships provide Polestar with a reliable source of short-term liquidity. All short-term working capital loans that have fallen due during the periods presented have been repaid on-time. Short-term working capital loans are primarily used for to manage inventory levels, accounts payable and accounts receivables whilst also maximizing sales volumes. Current liabilities to credit institutions are in the form of loans from banks, loans from related parties, floor plan facilities, and sale leaseback facilities.

On February 22, 2024, Polestar entered into its first non-current loan agreement with credit institutions. This was in the form of a syndicated multicurrency green term loan facility with 12 banks including Standard Chartered Bank acting as agent and security agent. The facility consists of two tranches: Facility A (EUR denominated at €340.0 million with an interest rate at the relevant EURIBOR plus 2.85%) and Facility B (USD denominated at $583.5 million, with an interest rate at the Chicago Mercantile Exchange Term SOFR plus 3.35%). Both facilities have a 36-month repayment period with repayment of all drawdowns due in full at the end of the period, including any unpaid interest and other fees. The facilities are secured by interest reserve accounts pledges with an aggregate of three months interest deposited upon a drawdown of available credit. As of December 31, 2024, the facility has been fully utilized.

As of December 31, 2024, the outstanding principal balance, expiring in February 2025, related to Polestar's Euro denominated uncommitted secured green trade facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC and ING Belgium SA/NV entered into on February 28, 2022 and subsequently amended on February 27, 2023, is $375.5 million. All outstanding principal is 100% secured by the new vehicle inventory financed via this facility in accordance with First-ranking English law charge.

Polestar's non-current syndicated loan is subject to covenant requirements, including but not limited to a minimum annual revenue of $5,359.9 million for 2024, minimum quarterly cash levels of €400.0 million, and maximum quarterly financial indebtedness of $5,500.0 million. Standard Chartered Bank and the syndicated lenders agreed to waive and amend the revenue covenant and waive the debt ratio covenant prior to the year ended December 31, 2024, signing a wavier on January 6, 2025. The waiver amended the covenant of consolidated revenue for the group for the year ended December 31, 2024 adjusting the amount from $5,359.9 million to $1,400.0 million as well as waiving the testing of the debt ratio for the fourth quarter of 2024 and the first quarter of 2025. As a result of these changes, Polestar was not in default related to the syndicated loan as of December 31, 2024.

Polestar's Euro denominated uncommitted secured green trade finance facility is subject to certain covenant requirements and shares the same minimum quarterly cash covenant as the syndicated loan. As of December 31, 2024, Polestar was not in breach of its cash covenant.

As of December 31, 2024, total outstanding liabilities to credit institutions was $3,439.6 million of which $927.2 million was related to long-term liabilities to credit institutions and $1,132.0 million of short-term working capital loans are secured by our related party Geely. Refer to *Note 25 - Liabilities to credit institutions* in the accompanying Consolidated Financial Statements for information on Polestar's working capital loans outstanding as of December 31, 2024.

Related party financing

On August 21, 2024, Polestar entered into the second amendment of its $800.0 million eighteen-month term credit facility with Volvo Cars dated November 3, 2022. This second amendment also amended the terms of the $200.0 million additional borrowing capacity provided via the first amendment on November 8, 2023. Per the second amendment all $1,000.0 million borrowed is due on December 29, 2028. As of December 31, 2024, the facility was fully drawn with an outstanding principal balance of $1,000.0 million.

As of December 31, 2024, the $250 million term facility Polestar entered into with Geely was fully drawn with an outstanding principal balance of $250 million.

Related to both the Volvo facility and Geely facility described above, the rate of interest on each loan made under the credit facilities is the SOFR rate plus 4.97% per annum. 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 $350.0 million, and no fewer than five institutional investors participating in the offering, then both Geely and Volvo Cars have the right to convert the principal amount of any outstanding loans into equity.

As of December 31, 2024, principal of $124.9 million is outstanding under the asset transfer arrangement between Polestar and Geely which was designed to provide financing to Polestar in exchange for Polestar transferring legal ownership of certain Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 (the "PS3 Tooling and Equipment") to Geely.

Polestar maintains a floor plan facility with its related party Volvo Cars which 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, 2024 to related parties amounted to $55.0 million.

Floor plan 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, 2024, the aggregate amount outstanding under these arrangements to unrelated credit institutions was $89.5 million.

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, 2024, $8.2 million of this financing obligation was outstanding.

Cash flows

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

	For the year ended December 31,		
	2024	**2023 (Restated)**	**2022 (Restated)**
Cash used for operating activities	(991,209)	(1,893,841)	(1,080,951)
Cash used for investing activities	(412,562)	(417,619)	(709,044)
Cash provided by financing activities	1,424,192	2,104,361	2,074,161

Cash used for operating activities

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

- An increase in net loss of $868.0 million - refer to Item 5.B "*Financial Overview - comparison of the years ended December 31, 2024, 2023 and 2022*" for further details.
- An increase in the net positive value of reconciling items of $647.6 million primarily due to an increase in the adjustment for impairment expense of $282.5 million in 2024 when compared to 2023 and a decrease in the adjustment for gain related to the change in fair value of Earn-out rights of $316.5 million in 2024 when compared to 2023.
- A net positive change in operating assets and liabilities of $252.8 million in 2024 compared to a net negative change of $926.7 million in 2023 primarily due to: (i) net increase in amounts payable, mainly to Volvo Cars and Geely, in 2024 compared to net decreases in amounts payable, mainly to Volvo Cars and Geely, in 2023; and (ii) lower inventory build-up in 2024 as compared to 2023.

Cash used for operating activities for the year ended December 31, 2023 was $1,893.8 million, an increase of $812.9 million compared to $1,081.0 million 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, 2023. Negative changes in working capital which led to operating cash outflows in 2023 are largely attributable to increased Inventories, payments of Trade payables - primarily payments of related party trade payables to Volvo Cars, and higher interest payments related to Liabilities to credit institutions and overdue trade payables with Volvo Cars. These operating cash outflows were partially offset by operating cash inflows resulting from the collection of Trade receivables.

In 2023, cash outflows related to the change in Inventories were $358.4 million, materially as an effect of a build-up in inventory. This is an increase of $172.0 million in cash outflow as compared to a cash outflow of $186.4 million for the year ended December 31, 2022.

Compared to 2022 cash used for changes in Trade payables, accrued expenses, and other liabilities for the year ended December 31, 2023 was a cash outflow of $488.8 million, an increase of $510.1 million compared to a cash inflow of $21.3 million for the year ended December 31, 2022. This was primarily the result of payments of related party trade payables to Volvo Cars of $595.0 million.

Cash used to pay interest for the year ended December 31, 2023 was $220.1 million, an increase of $152.0 million compared to $68.1 million for the year ended December 31, 2022. The change is primarily due to $147.4 million and $9.1 million in interest paid to credit institutions related to working capital loans and interest paid to Volvo Cars on past due payables, respectively.

Cash used for changes in Trade receivables, prepaid expenses, and other assets for the year ended December 31, 2023 was a cash outflow of $156.9 million, a decrease of $57.3 million compared to a cash outflow of $214.2 million for the year ended December 31, 2022. The change is primarily due to a decrease of $114.7 million in Trade receivables as a result of greater cash collections from both third and related parties, offset by an increase in related party trade receivables and accrued income from Volvo Cars of $43.5 million.

Cash used for investing activities

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

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

Cash used for investing activities for the year ended December 31, 2023 was $417.6 million, a decrease of $291.4 million compared to $709.0 million for the year ended December 31, 2022. The change was primarily the result of less settlements with Volvo Cars and Geely for current and prior period investments in intellectual property related to the Polestar 2, Polestar 3, and Polestar 4, Additionally, in 2023, Polestar received proceeds from the disposal of assets classified as held for sale amounting to $153.6 million. This decrease in investing cash outflows was partially offset by a cash settlement of $137.4 million related to Property, plant, and equipment purchased mostly in the current year.

Cash provided by financing activities

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

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

Cash provided by financing activities was $2,104.4 million for the year ended December 31, 2023 and $2,074.2 million for the year ended December 31, 2022. Liquidity provided through financing was the result of 15 short-term working capital loans and two long-term related party loans. Polestar's borrowings provided $4,681.2 million in gross cash proceeds during the period, of which $1,478.9 million was sourced from 14 short-term working capital facilities with Chinese and European banking partners, $1,500.4 million was sourced from a short-term green trade revolving credit facility with a syndicate of European banks, $1,381.7 million was sourced from long-term related party loans with Geely and Volvo Cars, and $295.0 million was sourced from multiple short-term 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 $2,553.0 million during the period, of which $1,004.8 million was used to settle eight short-term working capital facilities with Chinese and European banking partners, $1,354.1 million was used to settle amounts due on the green trade revolving credit facility, and $194.1 million was used to settle amounts due on the low-value floorplan and sale-leaseback facilities, including the credit facility with Volvo Cars.

Contractual obligations and commitments

Polestar is party to contractual obligations to make payments to third parties in the form of short-term and long-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 12 - Leases*, *Note 25 - Liabilities to credit institutions*, *Note 27 - Related party transactions* and *Note 29 - 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, 2024. All figures presented in the table below are in thousands of U.S. dollars unless otherwise stated.

	Payments due by period			
	Total	Less than 1 year	Between 1-5 years	After 5 years
Contractual obligations and commitments				
Capital commitments[1]	134,197	134,197	—	—
Minimum purchase commitments[2]	487,647	196,728	232,784	58,135
Credit facilities, including sale leasebacks and floor plans[3]	3,448,709	2,512,395	936,314	—
Other liabilities, including floor plans - related parties[4]	1,949,517	185,140	1,736,958	27,419
Lease obligations including related parties[5]	163,995	35,129	90,004	38,862
Total	**$ 6,184,065**	**$ 3,063,589**	**$ 2,996,060**	**$ 124,416**

1 - Capital commitments relate to Polestar's investment in PPE and intangible assets for the production of Polestar 3, Polestar 4 and upcoming models, Polestar 5 and Polestar 6. Additionally, the remaining capital injections Polestar has agreed to provide Polestar Times Technology are included herein.

2 - Minimum purchase commitments relate to contracts with certain suppliers including a non-cancellable commitment, an agreed minimum purchase volume, or an agreed minimum sales volume. In the event of a shortfall in purchases, a shortfall in sales, or Polestar´s decision to terminate such contracts, these suppliers are entitled to compensation from Polestar. These amounts reflect Polestar's minimum payment obligation under these contracts. Refer to Note 27 - Related party transactions in the accompanying Consolidated Financial Statements for further details on Polestar's minimum sales volume commitment.

3 - Refer to Note 25 - Liabilities to credit institutions in the accompanying Consolidated Financial Statements for further details on Polestar's credit facilities including sale leasebacks and floor plans.

4 - Refer to Note 27 - Related party transactions in the accompanying Consolidated Financial Statements for further details.

5- Refer to Note 12 - Leases in the accompanying Consolidated Financial Statements for further details.

C. Non-GAAP Financial Measures

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

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

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

Non-GAAP financial measures include Adjusted EBITDA and Free Cash Flow.

Adjusted EBITDA

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

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

1 - Depreciation and amortization includes (1) depreciation and amortization capitalized into the carrying value of inventory sold (i.e., part of inventory costs) and (2) depreciation and 2-amortization expense.

2 - Restructuring costs include expenses associated with programs that were planned and controlled by management, and materially changed either (1) the scope of a business undertaken by the Group or (2) the manner in which business is conducted.

3 - Disposals of investments include disposals, by sales or otherwise, of: (1) debt or equity financial instruments issued by another entity that are held as investments, (2) intangible assets, (3) property, plant, and equipment, and (4) groups of assets and liabilities representing disposal groups that were transferred together as part of individual transactions.

This measure is reviewed by management and management considers it to be a relevant measure for understanding the underlying operating results and trends of the core business prior to the impact of any adjusting items.

Prior to December 2024, Adjusted EBITDA was calculated as net loss, adjusted for listing expense, fair value change - Earn-out rights, fair value change - Class C Shares, interest income, interest expense, income tax benefit (expense), depreciation and amortization, and the impairment of property, plant and equipment, vehicles under operating leases, and intangibles assets.

The calculation was refined during December 2024 to change interest income and interest expense to finance income and finance expense, respectively, in order to exclude the effects of all items associated with financing activities of the Group instead of only interest related items. Additionally, exclusions for restructuring costs, disposals of investments, and unusual other operating income and expenses that are considered rare or discrete events and are infrequent in nature were added to the calculation to further refine management's view of earnings from core operations. The definition of depreciation and amortization was also changed to include depreciation and amortization capitalized into the carrying value of inventory sold (i.e., part of inventory costs) to account for the Group's change in the pattern of consumption of the future economic benefits embodied in internally developed and acquired intellectual property for the Polestar 2 from the straight-line method to units of production method in the fourth quarter of the year ended December 31, 2023. This method is also applicable to internally developed and acquired intellectual property for the Polestar 4 which entered production in the fourth quarter of the year ended December 31, 2023 and the Polestar 3 which entered production in the first quarter of the year ended December 31, 2024. The change to the definition of depreciation and amortization clarifies that the impact of all depreciation and amortization, irrespective of methodology and expense nature, is excluded from net loss for this measure. These changes provide a clearer view of earnings from core operations from management's perspective and improve comparability of earnings from core operations across reporting periods. Accordingly, Adjusted EBITDA for the years ended December 31, 2022 and 2023 is recast for the new calculation.

Free Cash Flow

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

Adjusted Operating Loss and Adjusted Net Loss

Prior to December 2024, Polestar presented the non-GAAP measures Adjusted Operating Loss and Adjusted Net Loss. Adjusted Operating Loss was defined as Operating loss, adjusted to exclude listing expense. Adjusted Net loss was calculated as net loss, adjusted to exclude Listing expense, Fair value change - Earn-out rights, Fair value change - Class C Shares.

During the year ended December 31, 2024, management determined that both Adjusted Operating Loss and Adjusted Net Loss were Non-GAAP measures which no longer needed to evaluated as they were no longer viewed as relevant measures for understanding the underlying performance of Polestar's core business operations or ongoing performance. Adjusted EBITDA was, and continues to be, the most relevant metric providing an understanding of Polestar's core business operations and ongoing performance prior to the impact of any adjusting items.

Reconciliation of GAAP and Non-GAAP Results

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

Adjusted EBITDA

	For the year ended December 31,		
	2024	**2023**	**2022**
Net loss	(2,049,897)	(1,181,875)	(479,017)
Listing expense	—	—	372,318
Fair value change - Class C Shares	(2,500)	(22,000)	(35,090)
Fair value change - Earn-out rights	(126,624)	(443,168)	(902,068)
Finance expense	393,785	213,242	108,402
Finance income	(23,879)	(69,565)	(8,552)
Income tax benefit (expense)	(9,166)	(9,452)	29,757
Depreciation and amortization	113,849	135,360	155,535
Impairment of property plant and equipment, vehicles under operating leases, and intangible assets	622,092	339,568	—
Gains / losses on disposals of investments	4,622	(5,442)	11,036
Unusual other operating income and expense[1]	(2,345)	25,676	—
Adjusted EBITDA	**$ (1,080,063)**	**$ (1,017,656)**	**$ (747,679)**

1 - In 2024 relates to the reduction in litigation provision, net of insurance. In 2023 relates to litigation expense, net of insurance.

Free Cash Flow

	For the year ended December 31,		
	2024	**2023**	**2022**
Net cash used for operating activities	(991,209)	(1,893,841)	(1,080,951)
Additions to property, plant and equipment	(147,894)	(137,400)	(32,269)
Additions to intangible assets	(209,101)	(435,584)	(674,275)
Free cash flow	**$ (1,348,204)**	**$ (2,466,825)**	**$ (1,787,495)**

Management of Risks

Overview

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

Risk management framework

We established our risk management framework on the broadly accepted system known as the 'three lines model'. Within the system, the first line manages and owns the risk, the second line defines a management framework and supports, monitors and challenges the first line, and the third line provides independent confirmation of the effectiveness of the risk management process. In 2022, Polestar established an internal audit function which has been co-sourced between in-house internal auditors and resources from a leading consultancy firm.

Polestar’s Board is ultimately responsible for managing risks. This includes identifying and monitoring the principal risks that might prevent Polestar from achieving its strategic objectives. The Audit Committee acts on behalf of the Board and is responsible for providing oversight over the design of the risk management framework. In addition, we have established a Risk Committee comprised of members of the second and third lines and selected members of the Management Team (first line). The committee is responsible for more hands-on, systematic risk management activities, including evaluating risk assessment outputs and monitoring risk exposure. This is done through an enterprise-wide risk management process (called Enterprise Risk Management, or ERM), identifying risks, assigning risk ownership and monitoring of activities to mitigate the identified risks.

Emerging risks

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

Principal risks

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

1. Identify Polestar’s key principal risks and assign risk owners;
2. Identify the current status and ongoing mitigation measures;
3. Evaluate the identified risks – estimating their impacts and probability of happening giving a risk level; and
4. Determine the current trends for each risk.

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

Principal risks register

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

Principal risks	Trends	Mitigating activities

Strategic partners dependency Polestar's business is dependent on a few key strategic relationships, which could adversely affect our results if these partners fail to deliver. Relationships with key partners are multidimensional as Polestar has several relationships with the parties at the same time.	→	• Daily collaboration on operational level. • Weekly bilateral management meetings between Polestar and the respective parties. • Close monitoring of activities performed by the parties, including quality, and processes set. • Escalation paths in case of disagreements set.
Global economic downturn Our operations and results are dependent on the conditions in the world markets. During 2024 most world economies continued to deteriorate, with Polestar, a premium electric vehicle company, exposed to increased costs and lower volumes, which adversely affects Polestar's current and prospective business and financial condition.	→	• Close monitoring of the situation and planning for different scenarios with lower demand and higher costs. • Working closely with our strategic parties. • Launching new models to attract a wider customer cohort. • Ensuring ongoing commitment and deliveries towards sustainability targets.
Technology security and resilience Polestar's business relies on technology and data confidentiality, integrity, and availability. As with other businesses, we are subject to the risk of external security and privacy breaches, such as cyber-attacks. If we cannot adequately protect our information systems, including the data we collect on customers, it could result in a liability and damage to our reputation.	→	• Ensure the privacy and/or security perspective in the Development Lifecycle. • Ensure development of Disaster Recovery Plans (including business needs for back-ups, up-time etc.) • Ensure identified actions to strengthen the cyber security area are implemented. • Ensure a solid crisis management plan and framework as well as incident response process. • Ensure definition of and training of the organisation, information classification of documents and other information.
Liquidity & funding Polestar is a young company in a rapid expansion phase needing upfront investment for market expansion, car programs and brand build, as well as additional capital for business operations. Insufficient capital would adversely affect Polestar's current and future financial condition. Refer to section "Going Concern" for further information.	↗	• Ensuring short term loan facilities, both on our own and, when possible, together with key strategic partners. • During 2024 the first non-current (3 year tenor) loan facility was procured from a syndicate of banks, with a EUR 340 million facility and a $583.5 million facility. Other new loan facilities were also obtained, bringing total outstanding liabilities to credit institutions to $ 3,439.6 million as of 31 December 2024 • Ongoing engagement with a number of leading investment banks to actively explore equity and debt capital market transaction opportunities. • Ensuring a robust cash flow process for planning and monitoring purposes. • Proactive and transparent investor engagement, which is partly linked to timely financial reporting.

Litigation and regulation Polestar is subject to evolving laws and regulations that could impose substantial costs, legal prohibitions or unfavourable changes upon its operations or products. For example, in 2024 the U.S. imposed an increase in tariffs on battery electric vehicles (BEVs) manufactured in China by 100% and the E.U. imposed countervailing duties on imports of new BEVs originating in China as a result of an anti-subsidy investigation. In early 2025, the US Department of Commerce has implemented regulations on the use of information and communications technologies from China and deployed in connected vehicles. Finally, in early 2025 the U.S. also announced its intention to impose additional 'reciprocal tariffs' globally that may further impact BEVs imported into the U.S. Any failure to comply with these laws and regulations, including as they evolve, could result in substantial harm to the business and its results of operations.	↗	• Established network of external legal advisors as well as build out of in-house expertise. • Board members and management training and awareness activities. • Continuous monitoring of the changing regulatory landscape. • Diversifying manufacturing footprint into the US and adding another production location outside China in Busan, South Korea.
Foreign exchange Polestar is exposed to currency transaction risk arising from future commercial transactions and settlement of recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.	→	• Continually assessing the exposure to exchange rate risks. • Utilising natural hedging, which consists of the currency exposures of the business operations of different entities partially offsetting each other at the Group level.
Internal controls In the course of preparing Polestar's financial statements as of and for the years ended December 31, 2024 and 2023, Polestar and its independent registered public accounting firm identified material weaknesses in Polestar's internal control over financial reporting, meaning there is a reasonable possibility that a material misstatement of Polestar's annual financial statements will not be prevented or detected on a timely basis. Additionally, ineffective internal control over financial reporting could expose Polestar to increased risk of fraud or misuse of corporate assets and subject it to potential delisting from the stock exchange on which it lists, regulatory investigations and civil or criminal sanctions.	→	• Continue to design, implement, document and test internal controls over financial reporting. • Continue to hire additional accounting and finance resources with appropriate technical accounting and reporting experience to execute timely key controls related to various financial reporting processes and allow proper segregation of duties. • Continue to enhance existing policies and procedures and develop new policies and procedures to assist the finance organisation in recording transactions appropriately. • Continue to train accounting and finance resources and to develop existing systems.

→ Stayed the same during 2024

↗ Increased during 2024

Non-financial and sustainability information statement

Polestar's sustainability strategy is integral to our business agenda. It is built on the firm belief that ensuring fair and safe working conditions for people and eliminating negative environmental impacts is crucial for business success. And that to drive the transition to greater sustainability, transparency is key.

The sustainability strategy is based on our holistic view of sustainability: we perceive all sustainability challenges as interconnected and inseparable. The strategy also acknowledges that we have both the opportunity and responsibility to make an impact throughout our value chain, encompassing environmental and social sustainability.

The strategy builds on what we believe are four powerful drivers for sustainability: Climate neutrality, Circularity, Transparency, and Inclusion. Each area encompasses various sustainability risks and opportunities, and a series of strategic initiatives aimed at advancing our business´ sustainability in the years to come.

In the Sustainability Report 2024 we describe our objectives, actions, challenges, set-backs and achievements in our journey to implement and develop our sustainability strategy.

Sustainability governance

In Polestar's commitment to sustainability, governance plays a pivotal role in steering our strategic direction and ethical standards. The governance framework is structured around a three-tier system comprising shareholders, the Board of Directors, and the CEO & CFO, ensuring a robust oversight mechanism. The Board, with its ten members, is instrumental in strategic management and is supported by specialised committees: the Audit Committee, the Nominating and Governance Committee and the Compensation Committee.

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

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

The CEO reports to the Board and is responsible for the day-to-day running of Polestar regularly reporting on the financial and operational, including sustainability, status to the Board. The ExCom holds the responsibility for approving the double materiality assessment and the identified material topics before it is brought the Nominating and Governance Committee, the corporate sustainability strategy and associated company targets.

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

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

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

As part of the ERM framework, the risks reported by all global functions are consolidated and analysed. This process results in a prioritised list of the most significant risks in terms of financial impact, each with an associated action plan. The shortlist and its proposed mitigation measures are presented twice a year to the Group Management Team and submitted to the Audit Committee for review. More information of Polestar's Management of risks can be found on page 25.
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2024 global climate footprint overview

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

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

Our Scope 1 and Scope 2 emissions account for 1% of our total greenhouse gas emissions. The primary contributors to our overall GHG emissions are found within Scope 3, predominantly from the emissions associated with purchased goods used in the production of our vehicles, followed by emissions from the use of our vehicles by customers. Together, these two categories represent 86% of our total GHG emissions (compared to 89% in 2023). The remaining 13% of our total GHG emissions are attributed to other Scope 3 categories, which are detailed in the table below.

In 2024, absolute GHG emissions across our value chain decreased by 16.5% to 1,550,778 tCO_2e. The emissions intensity, which includes Scope 1, 2, and 3, was 34.6 tCO_2e per vehicle sold (compared to 35.2 tCO_2e in 2023), reflecting a 1.7% decrease compared to the previous year. As indicated in the Sustainability Report 2024, recalculations of prior years, including 2023, have resulted in higher emissions than previously disclosed.

The factors contributing to this year's results include upgrades to the Polestar 2 life cycle assessment (LCA) and the introduction of the Polestar 4, which demonstrates an even lower carbon footprint from materials compared to the Polestar 2, thereby reducing total emissions from materials. Furthermore, we have achieved a reduction in use-phase emissions per vehicle, due to a decrease in electricity market emissions in certain regions and improved energy efficiency in the vehicles sold.

The increase in market-based emissions in scope 2 is attributed to both an increase in the number of electric company cars being operated in 2024 compared to previous years, as well as a rise in energy consumption as the market expands. The electricity used by these vehicles is not specifically known, leading to a higher emissions factor in the market-based calculation and an average emissions factor per market in the location-based calculation.

Total greenhouse gas emissions Scope 1, 2 and 3

	Base year 2020	2021	2022	2023	2024	Change % 2023-2024
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions (tCO_2e)	897	731	470	198	48	-76%
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions (tCO_2e)	4,175	9,646	6,065	7,401	15,365	108%
Gross market-based Scope 2 GHG emissions (tCO_2e)	1,136	9,252	8,630	10,234	22,818	123%
Significant scope 3 GHG emissions						

	Base year 2020	2021	2022	2023	2024	Change % 2023-2024
Total Gross indirect (Scope3) GHG emissions (tCO_2e)	453,869	1,148,732	1,875,970	1,846,354	1,527,912	-17%
1 - Purchased goods and services	292,406	730,966	1,225,293	1,191,451	1,011,054	-15%
3 - Fuel and energy-related Activities (not included in Scope 1 or Scope 2)	382	605	1,091	1,927	3,792	97%
4- Upstream transportation and distribution	77,128	116,869	129,529	156,989	127,024	-19%
5 - Waste generated in operations	47	3	10	11	130	1084%
6 - Business traveling	652	1,311	2,808	2,314	5,641	144%
7 - Employee commuting	170	971	1,619	1,727	984	-43%
8 - Upstream leased assets	0	0	0	0	0	
9 - Downstream transportation	0	0	0	0	0	
10 - Processing of sold products	0	0	0	0	0	
11 - Use of sold products	77,950	282,725	488,424	463,424	333,627	-28%
12 - End-of-life treatment of sold products	5,013	14,410	25,390	26,335	44,655	70%
13 - Downstream leased assets	0	0	0	0	0	
14 - Franchises	122	872	1,806	2,175	1,005	-54%
15 - Investments	0	0	0	0	—	
Total GHG emissions						
Total GHG Emissions (location-based) (tCO_2e)	458,941	1,159,110	1,882,505	1,853,953	1,543,325	-17%
Total GHG Emissions (market-based) (tCO_2e)	455,902	1,158,715	1,885,070	1,856,786	1,550,778	-16%

Total greenhouse gas emissions divided by source

GHG emissions	Share of total emissions						
Emissions source (tCO_2e)	2020	2021	2022	2023	2024	2024 %	Change % 2023-2024
Overhead	**937**	2,718	**5,302**	**5,764**	**8,487**	**1%**	47%
Manufacturing	**16,518**	16,762	**9,078**	**6,525**	**12,447**	**1%**	91%
Transportation and logistics	**77,128**	116,685	**129,312**	**156,071**	**126,126**	**8%**	-19%
of which inbound	6,300	1,218	26,365	22,828	21,165	1%	-7%
of which outbound	70,828	115,466	102,947	133,243	104,961	7%	-21%
Purchased goods	**277,090**	715,109	**1,216,673**	**1,185,132**	**1,005,333**	**65%**	-15%
of which direct materials	239,182	658,144	1,157,010	1,158,663	943,700	61%	-19%
of which indirect materials	37,908	56,965	59,663	26,469	61,633	4%	133%
Sales	**1,266**	10,306	**10,891**	**13,535**	**20,103**	**1%**	49%
Use of sold products	**77,950**	282,725	**488,424**	**463,424**	**333,627**	**22%**	-28%
of which EMEA	N/A	125,175	211,500	257,012	149,010	10%	-42%
of which China	N/A	5,983	20,352	10,783	44,867	3%	316%
of which APAC	N/A	1,914	87,975	89,720	51,904	3%	-42%
of which Americas	N/A	95,806	168,597	105,910	87,846	6%	-17%
End-of-life treatment of sold products	**5,013**	14,410	**25,390**	**26,335**	**44,655**	**3%**	70%
Total GHG emissions in Scope 1, 2 and 3	**455,902**	1,158,715	**1,885,070**	**1,856,786**	**1,550,778**	**100%**	-16%

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

tonne Co_2e/sold car	2020	2021	2022	2023	2024	2025	2030	2035	2040
Roadmap Targets	45.90	44.00	42.00	40.10	38.20	36.20	22.50	10.10	4.60
Actual Emissions per sold car	45.90	41.40	37.30	35.20	34.60				

The remaining residual emissions per vehicle sold will be neutralised through carbon removals with high quality and environmental integrity. Ongoing efforts by entities such as the United Nations Framework Convention on Climate Change (UNFCCC), the GHG Protocol, and the EU Commission are actively tracked. During 2024, we did not procure any carbon removals. However, a potential and gradual phase-up is foreseen over time to neutralise residual emissions per vehicle sold by 2040.

2024 UK climate footprint overview

In the UK, our Scope 1 emissions result from the use of our internal Polestar 1 vehicles and the consumption of natural gas in our offices. Our Scope 2 emissions in the UK arise from the use of electricity in company-owned vehicles, offices, and leased spaces. Together, Scope 1 and Scope 2 emissions in the UK account for 15% of our total Scope 1 and 2 emissions

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

Emission source (tonnes CO_2e)	*2022*	2023	2024
Estimated greenhouse gas emission from own activities including combustion of fuel and the operation of any facility. (Scope 1)	0	1	28
Estimated greenhouse gas emission from the purchase of electricity, heat, steam or cooling for own use. (Scope 2)	1,506	1,435	3,448
Total GHG emissions (Scope 1 and 2)	**1,506**	**1,436**	**3,476**
Indirect GHG emissions (Scope 3)	51,837	94,162	55,248
Total GHG emissions in Scope 1, 2 and 3*	**53,343**	**95,598**	**58,724**

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

2024 Total energy use and mix

Energy use is presented in two sections. The first table covers energy use within the organisation, i.e. where Polestar has operational control. This includes electricity and fuel from company-owned cars, and energy use (electricity and sometimes district heating or natural gas) in owned or controlled manufacturing plants, offices, and spaces. Energy data is collected locally in each market and consolidated for reporting at the group level. In case the actual data for the energy use was not available in time for the report, the energy use has been estimated. Compared to 2023, the energy use in this section has increased by 67% due to an increase in electricity usage as more offices and spaces are opened, and that the Chongqing plant has been established.

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

kWh	2020	2021	2022	2023	2024	Change % 2023-2024
Electricity	9,144,000	29,511,000	26,443,000	30,530,000	53,141,000	74%
District heating	786,000	1,587,000	1,546,000	2,303,000	3,282,000	42%
Fuels						
Natural gas	3,918,000	2,980,000	1,880,000	1,005,000	212,000	-79%
Petrol	65,000	65,000	9,000	48,000	21,000	-57%
Total non-renewable fuels	3,983,000	3,045,000	1,889,000	1,053,000	233,000	-78%
Ethanol (admixture in petrol)	300	300	0	400	0	-100%
Total renewable fuels	300	300	0	400	0	-
Total energy	13,913,300	34,143,300	29,878,000	33,887,400	56,656,000	67%

The second table covers energy outside the organisation, i.e. where Polestar does not have operational control. This includes energy use (electricity and sometimes district heating or natural gas) in manufacturing plants owned and operated by Volvo Cars or Geely and franchise or investor-owned and controlled spaces. Compared to 2023, the total energy use in this section has decreased with 6%.

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

kWh	2020	2021	2022	2023	2024	Change % 2023-2024
Electricity operations	19,940,000	35,505,000	45,396,000	43,175,000	48,526,000	12%
District heating, operations	0	0	0	343,000	1,000	-100%
Natural and biogas operations	14,795,000	22,306,000	23,471,000	25,169,000	24,400,000	-3%
Total energy	**34,735,000**	**57,811,000**	**68,867,000**	**68,687,000**	**72,927,000**	**6%**

Use phase energy and emissions

Polestar has had a lower sales volume in 2024 compared to 2023 and 2022. With the launch of Polestar 3 and 4, we now have a different product mix. As a result of our model improvements and product mix change, we have reduced our average energy use per km for our cars. This also add to the lower consumption number for electricity in our cars, which has decreased with 19% compared to 2023.

Total energy consumption in the use-phase

kWh	2020	2021	2022	2023	2024	Change % 2023-2024
Electricity	394,764,000	1,054,997,000	1,745,121,000	1,801,683,000	1,464,761,000	-19%
Petrol	1,712,000	260,000	1,909,000	0	0	N/A
Ethanol (admixture in petrol)	58,000	9,000	65,000	0	0	N/A
Total energy	**396,534,000**	**1,055,266,000**	**1,747,095,000**	**1,801,683,000**	**1,464,761,000**	**-19%**

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

Energy consumption within the organisation in the UK

kWh*	2022	2023	2024
Offices			
Electricity use in offices	359,176	506,999	1,125,064
Natural gas usage in offices	0	0	135,957
Retail and Marketing			
Electricity use in UK spaces	195,935	270,405	0
Electricity use in company owned cars	4,008,448	3,319,969	6,193,179
Total energy consumption	**4,563,559**	**4,097,373**	**7,454,200**

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

(i) the combustion of fuel; and

(ii) the operation of any facility; and

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

Methodology and greenhouse gas reporting principles

Polestar is annually reporting GHG emissions according to greenhouse gas protocol on a group level, including sub entities in different markets, such as Polestar UK. For more comprehensive data on climate impact from the whole Polestar business as well as our major project to minimise GHG emissions, please see Polestar Sustainability report 2024. The emissions and energy data noted above has been collated, calculated, and presented using the methodology set out in The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), March 2004, including separate guidance on Scope 2 and Scope 3 emissions. Emissions are reported in tCO_2e, thus accounting for all GHGs, including CO_2, CH4, HFCs, PFCs, SF6, and NF3. The operational control approach is used for reporting emissions, in accordance with the GHG Protocol. The global warming potential (GWP) rates from the IPCC's Fifth Assessment Report are used for all GHGs included in this report. The baseline year for our climate targets and the roadmap is 2020, marking the start of GHG emission calculations and the development of the climate roadmap. For detailed information about the methodology used and scope of reporting, see page 84 in Polestar Sustainability report 2024.

Restatement of information

The number of vehicles sold, used to calculate GHG emissions in the Sustainability Report 2023, has been revised to align with financial reporting principles. Additionally, updated calculation methods described in the Sustainability report 2024 have led to adjustments in both absolute GHG emissions and GHG emissions per vehicle sold for the years 2020 to 2023. These changes are detailed in the table below.

Previously stated information

	2020	2021	2022	2023
Logistics, tCO2e	45,931	84,398	119,536	143,614
Logistics, tCO2e/sold vehicle	4.6	3.0	2.4	2.7
Total emissions, tCO2e	424,705	1,126,428	1,875,862	1,779,689
Total emissions, tCO2e/sold vehicle	42.8	40.2	37.1	33.7

Restated information

	2020	2021	2022	2023
Logistics, tCO2e	77,128	116,685	129,312	156,071
Logistics, tCO2e/sold vehicle	7.8	4.2	2.6	3.0
Total emissions, tCO2e	455,903	1,158,715	1,885,060	1,856,786
Total emissions, tCO2e/sold vehicle	45.9	41.4	37.3	35.2

Climate-Related Financial Disclosures

Disclosures of material climate-related financial information can help support investment decisions. Polestar began presenting climate-related financial disclosures in 2021 and has since expanded and refined its approach. This section presents Polestar's climate-related financial disclosures. For more information about Sustainability governance, please see page 28.

Polestar's most significant climate-related topics

Climate change mitigation

Polestar's operations and value chain generate significant GHG emissions, particularly from material sourcing and manufacturing. While electric vehicles can eliminate emissions during their use phase, the production process remains a key contributor to global warming.

To address these challenges, Polestar is integrating renewable energy into production, reducing the cradle-to-gate carbon footprint of our vehicles, and launching the Polestar 0 project to create a climate neutral car. Additionally, the company face risks such as regulatory changes, rising carbon costs, and delays in innovation, which could impact profitability and reputation. However, the growing demand for low-emission vehicles and renewable energy adoption offers significant opportunities to enhance competitiveness and market share.

Climate change adaptation

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

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

Similar to our climate change mitigation efforts, we tackle these challenges by incorporating renewable energy in production, reducing the cradle-to-gate carbon footprint, and launching the Polestar 0 project. A significant insight, however, is that even though the evolution of climate policies poses risks for us, it also offers opportunities through the growing demand for low-emission vehicles and renewable energy, which can enhance competitiveness and increase market share.

Energy

Polestar's reliance on natural gas for energy-intensive processes contributes significantly to our carbon footprint, despite renewable electricity being used across all facilities. Risks emerge from potential energy price volatility, inadequate grid capacity, and slow global adoption of renewables, which could hinder the achievement of emissions targets.

Roadmap towards targets

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

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

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

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

Resilience analysis

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

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

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

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

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

Risk process and management

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

- An initial comprehensive list of climate-related risks and opportunities was developed, directly informed by and aligned with the TCFD categories: transition risks, physical risks, and opportunities, along with their sub-categories. This list and the broader risk assessment process encompassed company-wide risks and opportunities, as well as the entire value chain, including direct operations, upstream, downstream, and end-of-life management, with a focus on our key suppliers and regions.
- The likely potential financial impacts of each of these risks and opportunities for our business were defined. Examples include higher operating costs, increased capital expenditure, and access to capital.
- An initial risk assessment was conducted to identify and prioritise Polestar's most significant climate-related risks and opportunities for the short term (2023–2025). Polestar's climate risk assessment framework, aligned with the company-wide enterprise risk management (ERM) framework, employs a structured three-level scale (low, medium, high) for both likelihood and consequence. This approach ensures that we focus on material risks and opportunities classified as 'high' from both perspectives, supporting informed and proactive decision-making.
- A company-wide climate-related scenario analysis was conducted to assess possible changes in exposure to the most significant short-term risks in the medium term (2026–2030) and longer term (2031–2050) compared with the short term (2023–2025). In coming years, we intend to further expand this analysis to include new

climate-related risks and opportunities that may emerge in the medium to longer term, but which are not significant in the short term.

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

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

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

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

Climate-related scenario analysis

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

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

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

The time horizons were selected as they broadly align with Polestar's internal planning cycles. They are also broadly consistent with time horizons applied by other original equipment manufacturers (OEMs), enabling easier comparison across companies. Polestar intends to refresh the scenario analysis in 2025 as part of its ongoing risk management and strategic planning processes.

Climate scenarios
Polestar selected the following two climate scenarios:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

↗ Opportunity improves → Opportunity stable ↘ Opportunity decreases

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

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

Metrics & Targets

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

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

Targets are based on directives from the Intergovernmental Panel on Climate Change (IPCC), and developments within the sector are closely followed to further align targets with scientific evidence and the 1.5°C Paris Agreement. The overarching climate target is to achieve climate neutrality across the value chain by 2040.

However, there is a paradox shared with companies delivering clear climate solutions: each product sold contributes to the reduction of GHG emissions in the use-phase but also leaves an environmental footprint. To have a significant positive climate impact, substantial growth is necessary, which initially leads to a corresponding increase in absolute GHG emissions as production ramps up.

At Polestar, the relationship between growth and sustainability is emphasised, with a clear strategy to separate growth from the carbon footprint. Currently, a promising trend is being witnessed: economic growth is outpacing the rise in GHG emissions, indicating a decoupling effect.
Furthermore, the target is set to halve GHG emissions per vehicle sold by 2030, compared with the 2020 baseline. Achieving this requires economic decoupling, where economic growth no longer depends on increased GHG emissions. The necessary average emissions per vehicle sold for the years 2025, 2030, 2035, and 2040 are known to reach climate neutrality. Based on these targets and sales volume projections, we are setting targets for tonnes of GHGs per car for each programme to be reached at the production start. The climate target for each programme is translated into specific actions and allocated resources within each business area.

More information about Polestar's climate roadmap, climate data calculations and methods are disclosed in the Sustainability report 2024.

Targets	Key performance indicators		Related climate-related risk/opportunity
Climate-neutral car by 2030	The actual outcomes of the Polestar 0 project are strictly confidential in order for us and our partners to develop them into real solutions. But the project also creates low carbon spinoff-solutions on the journey towards the	During 2024 the first part of Polestar 0 project phase ended, and the Mission 0 House came to light. So far, the research and the partnerships have shown potential of reducing future footprint with up to 10 tonnes CO2e per	1, 4, 9, 10
Halve carbon intensity by 2030	Polestar's annual Scope 1, 2 & 3 GHG emissions (tCO2e) per vehicle sold	34.6 tonnes of CO_2e per vehicle sold	1, 3, 4, 8, 9, 10
Climate-neutral company by 2040*	Polestar's annual Scope 1, 2 & 3 GHG emissions (tCO2e) per vehicle sold	34.6 tonnes of CO_2e per vehicle sold	1, 3, 4, 8, 9, 10

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

Non-financial and sustainability information statement

The table below constitutes Polestar's Non-financial and sustainability reporting statement, produced in compliance with the non-financial reporting requirements set out in Sections 414CA and 414CB of the Companies Act 2006. Information relating to each section of the non-financial reporting requirements have been incorporated via cross reference in Polestar Sustainability Report 2024.

ESG area	Material topic	Sub-topics	Policies	Page reference Polestar Sustainability report 2024
Environment	Climate change	Climate change mitigation Climate change adaptation Energy	Sustainability Policy Climate position paper	66-87
Environment	Pollution	Pollution of air Pollution of water Pollution of living organisms and food resources Substances of concern Substances of very high concern Microplastics	Sustainability Policy Circular economy position paper	88-92
Environment	Biodiversity & ecosystems	Direct impact drivers of biodiversity loss Impacts on the state of species Impacts on the extent and condition of ecosystems Impacts and dependencies on ecosystem services	Sustainability Policy Circular economy position paper	93-96
Environment	Resource use & circular economy	Resources inflows, including resource use Resources inflows, including resource use Resources outflows related to products and services	Sustainability Policy Circular economy position paper	97-105
Social	Own workforce	Working conditions Equal treatment and opportunities for all	Sustainability Policy Inclusion Position Paper Code of Conduct Speak Up Policy Discrimination, Harassment, and Bullying Directive Diversity and Inclusion Directive Responsible Employer Directive Work Environment Directive	107-130

Social	Workers in the value chain	Working conditions Other work-related rights	Sustainability Policy Procurement Policy Code of Conduct for Business Partners Inclusion Position Paper Position on Conflict Minerals	131-144
Social	Consumers and end users	Personal safety of consumers and/or end users	Privacy and Data Protection Policy Speak Up Policy Quality Policy Polestar Code of Conduct for Business Partners Web accessibility statement	145-152
Governance	Business conduct	Corruption and bribery Corporate culture Political engagement	People Policy Code of Conduct Code of Conduct for Business Partners Anti-corruption Policy Speak Up Policy Conflict of Interest Policy Fair Competition Policy Sanctions & Export Control Policy	54-60

Detailed information in Polestar Sustainability report
For a detailed overview of Polestar's sustainability strategy, management, initiatives, and performance on environmental, social, and governance matters, as well as an outline of our material impacts, associated risks, opportunities, and regulatory challenges, refer to the Polestar's Sustainability report 2024, specifically page 37-40.

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

Polestar's Sustainability report 2024, published on 15 April 2025 encompasses all operations of Polestar Automotive Holding UK PLC, "Polestar Group", and the subsidiaries, including Polestar Performance AB, a company incorporated under Swedish law. Polestar's previous sustainability report was published on April 16, 2024, and is available at polestar.com.

Polestar's Sustainability report 2024 has been subject for limited assurance in accordance with ISAE 3000 (revised) by our statutory auditors in Sweden.

The Strategic Report comprising pages 3 to 45 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

2 June 2025

Governance Report

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

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

Chairman's Introduction to Corporate Governance

Dear Shareholder,

I am pleased to present our Governance Report for the year ending 2024.

This year brought significant change, including new leadership with our CEO, Michael Lohscheller, and CFO, Jean-Francois Mady, and several new Board members. As the new Chair, and together with our new Board, we remain committed to strong corporate governance, continuity, and strategic growth.

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

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

Winfried Vahland
Chairman of the Board
2 June 2025

Board of Directors

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

Appointed: 15 January 2024
Nationality: German
Age: 68
Other Committee: None

Skills and Experience:

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

Karen Francis
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: American
Age: 62
Other Committees: Compensation Committee **(Chair)**, Nominating and Governance Committee **(member)**

Skills and Experience:

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

Francesca Gamboni

Non-Executive Director

Appointed: 7 October 2024

Nationality: Italian, British

Age: 59

Skills and Experience:

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

Christine Gorjanc
Independent Non-Executive Director
Appointed: 7 October 2024
Nationality: American
Age: 68
Other Committees: Audit Committee **(Chair)**
Skills and Experience:

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

Donghui (Daniel) Li
Non-Executive Director

Appointed: 23 June 2022
Nationality: Chinese
Age: 54
Other Committees: Compensation Committee **(member)**, Nominating and Governance Committee **(chair)**

Skills and Experience:

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

Michael Lohscheller
CEO
Appointed: 1 October 2024
Nationality: German
Age: 56
Skills and Experience:
Michael Lohsheller joined Polestar as its Chief Executive Officer in October 2024, at which time he also became a member of the Board. Prior to joining Polestar, Mr. Lohscheller was the President and CEO of Nikola Corporation from March 2022 to August 2023 and Global CEO of Vinfast during 2021. Prior to that Mr. Lohscheller held various executive roles at Stellantis from September 2012 to August 2021, including as CEO of Opel Automobile from June 2017 to August 2021. He worked with Volkswagen from 2004 to 2012 and at DaimerChrystler from 2001 to 2004. Mr. Lohscheller brings over 20 years of senior level experience in the global automotive industry to Polestar. Mr. Lohscheller holds an MA in Marketing Management from Brunel University of London in the United Kingdom and a BA in Business Administration from Osnabrück University of Applied Sciences in Germany.

Dr. Karl-Thomas Neumann
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: German
Age: 64
Other Committees: Compensation Committee **(member)**

Skills and Experience:

David Richter
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: American
Age: 57
Other Committees: Audit Committee **(member)**

Skills and Experience:

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

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

Appointed: 23 June 2022
Nationality: Chinese
Age: 63
Other Committees: Audit Committee **(member)**
Skills and Experience:

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

Zhe (David) Wei
Independent Non-Executive Director

Appointed: 23 June 2022
Nationality: Chinese
Age: 54
Other Committees: Audit Committee **(member)**

Skills and Experience:

Zhe (David) Wei has served on the Board since June 2022. Mr. Wei has over 20 years of experience in both investment and operational management in China. Prior to launching Vision Knight Capital, a private equity investment fund, in 2011, Mr. Wei served from 2007 to 2011 as an executive director and the Chief Executive Officer of Alibaba.com Limited, a leading worldwide wholesale e-commerce company wholly owned by the Alibaba Group (NYSE: BABA). Mr. Wei was the president, from 2002 to 2006, and chief financial officer, from 2000 to 2002, of B&Q (China) Co., Ltd., a subsidiary of Kingfisher PLC, a leading home improvement retailer in Europe and Asia. From 2003 to 2006, Mr. Wei was also the chief representative for Kingfisher's China sourcing office, Kingfisher Asia Limited. Prior to joining B&Q and Kingfisher, Mr. Wei served as the head of investment banking at Orient Securities Company Limited from 1998 to 2000 and as corporate finance manager at Coopers & Lybrand (now part of PricewaterhouseCoopers) from 1995 to 1998. Mr. Wei was appointed as an independent non-executive director of PCCW Ltd. (HKSE: 0008) ("PCCW") in November 2011 and was re-designated as a non-executive director of PCCW in May 2012. Mr. Wei has also served as a director of Zall Smart Commerce Group Ltd. (HKSE: 02098) 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.

Board Composition

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

Name	Position	Date Appointed	Resignation
Håkan Samuelsson	Chair	23 June 2022	7 October 2024
Winfried Vahland	Chair (from 7 October 2024)	15 January 2024	N/A
Thomas Ingenlath	Chief Executive Officer	13 April 2022	1 October 2024
Michael Lohscheller	Chief Executive Officer	1 October 2024	N/A
Carla De Geyseleer	Independent Non-executive Director	23 June 2022	7 October 2024
Karen C. Francis	Independent Non-executive Director	23 June 2022	N/A
Daniel Li	Non-executive Director	23 June 2022	N/A
Karl-Thomas Neumann	Independent Non-executive Director	23 June 2022	N/A
David Richter	Independent Non-executive Director	23 June 2022	N/A
Jim Rowan	Non-executive Director	23 June 2022	7 October 2024
David Wei	Independent Non-executive Director	23 June 2022	N/A
Francesca Gamboni	Non-executive Director	7 October 2024	N/A
Christine Gorjanc	Independent Non-executive Director	7 October 2024	N/A
Prof. Laura Shen	Independent Non-executive Director	7 October 2024	N/A

Meeting Attendance

The following table sets out the number of meetings of the Board, excluding ad hoc meetings, and its committees from the 1 January 2023 to 31 December 2023 and the attendance of the members at those meetings (attended/eligible to attend):

Director	Board	Nominating and Governance Committee	Audit Committee	Compensation Committee
Håkan Samuelsson	6/6	4/4	n/a	n/a
Winfried Vahland	9/9	n/a	n/a	n/a
Thomas Ingenlath	5/6	n/a	n/a	n/a
Michael Lohscheller	3/3	n/a	n/a	n/a
Carla De Geyseleer	5/6	n/a	5/5	n/a
Karen C. Francis	9/9	5/5	n/a	4/4
Daniel Li	7/9	4/5	n/a	2/4
Karl-Thomas Neumann	9/9	1/1	n/a	4/4
David Richter	9/9	1/1	7/7	n/a
Jim Rowan	6/6	4/4	n/a	3/4
David Wei	8/9	n/a	7/7	n/a
Francesca Gamboni	3/3	n/a	n/a	n/a
Christine Gorjanc	3/3	n/a	2/2	n/a
Laura Shen	3/3	n/a	2/2	n/a

Any nonattendance was due to conflicting professional commitments, except for Thomas Ingenlath's which was due a conflict of interest with the matters of the meeting. The Company is satisfied that all directors remained engaged and contributed to Board discussions outside of meetings.

About the Board

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

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

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

Winfried Vahland, Karen Francis, Karl-Thomas Neumann, David Richter, Laura Shen, and David Wei qualify as independent, as defined under the listing rules of NASDAQ. All directors are given regular access to the Company's operations and personnel as and when required. Their biographies on pages 47-50 illustrate their relevant corporate and industry experience to bring judgement on issues of strategy, performance, resources and standards of conduct which are vital to the success of the company.

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

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

Nominating and Governance Committee Report

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

Committee	Role
Daniel Li	Chair
Karen Francis	Member
David Richter	Member

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

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

Audit Committee Report

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

Committee	Role
Christine Gorjanc	Chair
David Richter	Member
Laura Shen	Member
David Wei	Member

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

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

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

Compensation Committee Report

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

Committee	Role
Karen Francis	Chair
Daniel Li	Member
Karl-Thomas Neumann	Member

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

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

The Governance Report comprising pages 46 to 54 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

2 June 2025

Directors' Remuneration Report

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

Statement by the Chair of the Compensation Committee

As the Chair of the Compensation Committee, I am pleased to present, on behalf of the Board of Directors of Polestar, the Directors' Remuneration Report for the year ended December 31st, 2024. This is the Company's third report following our successful NASDAQ listing on June 24th, 2022.

This report is divided into three sections:

- This letter from me as Chair of the Compensation Committee (hereafter referred to as "the Committee");
- A summary of our Remuneration Policy (hereafter referred to as "the Policy"); and
- Our Annual Report on Compensation detailing various findings and outcomes from 2024 and how we intend to apply the Policy in the coming financial year.

The Directors' Remuneration Report is subject to a shareholder vote at the Annual General Meeting 2025.

Last year's Directors' Remuneration Report was approved by the Annual General Meeting 2024 with over 99,9% support (2,308,484,684 for; 334,343 against; 27,849,439 abstain).

Introduction

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

During 2024, the Compensation Committee was comprised of Karen Francis (Chairperson), Daniel Li, Jim Rowan (until October 2024) and Karl-Thomas Neumann. Monika Franke, Polestar's Chief HR Officer, acted as Secretary of the Committee, with her team providing input to the Committee as required. The CEO, CFO, and other members of the Executive Management Team may attend meetings by invitation to assist the Committee; however, they are not involved in discussions concerning their own compensation.

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

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

- Chief Executive Officer compensation
- Other Officer compensation
- Management succession planning
- Key employee/management incentive and equity plans
- Employee Benefit Plans
- Peer group setting
- Employment/severance agreements
- Stock ownership guidelines

- Risk Management relating to incentive compensation
- Human Capital Management
- Director compensation
- Compensation Committee performance evaluation
- Compensation Committee charter review

Key developments throughout the year

Having established a clear and market-aligned set of remuneration arrangements for the CEO, the Chairman, and the Non-Executive Directors, the Committee and Board have kept these under review and determined that no changes are required at the present time. However, the Committee has introduced a share ownership guideline for the CEO, which is described in the Policy section below.

Bonus payout

For the last five years (2020, 2021, 2022, 2023 and 2024), the CEO's annual bonus pay outcomes have been directly linked to the fulfillment level of Polestar's Global All Employee Annual Bonus KPIs. The CEO shares the same annual bonus KPIs as the Global All Employee Annual Bonus Program. As the financial and volume KPIs for the 2023 Bonus program were not met, the Board decided not to grant a cash bonus payout. However, in recognition of the successful achievement of the operational targets, the Board approved an introduction of an One-time share program for all bonus-eligible employees. This initiative acknowledges the partial fulfillment of the Bonus KPIs and serves as a retention incentive. Each eligible employee received a number of shares based on their bonus entitlement and weighted bonus performance. The grant date for the program was in Q2 2024, with vesting scheduled for Q2 2025.

Year	Global Bonus fulfilment (of target)
2020	73%
2021	130%
2022	106%
2023	91%*
2024	69%**

**The 2023 Polestar Bonus program had a target achievement of 91%, but due to the company's challenging financial situation, the Board decided to not allow for a cash bonus payout. Instead, a one-time share-based retention program was implemented with a 12-month holding period.*
***The 2024 Polestar Bonus program had a target achievement of 69%, but due to the company's challenging financial situation, the Board decided that there will be no cash bonus payout for the 2024 bonus program.*

CEO change

After an exceptional start-up phase and the successful development and launch of a broad model line-up under seven years of consistent CEO leadership, the board decided to appoint a new CEO, Michael Lohscheller. Michael's deep industry expertise—particularly in operational excellence, coherent product strategy, and expanding global market presence—was seen as instrumental for the next chapter of Polestar's growth.

Chairman of the board fee

Due to the additional efforts and additional operational support required from the new Chairman to the Board the Chairman fee was adjusted to 500 000 USD in 2024. The chairman of the Board is required to purchase shares with 50% of the net fee as per current principle.

Stakeholder engagement

The Compensation Committee includes major shareholder representatives, and consultation or advice from them is captured in committee meetings. Upon request from the Committee, the Secretary of Compensation Committee has taken on the task of probing some Committee proposals with major shareholders as part of the decision process. These tasks included examining executive management pay structure, employee share purchase plans, and executive management succession planning.

The Remuneration Policy and Annual Report on Compensation both received more than 99.9% support at the 2024 AGM, and I thank our investors for their support.

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

Karen Francis

Chair of the Compensation Committee

2 June 2025

Chief Executive Compensation at a glance

Component	Thomas Ingenlath (CEO until 30 September 2024)	Michael Lohscheller (CEO from 1 October 2024)
Annual Base Salary	10,516,200 SEK	9,840,000 SEK
Benefits	Company car, Private Medical Insurance, Tuition fee coverage	Housing Allowance, Company Car, Private Medical Insurance
Pension	Pension contributions according to the ITP 2 plan + VMP* above 30 ibb**	Pension contributions according to the ITP 1 plan
Short Term Incentive	Target 75% of Annual Base Salary, Max 150% of Annual Base Salary	Target 75% of Annual Base Salary, Max 130% of Annual Base Salary
Long Term Incentive	LTI Target 100% of Annual Base Salary, Max 200% of Annual Base Salary	LTI Target 100% of Annual Base Salary, Max 200% of Annual Base Salary

*VMP refers to Volvo Management Pension plan

** ibb refers to "Inkomstbasbelopp" or Income Base Amount

Remuneration Policy

This policy sets out a summary of Polestar's policy on remuneration for executive directors, non-executive directors, and other employees. The full policy is available in the 2022 Annual Report. The Remuneration Policy was adopted by the board on March 29th, 2023, and was approved at the Annual General Meeting in 2023 with over 99.9% support (1,856,545,413 for; 508,011 against; 599,321 abstain). The Directors' Remuneration Report for the year ended December 31st, 2022, was also approved at the Annual General Meeting in 2023, with over 99.9% support (1,856,700,916 for; 446,908 against; 504,921 abstain). All amounts in the Policy are stated in thousands of USD, unless otherwise stated.

No changes to the Policy are proposed; however, the Committee has introduced a share ownership guideline for the CEO, which is described in the tables below.

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

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

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

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

The total compensation structure for the CEO and the other Executives has primarily been set based on a Swedish market context. However, the variable pay elements have been set closer to European levels due to investor perspectives of performance pay, being listed in the US, and retention purposes.

Remuneration Policy tables

Element of compensation	Purpose and link to *strategy*

Base Salary	Provides market competitive fixed compensation, set at a level sufficient to attract and retain executives who are capable of delivering the Company's strategic objectives and driving the company's success. Base Salaries reflects the responsibilities of the role, the experience of the individual and the performance over time.
Benefits and Pension	Provides market competitive, yet cost-effective employment benefits to assist with recruitment and retention.
Annual Bonus	To incentivise and reward delivery of the Company's strategy and short-term corporate objectives on an annual basis.
Long-term Incentive Plan	To align the long-term interests of the Shareholders with the Executive directors and selected management positions.
Share Ownership guidelines	The Board of Directors believes that long-term share ownership is an important way to create alignment between the Executive Management team members and Polestar's shareholders. A Share ownership guideline for the CEO and the Executive Management Team was introduced during 2023. The Board of Directors expects the CEO and other members of the Executive Management Team to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the Executive Management Team member's annual fixed base salary. It is expected that the personal holding of shares be established within five years from the listing of the Company and, for new hires, within five years from commencement of employment with the Group as CEO or other member of the Executive Management Team. The Non-executive Directors are requested to invest 50% of their net annual ordinary board fee in Polestar shares and to keep the shares as long as they hold their position in the Polestar board.
Non-Executive Director fees	Provides market competitive director fees, set at a level sufficient to attract non-executives that are capable of driving the company's success
Element of compensation	**Purpose and link to *operation***
Base Salary	Normally reviewed annually taking into account individual responsibilities, experience, performance, inflation, market levels and the treatment of the wider workforce. Salary increases are normally effective from 1st of April each year. Salaries are periodically benchmarked against the relevant external market.
Benefits and Pension	For Executive Directors this currently includes private medical insurance, company car and, for the CEO, a schooling allowance. Executive Directors are also eligible to join the pension plans defined in the collective agreement Teknikavtalet, either ITP 1 or ITP 2 as is typical in Sweden.
Annual Bonus	Annual bonus performance targets are set at the start of the financial year by the Board and the performance against these objectives is assessed by the Committee after the end of the relevant financial year, The Committee retains discretion to amend objectives during the year if it considers that objectives are no longer appropriate. Different performance measures and weighting may be used each year, as agreed with the committee, to take into account changes in the business strategy. Bonuses are normally paid in cash after the award has been approved by the Board, normally in April each year.

Long-term Incentive Plan	Conditional awards are normally granted under the 2022 Omnibus incentive plan. Such awards may include a mix of share options, restricted share units, performance share units and other forms of awards available under the 2022 Omnibus incentive plan. Awards vest in accordance with the vesting schedule set for the relevant award in its equity agreement. The Long-term incentives are administered by the committee and the committee maintains discretion over the types and terms of equity awards granted under the plan. Such share-based incentives are not subject to any holding period post vesting. Any share-based entitlements granted to an Executive Director under the Company's share plans will be treated in accordance with the relevant plan rules or any applicable agreement. At present, it is the Committee´s intention to make future awards to the CEO in the form of performance share units.
Share Ownership guidelines	The Board of Directors expects the CEO and other members of the Executive Management Team to accumulate personal holdings in shares with a market value corresponding to the value of 100 per cent of the Executive Management Team member's annual fixed base salary. It is expected that the personal holding of shares be established within five years from the listing of the Company and, for new hires, within five years from commencement of employment with the Group as CEO or other member of the Executive Management Team. Non-executive Directors are requested to invest 50% of their net annual ordinary board fee in Polestar shares and to keep the shares as long as they hold their position in the Polestar board.
Non-Executive Director fees	Fees to non-executive directors are paid in cash. Non-executive directors receive a base fee plus additional fees for committee chairmanship and membership.

Element of compensation	**Maximum opportunity**
Base Salary	There is no prescribed maximum annual salary or salary increase. Any increase will take into account prevailing market and economic conditions and the approach to employee pay throughout the organisation. Base salary increases are awarded at the discretion of the Committee; however, salary increases will normally be no greater than the general increase awarded to the wider workforce, in percentage of salary terms. However, a higher increase may be made where an individual had been appointed to a new role at below-market salary while gaining experience. Subsequent demonstration of strong performance may result in a salary increase which is higher than that awarded to the wider workforce.
Benefits and Pension	There is no formal maximum level of benefits provided to an Executive Director, as the value of insured benefits is typically based upon the cost from third-party providers, which will vary from year to year. Pension premiums are normally set as a percentage of the base salary. The Pension premiums for Executive Directors (percentage) are aligned with the wider workforce.
Annual Bonus	The maximum annual bonus payable to the CEO is 140% of the annual base salary, with no more than 75% of base salary paid for target performance
Long-term Incentive Plan	The maximum awards in the share based long-term incentives are twice the target level. As the share based long-term incentives are based on Performance Share units it requires the KPIs to be fulfilled to reach the target level. In order for the maximum vesting level to be reached, the KPIs must have reached the stretch maximum level. The Target level for the CEO in the LTI program can't exceed 100% of the annual base salary

Non-Executive Director fees	There is no prescribed maximum annual salary level or salary increase. Any increase will take into account prevailing market and economic conditions and the approach to employee pay throughout the organisation
Element of compensation	**Performance Metrics**
Base Salary	The overall performance of the Company, the Individuals performance and the market movement is the key determinant for base salary increases.
Benefits and Pension	Not applicable
Annual Bonus	Bonus measures are reviewed annually, and the committee has the discretion to vary the mix and the weighting of measures or to introduce new measures, based on the strategic focus of the company at that time. The payment of any bonus is at the absolute discretion of the board which has the discretion to override formulaic outcomes of the bonus if appropriate to do so, having regard to matters including but not limited to factors such as the underlying financial and operational performance of the Company and individual performance.
Long-term Incentive Plan	The Committee retains discretion over the extent to which vesting of equity awards is subject to performance (rather than time) based conditions, the applicable, measures, their weightings and the period over which performance is tested. The Committee will select the most appropriate form of EIP awards each year. Vesting of equity incentives is generally subject to continued employment and may be on a time-phased basis or subject to performance conditions aligned with the company strategic plan, as determined at the discretion of the Committee. Vesting of equity awards may be accelerated in part or in full in connection with certain corporate events such as a change in control.
Share Ownership guidelines	Not applicable
Non-Executive Director fees	Not applicable

Performance measures and targets

Annual Polestar Bonus program ("STI")

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

Share Based Long term incentive program ("LTI")

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

Recovery provisions and Committee Discretion

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

Service agreements and Letters of Appointment

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

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

Name	**Appointment letter**	**Initial term**	**Notice period for resignation**	**Comment**
Winfried Vahland	15 January 2024	1 Year*	1 Month	
Fransesca Gamboni	6 September 2024	1 Year*	1 Month	
Christine Goranjc	10 June 2024	3 Years	1 Month	
Laura Shen	11 June 2024	1 year*	1 Month	
Håkan Samuelsson	23 June 2022	2 years	1 month	Left the board Oct 2024
Carla De Geyseleer	23 June 2022	2 years	1 month	Left the board Oct 2024
Karen C. Francis	23 June 2022	3 years	1 month	
Daniel Li	23 June 2022	1 year*	1 month	
Karl-Thomas Neumann	23 June 2022	2 years	1 month	
David Richter	23 June 2022	1 year*	1 month	
James Rowan	23 June 2022	3 years	1 month	Left the board Oct 2024
David Wei	23 June 2022	3 years	1 month	

*Directors currently serving a 1-year term will enter a 3-year term once current term is completed

Remuneration Policy on recruitment

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

Remuneration Policy on termination

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

Remuneration Policy for other employees

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

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

- Salaries, incentives, benefits, and pensions are compared to appropriate market rates and set at approximately midmarket level with allowances for role, responsibilities and experience.
- When setting salary levels for the Executive Directors, the Committee considers the salary increases provided to other employees.
- An annual bonus plan is available to all employees at a consistent percentage of base salary for all wider staff levels. The bonus is based 100% on company performance, and the performance measures are the same for the CEO as for other employees. Payments under the bonus plan are entirely discretionary.

Statement of consideration of employment conditions elsewhere in the company

The Committee has responsibility for reviewing compensation and related policies applicable to the wider workforce. To support this, the Committee is periodically briefed on the structure and quantum of the all-employee compensation being informed about the context, challenges and opportunities related to wider workforce remuneration topics.

Statement of consideration of shareholder views

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

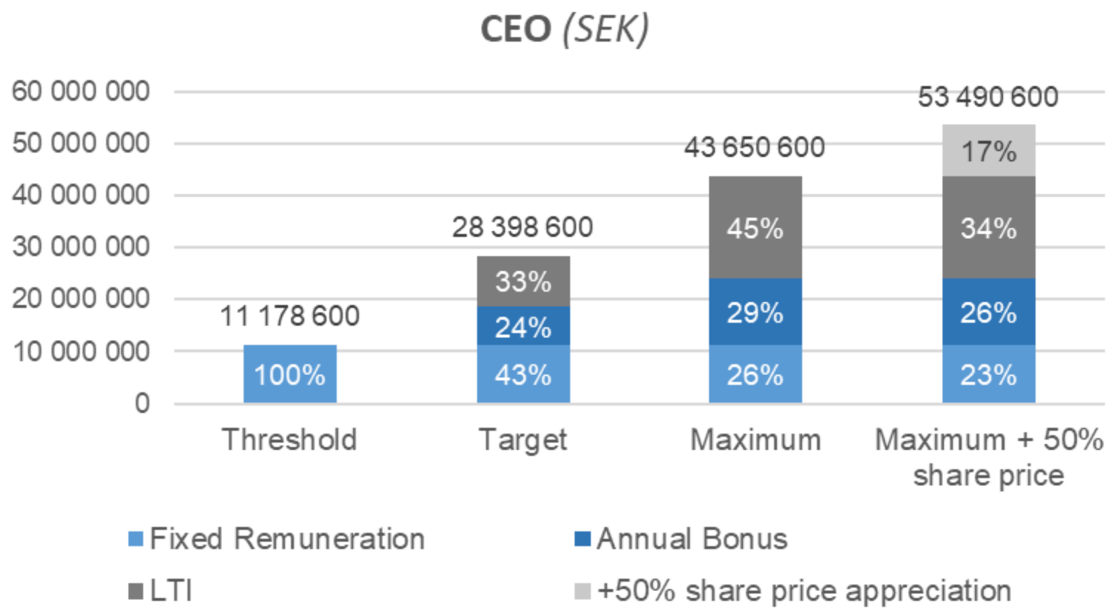
UK Corporate Governance Code considerations

The Committee has considered the factors set out in provision 40 of the Corporate Governance Code. In our view, the Compensation Policy addresses those factors as set out below:

Criteria	Approach
Clarity - Compensation arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Our compensation policy and implementation are, and will continue to be, comprehensively disclosed within the Annual Report. As part of the decision processes for any material changes to the current arrangements, the committee will engage with the major stakeholders.
Simplicity - Compensation structures should avoid complexity, and their rationale and operation should be easy to understand.	Our pay structure consists of fixed and variable remuneration, with the performance conditions for the variable proportion clearly outlined to participants. The post listing PSUs align the interests of shareholders with those of plan participants, whilst avoiding unnecessary complexity.
Risk – Compensation arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	Our compensation policy allows the use of discretion to override formulaic outcomes of the variable pay if appropriate to do so. All Share awards are subject to the Company's clawback policy.
Alignment to culture – Incentive schemes should drive behaviours consistent with Company purpose, values and strategy.	Across the company we recognise good performance and behaviour to support our ambitious long-term plans. This culture is extended to executive pay arrangements.
Predictability – The range of possible values of rewards to individual Directors and any other limits or discretions should be identified and explained at the time of approving the policy.	Our remuneration report clearly presents the maximum award level for variable pay components. Scenario charts are also included to give sight of potential outcomes under varying performance levels.
Proportionality – The link between individual awards, the delivery of strategy and the long-term performance of the Company should be clear. Outcomes should not reward poor performance.	In order to link individual awards with the delivery of strategy, we have adopted a strong "pay-for-performance" culture.

Illustration of the application of the Remuneration Policy

The graph below indicates the level of compensation receivable by the CEO in accordance with the policy in 2025. The Bar chart contains separate bars representing: (a) "threshold"; (b) at "target"; (c) at "maximum"; and (d) "maximum + 50% share price".



Basis of calculation:

The 'Threshold' scenario shows fixed remuneration only based on base salary as at 1 January 2025, value of benefits received in the year ended 31 December 2024, and the pension benefits to be accrued over the year ending 31 December 2025.The 'Target' scenario shows fixed remuneration as above, plus a target pay-out of 50% of the maximum annual bonus and a target pay-out of the long-term incentive awards at 50% of the maximum award. The 'Maximum' scenario reflects fixed remuneration, plus the maximum pay-out of annual and long-term incentives. The 'Maximum plus share price growth' scenario reflects the 'Maximum' scenario above with an additional 50% increase in the value of long-term incentives based on an assumed share price appreciation over the performance period.

Advisors

The Committee has appointed Mercer Limited to provide independent advice on executive compensation matters. The fees paid to Mercer for their advice provided to the Committee for FY2024 were $14,400.

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

The Committee plans to use Mercer as external advisor also during 2025.

Annual Report on Compensation

The Annual Report on Compensation sets out how we implemented our compensation in 2024 and how we intend to apply the Policy for the financial year ending 31 December 2025. It is divided into three sections:

Section 1: Single Figure Tables
Section 2: Further information on compensation for the year ended 31 December 2024
Section 3: Implementation of the compensation Policy in the year ended 31 December 2025

Section 1: Single-Figure table

The table below illustrates the compensation that was paid to the previous CEO, Thomas Ingenlath, during the period 1 Jan 2024 to 30 Sep 2024, and to Michael Lohscheller as deputy CEO in the period 1 Sep 2024 to 30 Sep 2024 and as CEO from 1 Oct 2024 to 31 Dec 2024. There were no other Executive Directors on the Board.

All amounts in SEK.

Director	Fee/Basic Salary[1]	Benefits[2]	Pension [3] (ITP, VMP)	Bonus[4]	LTI Cash[5]	LTI Shares[6]	Total fixed compensation	Total variable compensation	Total compensation
Michael Lohscheller (2024)	3,280,000	326,716	161,648	0	0	0	3,768,364	0	3,768,364
Thomas Ingenlath (2024)	7,808,100	147,468	2,247,237	0	0	194,071	10,202,805	194,071	10,396,876
Thomas Ingenlath (2023)	10,190,550	124,006	2,957,000	0	1,050,000	974,157	13,271,556	2,024,157	15,295,713

1. Basic salary refers to the base salary paid in the period from 1 January to 31st December 2023 or 2024.
2. Benefits refers to the value of the benefits awarded to the CEO during 2024, this includes car benefit, private health care insurance and housing benefit (ML).
3. Pension refers to the company pensions contributions according to the ITP plan.
4. Bonus refers to the Short term incentive program, "Polestar annual bonus program".
5. LTI Cash refers to the Cash based LTI program 2020 program (paid out 2023)
6. LTI Shares refers to the vested part of the “At listing share based program”, Restricted Share Units. Granted at $6,72, vested at $3,53 in 2023 and $0,70 in 2024.

The Previous CEO, Thomas Ingenlath, left Polestar on 30 September 2024. See details about compensation for loss of office under the Payments to past Directors/Payments for loss of office section.

Annual bonus

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

For fiscal year 2024, the Polestar Global Bonus Program was based on the following four KPIs: (i) Net Income; (ii) Cash Flow; (iii) Cost Management; and (iv) Customer Experience. After the conclusion of the fiscal year 2024 performance period on December 31, 2024, the Board determined that the KPIs were achieved at 69% of target levels, however due to the current financial situation the board decided to not allow for any cash bonus payments in any market.

		Performance targets*					
Metric	**Weighting**	**Threshold**	**On target**	**Maximum**	**Actual**	**% Vesting**	**% Of max bonus opportunity**
Net Income	30%	75%	100%	200%	0%	0%	0%
Cash Flow	30%	75%	100%	200%	0%	0%	0%
Cost Management	30%	75%	100%	200%	200%	0%	0%
Customer Experience	10%	75%	100%	200%	90%	0%	0%
					Total	**0%**	**0%**

* due to the confidentiality of these targets they are not revealed in detail

Total Bonus outcomes for FY2024

	Financial measures (% of bonus achieved, max 100%)	Non-financial measures (% of bonus achieved, max 100%)	Total vesting percentage (%, max 100%)	Vesting amount as % of full year salary	Bonus amount (SEK)
Michael Lohscheller	0%	0%	0%	0%	0
Thomas Ingenlath	0%	0%	0%	0%	0

Share based Long-term incentives

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

At-Listing Program

The At-Listing Share Incentive Program was a one-off incentive programme and was introduced in connection with the listing of Polestar in June 2022. The aim of the programme was to motivate and incentivise the delivery of sustained performance over the long-term, focusing on enterprise value creation, sustainability, and retention. The programme also aimed to reward those employees who had a major contribution in making Polestar a listed company.

Participants in the program received Restricted Share Units (RSUs) throughout a 2-year period after the listing. The final vesting in this program took place in June 2024 and the program is now closed.

Post Listing Program

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

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

One-Time Share Retention Program

In 2024 the board decided to install a One-time Share-based retention program for all bonus eligible employees. No cash bonus was paid, instead a one-time share-based (Restricted share units) 12-month program was installed to support retention. This program is scheduled to vest in May 2025. Employees in China, Korea and Singapore were excluded from this program due to local regulatory requirements.

Pension

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

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 normal retirement age in the ITP 2 plan is 65 years.

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.

Mr. Lohscheller is covered by the defined contribution pension plan (ITP1), in line with Polestars Pension policy.

Summary Table CEO compensation in USD (audited)

All compensation paid to the CEO is paid in SEK, but as the reporting currency is USD, we have included a summary table of the CEO compensation in USD to simplify the reading. The exchange rate between SEK and USD used to do the conversion is 0,09125.

Summary table Mr. Ingenlath

Element	Amount	Comment
Basic Salary	$712,489	Base salary paid in the period 1st Jan 2024 to 30 Sep 2024
Benefits	$13,456	Benefits paid in the period 1st Jan 2023 to 30 Sep 2024
Pension	$205,060	Pension contributions paid in the period 1st Jan 2024 to 30 Sep 2024
Bonus	$0	Bonus refers to the Polestar annual bonus program 2024
LTI	$17,709	LTI refers to the vested final part (34%) of the “At listing share based program”.
Total compensation	$948,714	Sum of all compensation item listed above

Summary table Mr. Lohscheller

Element	Amount	Comment
Basic Salary	$299,300	Base salary paid in the period 1st Oct 2024 to 31 Dec 2024
Benefits	$29,813	Benefits paid in the period 1st Oct 2024 to 31 Dec 2024
Pension	$14,750	Pension contributions paid in the period 1st Oct 2024 to 31 Dec 2024
Bonus	$0	Bonus refers to the Polestar annual bonus program 2024
LTI	$0	
Total compensation	$343,863	Sum of all compensation item listed above

Non-Executive Director Compensation (audited)

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

Director	Board fee 2024	Board fee 2023	Committee fee 2024	Committee fee 2023	Car benefit 2024	Car benefit 2023	Total fee 2024	Total fee 2023
Prof Dr. h.c. Winfried Vahland	$350,000	$0	$0	$0	$7,000	$0	$357,000	$0
Fransesca Gamboni	$46,600	$0	$0	$0	$0	$0	$46,600	$0
Christine Goranjc	$100,000	$0	$15,000	$0	$0	$0	$115,000	$0
Laura Shen	$100,000	$0	$7,500	$0	$0	$0	$107,500	$0
Håkan Samuelsson	$269,500	$350,000	$15,400	$26,667	$5,250	$7,000	$290,150	$383,667
Carla De Geyseleer	$154,000	$200,000	$23,100	$20,000	$5,250	$7,000	$182,350	$227,000
Karen C. Francis	$200,000	$200,000	$30,000	$28,333	$7,000	$7,000	$237,000	$235,333
Daniel Li	$200,000	$200,000	$25,000	$20,000	$7,000	$7,000	$232,000	$227,000
Karl-Thomas Neumann	$200,000	$200,000	$15,000	$11,667	$7,000	$7,000	$222,000	$218,667
David Richter	$200,000	$200,000	$20,000	$10,000	$7,000	$7,000	$227,000	$217,000
Jim Rowan	$154,000	$200,000	$15,400	$20,000	$5,250	$7,000	$174.650	$227,000
David Wei	$200,000	$200,000	$11,550	$10,000	$7,000	$7,000	$218,550	$217,000

Section 2: Further information on compensation for the year ended 31 December 2024 (audited)

Scheme interests awarded during the financial year (ex CEO Thomas Ingenlath):

	One Time Share retention program
Type of Award	RSUs with an 11-month holding period
Basis for Award	Result of STI program 2023, an amount corresponding to 91% target achievement
Face Value of Award	$661,551 (value at grant date)
Max Value of Award	$661,551 (based on share price at grant date)
Vesting at min performance	N/A
Grant date	3 June 2024
Performance Measures	N/A
Share price at grant	$0,79

	Post Listing Program 3
Type of Award	PSUs
Basis for Award	100% of annual base salary at target
Face Value of Award	$947,540 (value at grant date, based on share price at grant date)
Max Value of Award	$1,895,080 (value at grant date, based on share price at grant date)
Vesting at min performance	0%
Performance period	1st January 2024 to 31st Dec 2026
Performance Measures	• **Value Creation**, the target is positive relative market value development compared to a peer group of 9 other companies. Measured by Relative Total Shareholder Return (rTSR). This measure captures share price change (of a single share) and dividend reinvestment. • **EBIT,** Cumulative EBIT during the program period. • **Sustainability** (CO_2 reduction) CO2e reduction of the cradle-to-gate GHG-emissions per average car program. • **Operational Milestones,** Fulfilment of 6 Operational milestones driving Growth and Stand-alone capabilities
Share price at grant	$1,53 (Grant date 3rd April 2024)

The Post Listing Program 3 was granted to the previous CEO, Thomas Ingenlath. This incentive program lapsed when his employment ceased on the 30 Sep 2024.

Directors' interests (audited)

Share ownership guidelines

The non-executive directors are not permitted to participate in any of the company's incentive programs. All non-executive directors are requested to invest 50% of their net ordinary board fee in Polestar shares. The table below illustrates the shareholding of the CEO and the non-executive directors as of 31st of December 2024.

The Directors' interests in the share capital of the Company per 31 December 2024 were as follows:

	Outstanding scheme interests as of 31 December 2024				**Beneficially owned shares**	**Total of all scheme interests and shareholding as of 31st December 2024**
Director	**Unvested scheme interests subject to performance conditions**	**Unvested scheme interests not subject to performance conditions**	**Vested but unexercised scheme interests**	**Total shares subject to outstanding scheme interests**	**As of 31 December 2024**	
Michael Lohscheller	0	0	0	0	0	0
Thomas Ingenlath	314,760	848,143	0	1,162,903	387,635*	1,550,538
Karen C. Francis	0	0	0	0	54,635	54,635
Daniel Li	0	0	0	0	68,000	68,000
Karl-T. Neumann	0	0	0	0	57,300	57,300
David Richter	0	0	0	0	174,955	174,955
Prof. Dr. h.c. Winfried Vahland	0	0	0	0	38,346	38,346
David Wei	0	0	0	0	100,900	100,900
Fransesca Gamboni	0	0	0	0	0	0
Christine Goranjc	0	0	0	0	0	0
Laura Shen	0	0	0	0	0	0

* Beneficially owned shares of Thomas Ingenlath are as of 30 September 2024, through the period of employment.

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

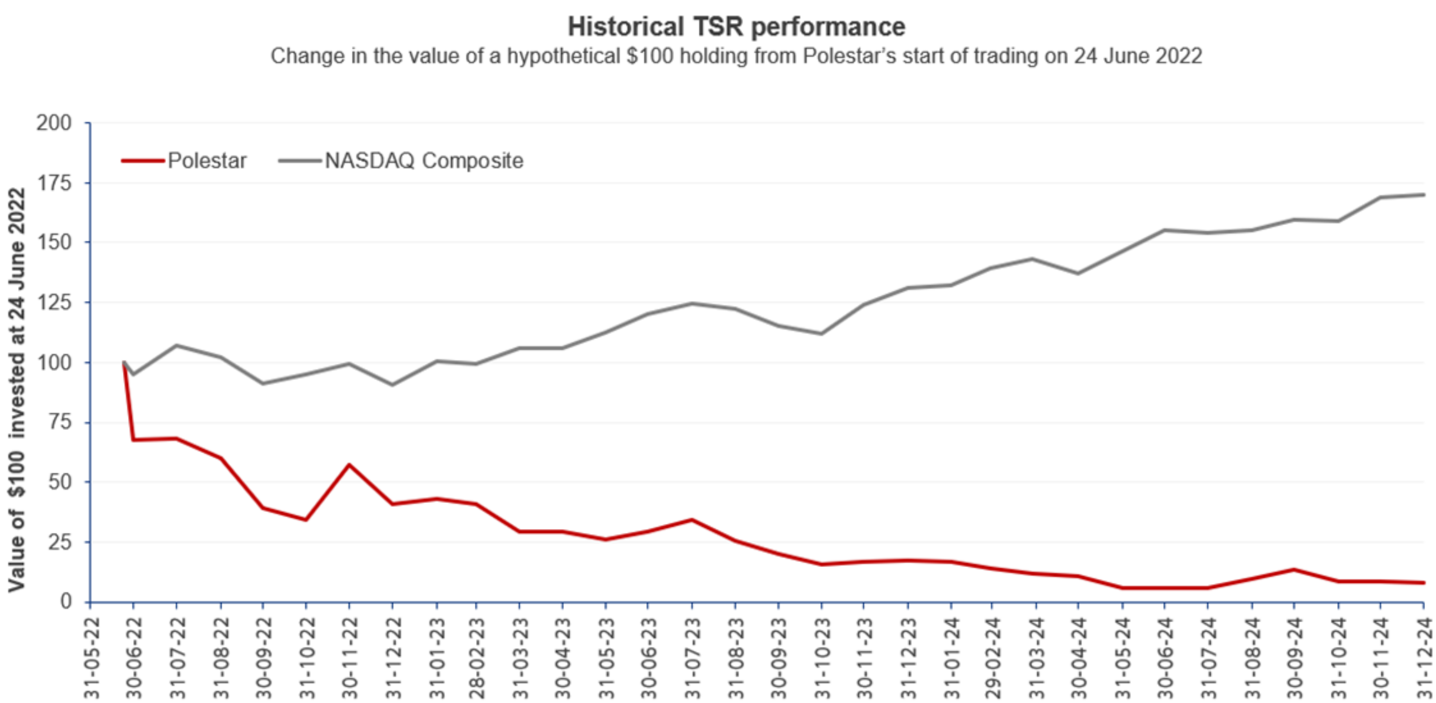
	Grant date	Vesting, exercise or release date	Number of Options / awards held as of 31 December 2023	Awarded 2024	Exercised	Lapsed	Number of Options / awards held as of 31 December 2024	Grant award price (USD)	Face value of awards (USD)
CEO (TI)									
At Listing Program	9 Sep 2022	2022-2024	26,396	0	26,396	0	0	6.72	$521,708
Post Listing Program 1	9 Sep 2022	2025	58,226	0	0	0	58,226	6.72	$391,279
Post Listing Program 2*	3 Apr 2023	2026	256,534	0	0	256,534	0	3,79	$972,264
Post Listing Program 3*	3 Apr 2024	2027	0	619,333	0	619,333	0	1,53	$947,580
One-time Program**	3 Jun 2024	2025	0	848.183	0	0	848,183	0,79	$670,065

*Post Listing Program 2 and Post Listing Program 3 lapsed when the employment of the previous CEO, Thomas Ingenlath ceased in 2024.

** One-time share retention program was installed in 2024 instead of the Annual Polestar Bonus Program 2023. This program is for all permanent employees, and the employees will receive shares instead of a regular cash bonus.

Comparison to Company Performance

The graph below illustrates the total shareholder return for the Company for the period from its listing to year end 2024, relative to NASDAQ composite index, as Polestar is listed on Nasdaq.



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

Historical compensation of the Chief Executive Officer

The table below sets out the total compensation delivered to the previous CEO Mr Ingenlath during 2022, 2023 and 2024 until 30 September 2024, using the methodology applied to the single total figure of remuneration. The Compensation Committee does not believe that the remuneration paid in earlier years as a private company bears any comparative value to that paid in its time as a public company and, therefore, the Remuneration Committee has chosen to disclose remuneration only since IPO:

Year	Total Single Figure	Annual bonus payment level achieved (% of max opportunity)	LTI vesting (% of max opportunity)[2]
2022[1]	17,062,483 SEK	53%	100%
2023	15,295,713 SEK	0%	100%
2024	10,396,876 SEK	0	0

1. The figures reflect the time period 24th June to 31st December 2022, including the STI and LTI for the full year 2022;
2. LTI vesting figure relates to the At-Listing plan (Restricted Share Units) where 33% of the total award vested on 3 October 2022 and 33% of the total award vested on 24 June 2023 and the final 34% vested on 24 June 2024.

Change in Compensation from 2023 to 2024

Director:							
Thomas Ingenlath	**Base salary**	**Benefits**	**Pension**	**Bonus**	**LTI cash**	**LTI shares**	**Total**
2024*	7,808,100	147,468	2,247,237	0	0	194,071	**10,396,876****
2023	10,190,550	124,006	2,957,000	0	1,050,000	974,157	**15,295,713**
2022***	4,708,000	149,348	1,419,430	7,568,400	1,830,000	1,387,305	17,062,483
Compensation change 2023-2024 in %	-23%	+19%	-24%	-	-100%	-80%	-32%

*The figure reflects the time period 1st January to 30th September 2024. If 2024 compensation is annualized, then there was no increase in salary.
**If 2024 base salary compensation is annualized, then the decrease in total compensation is 32%
*** All numbers referring to 2022 represents the period from the listing in June 2022 until year end.

Director:							
Michael Lohscheller	**Base salary**	**Benefits**	**Pension**	**Bonus**	**LTI cash**	**LTI shares**	**Total**
2024	3,280,000	326,716	161,648	0	0	0	**3,768,364**
2023	-	-	-	-	-	-	-
Compensation change in %	-	-	-	-	-	-	-

Director	Board fee 2024	Board fee 2023	Change in %	Committee fee 2024	Committee fee 2023	Change in %	Car benefit 2024	Car Benefit 2023	Change in %	Total fee 2024	Total fee 2023	Change in %
Prof. Dr. h.c. Winfried Vahland	350.000	0	-	0	0	-		0	-	350.000	0	-
Håkan Samuelsson	269.500	350.000	-23%	15.400	26.667	-42%		7.000		284.900	383,667	-26%
Carla De Geyseleer	154.000	200.000	-23%	23.100	20.000	+16%		7.000		177.100	227.000	-22%
Karen C. Francis	200.000	200.000	0%	30.000	28.333	+6%		7.000		230.000	235.333	-2%
Daniel Li	200.000	200.000	0%	25.000	20.000	+25%		7.000		225.000	227.000	-1%
Karl-Thomas Neumann	200.000	200.000	0%	15.000	11.667	+29%		7.000		215.000	218.667	-2%
David Richter	200.000	200.000	0%	20.000	10.000	+100%		7.000		220.000	217.000	+1%
Jim Rowan	154.000	200.000	-23%	15.400	20.000	-28%		7.000		169.400	227.000	-25%
David Wei	200.000	200.000	0%	11.550	10.000	+15,5%		7.000		211.550	217.000	-2,5%
Fransesca Gamboni	46.600	0	-	0	-	-	0	-	-	46.600	0	-
Christine Goranjc	100.000	-	-	15.000	-	-	0	-	-	115.000	0	-
Laura Shen	100.000	-	-	7.500	-	-	0	-	-	107.500	0	-

Relative Importance of Spend on Pay (audited)

Year	Remuneration paid to employees (USD)	Dividends paid to share holders	Any other significant distribution
2024	209,148,000	0	0
2023	235,656,000	0	0
Change in %	-11,2%	-	-

Payments to past Directors/Payments for loss of office

The previous CEO, Thomas Ingenlath, left Polestar on September 30th 2024. In accordance with the Employment Agreement, he continuous to receive the fixed elements of his compensation package during the notice period until his employment cease on the 30 September 2025, in total 10,516,200 SEK. In addition to this he is entitled to 12 months' severance pay, equal to 10,516,200 SEK. He is entitled to the release of the Long-Term Incentive Program 1 initiated in 2022, in total 43.670 shares will vest in May 2025. He is also entitled to the One Time Share Retention Program initiated in 2024 that are scheduled to vest in May 2025, in total 848,143 shares will be released.

All other Incentive programs will lapse when his employment cease.

Pay in the wider context

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

Compensation, rewards, and recognition in Polestar must be based on transparent and non-discriminatory grounds. Discriminatory differentials based on race, religion, gender, national origin, age, sexual orientation, disability, or any other unjust cause should never occur.

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

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

CEO-to-Employee Pay Ratio

The CEO-to-employee pay ratio is an important metric that reflects the level of compensation variability within a company. In the UK, the CEO to employee pay ratio on base pay was 12:1 in 2024, and 15:1 on total pay. This ratio indicates that for every dollar earned by the CEO as base pay, 0.08 dollar was earned by the average employee. This ratio is expected to vary significantly from year to year due to variations in the performance-based pay earned by the CEO as well as other factors. From 2023 to 2024 the pay ratio on base salary is basically unchanged. However the total pay ratio has changed significantly as no cash bonus was paid to the CEO in 2024.

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

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

According to UK legislation we are encouraged to present the CEO pay ratio compared to UK employees. We have used option A, as defined in The Companies (Miscellaneous Reporting) Regulations 2018, to conduct the CEO pay ratio benchmark. We chose option A as we believe this is the simplest and most robust way to perform the analysis. The benchmark is based on the actual CEO pay for 2024 and the actual 25th percentile, Median and 75th percentile compensation for our UK employees. The benchmark includes a base salary benchmark and a total compensation benchmark.

CEO pay compared to all UK employees:

CEO pay ratio	Option	25th percentile ratio	50th percentile ratio	75th percentile ratio
2024 Base pay	A	15:1	12:1	10:1
2023 Base pay	A	16:1	13:1	11:1
2024 Total pay ratio	A	18:1	15:1	12:1
2023 Total pay ratio	A	31:1	26:1	22:1

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

Pay data 2024	Base salary (£000)	Total Pay (£000)
CEO Compensation	753	1002
UK colleague 25th percentile	51	56
UK colleague 50th percentile	62	68
UK colleague 75th percentile	75	82

CEO Base pay and Total pay for full year 2024 compared to all UK employees, data as of 31st December 2024. The exchange rate used to convert SEK to GBP is 0.0722208. The analysis is based on the annualized compensation of the new CEO, Micheal Lohscheller.

Gender Pay Gap Reporting

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

In 2024, our analysis of the raw gender pay gap showed that there exists a difference in median earnings between male and female employees. This difference is primarily due to a higher representation of men in senior leadership positions and in certain specialist roles with higher pay scales. In UK we saw an increased gap in 2024, this is mainly due to that some senior, higher paid, females left the company during the year. The gender pay analysis was also made on a “similar job basis”, and this analysis shows a lower pay gap.

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

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

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

A gender pay analysis was made in our two biggest countries, Sweden and UK, in 2024.

Table showing raw gender pay gap:

Country	Women's salary in relation to men's salary	% of Women employees	% of Men employees	Number of employees
Sweden 2024	91%	37%	63%	1,035
Sweden 2023	90%	36%	62%	1,198
UK 2024	76%*	18%	82%	474
UK 2023	84%	20%	80%	528

*The ratio decreased due to several high-earning female employed resigned from Polestar in 2024

Section 3 – Implementation of Compensation Policy in FY2024

The table below illustrates the remuneration planned for 2024

Component	From 1st January 2024
Fixed Pay	
Annual Base Salary	No changes planned to the CEO base pay in 2025
Benefits	No changes planned to the CEO benefits in 2025
Pension	No changes planned to the CEO pension benefit in 2025
Annual Bonus	
Opportunity	No changes planned to the CEO annual bonus opportunity in 2025
Measures	• Sales (Deliveries) 30% • EBIT 30% • Cost Management 20% • Customer Satisfaction 20% Due to the potential impact on our commercial interests, annual bonus targets are considered commercially sensitive and therefore will be disclosed in the 2025 Compensation Report following the completion of the financial year.
	A one-time share-based retention program was installed during 2024 for all employees including the CEO at that time, Thomas Ingenlath. This is a one-time program, that was granted in 2024 and with a planned vesting in May 2025.
Long Term Incentive	
Opportunity (Polestar LTI program)	No changes planned, target will remain at 100% of Annual Base Salary and Max at 200% of Annual Base Salary.
Measures and targets	Polestar value creation versus peer group 25%, the target is positive relative market value development compared to a peer group of 9 other companies. Measured by Relative Total Shareholder Return (rTSR). This measure captures share price change (of a single share) and dividend reinvestment. EBIT 25%, Earning Before Interest and Tax, 2027 Target CO2 credit revenue 20%, Revenue from signed CO2 deals with BPL impact in Financial Years 2025, 2026, 2027 Operational milestones 30%, 7 Operational milestones key for the company during 2025-2027

2025 Chairman and Non-Executive Director Fees

In connection with the change of The Chairman of the board in 2024 the Chairman fee was increased from $350.000 to $500.000. There are no planned changes to the non-executive director fees in 2025.

Role	2025 Fee (USD)	2024 Fee (USD)
Chairman	500,000	350,000 (43% increase)
Non-Executive Director	200,000	200,000 (0% increase)
Additional fee for Audit Committee Chair	30,000	30,000 (0% increase)
Additional fee for Compensation Committee Chair	20,000	20,000 (0% increase)
Additional fee for Audit committee Member	15,000	15,000 (0% increase)
Additional fee for Compensation committee Member	10,000	10,000 (0% increase)

The Directors' Remuneration Report comprising pages 55 to 76 was approved by the Board and signed on its behalf by:

Karen C. Francis

Karen Francis

Chair of the Compensation Committee

2 June 2025

Directors' Report

The Directors of Polestar Automotive Holding UK PLC (registered in England and Wales: 13624182, registered office The Pavilions, Bridgwater Road, Bristol, England, BS13 8AE) (the "Company") are pleased to present the annual report and accounts, together with the audited financial statements of the Company, for the period ended 31 December 2024. All amounts are stated in thousands of USD, unless otherwise stated. Refer to Stakeholder Engagement on pages 12-16 for information relating to engagement with employees, suppliers, customers, and others. The composition of the Board during the reporting period is available in the Governance Report on page 51.

Diversity of the Board

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

Directors' and Officers' Liability

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

Directors Indemnities

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

Principal activities of the Company

Details of current and future trading as well as the principal activities, risks and uncertainties are included in the Strategic Report on page 3 to 45.

Business Review and Key Performance Indicators

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

Financial Risk Management

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

Results

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

Dividend Policy

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

The Directors do not recommend the payment of a dividend for the years ended 31 December 2024 due to the early stage of development of the Company.

Political Donations

During the year ended 31 December 2022, 2023, and 2024, the Group made no political donations nor other political expenditures.

Share Capital

Details of the issued share capital, together with the details of shares issued during the year, are set out in Note 22 - Equity to the consolidated accounts.

Employees

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

Employee Engagement

Details on employee engagement are found in the Stakeholder Engagement section, (under “Employees” and “Diversity and Inclusion”), on pages 12 and 15.

Engagement with suppliers, customers and others

Details on engagement with suppliers, customers and others are found in the Section 172 statement, (under “Customers” and “Suppliers”), on pages 13 and 14.

R&D Activities

Details on the Company’s and the group R&D activities are found in the Market Overview and Strategy section, on page 5.

Greenhouse Gas Emissions

Details on the Company’s greenhouse gas emissions are found in the Non-financial and sustainability information statement and Climate-Related Financial Disclosures sections, on page 37 to 40.

Energy Consumption

Details on the Company’s energy consumption are found in the Non-financial and sustainability information statement and Climate-Related Financial Disclosures sections, on page 41 to 42.

Substantial Shareholders

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

Name of Beneficial Owner	Number of Shares	Approximate Percentage of Outstanding Shares
Executive Officers and Directors:		
Michael Lohscheller	0 (1)	—
Jean-François Mady	0 (2)	—
Jonas Engström	677 (3)	*
Prof. Dr.hc Winfried Vahland	38,346	*
Karen C. Francis	54,635(4)	*
Francesca Gamboni	—	—
Christine Gorjanc	—	—
Donghui (Daniel) Li	68,000	*
Dr. Karl-Thoman Neumann	57,330	*
David Richter.	174,955	*
Prof. Xiaojie (Laura) Shen	—	—
All directors and executive officers as a group (eleven individuals)	494,843	
Five Percent or More Holders:		
Li Shufu(5) (6)	1,725,733,592	81.8%

*Less than one percent.

(1) Mr. Lohscheller does not currently own any shares. However, Mr. Lohscheller has been granted 812,111 Performance Share Units as part of the Long Term Incentive 4 (2025-2028) program which have not yet vested.

(2) Mr. Mady does not currently own any shares. However, Mr. Mady has been granted 321,101Performance Share Units as part of the Long Term Incentive 4 (2025-2028) program which have not yet vested.

(3) Number of shares owned by Mr. Engström. Additionally, Mr Engström also has been granted 348,213 Restricted Stock Units and Performance Stock Units as part of Polestar's Long Term Incentive Programs which have not yet vested, as well as 91,799 Restricted Stock Units as part of the One-Time Share-Based Retention Program, which also have not yet vested.

(4) Includes Class A ADSs that Ms. Francis has purchased in connection with the March 2022 Sponsor Investment.

(5) Includes 778,121,162 Class A ADSs and 49,892,575 Class B ADSs for which PSD Investment Limited is the record holder. It also includes 380,322,995 Class A ADSs for which Snita is the record holder, 2,884,716 Class A ADSs for which Northpole GLY 1 LP is the record holder, 11,667,519 Class A ADSs for which GLY New Mobility 1. LP is the record holder, and 502,156,334 Class A ADSs for which Geely Sweden Automotive Investment B.V. is the record holder. Li Shufu controls PSD Investment Limited and directly or indirectly owns approximately 91.9% of equity interests in Geely, which owns approximately 78.7% of equity interests in Volvo Cars and approximately 86% of GLy Capital Management Partners (Cayman) Limited. GLy Capital Management Partners (Cayman) Limited controls Northpole GLY GPI, GLY New Mobility GP1 and Northpole GLY GP1, the general partners of Northpole GLY 1 LP, GLY New Mobility 1. LP and Northpole GLY 2 LP, respectively. Consequently, since voting and dispositive decisions with respect to such securities are ultimately made by Li Shufu, he is deemed to have beneficial ownership over 1,725,733,592 Class A ADSs, assuming the conversion of all Class B ADSs into Class A ADSs. Li Shufu disclaims beneficial ownership of these securities except to the extent of any pecuniary interest therein. The business address of Li Shufu is No. 1760 Jiangling Road, Binjiang District, Hangzhou, Zhejiang, China, the business address of Snita is Stationswerg 2, 4153 RD Beesd, Netherlands.

(6) Volvo Cars distributed 62.7% of Volvo Cars' shareholding in Polestar. Volvo Cars' shareholding in Polestar is approximately 18% of Polestar's total outstanding shares, with 380,322,995 Class A ADSs. PSD Investment Limited continues to have an ownership stake of approximately 39.2%, with 778,121,162 Class A ADSs and 49,892,575 Class B ADSs. Geely Sweden Automotive Investment B.V., an affiliate of Geely, now holds an ownership stake of approximately 23.8%, with 502,156,334 Class A ADSs.

Relationship agreements with major shareholders

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

Going Concern

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

Legal Proceedings

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

Change of Control

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

Conflicts of Interest

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

Francesca Gamboni, who is the current Chief Manufacturing & Supply Chain Officer of Volvo Cars, Daniel Li who is the current CEO of Geely and serves on the board of Volvo Cars are excluded from voting on decisions which involve the Company's relationship to Volvo Cars or Geely, or other companies under common control.
Furthermore, when they were still members of the Board (until October 2024) Jim Rowan who then served as CEO of Volvo Cars and Håkan Samuelsson who served as CEO of Volvo Cars until March 2022, were also excluded from voting on such decisions.

Articles of Association

The Company's Articles of Association may only be amended by special resolution at a general meeting of shareholders. A special resolution for the adoption of new Articles of Association reflecting developments in best practices and providing for the removal of the director class system and providing for that all directors retire and stand for re-election at each annual general meeting will be presented to the members at the forthcoming Annual General Meeting.

Independent Auditor and Disclosure of Information to the independent auditor

Deloitte LLP have indicated a willingness to continue as auditor, and a resolution for reappointment will be presented to the members at the forthcoming Annual General Meeting.

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

The Directors' Report comprising pages 77 to 81 was approved by the Board and signed on its behalf by:

Winfried Vahland

Chair

2 June 2025

Statement of Directors' Responsibilities

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

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

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

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

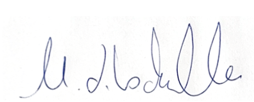
They have a general responsibility to take steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities.

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

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

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

The Statement of Directors' Responsibilities comprising page 73 was approved by the Board and signed on its behalf by:



Michael Lohscheller

Chief Executive Officer

2 June 2025

Winfried Vahland

Chair

2 June 2025

Financial Statements

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Polestar Automotive Holding UK Plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;

- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB);

- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of loss and comprehensive loss;
- the consolidated and parent company statement of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 32 of the consolidated financial statements and note 1 to 14 of the parent company financial statements.

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

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.
We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements, which indicates that the Group is expected to continue generating net losses and negative cash flows as the business continues to focus on the launch of new vehicle models. The Group and parent company only requires additional financing to support operating and developmental activities. The availability of this additional financing is uncertain. As stated in note 1, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the group's and parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

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

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

4. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going concern (see material uncertainty related to going concern section) • Inventories • Intangible assets and Property Plant and Equipment - Impairment of Polestar 3 and Internal Development projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) Cash Generating Units Within this report, key audit matters are identified as follows: Newly identified Increased level of risk Similar level of risk Decreased level of risk
Materiality	The materiality that we used for the group financial statements was $16.2 million which was determined on the basis of 0.8% of revenue for the financial year.
Scoping	Components subject to audit procedures in the current period comprised 95% of Group revenue and 96% of Group total assets.
Significant changes in our approach	Revenue from the sale of vehicles was a key audit matter in 2023. In 2024 auditing this account and related disclosures did not involve significant auditor judgement and therefore, was concluded not to be a key audit matter in the current year.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

5.1. Inventories

Key audit matter description	Inventories have been disclosed in notes 2 and 20, the Group had inventories of $1,079 million at 31 December 2024 (2023: $928m (restated)). The Group's inventories include 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 realisable value. We identified the existence, completeness, and valuation of inventories as a key 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 and because of the high degree of auditor's judgment and increased extent of effort required when performing audit procedures to evaluate the reasonableness of net realisable value of inventory.

How the scope of our audit responded to the key audit matter	Our audit procedures related to the existence, completeness and valuation of inventory included, but were not limited to:
	
	• For a selection of inventory locations:
	    o We observed management's inventory count procedures close to the year-end date and performed independent sample counts and tested the Company's roll-back/roll-forward of balances between the time of the inventory count and 31 December 2024, or
	    o 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 evaluated the reasonableness of the Group's methodology and key assumptions and judgments used to estimate the net realisable value of inventory by performing the following:
	    o We benchmarked selling prices to observable data to evaluate the impact of the significant assumptions of the net realisable value within the inventories to the carrying value.
	    o We performed corroborating inquiries with the personnel responsible for sales forecasting to evaluate the reasonableness of the product demand forecasts.
	    o We made inquiries of various personnel in the Group including finance and operations personnel about the expected timing of the introduction of campaigns and discounts.

	○ We tested the mathematical accuracy of management's calculations.
Key observations	Based on the audit work performed, we identified a number of control deficiencies over the inventory process and errors in inventory balances, including those related to the prior period: • Inventory Count: The Group's design of its control over inventory count did not fully address the existence and completeness of inventory. • Inventory Valuation: Deficiencies related to lack of capitalisation of indirect expenses for manufacturing (depreciation and amortisation related to tooling) and incorrect valuation of internal cars.

5.2. Intangible assets and Property Plant and Equipment - Impairment of Polestar 3 and Internal Development projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) Cash Generating Units

Key audit matter description	The Group's evaluation of tangible and definite-lived intangible assets for impairment involves the comparison of the recoverable amount of each applicable cash generating unit ("CGU"), to its carrying value on at least an annual basis, in line with International Accounting Standard 36 *Impairment of Assets (refer to note 2)*. An impairment loss is recognised if the recoverable amount is lower than the carrying value. The recoverable amount is determined based on the higher of value in use (VIU) and fair value less costs to dispose (FVLCD). The Group recorded impairments of $205 million and $416 million relating to the Polestar 3 and Internal Development projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain) CGUs respectively during the period. The sensitivities of the key inputs and their impact on impairment loss has been disclosed in note 2. Management's value in use analysis is based on the 2025-2029 business plan. We identified the impairment of the Polestar 3 and Internal Development projects CGUs as a key audit matter because of the significant estimates and assumptions management made in the value in use calculation related to future pricing, sales volumes and manufacturing costs. Auditing the significant estimates and assumptions required a high degree of auditor judgement and increased audit effort, including the need to involve our valuation specialists.
How the scope of our audit responded to the key audit matter	Our audit procedures related to the impairment of tangible and definite-lived intangible assets included, but were not limited to: • We assessed the key assumptions used in calculating VIU including future pricing, sales volumes and manufacturing costs by: ○ Comparing the Group's forecasted vehicles sales volumes to industry analyst reports, ○ Comparing the assumptions used in the forecasts to the Group's historical trends in pricing per car, forecasted sales volumes and manufacturing costs, ○ Comparing forecasted pricing, sales volumes, and manufacturing costs assumptions to preliminary recorded results for subsequent periods.

	• With the assistance of our valuation specialists, we tested the underlying source information and the mathematical accuracy of the calculations. • We evaluated the Company's sensitivity analysis by comparing to our own sensitivity analysis to assess the disclosures around assumptions that are most sensitive to a reasonably possible change that could cause the carrying amount to exceed its recoverable amount for a cash generating unit.
Key observations	Based on the audit work performed, we identified a number of control deficiencies over the Group's evaluation of tangible and definite-lived intangible assets for impairment. • Consideration of multiple cash generating units and changes in certain macroeconomics, industry, and market conditions related to the impairment test of intangible assets; and • Insufficient review controls over the completeness and accuracy of the data used in the impairment test.

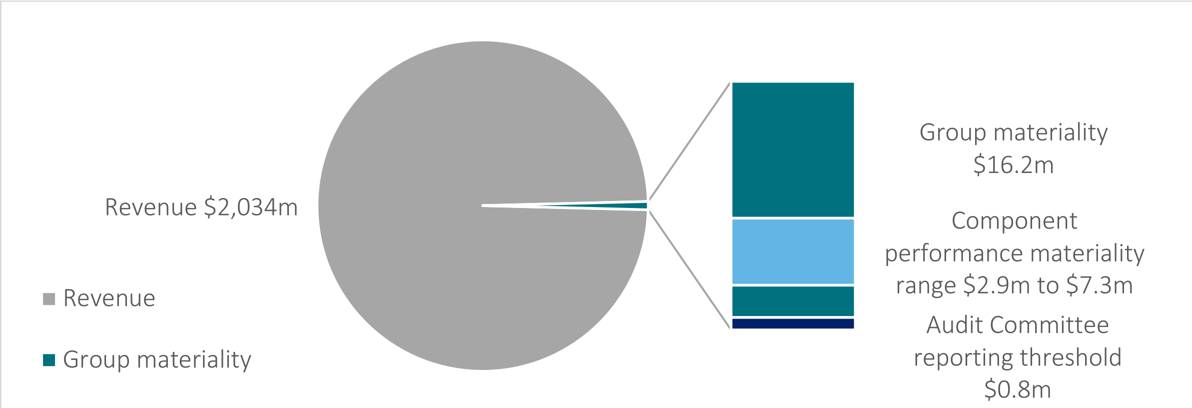
6. Our application of materiality

6.1. Materiality

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

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

	Group financial statements	Parent company financial statements
Materiality	\$16.2m (2023: \$18.9m)	\$44.3m (2023: \$18.5m)
Basis for determining materiality	0.8% of revenue (2023: 0.8% of forecast revenue)	2% of net assets Materiality was determined using net assets benchmark (2023: 0.7% determined using net assets)
Rationale for the benchmark applied	In our professional judgement, we believe that revenue is the most appropriate benchmark to determine materiality as it is a stable benchmark given the group is loss making, is deemed the most important to the users of the financial statements and reflects the growing phase of the Group.	The primary users focus on the distributable reserves and the liquidity of the business as a reference to the ability to pay future dividends which points to net assets as the most relevant benchmark for determining materiality in the parent company-only financial statements. The current year materiality has been increased to reflect the size, scale and nature of the Parent company. Where account balances are audited for the purpose of the consolidated financial statements, a lower component performance materiality is used.



6.2. Performance materiality

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

	Group financial statements	Parent company financial statements
Performance materiality	60% (2023: 60%) of group materiality	70% (2023: 60%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • Our risk assessment, including our assessment of the Group's overall control environment and that we considered it appropriate to not rely on controls over the business processes given material weaknesses in internal controls; and • Our past experience of the combined group audit, which has indicated a higher number of misstatements identified in prior periods. • Our past experience of the parent only audit, which has indicated a lower number of misstatements identified in prior periods.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $0.8m (2023: $0.9m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

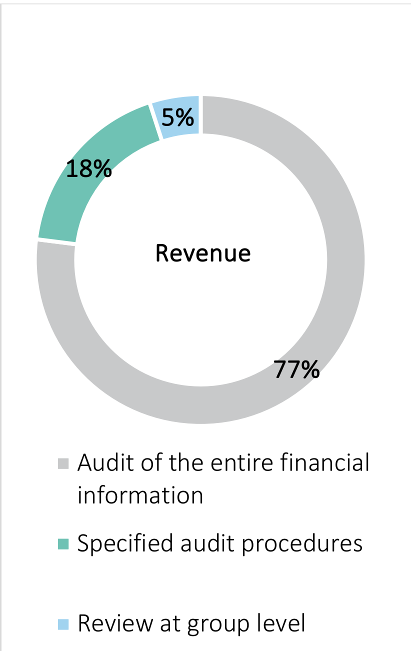
7. An overview of the scope of our audit

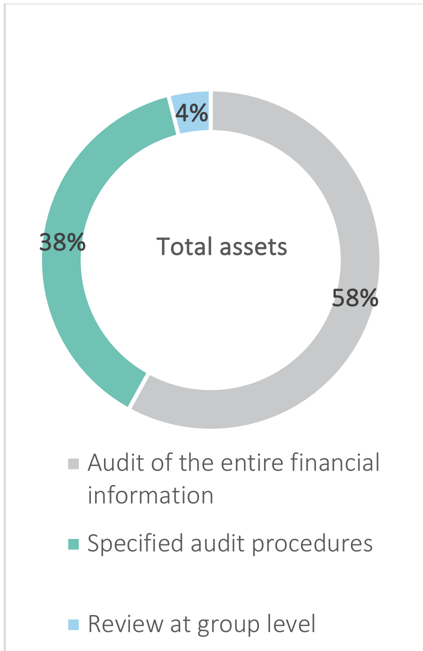
7.1. Identification and scoping of components

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

We identified components based on accounting locations, with the accounting and reporting for legal entities being centralised across 5 different accounting locations. The audit procedures for Sweden, Spain, North America and China encompass the audit of the entire financial information. The audit procedures for the Malaysian component focused on one or more classes of transactions, account balances or disclosures. The Malaysia component represents 5% of revenue and 3% of loss before tax. This is driven by the contribution to the total performance and position of the Group as well as considering the relevant risk in the region that the component operates in.

Overall, at a group level the components in scope represent 93% of revenue and 96% of total assets.
Our audit work at the components was executed at levels of performance materiality applicable to each individual entity which were lower than Group materiality and ranged from $2.9 million to $7.3 million.
At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit of entire financial information or audit of specified account balances.
All audit work for the purpose of expressing an opinion on the Group's financial statements is performed by Deloitte member firms.





7.2. Our consideration of the control environment

The Group uses a number of different IT systems across key business processes and we worked with our IT specialists in obtaining an understanding of the general IT controls for the relevant systems. Following this, we focused our testing on core financial, inventory management and sales systems that underpin the operations of the business.
Our approach was principally designed to inform our risk assessment and, as such, we obtained an understanding of relevant IT controls and tested the general IT controls across the in-scope systems.
In addition to the control observations identified in sections 5.1 - 5.2, further deficiencies were also identified with the Group's controls.

Control Environment

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

Control Activities

Lack of effectively designed and implemented controls over:

3. (i) Segregating the function of recording and approving journal entries and the preparation and review of account reconciliations, and (ii) validating the completeness and accuracy of data used in the controls over reviewing journal entries.

- Recognition of vehicle revenue in accordance with IFRS 15 in regard to (i) fleet customers', private individuals', dealers' and importers' sales of vehicles' revenue streams over the completeness and accuracy of data used in the controls, and (ii) fleet customers' and private individuals' sales of vehicles' revenue streams over the precision of review in management review controls. Further, there were insufficient controls over the completeness and accuracy of data used in the calculations of deferred revenue associated with sales of vehicles. In addition, the Company's controls related to appropriately identifying and valuing the performance obligations to defer revenue related to sales of vehicles were not operating with the right precision.

- The existence, completeness, and valuation of inventory, including the net realisable value assessment.
- The completeness and accuracy of the data used in the existence, completeness and classification of current versus non-current liability to repurchase vehicles sold under its sales of vehicles with repurchase obligations arrangements.
- Consideration of multiple cash generating units and changes in certain macroeconomics, industry, and market conditions related to the impairment test of intangible assets. Further, there were insufficient review controls over the completeness and accuracy of the data used in the impairment test.
- The completeness and accuracy of accrued expenses and accounts payable as well as the precision in the review of certain accrued expenses.
- The completeness and accuracy of related party data used in the controls and the precision of review in management review controls over related party transactions.
- The completeness and accuracy of the input data of debt transactions and the precision of review of debt transactions.

1. The application of technical accounting and the review of the accounting for complex and non-routine transactions.
2. The review of the completeness and accuracy of salary expenses in Europe.
3. The completeness and accuracy of time reporting to support the capitalisation of internally developed intangibles and the precision of review in the controls over internally developed intangible assets.
4. The completeness and accuracy of the model and assessment of the impairment on investments in subsidiaries for parent company only.

Information and Communication

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

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.
As noted on page 41-42 the Group has assessed the risks and opportunities relevant to climate change and whilst the Group has not identified a separate principal risk in relation to climate change, it is incorporated into several existing principal risks.
We have obtained management's climate-related risk assessment and held discussions with those charged with governance to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. Whilst the directors have acknowledged the risks posed by climate change, they have assessed that climate change does not represent a key source of estimation uncertainty in the financial statements as at 31 December 2024.
We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transactions and did not identify any additional risks of material misstatement. Our procedures included reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

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

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

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

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

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

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

11.2. Audit response to risks identified

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

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

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee, in-house and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports];
- in addressing the potential risk of fraud related to revenue bill and hold the following key procedures were performed:
  - direct confirmations procedures to assess existence of any bill and hold agreements
  - testing of credit notes recorded after year-end; and
  - physical verifications at certain locations to identify existence of any bill-and-hold arrangements and if any such arrangements were noted, evaluating if the revenue recognition criteria were met.

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

Report on other legal and regulatory requirements

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

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

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

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

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

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

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

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

We have nothing to report in respect of these matters.

14. Use of our report

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

Peter Gallimore FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, UK
2 June 2025

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)

	Note	For the year ended December 31, 2024	2023 (Restated)[1]	2022 (Restated)[1]
Revenue	4	2,034,261	2,368,085	2,440,818
Cost of sales	6	(2,910,428)	(2,778,222)	(2,339,696)
Gross (loss) profit		**(876,167)**	**(410,137)**	**101,122**
Selling, general, and administrative expense	6	(890,703)	(944,177)	(840,151)
Research and development expense	6	(38,350)	(157,280)	(174,916)
Other operating income (expense), net	9	(8,091)	42,080	(305)
Listing expense	18	—	—	(372,318)
Operating loss		**(1,813,311)**	**(1,469,514)**	**(1,286,568)**
Finance income	11	23,879	69,565	8,552
Finance expense	11	(393,785)	(213,242)	(108,402)
Fair value change - Earn-out rights	18	126,624	443,168	902,068
Fair value change - Class C Shares	18	2,500	22,000	35,090
Share of losses in associates	10	(4,970)	(43,304)	—
Loss before income taxes		**(2,059,063)**	**(1,191,327)**	**(449,260)**
Income tax benefit (expense)	13	9,166	9,452	(29,757)
Net loss		**(2,049,897)**	**(1,181,875)**	**(479,017)**
Net loss per share (in U.S. dollars)	14			
Class A - Basic and Diluted		(0.97)	(0.56)	(0.24)
Class B - Basic and Diluted		(0.97)	(0.56)	(0.24)
Consolidated Statement of Comprehensive Loss				
Net loss		**(2,049,897)**	**(1,181,875)**	**(479,017)**
Other comprehensive (loss) income:				
Items that may be subsequently reclassified to the Consolidated Statement of Loss:				
Exchange rate differences from translation of foreign operations		(37,513)	(10,143)	431
Total other comprehensive (loss) income		**(37,513)**	**(10,143)**	**431**
Total comprehensive loss		**(2,087,410)**	**(1,192,018)**	**(478,586)**

[1] - Refer to *Note 31 - Restatement of financial statements* for reconciliations between previously reported and as revised annual amounts.

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

		As of the year ended December 31,		
	Note	2024	2023 (Restated)[1]	2022 (Restated)[1]
Assets				
Non-current assets				
Intangible assets and goodwill	15	1,040,849	1,418,707	1,393,539
Property, plant and equipment	12, 16	537,743	476,039	352,340
Vehicles under operating leases	12	56,137	70,223	97,186
Other non-current assets		39,740	9,733	6,819
Deferred tax assets	13	81,554	42,336	10,836
Other investments		—	2,414	2,333
Total non-current assets		**1,756,023**	**2,019,452**	**1,863,053**
Current assets				
Cash and cash equivalents		739,237	768,264	973,877
Trade receivables	19	152,405	126,716	241,432
Trade receivables - related parties	19, 27	37,844	61,026	79,225
Accrued income - related parties	27	42,839	152,605	49,060
Inventories	20	1,079,361	927,686	630,154
Current tax assets		5,021	12,657	7,184
Assets held for sale	28	—	—	56,001
Other current assets	21	238,907	214,228	109,747
Other current assets - related parties	27	2,713	9,576	—
Total current assets		**2,298,327**	**2,272,758**	**2,146,680**
Total assets		**4,054,350**	**4,292,210**	**4,009,733**
Equity				
Share capital		(21,169)	(21,168)	(21,165)
Other contributed capital		(3,625,027)	(3,615,187)	(3,584,232)
Foreign currency translation reserve		63,152	25,639	15,496
Accumulated deficit		6,911,604	4,861,707	3,679,832
Total equity	22	**3,328,560**	**1,250,991**	**89,931**
Liabilities				
Non-current liabilities				
Non-current contract liabilities	4	(61,002)	(63,153)	(49,018)
Deferred tax liabilities	13	(630)	(3,335)	(12,470)
Other non-current provisions	23	(94,757)	(103,608)	(71,972)
Other non-current liabilities	24	(71,398)	(127,423)	(105,947)
Earn-out liability	18	(28,778)	(155,402)	(598,570)
Non-current liabilities to credit institutions	25	(927,235)	—	—
Other non-current interest-bearing liabilities	12	(47,918)	(54,439)	(31,326)
Other non-current interest-bearing liabilities - related parties	27	(1,410,258)	(1,413,257)	(43,643)
Total non-current liabilities		**(2,641,976)**	**(1,920,617)**	**(912,946)**
Current liabilities				
Trade payables		(103,368)	(92,441)	(97,418)

Trade payables - related parties	27	(790,546)	(275,704)	(935,161)
Accrued expenses - related parties	27	(279,686)	(446,038)	(157,426)
Advance payments from customers		(17,344)	(16,415)	(35,717)
Current provisions	23	(72,769)	(88,745)	(69,038)
Current liabilities to credit institutions	25	(2,512,394)	(2,026,665)	(1,327,102)
Current tax liabilities		(28,872)	(11,363)	(14,039)
Interest-bearing current liabilities	12	(13,923)	(19,547)	(11,935)
Interest-bearing current liabilities - related parties	27	(100,662)	(73,814)	(27,061)
Current contract liabilities	4	(37,649)	(74,879)	(32,384)
Class C Shares liability	18	(3,500)	(6,000)	(28,000)
Other current liabilities	24	(740,577)	(489,747)	(382,375)
Other current liabilities - related parties	27	(39,644)	(1,226)	(69,062)
Total current liabilities		**(4,740,934)**	**(3,622,584)**	**(3,186,718)**
Total liabilities		**(7,382,910)**	**(5,543,201)**	**(4,099,664)**
Total equity and liabilities		**(4,054,350)**	**(4,292,210)**	**(4,009,733)**

[1] - Refer to *Note 31 - Restatement of financial statements* for reconciliations between previously reported and as revised annual amounts.

Approved by the Board of Directors on 2 June 2025 and signed on its behalf by:

Winfried Vahland

Chairman of the Board

2 June 2025

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, 2022 - (As originally restated)		**(1,865,909)**	**(35,231)**	**15,953**	**1,701,232**	**(183,955)**
Effects of prior period restatement		—	—	(26)	457	431
Balance as of January 1, 2022 - (Restated)		**(1,865,909)**	**(35,231)**	**15,927**	**1,701,689**	**(183,524)**
Net loss - (Restated)		—	—	—	479,017	479,017
Other comprehensive income - (Restated)		—	—	(431)	—	(431)
Total comprehensive loss - (Restated)		**—**	**—**	**(431)**	**479,017**	**478,586**
Merger with Gores Guggenheim Inc.	18					
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	8	(9)	(9,900)	—	—	(9,909)
Balance as of December 31, 2022 - (Restated)		**(21,165)**	**(3,584,232)**	**15,496**	**3,679,832**	**89,931**
Net loss - (Restated)		—	—	—	1,181,875	1,181,875
Other comprehensive loss - (Restated)		—	—	10,143	—	10,143
Total comprehensive loss - (Restated)		**—**	**—**	**10,143**	**1,181,875**	**1,192,018**
Equity-settled share-based payment	8, 22	(3)	(5,390)	—	—	(5,393)
Related party capital contribution	22, 27	—	(25,565)	—	—	(25,565)
Balance as of December 31, 2023 - (Restated)		**(21,168)**	**(3,615,187)**	**25,639**	**4,861,707**	**1,250,991**
Net loss		—	—	—	2,049,897	2,049,897
Other comprehensive loss		—	—	37,513	—	37,513
Total comprehensive loss		**—**	**—**	**37,513**	**2,049,897**	**2,087,410**
Equity-settled share-based payment	8, 22	(1)	(9,840)	—	—	(9,841)
Balance as of December 31, 2024		**(21,169)**	**(3,625,027)**	**63,152**	**6,911,604**	**3,328,560**

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

		For the year ended December 31,		
	Note	**2024**	**2023**	**2022**
			(Restated)[1]	**(Restated)[1]**
Cash flows from operating activities				
Net loss		(2,049,897)	(1,181,875)	(479,017)
Adjustments to reconcile net loss to net cash flows:				
Depreciation and amortization expense	6	55,719	115,445	140,806
Warranty provisions	23	34,710	66,158	91,245
Impairment of inventory	6, 20	89,744	146,550	14,830
Impairment of property, plant, and equipment, vehicles under operating leases, and intangible assets	6, 12, 15, 16	622,092	339,568	—
Finance income	11	(23,879)	(69,565)	(8,552)
Finance expense	11	393,785	213,242	108,402
Fair value change - Earn-out rights	18	(126,624)	(443,168)	(902,068)
Fair value change - Class C Shares	18	(2,500)	(22,000)	(35,090)
Listing expense	18	—	—	372,318
Income tax benefit (expense)	13	(9,166)	(9,452)	29,756
Share of losses in associates	10	4,970	43,304	—
Gain on sale of asset grouping	28	—	(16,334)	—
Loss on derecognition and disposal of property, plant, and equipment and intangible assets	15, 16	5,606	10,892	11,036
Litigation provisions, net of insurance	23	(2,345)	25,676	—
Other provisions	23	13,426	19,890	23,367
Unrealized exchange (loss) gain on trade payables and receivables		9,783	26,787	(26,672)
Other non-cash expense and income		20,339	(8,945)	13,451
Change in operating assets and liabilities:				
Inventories	20	(255,370)	(358,392)	(186,393)
Contract liabilities	4	(32,286)	77,424	23,663
Trade receivables, prepaid expenses, and other assets	21, 26	85,022	(156,860)	(214,164)
Trade payables, accrued expenses, and other liabilities	24, 26	464,887	(488,842)	21,268
Restricted deposits		(9,412)	—	—
Interest received		21,120	32,280	8,552
Interest paid		(292,770)	(220,147)	(68,130)
Taxes paid		(8,163)	(35,477)	(19,559)
Cash used for operating activities		**(991,209)**	**(1,893,841)**	**(1,080,951)**
Cash flows from investing activities				
Additions to property, plant, and equipment	16, 26	(147,894)	(137,400)	(32,269)
Additions to intangible assets	15, 26	(209,101)	(435,584)	(674,275)
Additions to other investments	17	—	—	(2,500)
Additions to investment in associates	10	(34,300)	—	—
Additions to other non-current assets		(21,300)	—	—
Proceeds from sale of property, plant, and equipment	16	33	1,779	—
Proceeds from sale of asset grouping	28	—	153,586	—
Cash used for investing activities		**(412,562)**	**(417,619)**	**(709,044)**

Cash flows from financing activities				
Change in restricted deposits		—	(1,906)	—
Proceeds from short-term borrowings	25, 26, 27	3,411,263	3,273,888	2,150,955
Proceeds from long-term borrowings	26, 27	938,474	1,381,738	—
Proceeds from related party capital contribution	22, 27	—	25,565	—
Proceeds from issuance of share capital and other contributed capital	18, 22	—	—	1,417,973
Repayments of borrowings	25, 26, 27	(2,889,899)	(2,553,008)	(1,436,416)
Repayments of lease liabilities	12, 26	(35,646)	(21,916)	(19,448)
Transaction costs	18	—	—	(38,903)
Cash provided by financing activities		**1,424,192**	**2,104,361**	**2,074,161**
Effect of foreign exchange rate changes on cash and cash equivalents	3	(49,448)	1,486	(66,966)
Net (decrease) increase in cash and cash equivalents		**(29,027)**	**(205,613)**	**217,200**
Cash and cash equivalents at the beginning of the period		**768,264**	**973,877**	**756,677**
Cash and cash equivalents at the end of the period		**739,237**	**768,264**	**973,877**

[1] - Refer to *Note 31 - Restatement of financial statements* for reconciliations between previously reported and as revised annual amounts.

Note 1 - Overview and basis of preparation

General information

Polestar Automotive Holding UK PLC (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, branding and marketing, and the commercialization and selling of battery electric vehicles, and related technology solutions. Polestar Group's current lineup of battery electric vehicles consists of the Polestar 2 ("PS2"), a premium fast-back sedan, the Polestar 3 ("PS3"), a luxury aero sport-utility vehicle, the Polestar 4 ("PS4"), a premium sport utility vehicle, the Polestar 5 ("PS5"), a luxury sport grand-touring sedan, and the Polestar 6 ("PS6"), a luxury roadster. As of December 31, 2024, the PS2, PS3, and PS4 are in production while the remaining vehicles are under development. Operating sustainably is a critical priority of the Group; targeting climate neutrality by 2040, creating a climate neutral car (cradle-to-gate) by 2030, and halving the emission intensity per car sold by 2030. Polestar Group has a presence in 27 markets across Europe, North America, and Asia. Polestar Group has its management headquarters located at Assar Gabrielssons väg 9, 418 78 Göteborg, Sweden.

As of December 31, 2024, 2023, and 2022, related parties owned 81.8%, 88.3%, and 89.21% of the Group, respectively. The remaining 18.2%, 11.7%, and 10.79% of the Group at each respective year end was owned by external investors.

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 IFRS. Refer to *Note 18 - 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 was recast to retroactively reflect the shares issued by the parent to the Former Parent for December 31, 2022. Refer to *Note 14 - Net loss per share* and *Note 22 - Equity* for additional information.

Basis of preparation

The Consolidated Financial Statements in this annual report of Polestar Group are prepared in accordance with IFRS Accounting Standards as issued by the IASB and UK-adopted international accounting standards. The Consolidated Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, 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. Additionally, non-USD currencies are presented in thousands unless otherwise stated.

Periods discussed prior to June 23, 2022 represent the operations of the Former Parent and its consolidated subsidiaries.

Going concern

Polestar Group's Consolidated Financial Statements have been prepared on a basis that assumes Polestar Group will continue as a going concern, executing on management's 2025-2029 business plan.

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

As a result of scaling up commercialization and continued capital expenditures related to developing the PS3, PS4, PS5 and PS6, managing the Company's liquidity profile and funding needs remains one of management's key priorities. If Polestar is not able to raise the necessary funds through its operations, equity issuances, debt financings and refinancing or other means, the Group may be required to delay, limit, reduce, or, in the worst case, terminate research and development and / or commercialization efforts. As of December 31, 2024 Polestar has net current liabilities of $2,442,607. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the years ended December 31, 2024, 2023, and 2022, amounted to $2,049,897, $1,181,875, and $479,017, respectively. Negative operating cash flows for the years ended December 31, 2024, 2023, and 2022, amounted to $991,209, $1,893,841, and $1,080,951, respectively and negative investing cash flows for the years ended December 31, 2024, 2023, and 2022, amounted to $412,562, $417,619, and $709,044, respectively. Management's 2025-2029 business plan forecasts that Polestar will generate negative operating cash flows in the near term and that investing cash flows will continue to be negative in the near and long-term due to the high capital expenditure demands of Polestar's business. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group.

Polestar Group primarily finances its operations through short-term (i.e., 12 months or less) working capital loan arrangements with credit institutions, contributions from shareholders, extended trade credit from related parties, and long-term financing arrangements with related parties. During the year ended December 31, 2024, Polestar entered into its first long-term financing arrangement with unrelated parties, an unsecured, multi-currency syndicated loan from banks, to help with the Group's long-term liquidity needs - refer to *Note 25 - Liabilities to credit institutions*. For further details of the contractual maturities of Polestar's non-derivative financial assets and liabilities, including its financing arrangements refer to *Note 17 - Financial instruments.* Management's 2025-2029 business plan indicates that Polestar Group depends on rolling-over current financing arrangements as well as obtaining additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, loans with related parties, and executing capital market transactions through offerings of debt and/or equity. Until Polestar Group begins generating sufficient positive operating cash flows, the timely realization of these financing endeavors is essential for Polestar Group's ability to continue as a going concern. Management cannot guarantee that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned. During the year ended December 31, 2024, Polestar demonstrated efforts towards achieving liquidity targets in management's 2025-2029 business plan by:

- Renegotiating the terms of its long-term convertible credit facility with Volvo Cars to extend the principal repayment date to December 29, 2028;
- Securing financing support from several lenders in the form of a long-term syndicated multicurrency green trade facility;
- Entering into a non-recourse revolving trade receivables factoring arrangement; and
- Entering into multiple short-term working capital loan arrangements with banking partners in China.

Following December 31, 2024 but prior to the issuance of these Consolidated Financial Statements, Polestar has secured additional financing through multiple short-term working capital loans with Chinese banking partners, a new green trade facility and an extension of the revolving credit green trade facility originally entered into during the year ended December 31, 2022 - refer to *Note 30 - Subsequent events* for further details of these subsequent events.

Polestar is party to financing instruments that contain financial covenants with which Polestar must comply during, and beyond, the 12 months following the issuance date of these Consolidated Financial Statements including, but not limited to, a minimum quarterly cash levels of €400,000, and maximum quarterly financial indebtedness of $5,500,000 - refer to *Note 25 - Liabilities to credit institutions* for further details. A failure to comply with such covenants may result in an event of default that could have material adverse effects on its business. Due to the factors discussed above, there is material uncertainty as to whether Polestar will be able to comply with all covenants in future periods. Remedies to a potential event of default include proactively applying for a covenant waiver prior to such event of default occurring. Prior to December 31, 2024, Polestar applied for, and received acceptance of, a waiver of certain financial covenants related to its syndicated multicurrency green trade facility for the year ended December 31, 2024 and the quarter ended March 31, 2025. However, management cannot guarantee that waivers will be granted for any future non-compliance with covenants on this facility nor on Polestar's other borrowings with covenants.

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

Note 2 - Significant accounting policies and judgements

Adoption of new and revised standards

Effects of new and amended IFRS

The following new standards and amendments effective from January 1, 2024 were adopted by the Group for the preparation of these Consolidated Financial Statements. Management concluded the adoption of any of the below accounting pronouncements did not have a material impact on the Group's financial statements, unless otherwise noted.

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 October 2022, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* ("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 for annual periods is effective beginning on or after January 1, 2024.

In September 2022, the IASB issued an amendment to IFRS 16, *Leases* ("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 for annual periods is effective beginning on or after January 1, 2024.

In May 2023, the IASB issued amendments to IAS 7, *Statement of Cash Flows* ("IAS 7") and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7") titled *Supplier Finance Arrangements*, to implement new disclosure requirements to improve clarity and usefulness of information provided by entities concerning supplier finance arrangements. These changes aim to help users of financial statements understand the impact of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk. The amendments for annual periods are effective beginning on or after January 1, 2024.

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 annual period ended December 31, 2024, will not have a material impact on the Group's financial statements, unless otherwise noted.

In June 2023, International Sustainability Standards Board ("ISSB") issued IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1"), and IFRS S2, *Climate-related Disclosures* ("IFRS S2"). IFRS S1 provides the basic requirements for sustainability disclosures, which should be used with IFRS S2 as well as the future Standards the ISSB releases. IFRS S2 has been developed specifically to capture climate-related risks and opportunities disclosure requirements. These standards for annual periods are effective beginning on or after January 1, 2024. However, as the Group's Parent is registered in the United Kingdom, and the United Kingdom does not require adoption of this standard no earlier than January 1, 2026, Polestar has not yet adopted this standard.

In August 2023, the IASB issued the amendments to IAS 21, *The Effects of Changes in Foreign Exchange Rates* ("IAS 21") titled *Lack of Exchangeability*, which outlines how to assess whether a currency is exchangeable and how to determine the exchange rate when it is not. This standard for annual periods is effective beginning on or after January 1, 2025.

In December 2023, the ISSB amended the non-climate-related content in the Sustainability Accounting Standards Board ("SASB") standards, which removes and replaces jurisdiction-specific references and definitions in the SASB standards, without substantially altering industries, topics or metrics. This standard for annual periods is effective beginning on or after January 1, 2025.

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which outlines the requirements for the presentation and disclosure of information in financial statements. It includes the requirement to classify income and expenses into three new categories: operating, investing, and financing. IFRS 18 will replace IAS 1 and will be effective for annual periods beginning on or after January 1, 2027. Polestar is evaluating the impact of adopting this standard and the effects are not yet known.

In May 2024, the IASB issued the amendments to IFRS 7 and IFRS 9, *Financial Instruments* ("IFRS 9"), which outlines matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9. This standard for annual periods is effective beginning on or after January 1, 2026.

In May 2024, the IASB issued IFRS 19, *Subsidiaries without Public Accountability: Disclosures* ("IFRS 19"), which specifies reduced disclosure requirements that eligible entities can apply instead of the disclosure requirements in other IFRS accounting standards. This standard for annual periods is effective beginning on or after January 1, 2027.

In July 2024, the IASB issued the amendments as part of its annual improvements process to IFRS 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") regarding hedge accounting by a first-time adopter, IFRS 7 about gain or loss on derecognition, IFRS 7 regarding disclosure of deferred difference between fair value and transaction price, IFRS 7 regarding credit risk disclosures, IFRS 9 regarding lessee derecognition of lease liabilities, IFRS 9 regarding transaction price, IFRS 10, *Consolidated Financial Statement*s ("IFRS 10") regarding Determination of a 'de facto agent' and IAS 7 regarding Cost method. These annual improvements are sufficiently minor or narrow in scope that they were packaged in one document, even though the amendments are unrelated. This standard for annual periods is effective beginning on or after January 1, 2026.

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.

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, 2024, 2023 and 2022, the Parent had thirty-two fully consolidated subsidiaries.

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 3 - 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 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, with key sources of estimation uncertainty being impairment of fixed assets and impairment of inventory:

- ***Revenue*** – Polestar generates revenue through various channels and has contracts with customers that include multiple performance obligations. The expected cost plus a margin method is used for determining the transaction price of performance obligations included with sales of vehicles. The Company transitioned from the residual method to the expected cost plus a margin method for the performance obligation related to the delivery of the vehicle, effective from the fourth quarter of the year ended December 31, 2023. Sales of vehicles with repurchase obligations are accounted for as operating leases and the related revenue is recorded as lease income. Refer to *Note 4 - Revenue*.
    - *Judgements*: Significant judgements relate to the likelihood of customer returns, the nature and timing of the satisfaction of performance obligations (i.e., revenue recognition over time versus a point in time), and Polestar's ability to collect payment from its customers. Polestar also transacts with its related party equity method investment, Polestar Times Technology (Nanjing) Co., Ltd ("Polestar Times Technology"), in the ordinary course of business in China. Historically, Polestar Times Technology has not been sufficiently capitalized and therefore, has not had the ability to pay Polestar for goods and services when due. Polestar makes significant judgements about the timing and collectability of payments to determine the point in time at which a customer contract is deemed to exist in order to recognize revenue for goods and services sold to Polestar Times Technology.
    - *Assumptions and estimates*: Polestar determines the expected cost-plus margin by considering internal cost and pricing data. This information is supported by vehicle sales data from prior years. Polestar also offers volume related discounts and residual value guarantees to certain customers which impacts its estimation of the consideration it will be entitled to in exchange for the delivery of vehicles. In providing residual value guarantees, Polestar makes estimates regarding the future residual values on certain vehicles, considering variables like recent car auction values, future price deterioration due to expected changes in market conditions, vehicle quality data, and repair and recondition costs. Uncertainty exists related to these estimates as future returns, discounts, and residual values offered may change.
- ***Intangible assets*** – Polestar conducts various internal development projects which are divided into the concept phase and product development phase. Polestar also purchases intellectual property ("IP") which is capitalized into intangible assets. Refer to *Note 15 - Intangible assets and goodwill*.
    - *Judgements*: Significant judgement is used to determine when internally developed IP reaches the product development phase. Internally developed IP is capitalized as an intangible asset when the related project reaches the product development phase (i.e., is expected to generate future economic

benefits) and costs can be reliably measured. Acquired IP are capitalized as intangible assets when purchased. Polestar must also make significant judgements related to future utility, technological advancements, market evolution, and potential obsolescence when determining the useful lives of internally developed IP, acquired IP, and software.

  - *Assumptions and estimates*: Polestar estimates the useful life of internally developed IP, acquired IP, and software to determine the period over which to amortize such assets and the best estimate of amortization. Amortization can be estimated using the straight-line, units of production, or an accelerated depreciation method depending on the nature and use of the asset. These estimations involve uncertainty as they require Polestar to predict the period over which these assets will generate economic benefits (e.g., product lifecycles), the asset's future utility, technological advancements, market evolution, and potential obsolescence. These estimates, which are subject to at least annual review, can affect the amortization expense recorded in the financial statements.

- ***Property, plant and equipment*** – Polestar purchases and constructs items of Property, Plant and Equipment ("PPE") related to vehicle production. Refer to *Note 16 - Property, plant and equipment*.
  - *Judgements*: When accounting for PPE, Polestar makes significant judgements related to the receipt of the future economic benefits of the asset and the reliability of the measurement of costs related to such PPE.
  - *Assumptions and estimates*: Polestar estimates the useful life of PPE to determine the period over which to depreciate such assets and the best estimate of depreciation. Depreciation can be estimated using the straight-line, units of production, or an accelerated depreciation method depending on the nature and use of the asset. These estimates involve uncertainty as they require Polestar to predict the period over which these assets will generate future economic benefit (e.g., product lifecycle), the asset's future utility, market evolution, and potential obsolescence). Polestar mitigates these uncertainties by periodically reviewing and, if necessary, adjusting estimates based off the latest available data.

- ***Impairment of fixed assets*** – Polestar conducts routine evaluations of its PPE, 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 ("CGU") level. A CGU is defined as the smallest identifiable group of assets that generates largely independent cash inflows. Refer to *Note 12 - Leases*, *Note 15 - Intangible assets and goodwill*, and *Note 16 - Property, plant and equipment*.
  - *Judgements*: Polestar uses significant judgement to determining the number of CGUs, and the composition of each CGU, particularly in evaluating the interdependence of Polestar's capital-intensive assets like PPE and IP and working capital assets related to cash flow generation.
  - *Assumptions and estimates*: Polestar uses estimates to determine the recoverable amount of each CGU. Estimating the recoverable amount involves uncertainty, as it requires the forecasting of future cash flows and expected market conditions and estimating the appropriate discount rates and growth rates. Key estimates in forecasting future cash flows are volumes, pricing, manufacturing costs, and the weighted average cost of capital ("WACC") as the discount factor used. Refer to the section, *Impairment*, included later in this note for details on the sensitivity of fixed asset impairment charges to changes in volumes, pricing, manufacturing costs, and WACC.

- ***Impairment of inventory*** – Polestar conducts routine evaluations of its inventories to ensure that the carrying value of inventories does not exceed net realizable value ("NRV"). Refer to *Note 20 - Inventories*.
  - *Judgements*: Polestar exercises significant judgement in determining when to conduct evaluations of its inventories to ensure the carrying value does not exceed NRV. Significant judgements influencing the estimated selling price of inventories are based off an evaluation of internal and external market data and trends relevant to each market in which Polestar transacts.
  - *Assumptions and estimates*: NRV is based on the estimated selling price of inventories less estimated costs of completion and estimated costs necessary to make the sales. Polestar conducts routine analyses to determine if the estimates used in the NRV calculation require change. These estimates are subject to uncertainty due to potential changes in market pricing which fluctuates due to market conditions, sales prices, and discounts. Refer to *Note 20 - Inventories* for details on the sensitivity of inventory impairment charges to changes in market pricing.

- ***Valuation of tax 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 13 - Income tax benefit (expense)*.

- *Judgements*: The recognition of deferred tax assets involves significant judgement in assessing the probability that sufficient future taxable income will be available to utilize the loss carry-forwards. This requires considering the relevant tax jurisdictions and their specific rules and regulations. The decision to recognize deferred tax assets is based on Polestar's assessment of the likelihood and timing of future taxable income.
- *Assumptions and estimates*: Estimating the level of future taxable income and the timing of the recovery of deferred tax assets introduces uncertainty. Polestar must consider various factors and assumptions, including future business performance, tax planning strategies, and the economic environment in different tax jurisdictions. These estimates can significantly impact the valuation of deferred tax assets and are subject to change based on new information or changes in circumstances.

- ***Valuation of Class C-1 Shares and Class C-2 Shares (collectively, "Class C Shares")*** – Class C Shares are derivative financial instruments that are carried at fair value through profit and loss. Class C-1 Shares are publicly traded on the NASDAQ (i.e., an active market). Quoted or observable prices for Class C-2 Shares 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 18 - Reverse recapitalization*.
  - *Assumptions and estimates*: Since the Class C-2 Shares do not have quoted of observable prices, Polestar is required to estimate the fair value of the instruments utilizing certain Black-Scholes valuation techniques. These techniques include models that incorporate various assumptions and market inputs, which are subject to change and can significantly affect the estimated fair value. Refer to *Note 3 - Financial risk management* for details on the sensitivity of changes in fair value of the Class C-2 Shares liability to changes in market volatility.
- ***Valuation of Earn-out rights*** – The contingent Earn-out rights are derivative financial instruments that are carried at fair value through profit and loss. Quoted or observable prices for these financial instruments are not available in active markets, requiring Polestar to estimate the fair value of the instruments each period utilizing certain valuation techniques. Refer to *Note 18 - Reverse recapitalization*.
  - *Assumptions and estimates*: Since quoted or observable prices for these instruments are not available in active markets, Polestar is required to estimate the fair value of the instruments each period utilizing a Monte Carlo valuation technique. This techniques involve utilizing a model that incorporates various assumptions and market inputs which are subject to change and can significantly impact the estimated fair value. Refer to *Note 3 - Financial risk management* for details on the sensitivity of changes in fair value of the Earn-out rights liability to changes in market volatility.
- ***Manufacturing arrangements with related parties*** – Polestar engages in manufacturing agreements with its related parties Volvo Car Group ("Volvo Cars") and Zhejiang Geely Holding Group Company Limited ("Geely") for the production of its vehicles. Polestar must either consider the manufacturing arrangements on their own, or in conjunction with other agreements, in order to account for the relevant explicit and implicit elements of the agreements. Refer to *Note 27 - Related party transactions.*
  - *Judgements*: Polestar uses significant judgement when evaluating its manufacturing agreements with related parties to determine if the arrangement (or multiple arrangements together) creates an explicit or implicit asset or liability. If the manufacturing agreements contain an financing component, Polestar recognizes a related party loan for the financing component. If the manufacturing arrangements contain a lease, Polestar must recognize a right-of-use asset and related lease liability for the leasing component.
  - *Assumptions and estimates*: In accounting for explicit and implicit financing and leasing components in manufacturing agreement with related parties, estimates must be made related to period of borrowing or the lease term. This is aligned to the production lifecycle of the underlying vehicle; if the production lifecycle changes, so will the period of borrowing or estimated lease term which impacts the present value of the respective liability. If the arrangement contains a lease, a change in the estimated production lifecycle would also change the measurement of the right-of-use asset and remaining depreciation since Polestar depreciates its right-of-use assets related to manufacturing arrangements on a units of production basis.

Actual results could differ materially if there is a change in estimates used.

Cash and cash equivalents

Cash consists of cash in banks. 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 and Consolidated Statement of Financial Position. Polestar's cash and cash equivalents balance consists of cash in banks.

Restricted deposits

Restricted deposits are held by Polestar for specified use which are unavailable to the overall Group for general, operational purposes. As of December 31, 2024 and 2023, the Group had restricted deposits of $31,011 and $1,834, respectively, which is presented as other non-current assets in the Consolidated Statement of Financial Position.

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 Group's subsidiary based in the UK received government grants conditioned to be used for product development activities. Neither of these grants are tied to the future trends or performance of the Group and are not required to be refunded under any circumstance. For grants received related to assets the Group deducts the grant from the carrying value of the asset. The grant is then recognized in profit and loss over the life of the depreciable asset as a reduction of the depreciation expense. The amount of government grants received related to assets as of December 31, 2024 and 2023 was $8,477, and $4,223, respectively.

The Group's subsidiary based in Ireland received government grants related to incentivizing the use of zero emission vehicles. The incentive is given by the Sustainable Energy Authority of Ireland (SEAI) to support the switch to zero emission vehicles in Ireland. The Group's subsidiary based in Sweden received government grants related to incentivizing innovation and sustainable growth. This incentive is given by Vinnova - Sweden's innovation agency. Receipt of such grants is 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, 2024, 2023, and 2022 was $1,775, $1,402, and $59, respectively.

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

Revenue recognition

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group expects to be entitled to 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, depending on the facts and circumstances underlying the sale. In general, the most likely amount method is used when there is a single most likely amount of variable consideration Polestar will receive, and the expected value method is used otherwise.

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.

For accessory sales, Polestar evaluates whether the Group is the principal or an agent to determine the appropriate revenue recognition method. As a principal, Polestar control the specified goods or services before they are transferred to the customer, which is indicated by having primary responsibility for fulfilling the promise. Consequently, when acting as a principal, Polestar recognizes revenue on a gross basis. In the case where Polestar is not a principal, Polestar is an agent and recognizes revenue on a net basis.

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, 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 a margin method 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 current and non-current contract liabilities, since the customers' payments are made before the services are transferred.

Polestar recognizes 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 recognizes 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 stand-alone selling price associated with the delivery of the vehicle is determined using an expected cost plus a margin method. 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 stand-alone selling price of its vehicles.

Vehicles are sold to individuals (end customers), fleet customers, financial service providers, dealers, importers, and our equity method investment, Polestar Times Technology. 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 has not recognized a significant number of customer returns, and therefore accrues di-minimis obligations for returns, refunds, or other similar obligations for the years ended December 31, 2024 and 2023. Further, contracts with importers specify that the importer does not have the right to return vehicles.

As part of certain contracts, Polestar provides a residual value guarantee on vehicles sold. The residual value guarantee 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. For general residual value guarantee arrangements, a refund liability for the difference between the initial estimated residual value and the contracted residual value is accrued against revenue at contract inception as a direct reduction of the transaction price. This refund liability is subsequently trued-up each period to reflect Polestar's estimated changes in residual value risk until cash is paid out at the end of the contract. In other residual value guarantee arrangements, Polestar pays the difference between the initial estimated residual value and the contracted residual value up-front, in cash, and accounts for it as a direct reduction to the transaction price. If Polestar then estimates that it is exposed to additional residual value risk in subsequent periods, a refund liability is accrued against revenue as a subsequent variable adjustment to the transaction price.

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.

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 customer obtains control of the carbon credits (i.e., Polestar satisfies its performance obligation) and has the ability to direct the use of, and obtain the benefits from, the carbon credits transferred. As of December 31, 2024, the total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied for contracts with an original expected length of one or more years was $120,188. Of this amount, Polestar expects to recognize $12,188 in the next 12 months and the rest over the remaining performance obligation period. Additionally, changes in regulations on carbon credits and other demands may significantly impact our remaining performance obligations and revenue to be recognized under these contracts.

In certain jurisdictions, Polestar is unable to independently sell carbon credits generated through the manufacturing and commercialization of Polestar branded vehicles because Polestar is not recognized by the local authorities as the legal original equipment manufacturer of the vehicles. In such cases, Volvo Cars or Geely, depending on the jurisdiction, is registered as the legal original equipment manufacturer of the vehicles instead of Polestar in order to achieve administrative efficiencies with related parties with respect to carbon credit management towards the local authorities. As such, carbon credits generated through the manufacturing and commercialization of Polestar branded vehicles in these jurisdictions are owned and sold by either Volvo Cars or Geely. Consideration received from customers by Volvo Cars and Geely related to these carbon credits is then passed through to Polestar. Since Polestar does not legally own and control these carbon credits prior to sale, compensation received from Volvo Cars and Geely related to these carbon credits sales is recognized within other income on the Consolidated Statement of Loss and Comprehensive Loss.

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

Vehicle leasing revenue

The Group enters 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 vehicle leasing revenue.

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 into the operating lease asset 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. 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 and other non-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 and therefore 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.

The performance obligation related to the sales of technology to other related parties is satisfied at the point in time the Group transfers the Intellectual property to the related party.

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

Refund liabilities

Refund liabilities are obligations related to contracts with customers and are recognized when Polestar Group estimates it is, or will be, obligated to transfer cash to customers or service providers incentivizing contracts with customers. Refund liabilities primarily relate to volume related bonuses or discounts, residual value guarantees, and interest rate subvention schemes. In the case of volume related bonuses or discounts and interest rate subvention schemes, a short-term refund liability will be recognized as payment is due within a twelve-month period, in line with contractual payment terms. For residual value guarantees, short-term and long-term refund liabilities may be recognized depending on the term of the guarantee.

Contract liabilities

Contract liabilities are obligations related to contracts with customers and are recognized when Polestar Group is obligated to transfer goods or services. Contract liabilities include deferred revenue from service contracts (i.e., services to be performed), operating leases, and connected services. 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. 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

Cost of sales relate to inventory costs (i.e., costs capitalized into inventory, subsequently released through cost of sales when inventory is sold) and other costs related to Polestar's revenue generating activities. Inventory costs are purchase costs, conversion costs, and other costs incurred in bringing inventories to their present location and condition. These primarily consist of contract manufacturing costs associated with the production of the PS2, PS3, and PS4, depreciation related to property, plant and equipment ("PPE"), depreciation of right-of-use ("ROU") assets, amortization of intangible assets, warehousing and transportation costs for inventory, customs duties, and other manufacturing and overhead. Costs presented within costs of sales which are not related to inventory costs are other costs related to Polestar's revenue generating activities (e.g., distribution costs and costs related to warranty provisions) and impairment charges (e.g., the write down of inventories and any impairment expense on long-term assets related to Polestar's CGUs). 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 are 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. Additionally, termination benefits may be issued when Polestar decides to end employment with employees. Generally, an employee benefit is recognized in accordance with IAS 19, 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 Corporate 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 $4,967 are estimated to be paid to Alecta for the year ended December 31, 2024 related to ITP 2.

Polestar Group’s share of the total savings premiums for ITP 2 in Alecta for the years ended December 31, 2024, 2023, and 2022, amounted to 0.34%, 0.32%, and 0.21%, respectively. Further, Polestar Group’s share of the total number of active policy holders as of December 31, 2024, 2023, and 2022, amounted to 0.08%, 0.08%, and 0.07%, 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 Alecta's collective consolidation level is below 125% or exceeds 175%, measures should be taken to create conditions for the consolidation level to return to the normal range. If the consolidation level is below 125%, a measure to return the consolidation level to a normal range may be to increase the agreed price for new subscriptions and/or expansion of existing benefits. If the consolidation level exceeds 175%, one measure to return the consolidation level to a normal range may be to introduce premium reductions. As of December 31, 2024, 2023, and 2022, Alecta’s surplus of consolidation level amounted to 162%, 158%, and 172%, respectively.

Termination benefits

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

Share-based payments

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

Cash settled share-based payment awards are recognized as a financial liability at their fair value on the date of grant and remeasured at each reporting date until the date of settlement, with changes in fair value recognized in profit and loss. Equity-settled share-based payment awards are recognized in equity using the fair value as of the 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, 2024 and 2023, the Group granted equity settled share-based payments to the Executive Management Team ("EMT"), and other key management members in the form of restricted stock units (“RSU”), and performance stock units (“PSU”) through the Omnibus Incentive Plan. The Group also granted equity settled share-based payments to employees and other key management members in the form of restricted stock awards (“RSAs”) through an employee stock purchase plan. During the year ended December 31, 2024, the Group granted equity settled share-based payments to employees and other key management members in the form of RSUs through a one-time share-based retention program. 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 Omnibus Incentive Plan. During the year ended December 31, 2022, 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 18 - Reverse recapitalization* for more details on the merger with GGI. Refer to *Note 8 - Share-based payment* for more details on the 2022 Omnibus Incentive Plan, employee stock purchase plan, one time share-based retention program, 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, 2024 and 2023, no contractual options to materially extend the lease term existed.

At the lease commencement date, a right-of-use ("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, except ROU assets that are used in the manufacturing of vehicles, which are depreciated on a production basis and capitalized into inventory. For more information regarding amortization of the ROU asset, refer to *Note 12 - Leases*. The ROU asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group elected the practical expedient to 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 interest-bearing current liabilities, interest-bearing current liabilities - related parties, other non-current interest-bearing liabilities, and other non-current interest-bearing liabilities - related parties. 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 a cash flow from financing activities. Payments of interest, short-term leases, and leases of low value are presented as cash flows from operating activities.

The Group has certain implicit leases stemming from contract manufacturing agreements related to the production of Polestar vehicles. These agreements are associated with unique type bound tooling and equipment ("PS Unique Tools") used in the production of Polestar vehicles 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 instead of a lease liability. Accordingly, the Group does not record a sale of these vehicles for accounting purposes and depreciates the assets over their useful lives.

Polestar as lessor

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 vehicles sold with repurchase obligations are recognized as other non-current and current liabilities. Following repurchase by Polestar, the vehicles are reclassified to inventories.

Finance income and expense

Finance income and expense represent items outside the Group's core business. These items are presented separately from operating loss and include net foreign exchange rate gains (losses) on financial activities, interest income on bank deposits, other finance income, expenses to credit facilities, interest expense, and other finance expenses.

Income tax benefit (expense)

Polestar Group's income tax benefit (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.

The assessment of the potential exposure to Pillar Two income taxes is based on the Group's consolidated financial statements for the current year. Based on the assessment performed, the transitional safe harbor relief applies for most jurisdictions and in the few jurisdictions where this relief does not apply, the full ETR calculation results in an effective tax rate above 15%. Management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

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 and RSAs[1]	Treasury share[2]

Class C Shares	Treasury share
Earn-out Rights and PSUs	The number of shares issuable if the reporting date were the end of the contingency period
Convertible Credit Facilities with Volvo Cars and Geely	If the instrument is converted, the number of shares issued on the date of the conversion

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

2 - The treasury share method 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 patents, 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. Depending on the nature and use of finite lived intangible assets, they are either amortized into research and development expense on a straight-line basis or capitalized into inventory on a units of production basis. The Group makes estimates and judgements related to expected usage of intangible assets in accordance with management’s latest 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

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

Acquired IP

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

During the fourth quarter of the year ended December 31, 2023, Polestar changed how it amortized its acquired IP related to the PS2. Historically, amortization of acquired IP related to the PS1 and PS2 was included in research and development expenses as it represented foundational IP that was leveraged across multiple vehicle models. However, in the fourth quarter of the year ended December 31, 2023, there was a change where the acquired IP related to the PS2 was no longer amortized into Research and development expenses and was instead capitalized into inventory. The change occurred due to changes in the way the PS2 acquired IP will be used in Polestar's other vehicle models. As a result, there was a change in estimate related to the method of depreciation used for the acquired IP from the straight-line method to the units of production method. Because of this change in use, it is more appropriate to use the units of production method over the remaining life-time units to be produced. This provides an accurate estimate of the per-unit cost attributable to the acquired IP.

Internally developed IP

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

Polestar Group's research and development activities are divided into a concept phase and a product development phase. Costs related to the concept phase are expensed in the period incurred, 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.

Amortization of acquired and internally developed IP

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

The following useful lives of acquired and internally developed IP are applied to Polestar Group to IP in use:

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

The remaining useful life of acquired and internally generated IP related to general use is 1-6 years.

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 15 - 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. PPE can be directly related to vehicle production or general use. Repairs and maintenance expenditures are expensed in the period incurred. Expenses related to leasehold improvements and other costs which enhance or extend the life of PPE are capitalized over the useful life of the asset.

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.

Buildings

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 buildings when ready for the intended use.

Machinery and equipment

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

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

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

Assets under construction

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

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). Prior to December 31, 2023, Polestar tested assets for impairment under a single CGU as all assets were concentrated around fewer product lines with largely the same assets in use to generate cash flows. As the business has grown, the capital intensive assets used to generate each model have become largely independent and therefore generate independent cash flows. Therefore, Polestar's evaluation of its CGUs changed during the year ended December 31, 2023, triggered by the commercialization of the Polestar 4, production of the Polestar 3, and changes in the expected usage of intangible assets undergoing internal development. For the years ended December 31, 2024 and 2023, Polestar had four cash generating units: (1) the Polestar 2, (2) the Polestar 3, (3) the Polestar 4, and (4) internal development projects (i.e., Polestar 5, Polestar 6, and PX2 powertrain). Any impairment recognized due to the change in Polestar's evaluation of its CGUs constitutes a change in accounting estimate.

Goodwill is allocated based on the nature of the transaction which gave rise to the goodwill and the consequential synergies. Accordingly, goodwill is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of the transaction which gave rise to the goodwill. Similarly, the Polestar trademark is allocated. The current goodwill and trademarks are tested for impairment at the corporate level which reflects the lowest level at which the goodwill is monitored for internal management purposes. Impairment evaluations conducted for the years ended December 31, 2024, 2023, and 2022 have not resulted in any impairment of goodwill.

Corporate assets are assets other than goodwill that contribute to the future cash flows of both the CGU under review and other CGUs. Corporate assets are identified and allocated, if possible, on a reasonable and consistent basis to each CGU or groups of CGUs that have cash flows which benefit from operation of the corporate assets. The current identified corporate assets of the Group cannot be allocated on a reasonable and consistent basis to any CGU and, similar to goodwill, are tested for impairment at the corporate level. Impairment evaluations conducted for the years ended December 31, 2024, 2023, and 2022 have not resulted in any impairment of corporate assets.

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

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

Impairment for the year ended December 31, 2024

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

The volumes, pricing, manufacturing costs and WACC inputs used in determining the value in use for each CGU are sensitive and require significant judgement. Changing these inputs could result in an increase or decrease to the impairment charges recognized. The table below presents how a 1% change in volumes, pricing and manufacturing costs and a 1% increase/decrease in WACC would change the impairment loss for the year ended December 31, 2024:

Impact on impairment loss					
			Polestar 3 CGU		**Internal development project CGU**
Volumes	Increase by 1%	-	14,793	-	5,595
	Decrease by 1%	+	4,678	+	2,370
Pricing	Increase by 1%	-	68,505	-	25,601
	Decrease by 1%	+	64,228	+	19,328
Manufacturing costs	Increase by 1%	+	37,165	+	8,960
	Decrease by 1%	-	42,093	-	15,632
WACC	Increase by 1%	+	29,072	+	11,743
	Decrease by 1%	-	30,969	-	11,970

Impairment for the year ended December 31, 2023

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

Impairment for the year ended December 31, 2022

No impairment losses were recognized for the year ended December 31, 2022 as the recoverable amount of the Group's single CGU was based on its value in use and determined to be higher than its carrying amount. In calculating the value in use of the Group's single CGU for the year ended December 31, 2022, the 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% for cash flows through 10 years following the 2023-2027 business plan, and a WACC of 14%.

Equity method investments

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

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

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

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

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

As of December 31, 2024 and 2023, Polestar had an equity method investment in Polestar Times Technology (Nanjing) Co., Ltd ("Polestar Times Technology"), recognized within investment in associates in the Consolidated Statement of Financial Position. For more detailed information on equity method investments, see *Note 10 - Investment in associates*.

Financial instruments

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

Classification of financial assets

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

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

Classification of financial liabilities

Financial liabilities are classified at amortized cost unless they are held for trading or designated as classified at FVTPL by IFRS 9, *Financial Instruments* ("IFRS 9"), such as derivative liabilities, financial guarantee contracts, commitments to provide loans at below-market interest rates, and contingent consideration recognized in a business combination. Generally, interest and non-interest bearing financial liabilities are carried at amortized cost as Polestar does not hold financial liabilities for trading. Polestar's derivative liabilities related to the Earn-out rights and Class C Shares are carried at FVTPL. Refer to *Note 18 - Reverse recapitalization* for additional information on the Earn-out rights and the Class C Shares.

Initial recognition

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

Subsequent measurement

Financial instruments carried at FVTPL consist of financial assets and liabilities with cash flows other than those of principal and interest on the nominal amount outstanding. Changes in fair value of these instruments are recognized in profit 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 financial instruments carried at amortized cost are impaired, modified, extinguished, or derecognized. Interest effects on the application of the effective interest method are also recognized in the Consolidated Statement of Loss and Comprehensive Loss as well as effects from foreign currency translation.

Financial assets

Financial assets on the Consolidated Statement of Financial Position consist of cash and cash equivalents, trade receivables, trade receivables - related parties accrued income - related parties, other current receivables, other current and non-current receivables - related parties, restricted cash, and other investments.

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

Financial liabilities

Financial liabilities in the Consolidated Statement of Financial Position encompass current and non-current liabilities to credit institutions, other current and non-current interest-bearing liabilities with related parties, accrued expenses, accrued expenses - related parties, trade payables, trade payables - related parties, current and non-current lease liabilities, current and non-current lease liabilities to related parties, current and non-current liabilities related to repurchase commitments, current and non-current liabilities related to refund liabilities, advance payments from customers, other current liabilities, other current liabilities - related parties, 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, expired, or substantially all significant contractual obligations linked to the liability have been transferred to a third party. Where Polestar Group concludes that all significant obligations have not been transferred, the portion of the financial liability corresponding to Polestar Group's continuous involvement continues to be recognized.

Impairment of financial assets

The Group assesses, on a forward-looking basis, the expected credit loss associated with financial assets measured at amortized cost. The Group uses the simplified approach for estimating the provision for expected credit losses ("ECL"), which requires expected lifetime losses to be recognized from the initial recognition of the receivable. The Group considers historical credit loss experience, current economic conditions, supportable forecasts for future economic conditions, macroeconomic conditions, and other expectations of collectability. Polestar assumes that the risk of non-payment significantly increases when the financial asset is more than 90 days past due. Additionally, Polestar identifies financial assets as being in default when it is more likely than not that a debtor will not pay Polestar its dues, or when payment is more than 180 days past due. In certain circumstances, even if payment is more than 180 days past due, Polestar is confident it will receive payment and the asset is therefore not considered to be at risk of non-collection. 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 trade receivables. The amount of the expected credit loss will be recognized as an expense in the Consolidated Statement of Loss and Comprehensive Loss. During the years ended December 31, 2024 and 2023, the Group did not have a material amount of write-offs of receivables.

Trade receivables factoring

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

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

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

Fair value measurement

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

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

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

Level 2 – Observable, market-based inputs, other than quoted prices, 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 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, 2024, the fair value of the Class C-2 Shares was determined to equal $630 by leveraging the closing price of the Class C-1 Shares on the Nasdaq of $0.14 per share, an implied volatility of 173%, a risk-free rate of 4%, a dividend yield of $0, and a 1,000 time-steps for the binomial lattice option pricing model. As of December 31, 2023, the fair value of the Class C-2 Shares was determined to equal $1,080 by leveraging the closing price of the Class C-1 Shares on the Nasdaq of $0.24 per share, an implied volatility of 88%, a risk-free rate of 3.9%, a dividend yield of $0, and a 1,000 time-steps for the binomial lattice option pricing model. Refer to *Note 18 - 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 2.98, 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, 2024, the fair value of the earn-out was determined to equal $28,778 by leveraging an implied volatility of 85% and a risk-free rate of 4%. As of December 31, 2023, the fair value of the earn-out was determined to equal $155,402 by leveraging an implied volatility of 80% and a risk-free rate of 3.9%. 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 18 - 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 Omnibus Incentive Plan

The fair value of the RSUs granted April 5, 2024 was determined by reference to the Group's closing share price of $1.53 on the business day immediately preceding the grant date (i.e., $1.53 per RSU). The fair value of the RSUs granted April 3, 2023 was determined by reference to the Group's closing share price of $3.79 on the business day immediately preceding the grant date (i.e., $3.79 per RSU). The fair value of the RSUs granted September 9, 2022 was determined by the reference Group's share price of $6.72 on the grant date.

The fair value of PSUs granted April 5, 2024, April 3, 2023, and September 9, 2022 was determined by calculating the weighted-average fair value of the 838,323, 368,732 and 241,705 respective units linked to market-based vesting conditions and the 2,514,970, 1,106,195 and 644,116 respective units linked to non-market-based vesting conditions. The units linked to non-market-based vesting conditions were fair valued by reference to the Group's closing share price of $1.53, $3.79, and $6.72 on the business day immediately preceding the grant date (i.e.,$1.53, $3.79, and $6.72 per unit) April 5, 2024, April 3, 2023 and September 9, 2022. 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.

For the shares granted April 5, 2024, the fair value per unit of the units linked to market-based vesting conditions was determined to be $1.67 by leveraging a peer group historical average volatility of 75%, a risk-free rate of 4.5%, a simulation term of 2.7 years, a dividend yield of 0%, and 100,000 simulation iterations. As such, the weighted-average fair value per PSU was calculated to be $1.57. For the shares granted April 3, 2023, the fair value per unit of the units linked to market-based vesting conditions was determined to be $3.33 by leveraging an implied volatility of 75%, a peer group historical average volatility of 63.5%, a risk-free rate of 3.8%, a simulation term of 2.7 years, a dividend yield of 0%, and 100,000 simulation iterations. As such, the weighted-average fair value per PSU was calculated to be $3.68. For the shares granted September 9, 2022, 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 8 - Share-based payment* for more detail on the 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 cost and NRV and consist primarily of finished goods as of December 31, 2024 and 2023. NRV is calculated as the selling price in the ordinary course of business less estimated costs of completion and selling costs. The cost of inventory primarily includes costs of purchase and costs of conversion. Costs of purchase includes contract manufacturing price and costs incurred in bringing the inventory to its present location and condition, including, but not limited to, costs such as freight and customs duties. Costs of conversion include costs directly related to variable production overheads, including but not limited to, depreciation and amortization on a units of production basis related to certain ROU lease assets utilized in production, machinery and equipment utilized in production, and intellectual property dedicated to our individual vehicle platforms. Costs for selling, administration and financial expenses are not included. For groups of similar products, a group valuation method is applied. The cost of similar assets is established using the first-in, first-out method (FIFO). The estimate of the provision for impairment of inventories is determined for those assets that have lost their value.

Equity

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

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 and Comprehensive Loss. The discount rate does not reflect such risks that are taken into consideration in the estimated future cash flow. Revisions to estimated cash flows (both amount and likelihood) are allocated as operating cost. Changes to present value due to the passage of time and revisions of discount rates to reflect prevailing current market conditions are recognized as a borrowing cost.

Warranty provisions

The Group issues various types of product warranties, under which 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 provisions are based on historical warranty statistics, considering factors like known quality improvements and costs for remedying defaults. The warranty provisions are subsequently adjusted if recalls for specific quality problems are made. On a periodic basis, the provisions are adjusted to reflect the latest available data such as actual spend and exchange rates. 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.

Employee benefits provisions

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

Litigation provisions

Litigation provisions comprise estimated costs for advisors, settlements, and other legal costs associated with lawsuits under which the Group is a defendant or in circumstances where the Group has indemnified other parties subject to a lawsuit. Estimates for these provisions give consideration to advice from advisors, precedents set by outcomes from lawsuits of similar nature, legal budgets, and internal assessments of trial timing and risk. Refer to *Note 23 - Current and non-current provisions* for additional detail of individual litigation provisions for circumstances where the Group's exposure is deemed material.

Other provisions

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

Contingent liabilities

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

Borrowing costs

Borrowing costs are expensed as incurred unless they are directly attributable to the acquisition, construction, or production of a qualifying asset and are therefore part of the cost of that asset. In accordance with IAS 23 and IAS 16, borrowing costs related to assets under construction have been capitalized. These borrowing costs relate to special vendor tools and special type bound tooling, which have deferred payment terms. The borrowing costs capitalized for the years ended December 31, 2024 and 2023 were $10,629 and $6,881, respectively. The capitalization rate used to determine the amount of capitalized borrowing costs was 6.2% and 5.6% for the years ended December 31, 2024 and 2023, respectively.

Note 3 - Financial risk management

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.

Translation risk

As Polestar Group has functional currencies other than that of the Parent's presentation currency, Polestar is subject to currency translation risk arising from a fluctuation in currency rates. As can be seen in *Note 5 - Geographic information*, Polestar's fixed assets are most concentrated in Sweden and China where the functional currency of the entities is SEK and CNY, respectively, giving rise to translation risk in the form of the SEK/USD and CNY/USD conversions.

Transaction exposure risk

Currency transaction risk arises from commercial transactions and settlement of recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity.

For example, Polestar purchases vehicles in CNY via a SEK denominated legal entity from Volvo Cars' Taizhou plant in China (see *Note 27 - 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, 2024, the SEK weakened against the CNY by approximately 5.71%, from 0.70 SEK/CNY on January 1, 2024 to 0.66 SEK/CNY as of December 31, 2024. During the comparative period, the SEK strengthened against the CNY by approximately 7.58%, from 0.66 SEK/CNY on January 1, 2023 to 0.71 SEK/CNY as of December 31, 2023.

During the year ended December 31, 2024, the Group was primarily exposed to changes in CNY/USD, USD/SEK, EUR/SEK, and GBP/SEK foreign exchange rates. The following table illustrates the estimated impact of a 10% change in these foreign exchange rates as of December 31, 2024 for net asset balances which could be impacted by movements in foreign exchange rates:

	Impact on loss before income taxes	
CNY/USD exchange rate - increase/decrease 10%	+/-	85,516
USD/SEK exchange rate - increase/decrease 10%	+/-	70,227
EUR/SEK exchange rate - increase/decrease 10%	+/-	46,013
GBP/SEK exchange rate - increase/decrease 10%	+/-	8,320

During the year ended December 31, 2023, the Group was primarily exposed to changes in EUR/SEK, GBP/SEK, CNY/SEK, and CNY/USD foreign exchange rates. The following table illustrates the estimated impact of a 10% change in these foreign exchange rates as of December 31, 2023 for net asset balances which could be impacted by movements in foreign exchange rates:

	Impact on loss before income taxes	
		(Restated)
EUR/SEK exchange rate - increase/decrease 10%	+/-	38,460
GBP/SEK exchange rate - increase/decrease 10%	+/-	10,838
CNY/SEK exchange rate - increase/decrease 10%	+/-	9,184
CNY/USD exchange rate - increase/decrease 10%	+/-	7,028

During the year ended December 31, 2022, the Group was primarily exposed to changes in the CNY/SEK, EUR/SEK, USD/SEK, and GBP/SEK foreign exchange rate. The following table illustrates the estimated impact of a 10% change in these foreign exchange rates as of December 31, 2022 for net asset balances which could be impacted by movements in foreign exchange rates:

	Impact on loss before income taxes	
		(Restated)
CNY/SEK exchange rate - increase/decrease 10%	+/-	60,110
EUR/SEK exchange rate - increase/decrease 10%	+/-	44,850
USD/SEK exchange rate - increase/decrease 10%	+/-	35,445
GBP/SEK exchange rate - increase/decrease 10%	+/-	8,948

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

Translation exposure risk

Currency translation risk arises from the consolidation of subsidiaries with a functional currency other than USD (i.e., the functional currency of the Parent). Translation risk 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”) the

Chinese yuan ("CNY"), and the Great British Pound ("GBP"). Exchange rate translation risk does not affect future cash flows.

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 - Overview and basis of preparation* and *Note 18 - 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			
	2024		2023	
Earn-out liability - increase 10%	+	9,185	+	32,137
Earn-out liability - decrease 10%	-	14,225	-	43,341

	Impact on loss before income taxes					
	Fair value change - Class C-1 Shares			Fair value change - Class C-2 Shares		
		2024	2023 (Restated)		2024	2023 (Restated)
Class C Shares liability - increase of 10%	+	—	820	+	—	180
Class C Shares liability - decrease of 10%	-	410	820	-	90	180

Interest rate risk

Polestar Group's main interest rate risk arises from current liabilities to credit institutions, non-current liabilities to credit institutions, and other non-current interest-bearing liabilities - related parties with variable rates, which exposes the Group to cash flow interest rate risk. As of December 31, 2024 and 2023, the nominal amount of loans with floating rates within the following captions are as follows:

	Nominal Amount	
Loans with variable rates:	**2024**	**2023**
Current liabilities to credit institutions	2,167,369	1,923,755
Non-current liabilities to credit institutions	936,307	—
Other non-current interest-bearing liabilities - related parties	1,250,000	1,250,000

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

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 loans without fixed interest rates. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The calculation considers the effect of financial instruments with variable interest rates, financial instruments at fair value through profit or loss 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 2024 and 2023.

	Impact on loss before income taxes			
	2024		2023 (Restated)	
Interest rates - increase/decrease by 1%	+/-	24,461	+/-	15,909

Credit risk

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, 2024 and 2023 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, 2024, one unrelated party accounted for $20,937 (11.01%) of the Group's total trade receivables (i.e., trade receivables plus trade receivables - related parties). As of December 31, 2023, two unrelated parties accounted for $23,635 (12.68%) and $19,205 (10.3%) 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 six categories of customers when considering sales of vehicles: (1) end customers who pay up-front for vehicles, (2) fleet customers, (3) dealers, (4) importers, (5) financial service providers, and (6) our equity method investment (Polestar Times Technology). 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 17 - Financial instruments* for further details.

Liquidity risk

Liquidity risk is the risk that Polestar Group is unable to meet ongoing financial obligations on time. The Group faces liquidity risk from its loans from financial institutions which are both short-term and long-term in nature. 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 27 - Related party transactions* for additional information on these arrangements. Polestar Group needs to have adequate cash and cash equivalents and other liquid assets on hand to ensure the Group can meet its short-term financing obligations and other working capital needs.

As of December 31, 2024 and 2023, the Group held cash and cash equivalents of $739,237 and $768,264, respectively, that were available for managing liquidity risk. The Group entered into short-term and long-term financing arrangements with credit institutions and other financial service providers to enhance short-term and long-term liquidity and financing needs. Refer to *Note 25 - Liabilities to credit institutions* and *Note 27 - Related party transactions* for further details on short-term and long-term borrowings. The Group's short-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from business operations.

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

Capital management

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

	As of December 31,	
	2024	**2023**
		(Restated)
Share capital and other contributed capital	3,646,196	3,636,355
Current liabilities to credit institutions	2,512,394	2,026,665
Other non-current interest-bearing liabilities - related parties	1,410,258	1,413,257
Non-current liabilities to credit institutions	927,235	—
Interest-bearing current liabilities - related parties	100,662	73,814
Total capital	**$8,596,745**	**$7,150,091**

As of December 31, 2024, Polestar's main sources of debt are short-term working capital loans which are entered into with credit institutions, long-term working capital loans which are entered into with credit institutions, and long-term related party loans. These obligations are reflected within non-current and current liabilities to credit institutions and other non-current and current interest-bearing liabilities - related parties on the Consolidated Statement of Financial Position, Polestar's working capital loans have a weighted average cost of capital of 5.05% and long-term related party loans have a weighted average cost of capital of 10.35%, As of December 31, 2023, Polestar's working capital loans and long-term related party loans had a weighted average cost of capital of 6.41% and 10.39%, respectively.

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,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Sales of vehicles[1]	1,975,864	2,313,124	2,386,685
Vehicle leasing revenue	17,175	17,421	16,719
Sales of software and performance engineered kits	15,344	18,994	21,308
Other revenue	14,960	17,094	5,122
Sales of carbon credits	10,918	1,452	10,984
Total	**$2,034,261**	**$2,368,085**	**$2,440,818**

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

For the years ended December 31, 2024, 2023, and 2022, other revenue primarily consisted of license revenue generated from sales-based royalties received from Volvo Cars on sales of parts and accessories for Polestar vehicles, software performance upgrades and sale of technology to other related parties. As of December 31, 2024, the total transaction price allocated to performance obligations that were unsatisfied or partially unsatisfied for contracts with an original expected length of one or more years was $120,188. Of this amount, Polestar expects to recognize $12,188 in the next 12 months and the rest over the remaining performance obligation period. Additionally, changes in regulations on automotive regulatory credits may significantly impact our remaining performance obligations and revenue to be recognized under these contracts.

For the years ended December 31, 2024 and 2022, no individual customer exceeded 10% of revenue. During the year ended December 31, 2023, the Group's largest individual customer that was not a related party accounted for $372,597 (16%) of revenue. Refer to *Note 27 - Related party transactions* for further details on revenue from related parties.

Refund liabilities

For the years ended December 31, 2024, 2023, and 2022, the Group reduced revenue by $305,086, $119,832, and $54,909 for amounts related to variable consideration due to customers or service providers incentivizing contracts with customers, primarily in the form of volume related bonuses or discounts, residual value guarantees, and interest rate subvention schemes. Accruals related to refund liabilities are presented in other current liabilities, other non-current liabilities, and other current liabilities - related parties. Refer to *Note 24 - Other current and non-current liabilities*.

Contract liabilities

	Deferred revenue - extended service	Deferred revenue - connected services	Deferred revenue - operating leases & other	Total
Balance as of January 1, 2023	**39,856**	**28,511**	**13,035**	**81,402**
Provided for during the year - (Restated)	30,811	14,469	56,022	101,302
Released during the year	(23,917)	(4,973)	(18,704)	(47,594)
Translation differences and other	755	1,558	609	2,922
Balance as of December 31, 2023 - (Restated)	**$ 47,505**	**$ 39,565**	**$ 50,962**	**$ 138,032**
of which current - (Restated)	22,150	6,135	46,594	74,879
of which non-current - (Restated)	25,355	33,430	4,368	63,153
Provided for during the year	27,295	14,567	5,795	47,657
Released during the year	(25,672)	(6,656)	(48,406)	(80,734)
Translation differences and other	(2,037)	(3,734)	(533)	(6,304)
Balance as of December 31, 2024	**$ 47,091**	**$ 43,742**	**$ 7,818**	**$ 98,651**
of which current	23,649	7,348	6,652	37,649
of which non-current	23,442	36,394	1,166	61,002

As of December 31, 2024, total contract liabilities amounted to $98,651, which was related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue. As of December 31, 2023, total contract liabilities amounted to $138,032, which was related to remaining performance obligations associated with sales of vehicles and vehicle leasing revenue.

Revenue recognized during the year ended December 31, 2024 related to contract liabilities outstanding as of January 1, 2024 was $74,879. Revenue recognized during the year ended December 31, 2024 related to performance obligations satisfied during the year ended December 31, 2023 was $31,298.

Revenue recognized during the year ended December 31, 2023 related to contract liabilities outstanding as of January 1, 2023 was $32,384. Revenue recognized during the year ended December 31, 2022 related to contract liabilities outstanding as of January 1, 2022 was $27,989. No revenue was recognized during the years ended December 31, 2023 and 2022 related to performance obligation fully or partially satisfied in prior periods.

Note 5 - Geographic information

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

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

The following 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 the Polestar company recognizing the revenue is located:

	For the year ended December 31,		
Revenue	**2024**	**2023**	**2022**
		(Restated)	**(Restated)**
United Kingdom	401,790	529,372	338,042
Sweden	353,590	272,891	358,607
USA	219,888	388,080	515,711
Germany	156,361	242,923	287,010
Belgium	123,254	111,829	88,823
Norway	112,958	92,688	231,310
Netherlands	99,848	98,351	111,316
Denmark	91,375	95,234	67,836
Canada	77,023	129,209	84,220
China	74,373	26,216	39,203
Australia	61,691	103,288	64,547
Finland	46,215	45,567	42,236
Switzerland	43,259	42,611	37,855
Austria	35,583	33,898	27,604
Korea	32,279	59,809	118,108
Spain	29,501	21,594	4,927
Italy	16,988	35,244	1,067
Other regions[1]	58,285	39,281	22,396
Total	**$2,034,261**	**$2,368,085**	**$2,440,818**

1 - Revenue: Other regions primarily consist of Portugal, Luxembourg, Ireland and Singapore for the year ended December 31, 2024, Spain, Ireland and Portugal for the year ended December 31, 2023, and Singapore for the year ended December 31, 2022.

	As of December 31,	
Non-current assets[1]	**2024**	**2023**
		(Restated)
Sweden	1,015,649	1,305,295
China	417,070	549,531
USA	84,211	5,017
United Kingdom	63,738	32,342
Other regions[2]	54,061	72,784
Total	**$1,634,729**	**$1,964,969**

1 - Non-current assets: excludes Deferred tax assets, Other non-current assets and Other investments.

2 - Other regions primarily consist of Germany, Australia and Belgium in 2024 and Switzerland, Australia, Germany and Belgium in 2023. In the annual report of 2023, Germany was disclosed separately but is now aggregated into Other regions.

Note 6 - Expenses by nature

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

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**

Inventory costs	2,112,317	2,183,847	2,174,192
Impairment of property, plant and equipment, vehicles under operating leases, and intangible assets	622,092	339,568	—
Advertising, selling, and promotion costs	301,199	390,962	298,347
Professional services and consultant costs	283,397	252,734	270,656
Employee benefit costs	209,148	235,656	188,710
Impairment of inventory	89,744	146,550	14,830
Warranties and costs associated with settling contract liabilities	69,215	91,548	131,447
Sales agent costs	58,009	53,570	54,611
Depreciation and amortization expense	55,719	115,445	140,806
Maintenance and insurance service costs	17,910	21,844	15,901
Other costs	20,731	47,955	65,263
Total cost of sales, selling, general and administrative expense, and research and development expense	**$3,839,481**	**$3,879,679**	**$3,354,763**

Note 7 - Employee benefits

The total employee benefits costs for the Group (including key management personnel) during the periods presented were as follows:

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Wages, salaries, and other short-term benefits	116,804	157,011	127,242
Social security and other social benefits	49,828	44,255	30,216
Post-employment benefits	26,948	29,523	26,294
Share-based compensation	9,841	4,867	4,958
Termination benefits	5,727	—	—
Total employee benefits	**$ 209,148**	**$ 235,656**	**$ 188,710**

Post-employment benefits primarily reflects those related to defined contribution plans for the years ended December 31, 2024, 2023 and 2022, inclusive of costs related to the ITP 2. Expenses related to defined contribution plans amounted to $19,888, $21,125 and $20,664 for the years ended December 31, 2024, 2023 and 2022, respectively.

The following table discloses total costs 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,		
	2024	**2023**	**2022**
Termination benefits	5,727	—	—
Short-term employee benefits	5,711	6,205	8,486
Share-based compensation	1,430	1,829	1,294
Post-employment benefits	656	907	996
Other long-term benefits	—	—	228
Total benefits to key management personnel only	**$ 13,524**	**$ 8,941**	**$ 11,004**

The Group’s EMT has the authority and responsibility for planning, directing, and controlling the Polestar Group’s activities. The CEO has the ultimate authority for approval of actions proposed by each member of the EMT. As of December 31, 2024, the EMT consisted of the following individuals:

- Michael Lohscheller (CEO);
- Jean-François Mady (Chief Financial Officer, “CFO”); and
- Jonas Engström (Chief Operating Officer, ("COO").

Effective December 2024, EMT included a COO position.

As of December 31, 2023, the EMT consisted of the following individuals:

- Thomas Ingenlath (CEO); and
- Johan Malmqvist (CFO).

On August 31, 2023, Dennis Nobelius resigned as COO.

As of December 31, 2022, the EMT consisted of the following individuals:

- Thomas Ingenlath (CEO);
- Johan Malmqvist (CFO); and
- Dennis Nobelius (COO).

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

	For the year ended December 31,		
	2024	2023	2022
		(Restated)	(Restated)
Sales and marketing	707	796	705
R&D, design, and digital	656	756	639
Manufacturing	18	19	12
Management, administration, and others	550	651	534
Total average monthly headcount of the Group	**1,931**	**2,222**	**1,890**

Note 8 - Share-based payment

As noted in *Note 2 - Significant accounting policies and judgements*, Polestar granted shares to employees under the Omnibus Plan and employee stock purchase plan as part of the Group's employee compensation. The Omnibus Plan includes several types of programs, including: At-listing Plan, Post-listing Plan, Free Share Plan, and the One-time retention bonus plan, all of which are equity-settled. The employee stock purchase plan is an equity-settled share-matching program.

The following table illustrates share activity for the year ended December 31, 2024:

	Number of PSUs	Number of RSUs	Number of RSAs	Total
Outstanding as of January 1, 2024	1,971,076	762,071	—	2,733,147
Granted	3,353,293	11,359,298	876,835	15,589,426
Vested	—	(144,249)	—	(144,249)
Cancelled	(1,585,249)	(1,250,974)	(9,187)	(2,845,410)
Outstanding as of December 31, 2024	**3,739,120**	**10,726,146**	**867,648**	**15,332,914**

The following table illustrates share activity for the year ended December 31, 2023:

	Number of PSUs	Number of RSUs	Number of Free Shares	Total
Outstanding as of January 1, 2023	858,821	458,620	4,222	1,321,663
Granted	1,378,621	530,424	—	1,909,045
Vested	—	(169,853)	(4,222)	(174,075)
Cancelled	(266,366)	(57,120)	—	(323,486)
Outstanding as of December 31, 2023	**1,971,076**	**762,071**	**—**	**2,733,147**

The following table illustrates total share-based compensation expense, all of which was equity settled, for the years ended December 31, 2024, 2023, and 2022:

	For the year ended December 31,		
	2024	2023	2022
Selling, general and administrative expense	7,257	5,131	7,128
Research and development expense	2,584	262	2,781
Total	**$ 9,841**	**$ 5,393**	**$ 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 33% of the RSUs vested on June 24, 2023. The remaining RSUs will vest in one installment, with the final 34% of awards vesting on June 24, 2024. In order for the RSUs to vest, the employee must remain employed with Polestar at the vesting date. The total number of RSUs granted in 2022 was 517,220, with a fair value of $3,476 as of the grant date. During 2023, the total number of awards vested was 169,853 with a fair value of $1,141. During 2023, the total number of awards cancelled due to employees who left the company amounted to 23,780 with a fair value of $160. During 2024, the remaining awards vested, a total of 144,249 shares with a fair value of $969. The total number of awards cancelled due to employees who left the company in 2024 amounted to 8,656 with a fair value of $58.

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. The following table outlines the key terms of awards granted under the plan:

Plan Year	Award Type	Grant Date	Vesting Period	Vesting Commencement Date	Final Vesting Date
2024	PSUs & RSUs	April 5, 2024	3-year cliff	January 1, 2024	June 1, 2027
2023	PSUs & RSUs	April 3, 2023	3-year cliff	January 1, 2023	April 3, 2026
2022	PSUs & RSUs	September 9, 2022	3-year cliff	June 24, 2022	June 24, 2025

In order for the participants to receive PSUs, the Group must achieve the following market and non-market performance-based targets:

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% financial performance – The target metric varies by plan year. For the 2024 plan year, the target is equal to accumulated earnings before interest and taxes ("EBIT") from January 1, 2024 through December 31, 2026. For the 2023 and 2022 plan years, the target is equal to unleveraged free cash flow accumulated from December 1, 2023 through December 31, 2025 and July 1, 2022 through December 31, 2024, respectively. Unleveraged free cash flow is defined as net income, plus net financial items, depreciation and amortization, less investments in intangible assets, investments in plant, property and equipment and change in net working capital.
- 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 following table summarizes the awards granted and canceled in each period along with their respective fair values:

Year Ended	Award Status	Total Awards	PSUs	PSUs Fair Value	RSUs	RSUs Fair Value
December, 31, 2024	Granted	4,708,167	3,353,293	$5,248	1,354,874	$2,073
	Canceled	1,926,607	1,585,249	$4,473	341,358	$992
December, 31, 2023	Granted	1,909,045	1,378,621	$5,073	530,424	$2,010
	Canceled	299,706	266,366	$980	33,340	$126
December, 31, 2022	Granted	970,904	858,821	$6,031	112,083	$753

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. During 2022, 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. During 2023 the remaining free shares were vested with a fair value of $22. The fair value of the Free shares 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 the final vesting date of November 1, 2023. The grant date fair value of the marketing consulting agreement was $5,308 which was determined using the market value of the shares listed on the Nasdaq. Of the 500,000 Class A Shares granted, 375,000 Class A Shares with a fair value of $4,946 were vested as of December 31, 2022. As of December 31, 2023, the final 125,000 Class A shares were vested and the Group incurred a share-based compensation expense of $359.

Employee stock purchase plan

Under this recurring annual plan, all permanent employees who meet the eligibility criteria, excluding executive directors, are eligible to receive RSAs. Each annual plan spans 24 months, with employees contributing through 12 monthly net salary deductions to purchase shares in the first year, followed by a 12-month holding period. Polestar matches each acquired share with one additional share in the form of an RSA. The RSAs begin vesting upon the purchase of shares, with full vesting completed at the end of the holding period. To receive the matching RSAs, employees must retain the acquired shares and remain employed until the vesting date. During 2024, the total number of RSAs granted was 876,835, with a fair value of $1,990. The total number of shares cancelled due to employees who left the company in 2024 amounted to 9,187 with a fair value of $21.

One-time share-based retention program

On March 6, 2024, Polestar introduced a one-time share-based retention program for all permanent employees hired no later than December 1, 2023, in place of the 2023 Polestar Bonus. Under this program, Polestar granted RSUs on June 3, 2024, with an 11-month vesting period ending on May 3, 2025. The number of RSUs granted to each participant corresponds to Polestar's share price on the grant date and the cash value of that would have been granted to them under the 2023 Polestar Bonus. Receipt of this award is contingent upon the employee remaining employed with Polestar through the vesting date. During 2024, the total number of RSUs granted was 10,004,424 with a fair value of $8,108.The total number of shares cancelled due to employees who left the company in 2024 amounted to 900,960 with a fair value of $730.

Note 9 - 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	**2024**	**2023**	**2022**
		(Restated)	
Transition services to Polestar Times Technology	26,944	—	—
Sales of plant operation services to a related party	10,100	25,202	—
Reduction of litigation provision, net of insurance	2,345	—	—
Gain on asset grouping sold to a related party	—	16,334	—
Sales of carbon credits to a related party	—	5,628	—
Net foreign exchange rate difference	—	37,466	—
Other operating income	20,043	15,773	4,723
Total	**$ 59,432**	**$ 100,403**	**$ 4,723**

	For the year ended December 31,		
Other operating expense	**2024**	**2023**	**2022**
		(Restated)	
Net foreign exchange rate difference	43,705	—	2,264
Transition services to Polestar Times Technology	8,939	27,630	—

Non-income tax expense	1,248	669	1,083
Litigation expense, net of insurance	—	25,676	—
Other operating expenses	13,631	4,348	1,681
Total	**$ 67,523**	**$ 58,323**	**$ 5,028**

Refer to *Note 10 - Investment in associates* for further details on Transition services to Polestar Times Technology; *Note 27 - Related party transactions* for further details on sales of plant operation services and gain on assets held for sale; and *Note 28 - Assets held for sale* for further details on gain on assets held for sale.

Note 10 - Investment in associates

On June 19, 2023 Polestar entered into a strategic agreement with the technology company, Xingji Meizu, a limited liability company and subsidiary of DreamSmart Technology Pte. Ltd (“DreamSmart”), to combine Polestar’s capabilities of design and performance with the software and consumer electronics hardware development expertise of Xingji Meizu. Xingji Meizu and DreamSmart are related parties. The strategic agreement resulted in the inception of Polestar Technology (Shaoxing) Co., Ltd. ("Polestar Technology") which is incorporated in China and has its registered office in Zhejiang province. Polestar Technology engages in the sales and marketing of Polestar vehicles, DreamSmart smartphones, augmented reality glasses, and other technology products in China.

In January 2024, Polestar Technology, selected Nanjing as its final province of registration and was renamed to Polestar Times Technology (Nanjing) Co., Ltd ("Polestar Times Technology"). On February 29, 2024, Polestar Times Technology, Polestar, Xingji Meizu, and Nanjing Jiangning Economic and Technological Development Zone Industrial Equity Investment Partnership (the "Nanjing Investor") entered an agreement for Polestar Times Technology to receive an additional $60,360 in capital from the Nanjing Investor over four installments in exchange for equity; subject to Polestar Times Technology achieving certain increased paid-in capital and invoiced sales thresholds in Nanjing province. Additionally, Polestar Times Technology can receive an additional $148,298 in the form of capital reserves from the Nanjing Investor over the four installments. In the event Polestar Times Technology achieves these thresholds and secures the investment installments from the Nanjing Investor, Polestar's ownership in Polestar Times Technology will decrease to 37.6% over time. Polestar Times Technology is not publicly listed.

As of December 31, 2024, Polestar has finalized cash injection of $29,400 for the first contribution initially recognized as of December 31, 2023 into Polestar Times Technology. An additional cash injection of $4,900 was carried out, an accrual for additional investment of $9,608 was recorded, and 46.2% ownership was maintained as of December 31, 2024. The remaining 48.1% and 5.7% was owned by Xingji Meizu and the Nanjing Investor, respectively. As of December 31, 2023, Polestar owned 49% of Polestar Times Technology and the remaining 51% was owned by Xingji Meizu. Polestar and Xingji Meizu held 40% and 60%, respectively, of the voting interests in Polestar Times Technology by virtue of their board seats and associated rights. The Group accounts for its investment in Polestar Times Technology under the equity method.

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

Transition services and corporate services

On June 19, 2023, Polestar began providing transition services to Polestar Times Technology to assist Polestar Times Technology through the start-up process. As the terms of the transition service agreement were not finalized and signed until December 20, 2023, these services were provided to Polestar Times Technology without an agreement of commercial and legal terms (i.e., a contract) between the Group and Polestar Times Technology; resulting in Polestar providing the transition services to Polestar Times Technology at its own risk and without rights to consideration from Polestar Times Technology prior to December 20, 2023. Polestar continued providing certain services to Polestar Times Technology after the transition period ending on December 31, 2023 to assist Polestar Times Technology in daily operation. As the terms of this corporate service agreement were not finalized and signed until September 3, 2024, these services were provided to Polestar Times Technology without a contract between the Group and Polestar Times Technology resulting in Polestar providing the corporate services to Polestar Times Technology at its own risk and without rights to consideration from Polestar Times Technology prior to September 3, 2024.

All related costs were expensed as incurred under their respective functional line items in the Consolidated Statement of Loss and Comprehensive Loss prior to signing and then reclassified to Other operating expenses at contract signing. Additionally, Polestar did not record an accrued asset and corresponding other operating income associated with the right to receive payment for the transition services from Polestar Times Technology at contract signing because the probability of collecting consideration was deemed to be remote due to Polestar Times Technology's lack of available liquidity. Until facts and circumstances change such that it becomes probable Polestar will collect consideration under the terms of the agreement, other operating income will be recognized if and when payment is received from Polestar Times Technology.

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

On September 3, 2024, Polestar signed a Corporate Service Agreement ("SLA Agreement") with Polestar Times Technology to provide long-term services to Polestar Times Technology. The SLA Agreement outlines that certain transition service activities will continue until December 31, 2025. The services provided include legal, finance, tax, human resources and other services and from time-to-time (including logistics and digital services). During the year ended December 31, 2024, Polestar recognized $8,939 in expenses associated with providing corporate services to Polestar Times Technology which are presented in other operating income (expense), net in the Consolidated Statement of Loss and Comprehensive Loss. During the year ended December 31, 2024, the probability of collecting consideration in exchange for services provided to Polestar Times Technology remained remote due to Polestar Times Technology's lack of available liquidity. Polestar did not record an accrued asset and corresponding Other operating income associated with the right to receive payment for the transition services from Polestar Technology. Other operating income will be recognized if and when payment is received from Polestar Technology.

Sales of vehicles

During the year ended December 31, 2023, Polestar and Polestar Times Technology entered into multiple vehicle sale and purchase agreements for Polestar to sell and deliver PS4s to Polestar Times Technology. Similar to transition services, the probability of collecting consideration under these agreements was deemed to be remote due to Polestar Times Technology's lack of available liquidity. As such, Polestar did not record an accrued asset and corresponding revenue associated with the right to receive payment for the vehicles. Until facts and circumstances change such that it becomes probable Polestar will collect consideration under the terms of the agreements, revenue will be recognized if and when payment is received from Polestar Times Technology. Additionally, despite Polestar Times Technology's lack of liquidity, physical possession and title to the vehicles are transferred to Polestar Times Technology without encumbrance or a right for Polestar to repossess the vehicles in the event Polestar Times Technology does not pay. This results in full recognition of inventory costs in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss upon delivery; offset only by an adjustment for the equity method elimination of downstream sales. During the year ended December 31, 2023, the total expense in cost of sales for vehicles delivered where revenue was not recognized was $28,376, offset by adjustments for the elimination of downstream sales of $13,904.

During the year ended December 31, 2024, the probability of collecting consideration in exchange for vehicles sold to Polestar Times Technology remained remote due to Polestar Times Technology's lack of available liquidity. While Polestar did collect consideration from Polestar Times Technology during the year ended December 31, 2024 for certain vehicles sold during the year ended December 31, 2023 and December 31, 2024, the circumstances regarding Polestar Times Technology's liquidity have not improved. As such, the Group's accounting for sales of vehicles to Polestar Times Technology remained unchanged from the year ended December 31, 2023. During the year ended December 31, 2024, the Group collected consideration and recognized revenue related to sales of vehicles for $69,478 of which $31,298 pertained to vehicles delivered during the year ended December 31, 2023 and $38,180 pertained to vehicles delivered during the year ended December 31, 2024. As of December 31, 2024, the Group remains unpaid for 416 vehicles delivered to Polestar Times Technology during the year ended December 31, 2024, totaling $15,981 of unrecognized revenue.

Brand licensing

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

Sale of operating assets

On November 28, 2023, Polestar agreed to assign certain lease agreements and sell other related assets to Polestar Times Technology for their fair value of $8,159. This asset grouping was not classified as held for sale as of December 31, 2023 because Polestar deemed it unlikely that significant changes to the agreement would not occur or that the agreement would not be terminated after signing due to Polestar Times Technology's lack of liquidity and other unforeseen complexities. These assets were ultimately transferred in September 2024 and November 2024. However, as of December 31, 2024, no payment has been received from Polestar Times Technology.

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

Balance as of January 1, 2023	—
Investment in Polestar Times Technology	29,400
Elimination of effects of downstream sales	13,904
Recognized share of losses in Polestar Times Technology	(43,304)
Balance as of December 31, 2023	**$ —**
Investment in Polestar Times Technology	14,508
Elimination of effects of downstream sales	(9,538)
Recognized share of losses in Polestar Times Technology	(4,970)
Balance as of December 31, 2024	**$ —**

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

Unrecognized balance as of January 1, 2023	—
Unrecognized share of losses in Polestar Times Technology	(1,407)
Unrecognized balance as of December 31, 2023	**$ (1,407)**
Unrecognized share of losses in Polestar Times Technology	(64,581)
Unrecognized balance as of December 31, 2024	**$ (65,988)**

The following table provides summarized financial information from Polestar Times Technology's financial statements and a reconciliation to the carrying amount of Polestar's investment for year ended in December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	**2023**
Polestar's percentage ownership interest	46.2%	49%
Non-current assets	46,918	19,295
Current assets	48,501	95,770
Non-current liabilities	(20,007)	(8,774)
Current liabilities	(175,538)	(137,689)
Net liabilities	**$ (100,126)**	**$ (31,398)**
Less: capital reserves	(30,156)	—
Less: share capital attributable to Xingji Meizu	(16,641)	—
Adjusted net liabilities	**$ (146,923)**	**$ (31,398)**
The Group's share of net liabilities	(67,878)	(15,385)
Elimination of effects of downstream sales in inventory	2,578	13,904
Elimination of effects of downstream sales in long-term assets	1,789	—
Unrecognized losses in Polestar Times Technology	64,581	1,407
Other reconciling items	(1,070)	74
Carrying amount of the Group's investment in Polestar Times Technology	**$ —**	**$ —**
Revenue	53,248	1,445
Net loss	(150,864)	(91,247)
Other comprehensive loss	320	—
Total comprehensive loss	(150,544)	(91,247)
The Group's share of losses in Polestar Times Technology	**$ (69,551)**	**$ (44,711)**

Note 11 - Finance income and expense

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

	For the year ended December 31,		
Finance income	**2024**	**2023**	**2022**
		(Restated)	
Interest income on bank deposits	21,093	32,280	7,658
Other finance income	2,786	49	894
Net foreign exchange rate gains on financial activities	—	37,236	—

Total	**$ 23,879**	**$ 69,565**	**$ 8,552**

	For the year ended December 31,		
Finance expense	**2024**	**2023**	**2022**
		(Restated)	
Interest expense on credit facilities and financing obligations	187,151	116,190	33,331
Interest expense on related party trade payables and financing liabilities	140,838	84,480	37,945
Net foreign exchange rate losses on financial activities	52,603	—	30,920
Interest expense related to lease liabilities	7,423	5,008	6,201
Other finance expenses	3,009	11	5
Loss on debt modification	2,761	7,553	—
Total	**$ 393,785**	**$ 213,242**	**$ 108,402**

For the years ended December 31, 2024, 2023, and 2022, interest expense to related parties was comprised of interest on overdue trade payables balances and interest on related party borrowings. For the years ended December 31, 2024 and 2023, loss on debt modification relates to loss incurred on Polestar's modification of its related party convertible instrument with Volvo Cars. Refer to *Note 27 - Related party transactions* for further discussion.

Note 12 - 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, 2023 - (Restated)	78,188	47,083	125,271
Additions	49,807	4,762	54,569
Cancellations - (Restated)	(7,958)	(715)	(8,673)
Effect of foreign currency exchange rate differences	2,576	(1,298)	1,278
Balance as of December 31, 2023 - (Restated)	**$ 122,613**	**$ 49,832**	**$ 172,445**
Additions	32,184	37,894	70,078
Cancellations	(39,609)	(2,100)	(41,709)
Remeasurement	—	(713)	(713)
Effect of foreign currency exchange rate differences	(6,463)	(1,838)	(8,301)
Balance as of December 31, 2024	**$ 108,725**	**$ 83,075**	**$ 191,800**
Accumulated depreciation			
Balance as of January 1, 2023 - (Restated)	(18,934)	(11,776)	(30,710)
Depreciation expense - (Restated)	(19,110)	(1,656)	(20,766)
Depreciation expense capitalized to inventory - (Restated)	—	(5,682)	(5,682)
Depreciation expense employee benefits - (Restated)	—	(1,635)	(1,635)
Cancellations - (Restated)	4,318	449	4,767
Impairment loss	—	(19,361)	(19,361)
Effect of foreign currency exchange rate differences	(565)	509	(56)
Balance as of December 31, 2023 - (Restated)	**$ (34,291)**	**$ (39,152)**	**$ (73,443)**

Depreciation expense	(24,780)	(1,543)	(26,323)
Depreciation expense capitalized to inventory	—	(845)	(845)
Depreciation expense employee benefits	—	(2,070)	(2,070)
Cancellations	18,385	1,013	19,398
Impairment loss	—	(7,152)	(7,152)
Effect of foreign currency exchange rate differences	2,517	374	2,891
Balance as of December 31, 2024	**$ (38,169)**	**$ (49,375)**	**$ (87,544)**
Carrying amount as of December 31, 2023 - (Restated)	**$ 88,322**	**$ 10,680**	**$ 99,002**
Carrying amount as of December 31, 2024	**$ 70,556**	**$ 33,700**	**$ 104,256**

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

	For the year ended December 31,		
	2024	**2023**	**2022**
Income from sub-leasing right-of-use assets	2,391	1,729	1,415
Expense relating to short-term leases	(637)	(888)	(1,598)
Expense relating to lease of low value assets	(8)	(5)	—
Interest expense on leases	(7,423)	(5,008)	(6,201)

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

	As of December 31,	
	2024	**2023**
Current lease liabilities	13,923	19,547
Current lease liabilities - related party	16,999	10,628
Non-current lease liabilities	47,918	54,439
Non-current lease liabilities - related party	56,431	42,634
Total	**$ 135,271**	**$ 127,248**

Expected future lease payments to be made to satisfy the Group´s lease liabilities are as follow:

	As of December 31,	
	2024	**2023**
Within 1 year	35,129	32,685
Between 1 and 2 years	37,128	33,275
Between 2 and 3 years	19,865	28,033
Between 3 and 4 years	17,179	18,634
Between 4 and 5 years	15,832	11,463
Later than 5 years	38,862	15,458
Total	**$ 163,995**	**$ 139,548**

For the years ended December 31, 2024, 2023, and 2022, total cash outflows related to leases, inclusive of interest paid, amounted to $43,069, $26,924, and $25,649, respectively.

Polestar Group as lessor

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

	For the year ended December 31,		
	2024	**2023**	**2022**
Vehicle leasing revenue	17,175	17,421	16,719

For the majority of the Group's operating lease contracts as a lessor, vehicles are paid for upfront by the customer at contract inception and repurchased by Polestar at the end of the lease term. The following table depicts the changes in the Group's vehicles under operating leases:

	Vehicles under operating leases
Acquisition cost	
Balance as of January 1, 2023	113,614
Reclassification from inventories	47,438
Reclassification from PPE	56,899
Reclassification to inventories	(82,222)
Effect of foreign currency exchange rate differences	5,719
Balance as of December 31, 2023	**$ 141,448**
Reclassification from inventories	73,795
Reclassification from PPE	—
Reclassification to inventories	(83,246)
Effect of foreign currency exchange rate differences	(7,925)
Balance as of December 31, 2024	**$ 124,072**
Accumulated depreciation & impairment	
Balance as of January 1, 2023	(16,428)
Depreciation expense	(6,773)
Impairment loss - (Restated)	(48,754)
Reclassification to inventories	12,476
Reclassification from PPE	(9,873)
Effect of foreign currency exchange rate differences	(1,873)
Balance as of December 31, 2023 - (Restated)	**$ (71,225)**
Depreciation expense	(12,958)
Impairment loss	(737)
Reclassification to inventories	15,431
Reclassification from PPE	—
Effect of foreign currency exchange rate differences	1,554
Balance as of December 31, 2024	**$ (67,935)**
Carrying amount as of December 31, 2023 - (Restated)	**$ 70,223**
Carrying amount as of December 31, 2024	**$ 56,137**

Note 13 - Income tax benefit (expense)

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

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Current income tax for the year	(35,585)	(13,725)	(21,144)
Deferred taxes	42,581	38,810	(7,629)
Foreign taxes	2,170	(15,633)	(984)
Total	**$ 9,166**	**$ 9,452**	**$ (29,757)**

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

	For the year ended December 31,		
	2024	**2023**	**2022**

		(Restated)	(Restated)
Loss before tax for the year	(2,059,063)	(1,191,327)	(449,260)
Tax according to the applicable tax rate[1]	514,766	280,200	85,359
Effect of different tax rates in other countries	(76,738)	(25,817)	16,559
Operating income/costs, non taxable[2-3]	(50,039)	19,924	85,861
Withholding tax	2,170	(15,634)	(983)
Not recognized tax losses carried forward	(276,790)	(209,739)	(188,757)
Non-recognition of deferred tax assets on other temporary differences	(104,779)	(40,585)	(12,185)
Recognition/derecognition of deferred taxes from previous year	1,228	124	(11,830)
Current tax related to previous year	(652)	979	(3,781)
Total	**$ 9,166**	**$ 9,452**	**$ (29,757)**

1 - 2024: 25% (UK rate), 2023: 23.52% (UK rate), 2022: 19% (UK rate)

2 - 2024: Main non-taxable income attributable to the fair value changes of the earn-out rights, corresponding tax $35,115. Within the group there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $49,513. Other non-deductable items net $35,641 including non-taxable income.

3 - 2023: Main non-taxable income attributable to the fair value changes of the earn-out rights, corresponding tax $104,233. Within the group there are non-deductible expenses such as non-deductible interest expenses in the parent company of corresponding tax $15,300. Other nondeductible items net $69,009 , including non-taxable income.

Information regarding the composition of recognized deferred tax assets is as follows:

	As of December 31,	
Specification of deferred tax assets	**2024**	**2023**
		(Restated)
Right-of use assets	31,361	30,068
Inventory	27,209	17,400
Provisions for residual value risks	17,295	—
Warranty	12,584	10,732
Accruals	10,759	22,560
Tax losses carried forward	8,340	30,131
Tangible assets	6,309	612
Other temporary differences	1,404	4,380
Recognized value of deferred tax assets as of December 31	**$ 115,261**	**$ 115,883**
Netting of asset and liability tax positions	(33,707)	(73,547)
Deferred tax assets as of December 31	**$ 81,554**	**$ 42,336**

Information regarding the composition of recognized deferred tax liabilities is as follows:

	As of December 31,	
Specification of deferred tax liabilities	**2024**	**2023**
		(Restated)
Lease liability	27,024	29,430
Accruals	5,374	13,008
Inventory	1,491	4,360
Intangible assets	448	23,825
Warranty	—	6,259
Recognized value of deferred tax liabilities as of December 31	**$ 34,337**	**$ 76,882**
Netting of asset and liability tax position	(33,707)	(73,547)
Deferred tax liability as of December 31	**$ 630**	**$ 3,335**

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, 2024, 2023, and 2022 respectively. Deferred taxes have been calculated by applying the tax rate per jurisdiction.

2024 was the first year Polestar calculated and posted a provision for residual value guarantee, hence there is no comparative figure for 2023.

Information regarding the recognition 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, 2024 and 2023, 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 carry forwards not being recognized amounting to $1,044,029 and $698,037 as of December 31, 2024 and 2023, respectively.

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

	As of December 31,	
	2024	**2023**
		(Restated)
2025	2,425	—
2026	165,344	169,970
2027	103,696	109,965
2028	143,178	146,459
2029	311,913	135,403
2030 onwards	4,229,307	2,814,699
Tax loss carryforwards as of December 31	**$4,955,863**	**$3,376,496**

The increase in tax losses available for carryforward are mainly attributable to losses incurred as a consequence of the Group scaling its research and development expense to meet the demands of the growing business.

As of December 31, 2024, the Group had unused tax losses of $4,955,863, for which no deferred tax assets had been recognized due to unpredictability of future profit streams. As of December 31, 2024 and 2023, tax losses in Sweden of $4,031,242 and $2,814,699 respectively, have an indefinite carryforward period. As of December 31, 2024 and 2023, $885,091 and $545,618, 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 $574,087 and $423,744 as of December 31, 2024 and 2023, respectively, where no deferred tax assets have been recognized.

Pillar Two

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

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

The Group's Pillar Two income tax expense is immaterial and relates to profits earned in Denmark, Ireland, and Portugal.

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

Note 14 - Net loss per share

For the years ended December 31, 2024 and 2023, potentially dilutive instruments issued were unvested equity-settled payments discussed in *Note 8 - Share-based payment.* 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 18 - Reverse recapitalization*, and unvested equity-settled payments discussed in *Note 8 - 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. 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 22 - Equity* for further details. The following table presents the computation of basic and diluted net loss per share for the years ended December 31, 2024, 2023, and 2022 when applying the exchange ratio:

	For the year ended December 31,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
	Class A and B Common Shares		
Net loss attributable to Polestar Group	(2,049,897)	(1,181,875)	(479,017)
Weighted-average number of common shares outstanding:			
Basic and diluted	2,110,285	2,110,069	2,027,328
Net loss per share (in ones):			
Basic and diluted	(0.97)	(0.56)	(0.24)

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, 2024, 2023, and 2022:

	For the year ended December 31,		
	2024	**2023**	**2022**
Earn-out Shares	158,177,609	158,177,609	158,177,609
Class C-1 Shares	20,499,965	20,499,965	15,999,965
Class C-2 Shares	4,500,000	4,500,000	9,000,000
PSUs	3,739,120	1,971,076	858,821
RSUs	10,726,146	762,071	458,620
Marketing consulting services agreement	—	—	125,000
RSAs	867,648	—	—
Total antidilutive shares	**198,510,488**	**185,910,721**	**184,620,015**

Note 15 - Intangible assets and goodwill

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

	As of December 31,	
	2024	**2023**
		(Restated)
Intangible assets	994,881	1,368,259
Goodwill and trademarks	45,968	50,448
Total	**$1,040,849**	**$1,418,707**

Intangible assets were as follows:

	Internally developed IP	Software	Acquired IP	Total
Acquisition cost				
Balance as of January 1, 2023 - (Restated)	208,966	3,203	1,565,849	1,778,018
Additions - (Restated)	97,720	7,665	241,048	346,433
Derecognition due to program changes	(8,341)	—	—	(8,341)

Divestments and disposals	—	—	(12,347)	(12,347)
Effect of foreign currency exchange rate differences - (Restated)	12,105	512	41,937	54,554
Balance as of December 31, 2023 - (Restated)	**$ 310,450**	**$ 11,380**	**$1,836,487**	**$2,158,317**
Additions[1]	178,487	2,592	116,301	297,380
Derecognition due to program changes	—	(984)	—	(984)
Effect of foreign currency exchange rate differences	(33,908)	(1,323)	(141,668)	(176,899)
Balance as of December 31, 2024	**$ 455,029**	**$ 11,665**	**$1,811,120**	**$2,277,814**
Accumulated amortization and impairment				
Balance as of January 1, 2023	(14,856)	(673)	(417,717)	(433,246)
Amortization expense - (Restated)	(748)	(812)	(77,895)	(79,455)
Amortization expense capitalized into inventory - (Restated)	—	—	(27,580)	(27,580)
Divestments and disposals	—	—	12,297	12,297
Impairment loss - (Restated)	(2,588)	—	(246,775)	(249,363)
Effect of foreign currency exchange rate differences	(597)	(63)	(12,051)	(12,711)
Balance as of December 31, 2023 - (Restated)	**$ (18,789)**	**$ (1,548)**	**$ (769,721)**	**$ (790,058)**
Amortization expense	—	(2,055)	(6,310)	(8,365)
Amortization expense capitalized into inventory	(1,581)	—	(49,592)	(51,173)
Impairment loss[2]	(313,868)	(1,029)	(161,963)	(476,860)
Effect of foreign currency exchange differences	1,750	252	41,521	43,523
Balance as of December 31, 2024	**$ (332,488)**	**$ (4,380)**	**$ (946,065)**	**$ (1,282,933)**
Carrying amount as of December 31, 2023 - (Restated)	**$ 291,661**	**$ 9,832**	**$1,066,766**	**$1,368,259**
Carrying amount as of December 31, 2024	**$ 122,541**	**$ 7,285**	**$ 865,055**	**$ 994,881**

1 - Of $297,380 in additions for the full year ended December 31, 2024 $157,373 has been settled in cash. These $157,373 are included in the $209,101 cash used for investing activities related to additions to intangible assets, and the remaining $51,728 relates to decreases in trade payables - related parties from prior years which were settled in cash during the full year ended December 31, 2024. Of $346,433 in additions for the year ended December 31, 2023, has $217,861 been settled in cash and included in cash used for investing activities related to additions to intangible assets.

2 - For the year ended December 31, 2024, Polestar 3, Polestar 5 and Polestar 6 CGU was assessed for impairment, and impairment losses amounting to $476,860 were recognized related to Intellectual property, where 100% of the amount was recognized within cost of sales.

For the year ended December 31, 2024, additions to internally developed IP are primarily related to Polestar 5 and various other internal programs, such as model year changes. Additions of acquired IP during the year ended December 31, 2024 were primarily related to acquisitions of Polestar 3 IP from Volvo Cars and Polestar 4 IP from Geely. Polestar also acquired IP related to model years changes of the Polestar 2 from Volvo Cars. Refer to *Note 27 - 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, 2023	46,460	2,307	48,767
Impairment loss	—	—	—
Effect of foreign currency exchange rate differences	1,601	80	1,681
Balance as of December 31, 2023	**$ 48,061**	**$ 2,387**	**$ 50,448**
Impairment loss	—	—	—
Effect of foreign currency exchange rate differences	(4,268)	(212)	(4,480)
Balance as of December 31, 2024	**$ 43,793**	**$ 2,175**	**$ 45,968**

Note 16 - Property, plant and equipment

As of December 31, 2024 and 2023, PPE has been reported in the Consolidated Statement of Financial Position with carrying amounts of $537,743 and $476,039, respectively. Of these amounts, $70,556 and $88,322 is related to ROU assets for leased buildings and land, and $33,700 and $10,680 is related to ROU assets for leased machinery and equipment, respectively. Refer to *Note 12 - Leases* for more details on the Group's ROU assets and operating leases.

Property, plant and equipment was as follows:

	Buildings and land	Machinery and equipment	Assets under construction	Total
Acquisition cost				
Balance as of January 1, 2023 - (Restated)	4,070	175,684	160,280	340,034
Additions[1] - (Restated)	4,699	81,253	122,869	208,821
Divestments and disposals	(313)	(47,419)	—	(47,732)
Reclassifications[2]	433	(27,606)	(29,726)	(56,899)
Effect of foreign currency exchange rate differences - (Restated)	27	(967)	(1,785)	(2,725)
Balance as of December 31, 2023 - (Restated)	**$ 8,916**	**$ 180,945**	**$ 251,638**	**$ 441,499**
Additions[1] - (Restated)	5,133	66,874	171,439	243,446
Divestments and disposals	(4,525)	(2,567)	(651)	(7,743)
Reclassifications	1,963	250,630	(252,593)	—
Effect of foreign currency exchange rate differences	(621)	(19,720)	(3,637)	(23,978)
Balance as of December 31, 2024	**$ 10,866**	**$ 476,162**	**$ 166,196**	**$ 653,224**
Depreciation and impairment				
Balance as of January 1, 2023	(1,010)	(81,245)	—	(82,255)
Depreciation expense - (Restated)	(1,715)	(6,736)	—	(8,451)
Depreciation capitalized into inventory - (Restated)	—	(7,000)	—	(7,000)
Divestments and disposal	25	45,206	—	45,231
Impairment loss[3] - (Restated)	—	(21,511)	(579)	(22,090)
Reclassifications[2]	(6)	9,879	—	9,873
Effect of foreign currency exchange rate differences	(3)	233	—	230
Balance as of December 31, 2023	**$ (2,709)**	**$ (61,174)**	**$ (579)**	**$ (64,462)**
Depreciation expense	(3,542)	(4,531)	—	(8,073)
Divestments and disposal	1,858	1,230	—	3,088
Depreciation capitalized into inventory	—	(15,042)	—	(15,042)
Impairment loss[4]	—	(65,222)	(72,121)	(137,343)
Effect of foreign currency exchange rate differences	239	1,856	—	2,095
Balance as of December 31, 2024	**(4,154)**	**(142,883)**	**$ (72,700)**	**$ (219,737)**
Carrying amount at December 31, 2023 - (Restated)	**$ 6,207**	**$ 119,771**	**$ 251,059**	**$ 377,037**
Carrying amount at December 31, 2024	**$ 6,712**	**$ 333,279**	**$ 93,496**	**$ 433,487**

1 - Of $243,446 in additions for the year ended December 31, 2024, $128,960 has been settled in cash. These $128,960 are included in the $147,894 in the cash-flow from investing activities related to additions to property, plant and equipment, and the remaining $18,934 relates to decreases in trade payables - related parties from prior years which were settled in cash during the year ended December 31, 2024. Of $208,821 in additions for the year ended December 31, 2023, $109,141 has been settled in cash. These $109,141 are included in the $137,400 in the cash-flow from investing activities related to additions to property, plant and equipment, and the remaining $28,259 relates to decreases in trade payables from prior years which were settled in cash during the year ended December 31, 2023.

2 - For the years ended December 31, 2023, $47,026 is a reclassification from property, plant and equipment to assets under operating lease for vehicles that have been repurposed permanently and are currently in use for leasing business with customers.

3 - For the year ended December 31, 2023 the Polestar 2 CGU was assessed for impairment, and impairment losses amounting to $22,090 were recognized in cost of sales. The impairment amount was allocated to machinery and equipment, and assets under construction.

4 - For the year ended December 31, 2024, the Polestar 3 CGU, Polestar 5 CGU, and Polestar 6 CGU were assessed for impairment, and impairment losses amounting to $137,343 were recognized in cost of sales. The impairment amount was allocated to machinery and equipment, and assets under construction.

Note 17 - 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, 2024				As of December 31, 2023			
Assets measured at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments	—	—	—	—	—	—	2,414	2,414
Total financial assets measured at FVTPL	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2,414**	**$ 2,414**
Liabilities measured at FVTPL								
Earn-out rights	—	—	28,778	28,778	—	—	155,402	155,402
Class C-1 Shares	2,870	—	—	2,870	4,920	—	—	4,920
Class C-2 Shares	—	630	—	630	—	1,080	—	1,080
Total financial liabilities measured at FVTPL	**$ 2,870**	**$ 630**	**$ 28,778**	**$ 32,278**	**$ 4,920**	**$ 1,080**	**$155,402**	**$161,402**

During the year ended December 31, 2024, Polestar wrote down the value of its 2022 investment in StoreDot to $0. The investment is presented in other investments in the Consolidated Statement of Financial Position and was valued at $2,414 as of December 31, 2023. The loss on this write-down is reflected within finance expense on the Consolidated Statement of Loss and Comprehensive Loss. Refer to *Note 11 - Finance income and expense* for additional details. During the year ended December 31, 2024, Polestar did not make any additional investments.

Refer to *Note 1 - Overview and basis of preparation* and *Note 18 - 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 included in the following captions:

Financial assets	As of December 31, 2024	2023 (Restated)
Cash and cash equivalents - (Restated)	739,237	768,264
Trade receivables and trade receivables - related parties - (Restated)	190,249	187,742
Accrued income - related parties	42,839	152,605
Restricted cash - (Restated)	31,011	1,834
Other current receivables and other current receivables - related parties - (Restated)	12,013	35,496
Other non-current receivables - (Restated)	5,917	9,733
Total financial assets measured at amortized cost	**$1,021,266**	**$1,155,674**
Financial liabilities		
Current and non-current liabilities to credit institutions - (Restated)	3,439,629	2,026,665
Other non-current interest bearing liabilities and other non-current interest bearing liabilities - related parties[1] - (Restated)	1,458,176	1,467,696
Trade payables and trade payables - related parties	893,914	368,145
Accrued expenses and accrued expenses - related parties - (Restated)	670,340	720,759
Current and non-current refund liabilities[2] - (Restated)	155,506	53,257
Current and non-current liabilities related to repurchase commitments - (Restated)	117,418	119,664
Interest-bearing current liabilities and interest bearing current liabilities - related parties[1] - (Restated)	114,585	93,361
Other current liabilities and other current liabilities - related parties - (Restated)	58,594	20,939
Advance payments from customers	17,344	16,415
Other non-current liabilities - (Restated)	8,094	64,990
Total financial liabilities measured at amortized cost	**$6,933,600**	**$4,951,891**

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. The Group's current and non-current related party lease liabilities are included in interest-bearing current liabilities - related parties and other non-current interest-bearing liabilities - related parties, respectively. These amounts are presented separately in Note 12 - Leases.

2 - The Group's current related party refund liabilities are included in current and non-current refund liabilities above. These amounts are presented in other current liabilities - related parties on the Consolidated Statement of Financial Position.

Total interest income arising on financial assets measured at amortized cost related to cash and cash equivalents as of December 31, 2024, 2023, and 2022, and amounted to $21,093, $32,280, and $7,658, 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, 2024 amounted to $335,412. 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, 2023, and 2022, and amounted to $205,677 and $77,477, respectively.

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

	Due within 1 year	Due between 1 and 5 years	Due beyond 5 years	Total
Financial assets				
Trade receivables and trade receivables - related parties	190,249	—	—	190,249
Accrued income - related parties	42,839	—	—	42,839
Other current receivables and other current receivables - related	12,013	—	—	12,013
Restricted cash	—	31,011	—	31,011
Other non-current receivables	—	3,659	2,258	5,917
Total financial assets measured at amortized cost	**$ 245,101**	**$ 34,670**	**$ 2,258**	**$ 282,029**
Financial liabilities				

Current and non-current liabilities to credit institutions	2,512,394	927,235	—	3,439,629
Trade payables and trade payables - related parties	893,914	—	—	893,914
Accrued expenses and accrued expenses - related parties	670,340	—	—	670,340
Interest-bearing current liabilities and interest-bearing current liabilities - related parties	114,585	—	—	114,585
Current and non-current liabilities related to repurchase commitments	106,401	11,017	—	117,418
Current and non-current refund liabilities	103,219	52,287		155,506
Other current liabilities and other current liabilities - related parties	58,594	—	—	58,594
Advance payments from customers	17,344	—	—	17,344
Other non-current interest-bearing liabilities and other non-current interest-bearing liabilities - related parties	—	1,399,900	58,276	1,458,176
Other non-current liabilities	—	8,094	—	8,094
Total financial liabilities measured at amortized cost	**$4,476,791**	**$2,398,533**	**$ 58,276**	**$6,933,600**

The following table shows the maturities for the Group’s non-derivative financial assets and liabilities as of December 31, 2023:

	Due within 1 year	**Due between 1 and 5 years**	**Due beyond 5 years**	**Total**
Financial assets				
Trade receivables and trade receivables - related parties - (Restated)	187,742	—	—	187,742
Accrued income - related parties	152,605	—	—	152,605
Other current receivables and other current receivables - related parties - (Restated)	35,496	—	—	35,496
Other non-current receivables - (Restated)	—	9,733	—	9,733
Restricted cash - (Restated)	—	1,834	—	1,834
Total financial assets measured at amortized cost - (Restated)	**$ 375,843**	**$ 11,567**	**$ —**	**$ 387,410**
Financial liabilities				
Liabilities to credit institutions - (Restated)	2,026,665	—	—	2,026,665
Accrued expenses and accrued expenses - related parties - (Restated)	720,760	—	—	720,760
Trade payables and trade payables - related parties	368,145	—	—	368,145
Liabilities related to repurchase commitments - (Restated)	119,664	—	—	119,664
Interest-bearing current liabilities and interest-bearing current liabilities - related parties - (Restated)	93,361	—	—	93,361
Current and non-current refund liabilities - (Restated)	52,006	1,251	—	53,257
Other current liabilities and other current liabilities - related parties - (Restated)	20,939	—	—	20,939
Advance payments from customers	16,415	—	—	16,415
Other non-current interest bearing liabilities and other non-current interest bearing liabilities - related parties - (Restated)	—	1,456,225	11,471	1,467,696
Other non-current liabilities - (Restated)	—	64,991	—	64,991
Total financial liabilities measured at amortized cost - (Restated)	**$3,417,955**	**$1,522,467**	**$ 11,471**	**$4,951,893**

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 - Overview and basis of preparation* and *Note 18 - Reverse recapitalization* for more details on the financial liabilities related to the Class C Shares and the Earn-out rights.

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

Note 18 - Reverse recapitalization

As previously outlined in *Note 1 - Overview and basis of preparation*, 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, *Business Combination* ("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 SPAC 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*,* and 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.

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

	As of December 31, 2024		**As of December 31, 2023**	
	Liability Fair Value	**Number Outstanding**	**Liability Fair Value**	**Number Outstanding**
Class C-1 Shares	2,870	20,499,965	4,920	20,499,965
Class C-2 Shares	630	4,500,000	1,080	4,500,000
Total	**$ 3,500**	**24,999,965**	**$ 6,000**	**24,999,965**

		Class C-1 Shares
As of January 1, 2023		17,920
Class C-2 Shares converted to Class C-1 Shares		3,285
Change in fair value measurement		(16,285)
As of December 31, 2023	**$**	**4,920**
Change in fair value measurement		(2,050)
As of December 31, 2024	**$**	**2,870**

		Class C-2 Shares
As of January 1, 2023		10,080
Class C-2 Shares converted to Class C-1 Shares		(3,285)
Change in fair value measurement		(5,715)
As of December 31, 2023	**$**	**1,080**
Change in fair value measurement		(450)
As of December 31, 2024	**$**	**630**

The fair value change for Class C Shares are as follows:

	For the year ended December 31,		
	2024	2023	2022
Fair value change - Class C-1 Shares	2,050	13,000	22,400
Fair value change - Class C-2 Shares	450	9,000	12,690
Fair value change - Class C Shares	**$ 2,500**	**$ 22,000**	**$ 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 rights failed to meet the definition of equity because it could result in the issuance of a variable number of Class A Shares and Class B Shares in Parent and the triggering events are subject to price hurdles (i.e., a market condition) that are outside of the control of the Group. Instead, it meets definition of a derivative liability that is carried at fair value with subsequent changes in fair value recognized in 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.

The contingent earn-out rights require a valuation approach leveraging Level 3 inputs. Refer to *Note 1 - Overview and basis of preparation* for further details on the valuation methodology utilized to determine the fair value of the earn-out.

	Earn-out Rights
As of January 1, 2023	$ 598,570
Change in fair value measurement	(443,168)
As of December 31, 2023	**$ 155,402**
Change in fair value measurement	(126,624)
As of December 31, 2024	**$ 28,778**

The fair value change of earn-out rights are as follows:

	For the year ended December 31,		
	2024	2023	2022
Fair value change - Earn-out rights	126,624	443,168	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 19 - 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. Refer to the *Sale of goods, services and other* section of *Note 27 - Related party transactions* for further information related to Trade Receivables - related parties.

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
2024					
Gross trade receivables, external	94,490	47,393	7,482	3,040	152,405
Trade receivables - related parties	13,901	1,051	99	22,793	37,844
Net trade receivables	**$ 108,391**	**$ 48,444**	**$ 7,581**	**$ 25,833**	**$ 190,249**
2023					
Gross trade receivables, external - (Restated)	63,427	49,670	7,842	5,777	126,716
Trade receivables - related parties	52,313	7,474	1,204	35	61,026
Net trade receivables - (Restated)	**$ 115,740**	**$ 57,144**	**$ 9,046**	**$ 5,812**	**$ 187,742**

Management determines that a receivable is written off once reasonable means of collection have been unsuccessful and the Group has no reasonable expectations of recovering the entire contractual cash flows, or a portion thereof. As of December 31, 2024 and 2023, the Group has written off a de minimis amount of receivables.

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

Note 20 - Inventories

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

	As of December 31,	
	2024	**2023**
		(Restated)
Work in progress	—	32
Finished goods and goods for resale	1,191,047	1,070,897
Provision for impairment	(111,686)	(143,243)
Total	**$1,079,361**	**$ 927,686**

Inventory costs recognized during the years ended December 31, 2024, 2023 and 2022 amounted to $2,112,317, $2,183,847 and $2,174,192, respectively, and were included in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

For the years ended December 31, 2024, 2023, and 2022, write-downs of inventories to net realizable value amounted to $89,744, $146,550 and $14,830 respectively. The write-downs were recognized as an expense during the years ended December 31, 2024, 2023, and 2022 and were included in cost of sales in the Consolidated Statement of Loss and Comprehensive Loss.

The write-downs of inventories to net realizable value include significant judgement for the estimated market price (i.e., selling price of inventories less estimated costs of completion and estimated costs necessary to make the sales). Changing estimated market price could result in an increase or decrease to the write-downs recognized. For the year ended December 31, 2024, a 1% increase or decrease in estimated market price would result in a decrease of $5,022 or increase of $5,350 to the impairment loss, respectively; a 3% increase or decrease in estimated market price would result in a decrease of $14,379 or an increase of $16,999 to the impairment loss, respectively.

Inventories can be pledged as security for liabilities. Refer to *Note 25 - Liabilities to credit institutions* for further details.

Note 21 - Other current assets

Other current assets for the Group were as follows:

	As of December 31,	
	2024	**2023**
		(Restated)
Value added tax receivables	148,405	121,306
Prepaid expenses	40,800	35,856
Other current receivables	32,417	30,614
Insurance recovery assets	8,886	10,000
Advances to suppliers	8,399	16,452
Total	**$ 238,907**	**$ 214,228**

As of December 31, 2024 and 2023, prepaid expenses consisted primarily of prepaid insurance, selling expenses, and software license expenses, and other current receivables consisted primarily of accruals for future value added tax ("VAT") receivables where Polestar recognizes an asset for a future VAT receivable when it sells a vehicle under a repurchase commitment.

Note 22 - Equity

Changes in the Group's equity during the years ended December 31, 2024, 2023, and 2022 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, 2022	**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)**
Equity-settled share-based payment	299,075	—		(3)	(5,390)
Related party capital contribution[2]	—	—		—	(25,565)
Balance as of December 31, 2023	**467,976,748**	**1,642,233,575**	**$**	**(21,168)**	**$ (3,615,187)**
Conversion of Class B to Class A (1:1)	1,592,341,000	(1,592,341,000)		—	—
Equity-settled share-based payment	144,249	—		(1)	(9,840)
Balance as of December 31, 2024	**2,060,461,997**	**49,892,575**	**$**	**(21,169)**	**$ (3,625,027)**

1 - The Volvo Cars Preference Shares subsequently converted into Class A shares following the merger with GGI on June 23, 2022.

2 - Refer to the Other financing instruments section of *Note 27 - Related party transactions* for more details.

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 - Overview and basis of preparation* and *Note 18 - Reverse recapitalization* for more details on the merger with GGI.

Post-closing of the merger with GGI

Following the merger with GGI, 144,249, 174,075, and 501,451 Class A Shares were issued to employees of the Group as of December 31, 2024, 2023, and 2022 under the Omnibus Plan, respectively. 125,000 and 375,000 Class A Shares were issued in exchange for marketing services as of December 31, 2023, and 2022, respectively. Refer to *Note 8 - Share-based payment* for additional details. As of December 31, 2024, there were an additional 2,939,538,003 Class A Shares and 1,727,474,164 Class B Shares with par values of $0.01 authorized for issuance. No additional Class C Shares or Redeemable Preferred Shares were authorized for issuance.

The following instruments of the Parent were issued and outstanding as of December 31, 2023:

- 467,976,748 Class A Shares with a par value of $0.01, of which 220,918,695 were owned by related parties;
- 1,642,233,575 Class B Shares with a par value of $0.01, of which all were owned by related parties;
- 20,499,965 Class C-1 Shares with a par value of $0.10;
- 4,500,000 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.

Prior to Volvo Cars' distribution of a portion of its shareholding in the Group in May 2024, Volvo Cars and PSD Investment Limited, both related parties to the Group, elected to convert 814,219,838 Class B Shares and 778,121,162 Class B Shares, respectively, into Class A Shares at a ratio of 1:1.

The following instruments of the Parent were issued and outstanding as of December 31, 2024:

- 2,060,461,997 Class A Shares with a par value of $0.01, of which 1,675,841,017 were owned by related parties;
- 49,892,575 Class B Shares with a par value of $0.01, of which all were owned by related parties;
- 20,499,965 Class C-1 Shares with a par value of $0.10;
- 4,500,000 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 18 - Reverse recapitalization* for additional information on the Class C Shares which are accounted for as derivative financial liabilities in accordance with IAS 32 and IFRS 9.

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 23 - Current and non-current provisions

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

	Warranties	Employee benefits	Litigation	Other	Total
Balance as of January 1, 2023 - (Restated)	123,529	13,418	—	4,063	141,010
Additions - (Restated)	91,240	2,832	35,676	19,702	149,450
Utilization	(44,995)	(11,704)	—	(13,053)	(69,752)
Reversals - (Restated)	(17,091)	(1,825)	—	(2,242)	(21,158)
Unwinding of discount and effect in changes due to discount rate	(10,975)	—	—	—	(10,975)
Calculated translational difference - (Restated)	2,985	501	—	292	3,778
Balance as of December 31, 2023 - (Restated)	**$ 144,693**	**$ 3,222**	**$ 35,676**	**$ 8,762**	**$ 192,353**
of which current - (Restated)	44,582	2,139	35,676	6,348	88,745
of which non-current - (Restated)	100,111	1,083	—	2,414	103,608

Balance as of January 1, 2024 - (Restated)	144,693	3,222	35,676	8,762	192,353
Additions	71,821	259	—	13,562	85,642
Utilization	(41,579)	(1,154)	(5,082)	(11,012)	(58,827)
Reversals	(40,186)	(215)	(3,459)	(180)	(44,040)
Unwinding of discount and effect in changes due to discount rate	3,075	—	—	—	3,075
Calculated translational difference	(9,233)	(1,210)	—	(234)	(10,677)
Balance as of December 31, 2024	**$ 128,591**	**$ 902**	**$ 27,135**	**$ 10,898**	**$ 167,526**
of which current	36,640	902	27,135	8,092	72,769
of which non-current	91,951	—	—	2,806	94,757

Litigation

Per the terms of the BCA governing the merger with GGI discussed in *Note 1 - Overview and basis of preparation*, Polestar is obligated to indemnify directors, officers, and employees of GGI for six years following the Closing of the merger. In August 2023, former public stakeholders of GGI filed a legal claim against certain directors, officers, and employees of GGI; alleging certain misconduct by these individuals with respect to their duties to GGI's stakeholders during and prior to GGI's merger with Polestar. As of December 31, 2024 and 2023, Polestar maintains a provision for $27,135 and $35,676, respectively, relating to its indemnification obligation towards the defendants, which is based on estimates of future expenditure, including related legal costs. Polestar's directors and officers insurance policy applies to the legal claim and provides coverage for up to $10,000 of costs after $5,000 has been paid by Polestar. However, as of December 31, 2024, and 2023, only $8,886 and $10,000, respectively, has been recognized and included in other current assets on the Consolidated Statement of Financial Position as a virtually certain recovery. As the outcome of the litigation includes inherent uncertainty, the final expenditure may not be known until there is a final and unappealable judgment. Polestar's estimates of its obligation could change in the future if new facts and circumstances arise as the legal proceedings continue to develop.

Note 24 - Other current and non-current liabilities

Other current liabilities for the Group were as follows:

	As of December 31,	
	2024	**2023 (Restated)**
Accrued expenses	283,212	125,384
VAT liabilities	115,501	88,520
Liabilities related to repurchase commitments	106,401	58,482
Refund liabilities	100,844	48,132
Liabilities related to assets under construction	62,896	111,120
Personnel related liabilities	31,757	37,518
Accrued interest	18,644	10,090
Other liabilities	21,322	10,501
Total	**$ 740,577**	**$ 489,747**

Accrued expenses were mainly related to marketing and product development; personnel related liabilities consisting of wages, salaries, and other benefits payable.

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

	As of December 31,	
	2024	**2023**
Refund liabilities	52,287	1,251
Liabilities related to repurchase commitments	11,017	61,182
Liabilities related to assets under construction	—	53,024
Other liabilities	8,094	11,966

Total	**$ 71,398**	**$ 127,423**

Note 25 - Liabilities to credit institutions

The carrying amount of Polestar Group’s liabilities to credit institutions as of December 31, 2024 and 2023 were as follows:

	As of December 31,	
Liabilities to credit institutions	**2024**	**2023**
Current		**(Restated)**
Working capital loans from banks	2,414,763	1,923,755
Floorplan facilities	89,471	75,963
Sale-leaseback facilities	8,160	26,947
Total	**$2,512,394**	**$2,026,665**
Non-Current		
Syndicated loans from banks	927,235	—
Total	**$ 927,235**	**$ —**
Total liabilities to credit institutions	**$3,439,629**	**$2,026,665**

The Group had the following current working capital loans outstanding as of December 31, 2024:

Currency	Term	Security	Interest	Nominal amount in respective currency	Carrying value in USD
CNY	March 2024 - March 2025	Unsecured[6]	12 month LPR[3] plus 1.05% settled quarterly	177,000	24,249
CNY	April 2024 - April 2025	Unsecured[6]	12 month LPR[3] plus 0.35% settled quarterly	473,000	64,802
CNY	May 2024 - May 2025	Unsecured[6]	12 month LPR[3] plus 0.35% settled quarterly	88,000	12,056
CNY	June 2024 - June 2025	Unsecured[6]	12 month LPR[3] plus 0.85% settled quarterly	231,000	31,647
USD	August 2024 - June 2025	Unsecured[6]	7.8% per annum, settled quarterly	196,000	196,000
USD	August 2024 - August 2025	Secured[1]	12 month Term SOFR[5] plus 0.55% settled quarterly	320,000	320,000
USD	August 2024 - August 2025	Unsecured[6]	12 month Term SOFR[5] plus 0.55% settled quarterly	82,000	82,000
USD	August 2024 - August 2025	Secured[1]	12 month Term SOFR[5] plus 1.15% settled on maturity	100,000	100,000
USD	September 2024 - March 2025	Secured[1]	6.9% per annum, settled monthly	100,000	100,000
USD	September 2024 - June 2025	Unsecured[6]	7.8% per annum, settled quarterly	104,000	104,000
CNY	September 2024 - September 2025	Unsecured[6]	12 month LPR[3] plus 0.45% settled quarterly	39,000	5,343
USD	September 2024 - September 2025	Secured[1]	12 month Term SOFR[5] plus 1.15% settled on maturity	100,000	100,000
USD	September 2024 - September 2025	Secured[1]	12 month Term SOFR[5] plus 1.1% settled on maturity	100,000	100,000
EUR	October 2024 - February 2025	Secured[2]	3 month EURIBOR[4] plus 2.3% settled on maturity	361,886	375,548
USD	December 2024 - January 2025	Secured[1]	1 month Term SOFR[5] plus 1% settled on maturity	25,000	25,000
USD	December 2024 - January 2025	Secured[1]	1 month Term SOFR[5] plus 1% settled on maturity	50,000	50,000

USD	December 2024 - February 2025	Secured[1]	1 month Term SOFR[5] plus 1% settled on maturity	50,000	50,000
USD	December 2024 - February 2025	Secured[1]	1 month Term SOFR[5] plus 1% settled on maturity	25,000	25,000
USD	December 2024 - December 2025	Unsecured[6]	12 month Term SOFR[5] plus 0.3% settled quarterly	41,650	41,650
USD	December 2024 - December 2025	Unsecured[6]	12 month Term SOFR[5] plus 0.3% settled quarterly	58,350	58,350
USD	December 2024 - December 2025	Unsecured[6]	12 month Term SOFR[5] plus 0.3% settled quarterly	11,200	11,200
CNY	December 2024 - December 2025	Unsecured[6, 7]	12 month LPR3 plus 1.4% settled monthly	2,000,000	274,000
CNY	December 2024 - December 2025	Secured[1,7]	12 month LPR3 plus 1.4% settled monthly	1,000,000	137,000
CNY	December 2024 - December 2025	Unsecured[6]	12 month LPR3 plus 0.9% settled quarterly	14,000	1,918
USD	December 2024 - December 2025	Secured[1]	12 month Term SOFR[5] plus 1.1% settled on maturity	125,000	125,000
Total					**$2,414,763**

1 - Secured by Geely.

2 - 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 and minimum quarterly cash levels of €400,000. As of the issuance date of these Consolidated Financial Statements.

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

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

5 - Secured Overnight Financing Rate ("SOFR")

6 - Letter of comfort from Geely.

7 - The working capital CNY loans from the Industrial Bank, Ningbo branch, are subject to covenant requirements. These require a six-month observation period starting from the loan issuance date, during which the monthly average sales of Polestar vehicles must reach at least 5,000 units. Upon breach, the bank is entitled to collect 25% of the loan principal and interest each month starting from July 2025, ensuring that the entire loan amount, including principal and interest, is fully repaid within four months.

The Group has the following non-current syndicated loans from banks outstanding as of December 31, 2024:

Currency	Term	Security	Interest	Nominal amount in respective currency	Carrying value in USD
USD	February 2024 - February 2027	Unsecured[2,3,6]	3 month Term SOFR[1] plus 3.35%	583,489	577,785
EUR	February 2024 - February 2027	Unsecured[2,3,6]	3 month EURIBOR[4] plus 2.85%	340,000	349,450
Total					**$ 927,235**

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

2 - Keepwell deed from Geely, and Letter of Comfort from Volvo Cars and PSD.

3 - The loans are secured by interest reserve accounts pledges with an aggregate of three months interest deposited.

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

5 - The nominal amount in USD as of December 31, 2024, is $352,825.

6 - The syndicated loans are subject to covenant requirements, including but not limited to a minimum annual revenue of $5,359,900 for 2024, minimum quarterly cash levels of €400,000, maximum quarterly financial indebtedness of $5,500,000, and maximum quarterly debt ratio of 0.9. Prior to December 31, 2024, Polestar applied for, and received acceptance of, a waiver and amendment of the revenue covenant and a waiver of the debt ratio covenant. The waiver amended the covenant of consolidated revenue for the Group for the year ended December 31, 2024 by adjusting the amount from $5,359,900 to $1,400,000 as well as waiving the testing of the debt ratio for the quarter ended December 31, 2024 and the quarter ended March 31, 2025; the debt ratio covenant will continued to be tested in the quarters thereafter.

The Group had the following working capital loans outstanding as of December 31, 2023:

Currency	Term	Security	Interest	Nominal amount in respective currency	Carrying value in USD
EUR	February 2023 - February 2024	Secured[1]	3 month EURIBOR3 plus 2.3% and an arrangement fee of 0.15%	400,104	442,795
USD	March 2023 - March 2024	Unsecured[2]	7.35% per annum, settled quarterly	100,000	100,000
CNY	March 2023 - March 2024	Unsecured[2]	12 month LPR4 plus 0.05%, settled quarterly	260,000	36,617
CNY	April 2023 - April 2024	Unsecured[2]	12 month LPR4 plus 0.05%, settled quarterly	11,430	1,610

CNY	May 2023 - May 2024	Unsecured[2]	12 month LPR4 plus 0.45%, settled quarterly	231,000	32,533
CNY	June 2023 - June 2024	Unsecured[2]	12 month LPR4 plus 1.3%, settled monthly	310,000	43,659
USD	August 2023 - August 2024	Unsecured[2]	3 month SOFR5 plus 2.3%, settled quarterly	402,000	402,000
USD	August 2023 - August 2024	Secured[6]	12 month SOFR5 plus 0.9%, settled quarterly	320,000	320,000
USD	August 2023 - August 2024	Unsecured[2]	12 month SOFR5 plus 1.1%, settled quarterly	82,000	82,000
CNY	September 2023 - September 2024	Unsecured[2]	12 month LPR4 plus 0.25%, settled quarterly	500,000	70,417
USD	September 2023 - September 2024	Unsecured[2]	12 month SOFR5 plus 0.65%, settled quarterly	118,000	118,000
USD	September 2023 - September 2024	Secured[6]	12 month SOFR5 plus 1.11%, settled semi-annual	100,000	100,000
CNY	October 2023 - October 2024	Unsecured[2]	12 month LPR4 plus 0.15% settled quarterly	200,000	28,167
CNY	December 2023 - December 2024	Unsecured[2]	12 month LPR4 plus 1.05% settled quarterly	92,000	12,957
USD	December 2023 - December 2024	Secured[6]	12 month SOFR5 plus 1.7%, settled semi-annual	133,000	133,000
Total					**$1,923,755**

1 - New vehicle inventory financed via this facility is pledged as security for 100% of the outstanding principal under the facility, via first-ranking English law security over vehicles and transport documents, until repaid. This facility consists of individual loans that have a repayment period of 90 days, and includes a covenant tied to the Group's liquidity levels.

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.

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, 2024 and December 31, 2023, the aggregate amount outstanding under these arrangements was $144,446 and $120,840, respectively.

The Group maintains one such facility with the related party Volvo Cars Financial Services UK 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, 2024 and December 31, 2023 due to related parties amounted to $54,975 and $44,877, respectively. Refer to *Note 27 - Related party transactions* for further details.

Sale-leaseback facilities

Polestar has also entered into contracts to sell vehicles and then lease such vehicles back for a period of up to twelve months. At the end of the leaseback period, Polestar is obligated to repurchase the vehicles. Accordingly, the consideration received for these transactions was recorded as a financing transaction. As of December 31, 2024 and December 31, 2023, the aggregate amount outstanding under these arrangements was $8,160 and $26,947, respectively.

Note 26 - Supplemental cash flow information

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

	For the year ended December 31,		
Non-cash investing and financing activities	**2024**	**2023**	**2022**
		(Restated)	**(Restated)**
Purchases of property, plant and equipment in trade payables	114,486	96,011	79,623
Purchases of intangible assets in trade payables - related parties and accrued expenses - related parties	140,007	129,019	74,781

Initial recognition of ROU assets and lease liabilities	70,078	54,569	43,514
Initial recognition of investment in associates	9,608	29,400	—
Prepaid assets and warrant liabilities assumed upon closing of the merger with	—	—	57,040
Issuance of Earn-out rights upon closing of the merger with GGI	—	—	1,500,638

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

	Liabilities to credit institutions	Convertible liabilities	Other financing liabilities	Earn-out and Class C Shares liabilities	Lease liabilities	Total
Balance as of January 1, 2023 - (Restated)	1,329,716	—	17,132	626,570	96,832	2,070,250
of which outstanding principal - (Restated)	1,327,102	—	17,132	—	—	1,344,234
of which accrued interest	2,614	—	—	—	—	2,614
Changes from financing cash flows						
Proceeds from short-term borrowings	3,177,038	—	96,850	—	—	3,273,888
Proceeds from long-term borrowings	—	1,250,000	131,738	—	—	1,381,738
Repayments of borrowings	(2,482,674)	—	(70,334)	—	—	(2,553,008)
Repayments of lease liabilities	—	—	—	—	(21,916)	(21,916)
Total changes from financing cash flows	**$ 694,364**	**$1,250,000**	**$ 158,254**	**$ —**	**$**	**$ 2,080,702**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	54,569	54,569
Cancellation of lease liabilities - (Restated)	—	—	—	—	(2,829)	(2,829)
Interest expense - (Restated)	111,949	60,325	2	—	5,008	177,284
Interest paid	(104,762)	(42,620)	(2)	—	(5,008)	(152,392)
Total changes from other items - (Restated)	**$ 7,187**	**$ 17,705**	**$ —**	**$ —**	**$ 51,740**	**$ 76,632**
Changes from effects of foreign exchange rates - (Restated)	5,488	—	1,228	—	592	7,308
Changes from effects of fair value measurement - (Restated)	—	7,553	—	(465,168)	—	(457,615)
Changes from interest on fair value	—	(359)	—	—	—	(359)
Balance as of December 31, 2023 - (Restated)	**$ 2,036,755**	**$1,274,899**	**$ 176,614**	**$161,402**	**$127,248**	**$ 3,776,918**
of which outstanding principal - (Restated)	2,026,665	1,257,194	176,614	—	—	3,460,473
of which accrued interest - (Restated)	10,090	17,705	—	—	—	27,795
Balance as of January 1, 2024	**$ 2,036,755**	**$1,274,899**	**$ 176,614**	**$161,402**	**$127,248**	**$ 3,776,918**
Changes from financing cash flows						
Proceeds from short-term borrowings	3,273,142	—	138,121	—	—	3,411,263
Proceeds from long-term borrowings	938,474	—	—	—	—	938,474
Repayments of borrowings	(2,755,562)	—	(134,337)	—	—	(2,889,899)
Repayments of lease liabilities	—	—	—	—	(35,646)	(35,646)
Total changes from financing cash flows	**$ 1,456,054**	**$ —**	**$ 3,784**	**$ —**	**$**	**$ 1,424,192**
Changes from other items						
Initial recognition of lease liabilities	—	—	—	—	70,078	70,078
Cancellation of lease liabilities	—	—	—	—	(21,151)	(21,151)
Interest expense[1]	174,480	127,032	6,689	—	7,423	315,624
Interest paid	(165,642)	(104,285)	—	—	(7,423)	(277,350)
Amortization of loan fees	3,086	—	—	—	—	3,086
Total changes from other items	**$ 11,924**	**$ 22,747**	**$ 6,689**	**$ —**	**$ 48,927**	**$ 90,287**
Changes from effects of foreign exchange	(46,461)	—	(4,387)	—	(5,258)	(56,106)
Adjustment for revised cash flow estimate	—	—	(2,478)	—	—	(2,478)
Loss on debt modification	—	2,761	—	—	—	2,761

Changes from effects of fair value	—	—	—	(129,124)	—	(129,124)
Balance as of December 31, 2024	**$ 3,458,272**	**$1,300,407**	**$ 180,222**	**$ 32,278**	**$135,271**	**$ 5,106,450**
of which outstanding principal	3,439,629	1,257,637	179,853	—	—	4,877,119
of which accrued interest	18,643	42,770	369	—	—	61,782

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

Note 27 - Related party transactions

Related parties are as follows:

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

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

Unless specifically detailed in this footnote, all transactions with related parties are on an arm’s length basis. During the years ended December 31, 2024, 2023, and 2022, the Group had related party transactions in the following functions:

Product development

The agreements in place to support the Group’s product development include licenses and intellectual property, patents, R&D services, design, and technology agreements with Volvo Cars and Geely. The Group owns its developed Polestar Unique technology, which was created using purchased R&D, design services, and licenses to critical common technology from Volvo Cars and Geely. Polestar also benefits from related parties as subcontractors in certain internal technology development programs of the Group. Major product development agreements Polestar entered into with related parties during the years ended December 31, 2024, 2023, and 2022 are as follows:

Product	Agreements
PS2	• On January 4, 2024, October 3, 2023, November 9, 2022 and December 27, 2022, Polestar entered into amendment agreements related to the service and joint development agreements with Volvo Cars regarding the PS2 model year updates entered on April 13, 2021. The amendment agreements both modify existing model year fees as well as add new model years. The fee Polestar agreed to pay Volvo Cars for model year 2024, 2025, and 2026 updates was approximately $22,219. The fee Polestar agreed to pay Volvo Cars for model year 2022 and 2023 updates was $67,429. The fee Polestar agreed to pay Volvo Cars for model year 2021 updates was amended to approximately $34,004.
PS3	• No material agreements were signed in the years ended December 31, 2024, 2023, and 2022.

PS4	• On December 23, 2024, October 25, 2024 and August 14, 2024 Polestar entered into supplement and amendment agreements regarding the R&D service agreement for the development phase of the PS4 entered into on December 28, 2021. Under the supplement and amendments, Geely provided additional PS4 IP services, including modified development services, model year updates and prototypes totaling approximately $29,219. The total fee Polestar agreed to pay, in eight installments through 2025, was approximately $368,718, calculated on time and materials under a cost-plus methodology. • On July 23, 2024, Polestar entered into a R&D service agreement for development and prototypes to be performed and supplied by Renault Korea Co. Ltd ("RK"), subcontracted by Geely, and based on Geely's PMA-1 platform and GEEA2.0 electrical architecture. The service charges include a combination of fixed fees and estimated charges for the services to be provided, paid based on predefined project milestones. The total fee Polestar agreed to pay Geely through 2025 was approximately $31,090. • On March 4, 2022, Polestar entered into two technology license agreements related to the right to use Geely's PMA-1 platform and GEEA2.0 electrical architecture for the PS4 in and outside of China. Under these agreements, Polestar agreed to pay Geely a monthly license royalty fee based on the net revenue of PS4s sold each month during the vehicle's lifecycle. The agreements also include a minimum sales volume commitment for sales inside and outside of China each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for any deficit between the actual volume sold and the minimum sales volume commitment each year. Polestar also entered into a third technology license agreement with Zhejiang Zeekr Automobile Research and Development Co., Ltd ("Zeekr"), an entity controlled by Geely, related to the right to use Zeekr carry-over tophat technology in the PS4 in China. Polestar agreed to pay Zeekr a monthly license royalty fee based on the net revenue of PS4s sold each month in China during the vehicle's lifecycle. The agreement also includes a minimum sales volume commitment for China for each year during the vehicle's lifecycle. Polestar is required to pay Zeekr compensation for any deficit in China between the actual volume sold and the minimum sales volume commitment each year.
PS5 & PS6	• On December 1, 2023 and February 3, 2023, Polestar amended a vehicle supply agreement with Asia Europe New Energy Vehicle Manufacturing (Chongqing) Co., Ltd. ("AECQ"), a subsidiary of Geely, related to the production of PS5 prototypes, which was originally entered into on July 26, 2022, Under the original agreement, AECQ agreed to manufacture and sell Polestar prototypes of the PS5 for a total cost of approximately $25,398 that was determined under a cost-plus methodology. On February 3, 2023, the agreement was amended to change the timing and composition of prototypes, including adding production for spare parts and components, and increased the total cost to $25,783. On December 1, 2023, the agreement was amended again for similar reasons and increased the total cost to $27,290. • On September 28, 2023, Polestar entered into a technology license agreement with Geely related to the right to use Zeekr's ZEEA2.5 and Geely's GEEA2.0 electrical architectures for the PS5. The total license fee of $31,245 is required to be paid in two installments: a payment of $14,011 that occurred in October 2023 and a payment of $17,234 to be made in 2025.

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

Procurement

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

Manufacturing

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

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

Major manufacturing agreements Polestar entered into with related parties during the years ended December 31, 2024, 2023, and 2022 are listed below.

Product	Agreements
PS2	• No material agreements were signed in the years ended December 31, 2024, 2023, and 2022.
PS3	• On September 6, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Charleston plant. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up will be reviewed annually and adjusted in accordance to the median of the latest available benchmark procured by Volvo Cars in accordance to the “arm’s length principle” between the Parties. Under this agreement, Polestar is committed to purchasing certain volumes of the PS3 between 2024 and 2030. In the event that Polestar´s actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling. • On January 8, 2024 and January 12, 2024, Polestar and Volvo Cars entered into an agreement for the manufacturing of the PS3 in Volvo Cars' Chengdu plant for sale in and outside of China. PS3 is agreed to be priced based on the full cost of production plus a mark-up. The mark-up will be reviewed annually and adjusted in accordance to the median of the latest available benchmark procured by Volvo Cars in accordance to the “arm’s length principle” between the Parties. Under this agreement, Polestar is committed to purchase specific volumes of the PS3 between 2024 and 2030. In the event that Polestar's actual volumes purchased during the production period are lower than the agreed volumes, Polestar is obligated to compensate Volvo Cars for fixed costs related to the lost capacity, such as depreciation for common equipment, common type-bound tooling and equipment, and common vendor tooling. • On December 8, 2023, Polestar entered into an asset transfer agreement with Geely under which Polestar agreed to sell Polestar unique tooling and equipment that will be used in the manufacturing of the PS3 to Geely in exchange for $156,056. This agreement was accounted for as a financing transaction instead of a sale due to the terms of the agreement and the terms of other agreements with Volvo Cars and Geely that were signed on January 8, 2024 and March 3, 2024. Refer to the *Financing* section of this footnote for more details.
PS4	• On November 9, 2023, Polestar entered into a framework agreement with Geely and Renault Korea Co. Ltd ("RK") related to the production of the PS4 in RK's plant in Busan, South Korea for sale in South Korea, Canada, and the United States. Under the agreement, Polestar agreed to pay RK per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, long-lived asset, and outbound logistics fees. The agreement includes a purchase volume commitments for each year during the vehicle's lifecycle and Polestar is required to pay RK compensation each year if the purchase volume commitment is not met. Between signing of the agreement and 2026, Polestar, Geely, and RK are committed to invest approximately $242,000 to prepare the plant for production of the PS4. Polestar's share of the commitments that are required to be paid outside of piece price of each PS4 produced total approximately $200,000 and approximately $38,000 are required to be paid in piece price. The remaining commitment will be paid by Geely. On June 26, 2024, Polestar further entered into a production development and localization service agreement with RK detailing the payments terms of the investment and project costs with respect to milestones, with the final milestone estimated to be met in 2026. • On July 17, 2023 and July 24, 2023, Polestar entered into two manufacturing and vehicle supply agreements with Geely related to production of the PS4 in Geely's plant in Hangzhou, China for sale in and outside of China. Under the agreements, Polestar agreed to pay Geely per vehicle produced based on a cost-plus methodology inclusive of cost components such as bill of materials, manufacturing service, and outbound logistics fees. The agreements include purchase volume commitments for each year during the vehicle's lifecycle. Polestar is required to pay Geely compensation for the deficit between the actual volume purchased during the year and 90% of Polestar's fixed reserved volume for the year. Polestar's fixed reserve volume for each year is negotiated and agreed upon in November of the year prior. On October 1, 2024 and October 8, 2024, supplemental agreements modified the cost components that affect the vehicle price. • On January 17, 2022, Polestar entered into a tooling and equipment agreement with Geely related to PS4 unique equipment, tooling, and launch costs related to the manufacturing of the PS4. Under the agreement, Geely agreed to invest a total of $60,948 for PS4 unique equipment, tooling, and launch costs on behalf of Polestar and Polestar agreed to pay Geely in seven installments at certain pre-defined milestones between contract signing and February 2024. The cost to Polestar for PS4 unique equipment and tooling is $39,371 and $21,577 for PS4 launch costs.
PS5 & PS6	• On December 20, 2023 and September 15, 2023, Polestar entered into a memorandum of understanding and framework services agreement with Asia Europe New Energy Automobile Manufacturing (Chongqing) Co. Ltd. (“AECQ”), a subsidiary of Geely, related to the setup of plant operation services for manufacturing of the PS5 and PS6. Refer to Production of the PS5 and PS6 for details on the memorandum of understanding agreement.

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

Production of the PS5 and PS6

Production of the PS5 and PS6 is intended to occur in a manufacturing plant owned by Geely, via its AECQ subsidiary, in Chongqing, China. During the year ended December 31, 2021, Polestar and Geely established a steering committee to oversee decisions relevant to the plant, including planning, design, construction, engineering management of the plant. Following the establishment of the steering committee, Polestar began providing digital, human resources, indirect procurement, finance, logistics, plant management, blue collar launch, product launch, and plant launch services (collectively, the "Plant Operation Services") related to the setup of Geely's plant. Since the year ended December 31, 2021 and prior to December 20, 2023, these services were provided to Geely without an agreement of commercial and legal terms (i.e., a contract) between Polestar and Geely; resulting in Polestar providing the Plant Operation Services to Geely at its own risk and without rights to consideration from Geely. All costs incurred by Polestar during the years ended December 31, 2023, 2022 and 2021 that were associated with providing the Plant Operation Services were expensed as incurred under their respective functional line items in the Consolidated Statement of Loss and Comprehensive Loss.

On December 20, 2023, Polestar and Geely entered into an agreement under which Geely agreed to compensate Polestar for the Plant Operation Services provided by Polestar during the years ended December 31, 2023, 2022, and 2021. The consideration received by Polestar upon signing of the service agreement amounted to $25,202 and was calculated utilizing a cost-plus methodology. During the year ended December 31, 2024, the consideration received by Polestar upon providing plant operation services in 2024 amounted to $10,100. The consideration received was recognized in other operating income (expense), net in the Consolidated Statement of Loss and Comprehensive Loss for the year ended December 31, 2024.

Sales and distribution

For the years ended December 31, 2024, 2023, and 2022, the Group sold software technology, vehicles, prototype engines and carbon credits to Geely and Volvo Cars. The Group leverages Volvo Cars sales and services network for go-to-market strategies and dealer support to assist with tasks, which include agreements related to distribution and outbound logistics, delivery of vehicles and other products and global customer service. In 2023, the Group had new agreements in place to begin selling vehicles and services to Polestar Times Technology, a strategic joint venture for the China market with the technology company Xingji Meizu. Polestar leverages Xingji Meizu software and consumer electronics hardware development to strengthen Polestar's offer in the China market. Refer to *Note 10 - Investment in associates* for more information regarding the agreements with Polestar Times Technology.

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

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

Information technology

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

Other support

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

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

Financing

Floorplan facilities

In May 2021, the Group entered into a floorplan facility with Volvo Cars Financial Services UK. The floorplan facility is renewed each 12-month period and is denominated in GBP. Interest is calculated at the floating Bank of England ("BoE") base rate plus 2-2.5%, settled monthly. The facility is partially secured by the underlying assets. As of December 31, 2024 and 2023, $54,975 and $44,877 of this financing arrangement remained outstanding, respectively, which is included in interest-bearing current liabilities - related parties on the Consolidated Statement of Financial Position.

Convertible instruments

On November 3, 2022 the Group entered into a credit facility agreement with Volvo Cars providing available credit of up to $800,000; originally terminating on May 3, 2024. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest is calculated at the floating six-month SOFR rate plus 4.97% per annum. Prior to June 30, 2027, 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 (1) whether or not the Group conducts a qualified equity offering to investors at a market discount and (2) the time-value of money associated with settlement of the liability earlier than June 30, 2027. 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.

On November 8, 2023, the credit facility agreement was amended to increase the overall credit capacity to $1,000,000 and extend the termination date to June 30, 2027. As a result of the amended terms, Polestar recalculated the carrying amount of the liability as the present value of the modified contractual cash flows and recognized a modification loss of $7,553 within finance expense. The carrying value of the liability as of December 31, 2023 was $1,007,194.

On August 21, 2024, the credit facility agreement was amended to extend the termination date to December 29, 2028. As a result of the amended terms, Polestar recalculated the carrying amount of the liability as the present value of the modified contractual cash flows and recognized a modification loss of $2,761 within finance expense during the year ended December 31, 2024. The carrying value of the liability as of December 31, 2024 was $1,007,637.

As of December 31, 2024 and 2023, the Group had principal draws of $1,000,000 and $1,000,000 outstanding under the facility and the fair value of the financial liability related to Volvo Cars' conversion right was $0 and $0.

On November 8, 2023, the Group entered into a credit facility agreement with Geely providing available credit of up to $250,000; terminating on June 30, 2027. Other than the amount of credit available, the credit facility agreement with Geely maintains terms that are identical to the original credit facility agreement with Volvo Cars. As of December 31, 2024 and 2023, the Group had principal draws of $250,000 and $250,000 outstanding under the facility and the fair value of the financial liability related to Geely's conversion right was $0 and $0.

As of December 31, 2024 and 2023, the total principal balance outstanding under the facilities with Volvo Cars and Geely is reflected within other non-current interest-bearing liabilities - related parties.

Of the $35,231 in Convertible Notes issued on July 28, 2021, $9,531 was issued to various entities affiliated with 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. Refer to *Note 1 - Overview and basis of preparation* and *Note 22 - Equity* for further details.

Other financing instruments

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

- Polestar and Geely entered into an asset transfer agreement on December 8, 2023 under which Geely agreed to purchase the PS3 Tooling and Equipment for $156,056. The PS3 Tooling and Equipment sold to Geely included (1) tooling and equipment at certain vendors' premises and (2) unique type bound tooling and equipment located in Volvo Cars' plant. The purchase price was comprised of (1) Polestar's book value of the PS3 Tooling and Equipment equal to $149,470 (the "Base") and (2) an estimate of the cost to Polestar for future changes or modifications to the PS3 Tooling and Equipment equal to $6,586 (the "Cap"). The amount of the

Cap not utilized by Polestar must be repaid by Polestar to Geely at the end of the useful life of the PS3. During and at the end of the useful life of the PS3, Polestar has the right to repurchase the PS3 Tooling and Equipment at Geely's book value. In the event the user right agreement (discussed below) is terminated, Polestar is obligated to repurchase the PS3 Tooling and Equipment at the amount not reimbursed to Geely under the user right agreement.

- Polestar, Geely, and Volvo Cars were committed to enter into a user right agreement under which Geely will grant Volvo Cars the right to use to PS3 Tooling and Equipment to manufacture the PS3 for Polestar in exchange for an annual user right fee from Volvo Cars equal to the Base divided by the estimated useful life of the PS3 (i.e., 6 years). In the event Polestar utilizes the Cap in the future, the numerator of the annual user right fee calculation will be adjusted by Geely to add the amount of the Cap utilized by Polestar. The user right fee does not carry interest or a mark-up.
- Polestar and Volvo Cars were committed to enter into a manufacturing agreement under which Volvo Cars will manufacture the PS3 in its plant in Chengdu, China. Per the pricing terms of the manufacturing agreement, Polestar will repay Volvo Cars for the annual user right fee paid to Geely in the piece price of each PS3 purchased (i.e., the annual user right fee divided by the annual manufacturing volume of PS3s).

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

On March 1, 2024, Polestar extended the production lifecycle of the PS3 from six years to seven years. As the duration of the PS3 Tooling and Equipment financing instrument follows the production lifecycle of the vehicle, the length of the repayment period also extended from six years to seven years resulting in a $2,478 gain. The carrying value of the PS3 Tooling and Equipment financing instrument was $124,878 and $131,737 as of the year ended December 31, 2024 and 2023, respectively.

Sale of goods, services and other

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

	For the year ended December 31,		
	2024	**2023 (Restated)**	**2022 (Restated)**
Ziklo Bank AB[1]	107,553	46,319	68,391
Volvo Cars	101,299	86,460	64,558
Polestar Times Technology	67,451	—	—
Other related parties	10	5,895	—
Total	**$ 276,313**	**$ 138,674**	**$ 132,949**

1 - In March 2024, Volvofinans Bank AB changed its name to Ziklo Bank AB.

For the year ended December 31, 2024, revenue from related parties amounted to $276,313 (13.58%) of total revenue. For the year ended December 31, 2023, revenue from related parties amounted to $138,674 (5.86%) of total revenue. For the year ended December 31, 2022, revenue from related parties was $132,949 (5.45%) 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 Cars' factory in Taizhou, China and Polestar 4 vehicles purchased from Geely's Hangzhou Bay factory in Ningbo, 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,		
	2024	**2023**	**2022**
		(Restated)	**(Restated)**
Volvo Cars	1,330,998	2,341,970	2,215,643
Geely	877,908	252,888	248,553
Other related parties	13,204	7,693	1,566
Total	**$2,222,110**	**$2,602,551**	**$2,465,762**

Cost of R&D and intellectual property

Polestar has entered into agreements with Volvo Cars and Geely regarding the development of technology leveraged in the development of the PS1, PS2, PS3, and PS4. The Group is in control of the developed product either through a license or through ownership of the IP and the recognized asset reflects the relevant proportion of Polestar Group’s interest. The recognized asset associated with these agreements as of December 31, 2024 was $865,055, of which acquisitions attributable to 2024 were $116,301. As of December 31, 2023, the recognized asset associated with these agreements was $1,066,766, of which acquisitions attributable to 2023 were $241,048.

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 from Volvo Cars and Geely.

	As of December 31,	
Trade payables – related parties, accrued expenses, and other current liabilities to related parties	**2024**	**2023**
		(Restated)
Volvo Cars	562,676	494,170
Geely	528,711	195,255
Polestar Times Technology	10,016	30,668
Other related parties	8,473	2,875
Total	**$1,109,876**	**$ 722,968**

	As of December 31,	
Interest-bearing current liabilities - related parties	**2024**	**2023**
		(Restated)
Volvo Car Financial Services UK	54,975	44,878
Geely	28,688	18,308
Volvo Cars	16,999	10,628

Total	**$ 100,662**	**$ 73,814**

Other non-current interest-bearing liabilities - related parties	**As of December 31, 2024**	**2023**
		(Restated)
Volvo Cars	1,064,068	1,049,828
Geely	346,190	363,429
Total	**$1,410,258**	**$1,413,257**

The Group's interest expense related to related party trade payables and financing liabilities is as follows:

	For the year ended December 31, 2024	**2023**	**2022**
		(Restated)	
Volvo Cars	104,455	87,942	8,823
Geely	32,244	1,902	28,403
Other related parties	4,139	2,190	720
Total	**$ 140,838**	**$ 92,034**	**$ 37,946**

Amounts due from related parties

Amounts due from related parties include transactions related to the sales of products and related goods and services, sales of software technology and performance engineered kits, sales of carbon credits and sales of prototype engines discussed above.

Trade receivables – related parties, accrued income – related parties, and other current assets - related parties	**As of December 31, 2024**	**2023**
		(Restated)
Volvo Cars	21,713	167,989
Geely	45,029	44,979
Other related parties	16,654	10,239
Total	**$ 83,396**	**$ 223,207**

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 Limited and hence the participants were indirectly minority owners of the Group. The investment was made at fair market value in accordance with an external valuation.

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

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

Refer to *Note 7 - Employee benefits* for details on compensation to the EMT and managing directors at the Group's sales units.

Asset disposals

In December 2022, Polestar committed to a plan to sell, to Geely, its Chengdu manufacturing plant held by Polestar New Energy Vehicle Co. LTD. ("PSNEV"). Prior to the sale, there was a change in the grouping of assets classified as held for sale to include additional assets and immaterial liabilities. The inclusion of these additional assets and immaterial liabilities formed a group of assets and did not meet the definition of a business as defined by IFRS 3. The sale of PSNEV represented a common control transaction because (1) PSNEV did not meet the definition of a business at the time of the transaction, (2) the ultimate control of PSNEV was the same before and after the transaction, and (3) control of PSNEV was not transitory (i.e., organized to effect a 'grooming' transaction.). Refer to *Note 28 - Assets held for sale* for additional details.

Note 28 - Assets held for sale

In December 2022, the Group committed to a plan to sell, to Geely, its Chengdu manufacturing plant held by the Group subsidiary, PSNEV, that was previously used to manufacture the Polestar 1 and special edition Polestar 2 BST 270. Accordingly, the Chengdu plant and certain related assets were presented as a disposal group held for sale. The assets related to the Chengdu Plant which were classified as held for sale amounted to $56,001 as of December 31, 2022. The cumulative foreign exchange losses related to exchange rate differences from translation of the disposal group that were included in other comprehensive income as of December 31, 2022 amounted to $1,392. In July 2023, there was a change in the asset grouping classified as held for sale to include an immaterial amount of other current assets and liabilities along with $85,542 of accounts receivable. The accounts receivable was an intercompany receivable, held by PSNEV, which was not settled prior to the sale of the asset group. Geely agreed to purchase the intercompany receivable as part of the sale, resulting in a change in the asset grouping.

On August 1, 2023, the Group completed the sale of the asset group to Geely. Upon disposal of the asset group, cumulative foreign exchange losses of $6,636 were reclassified from equity to profit or loss as part of the gain on disposal. The derecognition of the asset group previously classified as held for sale, including the modification to include accounts receivable, resulted in a total gain of $16,334. The gain is reflected within other operating income (expense) on the Consolidated Statement of Loss and Comprehensive Loss. Refer to *Note 27 - Related party transactions* for additional details.

Note 29 - Commitments and contingencies

Commitments

As of December 31, 2024, commitments to acquire PPE and intangible assets were $0 and $26,124, respectively. As of December 31, 2023, commitments to acquire PPE and intangible assets were $42,288 and $31,338, respectively. These commitments are contractual obligations to invest in PPE, intangible assets for the production of Polestar 3, Polestar 4, and upcoming vehicle models Polestar 5 and Polestar 6. As of December 31, 2024 and December 31, 2023, Polestar had a commitment to make capital contributions to Polestar Times Technology amounting to $0 and $68,600, respectively. Refer to *Note 10 - Investment in associates* for more details on the investment in Polestar Times Technology.

Polestar has contractual obligations with certain suppliers including non-cancelable manufacturing commitments or minimum sales volume commitments. In the event of a shortfall in sales or Polestar´s decision to terminate such contracts, these suppliers are entitled to compensation from Polestar. The amounts in the table below represent Polestar's future commitments as of December 31, 2024:

	Total	Less than 1 year	Between 1-5 years	After 5 years
Non-cancelable manufacturing commitments	268,811	38,879	171,797	58,135
PS4 license volume commitments	83,073	22,086	60,987	—
Total	**$ 351,884**	**$ 60,965**	**$ 232,784**	**$ 58,135**

Contingencies

In the normal course of business, the Group is subject to contingencies related to legal proceedings, claims, and other assessments that cover a wide range of matters. Liabilities for such contingencies are not recorded until it is probable that a present obligation exists and the amount of the obligation can be estimated reliably. However, contingencies are disclosed when the potential financial effect could be material. As of December 31, 2024 and 2023, the Group did not have any material contingencies.

Note 30 - Subsequent events

Management has evaluated events subsequent to December 31, 2024 and through May 9, 2025, the date these Consolidated Financial Statements were authorized for issuance by the Board of Directors. The following events which occurred subsequent to December 31, 2024 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 January 21, 2025, Polestar borrowed $50,000 under its revolving green trade facility with Banco Bilbao Vizcaya Argentaria, S.A., Hong Kong Branch ("BBVA"). This draw carried interest at the 1-month SOFR plus 1.0% and had a repayment period of 1 month. On February 10, 2025, Polestar borrowed $150,000 under the facility. This draw carried interest at the 1-month SOFR plus 1.1% and had a repayment period of 1 month. On February 19, 2025, Polestar borrowed $50,000 under the facility. This draw carries interest at the 3-month SOFR plus 1.0% and has a repayment period of 3 months. On February 21, 2025, Polestar borrowed $50,000 under the facility. This draw carried interest at the 1-month SOFR plus 1.0% and had a repayment period of 1 month.

On February 25, 2025, Polestar entered into another 12-month revolving green trade facility with BBVA for an aggregate principal amount of up to $450,000.. On March 10, 2025, Polestar borrowed $300,000 under the facility. This draw carried interest at the 1-month SOFR plus 1.7% and had a repayment period of 1 month. On March 21, 2025, Polestar borrowed $100,000 under the facility. This draw carried interest at the 1-month SOFR plus 1.7% and had a repayment period of 1 month. On April 10, 2025, Polestar borrowed $300,000 under the facility. This draw carries interest at the 1-month SOFR plus 1.7% and has a repayment period of 1 month. On April 22, 2025, Polestar borrowed $100,000 under the facility. This draw carries interest at the 1-month SOFR plus 1.7% and has a repayment period of 1 month.

Both BBVA facilities can be drawn down in EUR or USD and have a maximum repayment period of 12 months. All draws under both revolving credit facilities are secured by Geely.

On February 26, 2025, Polestar agreed to a one-year extension of the green trade revolving credit facility with Standard Chartered Bank, Nordea Bank ABP, Citibank Europe PLC, ING Belgium SA/NV, and Barclays Bank Ireland PLC with an aggregate principal amount available of €470,000. Utilizations of this facility carry interest at the relevant interbank offered rate plus 2.3% per annum and have a repayment period of 90 days. On March 7, 2025, ING Belgium SA/NV transferred its participation of €90,000 to BBVA. Standard Chartered Bank's participation was increased by €10,000 to €130,000 and then the increase of €10,000 was subsequently transferred to BBVA; bringing BBVA's total participation to €100,000.

On March 12, 2025, Polestar entered into a 12-month working capital loan for ¥255,000 with Bank of East Asia Bank Shanghai Branch. This loan carries an interest rate of 4.0% per annum due quarterly. This loan benefits from letters of comfort from Geely.

On March 26, 2025, Polestar entered into a 12-month revolving credit facility with SG Asset Finance (Hong Kong) Limited ("Societe Generale") for an aggregate principal amount of up to €150,000. All draws under this revolving credit facility are secured by Geely. On March 31, 2025, Polestar borrowed €150,000 under the facility. This draw carries interest at the 3-month EURIBOR plus 2.5% per annum due quarterly, and has a repayment period of 12 months.

On March 28, 2025, Polestar entered into a 12-month working capital loan for $210,000 with China CITIC Bank Shanghai Branch. This loan carries an interest rate of 5.45% per annum due quarterly. This loan is secured by Geely.

On March 28, 2025, Polestar entered into a 12-month working capital loan for ¥800,000 with Bank of China Shanghai Branch . This loan carries an interest rate of 12-month LPR plus 0.55% due quarterly. This loan benefits from letters of comfort from Geely.

From December 31, 2024 until the date these Consolidated Financial Statements were authorized for issuance, Polestar has made multiple 1-month draws under its $300,000 revolving credit facility with Standard Chartered Bank, signed on August 20, 2024. Each draw carries interest at the 1-month SOFR plus 1.0% and has a repayment period of 1 month. As of the date of these Consolidated Financial Statements were made ready for issuance aggregate principal of $75,000 remains outstanding

On April 10, 2025, Polestar entered into an agreement with Xingji Meizu to terminate commercial operations of its investment in associate, Polestar Times Technology, in China and transfer the distribution rights related to Polestar branded vehicles back to Polestar. As part of the agreement, Polestar Times Technology will continue certain non-commercial operations while winding down commercial activities. Polestar Times Technology will take sole responsibility for settlement of any outstanding financial obligations and remaining liabilities against its business partners, suppliers, and external investors. The agreement also includes the transfer of certain assets from Polestar Times Technology back to Polestar on arms-length terms in order for Polestar to resume exclusive control of commercial operations, including sales, customer service, and distribution activities, in China. As part of the winding down of Polestar Times Technology's activities, Polestar expects to make the remaining capital contributions into Polestar Times Technology set forth in the original strategic agreement between the parties. As of the date these Consolidated Financial Statements were authorized for issuance, Polestar had $24,884 in capital contributions it expects to make into Polestar Times Technology, subject to certain conditions precedent as defined in the original shareholder agreement.

Note 31 - Restatement of Prior Period Financial Statements

As previously reported on the Company's Current Report on Form 6-K filed on January 16, 2025, on January 14, 2025, the Company's management, in consultation with the Audit Committee of the Board of Directors (the "Audit Committee"), concluded that the previously filed financial statements contain errors that warrant restatement of the Prior Financial Statements (the "Current Restatement").

The primary reason for this restatement decision relates to balance sheet errors concerning the Company's unique tooling (further explained below), which resulted in an underreporting of assets and accrued liabilities in matching amounts for the periods referenced above. The correction of these balance sheet errors has no impact on previously reported revenue, operating loss, net loss, adjusted EBITDA or net assets, nor do these corrections affect the Company's underlying business operations, cash position, or liquidity.

A reclassification of cash flows between operating and investing activities and other smaller errors that have been identified are also being corrected as part of this restatement process, as also explained further below.

There was a previous restatement for the year ended December 31, 2022 (the "Prior Restatement" further explained below) which was reflected in the Annual Report issued on September 10, 2024. Within the tables below, these balances are represented by the columns "As Originally Restated".

Additionally, the year ended December 31, 2022, has been restated based on the current restatement (see the "Current Restatement" for further explanation below) and included in the Statement of Financial Position to reflect the beginning of the preceding period of the current restatement.

Prior Restatement

During the preparation of the consolidated financial statements as of December 31, 2023, there were misstatements identified pertaining to the 2022 annual consolidated financial statements issued on June 6, 2023. Accordingly, these misstatements were corrected by restating the comparative figures in the 2023 consolidated annual consolidated financial statements issued on September 10, 2024.

The Prior Restatement was related to the following categories of misstatements:

(i) **Inventories**

The errors identified in the Inventories category encompass errors relating to incorrect valuation, classification, recognition, and allocation of costs associated with inventory. The most significant errors in this category include the incorrect treatment of certain launch costs, capitalization of inventory cost allocation, failed sale/lease transactions, and vehicles with repurchase obligations. The net impact of the inventory related error corrections on the Consolidated Statements of Loss and Comprehensive Loss was a reduction of the loss of $16,539 in 2022.

(ii) **Accruals and Deferrals**

The errors identified in the Accruals and Deferrals category encompass errors relating to the recognition and measurement of accruals and deferrals. These errors include both the understatement and overstatement of accruals and deferrals before the issuance of the financial statements, despite the availability of accurate information. The most significant transactions in this category include incorrect warranty accrual release, over accrual of operating expenses in North America and timing of revenue recognition and deferred revenue related to vehicle subscription services. The net impact of the accrual and deferral related error corrections on the Consolidated Statements of Loss and Comprehensive Loss was an increase of the loss by $6,688 in 2022.

(iii) **Capitalization of expenses**

The errors identified in the Capitalization of Expenses category encompass errors relating to expenses that were erroneously capitalized as an asset and vice-versa as of and for the year ended December 31, 2022. The most significant transactions in this category include incorrect recognition of certain assets in China, and the incorrect capitalization of manufacturing engineering expenses as an intangible asset related to services provided to certain contract manufacturing facilities. The net impact of the capitalization related error corrections on the Consolidated Statements of Loss and Comprehensive Loss was an increase in the loss of $8,187 in 2022.

(iv) **Other - Reclassifications**

The errors identified in the Other - Reclassifications category encompass errors arising from misallocations of assets and liabilities between different financial statement captions and misallocations of assets and liabilities between current and non-current. The most significant adjustments in this category include non-current reclassification misstatements related to certain buyback liabilities, an error in lease asset and liability in the United Kingdom, and overstatement of advances from customers and accounts receivable in Germany. There is a marginal impact to the Consolidated Statements of Loss and Comprehensive Loss for the twelve months ended December 31, 2022, due to reclassifications relating to lease expense reversals upon the reclassification of a lease liability to a financing obligation in Korea. Furthermore, related party balances from Other non-current interest-bearing liabilities and Interest-bearing current liabilities have been reclassified to respective related party line items on the Consolidated Statements of Financial Position as of December 31, 2022, to maintain consistency with the Consolidated Statement of Financial Position as of December 31, 2023.

(v) **Deferred Taxes and Income Taxes**

The errors identified in the Deferred Taxes and Income Taxes category encompass errors relating to the recognition, measurement, and reporting of the Group's Deferred tax assets, Deferred tax liabilities, and income tax expenses as of and for the year ended December 31, 2022. These errors include improper estimation of deferred tax amounts, errors in tax calculations, and errors pertaining to the treatment of value added tax. The most significant transactions in this category include incorrect recognition of Deferred tax assets and deferred liabilities at the Sweden tax rate, instead of the local market rate, and incorrect recording of Deferred taxes and Income tax expense in North America resulting from the other misstatement categories explained. The tax impact of all misstatement corrections has also been recognized. The net impact of the tax related error corrections and the tax effect of the other error corrections on the Consolidated Statements of Loss and Comprehensive Loss was an increase in the loss of $12,876 in 2022.

Current Restatement

Subsequent to the issuance of the consolidated financial statements included within the Annual Reports for the years ended December 31, 2022, and December 31, 2023, management identified misstatements in connection with the preparation of our consolidated financial statements as of and for the year ended December 31, 2024 that warranted the restatement of the 2022 and 2023 annual consolidated financial statements. The Current Restatement relates to the following misstatements, which are presented in the financial statements below:

(vi) **Unique Tooling Assets Under Construction**

This error is the primary reason for the restatement decision. The Company owns unique tooling which is used in the manufacturing of its vehicles. This unique tooling had previously been recognized as property, plant and equipment once either the production standard part process test is conducted or production utilizing the unique vendor tools has occurred, whichever is earlier. Management determined due to contractual terms that certain unique tooling should have instead been recognized as assets under construction ("AUC") in the Property, plant, and equipment financial statement caption according to the progression of work, resulting in a material understatement of AUC and a corresponding understatement of Other current liabilities and Other non-current liabilities in the 2022 and 2023 Consolidated Statement of Financial Position. The reconsideration of the AUC recognition changes the timing of recognizing AUC but does not change the expected total amount of AUC to be acquired. There is no impact on the 2022 and 2023 Consolidated Statements of Loss and Comprehensive Loss as a result of the AUC misstatement.

(vii) **Reclassification of Cash Flows**

There was a classification error between investing and operating activities in the Consolidated Statement of Cash Flows related to cash paid for intellectual property (IP). While this error had no impact to the Consolidated Statements of Loss and Comprehensive Loss, it led to an overstatement of cash used for investing activities and an understatement of cash used for operating activities in the amount of $21,400.

(viii) **Other – Reclassifications**

The errors identified in the Other – Reclassification category encompass errors arising from misallocations of assets and liabilities between different financial statement captions, misallocations of assets and liabilities between current and non-current and misallocations of revenue and expenses. There is no resulting impact on the net loss or total comprehensive net loss included in the Consolidated Statements of Loss and Comprehensive Loss, respectively, from correcting these errors.

(ix) **Other – Miscellaneous**

The errors identified in the Other – Miscellaneous category encompass several insignificant errors that were corrected as part of the restatement process. These errors have an immaterial impact on the 2022 and 2023 Consolidated Statements of Loss and Comprehensive Loss. The errors in this category relate to vehicles with repurchase obligations errors, tax calculation errors, as well as both the understatement and overstatement of accruals and other provisions.

The tables below present the effect of the correction of the misstatements and the revision on the Consolidated Statements of Loss and Comprehensive Loss, Consolidated Statements of Financial Position and Consolidated Statements of Cash Flows as of and for the years ended December 31, 2023, and December 31, 2022. The adjustments identified related to the Consolidated Statements of Cash Flows for the years ended December 31, 2023, and December 31, 2022 only impact the classifications between cash flows (used in)/from operating, investing and financing, and do not result in a change in Cash and cash equivalents for the years ended December 31, 2023 and December 31, 2022, from the originally reported amounts.

Consolidated Statement of Loss and Comprehensive Loss for the year ended December 31, 2023

Particulars	**As originally filed**	**Current Restatement Adjustments**	**As Restated**	**Current Restatement Reference**
Revenue	2,378,562	(10,477)	2,368,085	(ix)
Cost of sales	(2,791,643)	13,421	(2,778,222)	(viii), (ix)
Gross (loss) profit	**$ (413,081)**	**$ 2,944**	**$ (410,137)**	
Selling, general and administrative expense	(949,683)	5,506	(944,177)	(viii)
Research and development expense	(158,406)	1,126	(157,280)	(viii)
Other operating income (expense), net	41,204	876	42,080	(viii)
Listing expense	—	—	—	
Operating loss	**$ (1,479,966)**	**$ 10,452**	**$ (1,469,514)**	
Finance income	69,454	111	69,565	(viii)
Finance expense	(213,321)	79	(213,242)	(viii)
Fair value change - Earn-out rights	443,168	—	443,168	
Fair value change - Class C Shares	22,000	—	22,000	
Share of losses in associates	(43,304)	—	(43,304)	
Loss before income taxes	**$ (1,201,969)**	**$ 10,642**	**$ (1,191,327)**	
Income tax benefit (expense)	7,138	2,314	9,452	(viii)
Net loss	**$ (1,194,831)**	**$ 12,956**	**$ (1,181,875)**	
Net loss per share (in U.S. dollars)				
Class A - Basic and Diluted	(0.57)	0.01	(0.56)	
Class B - Basic and Diluted	(0.57)	0.01	(0.56)	

Consolidated Statement of Comprehensive Loss

Net loss	**(1,194,831)**	**12,956**	**(1,181,875)**	
Other comprehensive income:				
Items that may be subsequently reclassified to the Consolidated Statement of Loss:				
Exchange rate differences from translation of foreign operations	(10,237)	94	(10,143)	(viii)
Total other comprehensive (loss) income	**$ (10,237)**	**$ 94**	**$ (10,143)**	
Total comprehensive loss	**$ (1,205,068)**	**$ 13,050**	**$ (1,192,018)**	

Consolidated Statement of Financial Position as of December 31, 2023

Particulars	**As originally filed**	**Current Restatement Adjustments**	**As Restated**	**Current Restatement Reference**
Assets				
Non-current assets				
Intangible assets and goodwill	1,412,729	5,978	1,418,707	(viii)
Property, plant and equipment	316,867	159,172	476,039	(vi)
Vehicles under operating leases	67,931	2,292	70,223	(viii)
Other non-current assets	7,212	2,521	9,733	(viii)
Deferred tax assets	43,041	(705)	42,336	(viii)
Other investments	2,414	—	2,414	
Total non-current assets	**$ 1,850,194**	**$ 169,258**	**$ 2,019,452**	
Current assets				
Cash and cash equivalents	768,927	(663)	768,264	(viii)
Trade receivables	126,205	511	126,716	(ix)
Trade receivables - related parties	61,026	—	61,026	
Accrued income - related parties	152,605	—	152,605	
Inventories	939,359	(11,673)	927,686	(viii)
Current tax assets	9,270	3,387	12,657	(viii)
Assets held for sale	—	—	—	
Other current assets	204,142	10,086	214,228	(viii)
Other current assets - related parties	9,576	—	9,576	
Total current assets	**$ 2,271,110**	**$ 1,648**	**$ 2,272,758**	
Total assets	**$ 4,121,304**	**$ 170,906**	**$ 4,292,210**	
Equity				
Share capital	(21,168)	—	(21,168)	

Other contributed capital	(3,615,187)	—	(3,615,187)	
Foreign currency translation reserve	26,010	(371)	25,639	(viii),(ix)
Accumulated deficit	4,872,644	(10,937)	4,861,707	(viii),(ix)
Total equity	**$ 1,262,299**	**$ (11,308)**	**$ 1,250,991**	
Liabilities				
Non-current liabilities				
Non-current contract liabilities	(63,063)	(90)	(63,153)	(ix)
Deferred tax liabilities	(3,335)	—	(3,335)	
Other non-current provisions	(104,681)	1,073	(103,608)	(viii)
Other non-current liabilities	(73,149)	(54,274)	(127,423)	(vi), (ix)
Earn-out liability	(155,402)	—	(155,402)	
Other non-current interest-bearing liabilities	(54,439)	—	(54,439)	
Other non-current interest-bearing liabilities - related parties	(1,409,244)	(4,013)	(1,413,257)	(viii), (ix)
Total non-current liabilities	**$ (1,863,313)**	**$ (57,304)**	**$ (1,920,617)**	
Current liabilities				
Trade payables	(92,441)	—	(92,441)	
Trade payables - related parties	(275,704)	—	(275,704)	
Accrued expenses - related parties	(450,000)	3,962	(446,038)	(viii), (ix)
Advance payments from customers	(16,415)	—	(16,415)	
Current provisions	(94,887)	6,142	(88,745)	(ix)
Liabilities to credit institutions	(2,023,582)	(3,083)	(2,026,665)	(viii)
Current tax liabilities	(12,812)	1,449	(11,363)	(viii)
Interest-bearing current liabilities	(19,547)	—	(19,547)	
Interest-bearing current liabilities - related parties	(68,332)	(5,482)	(73,814)	(viii), (ix)
Current contract liabilities	(112,062)	37,183	(74,879)	(ix)
Class C Shares liability	(6,000)	—	(6,000)	
Other current liabilities	(347,902)	(141,845)	(489,747)	(vi), (viii), (ix)
Other current liabilities - related parties	(606)	(620)	(1,226)	(ix)
Total current liabilities	**$ (3,520,290)**	**$ (102,294)**	**$ (3,622,584)**	
Total liabilities	**$ (5,383,603)**	**$ (159,598)**	**$ (5,543,201)**	
Total equity and liabilities	**$ (4,121,304)**	**$ (170,906)**	**$ (4,292,210)**	

Consolidated Statement of Cash Flows as for the year ended December 31, 2023

Particulars	**As originally filed**	**Current Restatement Adjustments**	**As Restated**	**Current Restatement Reference**
Cash flows from operating activities				
Net loss	(1,194,831)	12,956	(1,181,875)	(viii),(ix)

Adjustments to reconcile net loss to net cash flows:	—	—	—	
Depreciation and amortization expense	115,010	435	115,445	(viii)
Warranty provisions	65,543	615	66,158	(viii)
Impairment of inventory	134,877	11,673	146,550	(viii)
Impairment of property, plant, and equipment, vehicles under operating leases, and intangible assets	351,241	(11,673)	339,568	(viii)
Finance income	(69,454)	(111)	(69,565)	(viii)
Finance expense	213,321	(79)	213,242	(viii),(ix)
Fair value change - Earn-out rights	(443,168)	—	(443,168)	
Fair value change - Class C Shares	(22,000)	—	(22,000)	
Listing expense	—	—	—	
Income tax benefit (expense)	(7,138)	(2,314)	(9,452)	(viii)
Share of losses in associates	43,304	—	43,304	
Gain on sale of asset grouping	(16,334)	—	(16,334)	
Loss on derecognition and disposal of property, plant, and equipment and intangible assets	10,892	—	10,892	
Litigation provisions	35,676	(10,000)	25,676	(viii),(ix)
Other provisions	19,890	—	19,890	
Unrealized exchange (loss) gain on trade payables	26,787	—	26,787	
Other non-cash expense and income	(8,510)	(435)	(8,945)	(viii)
Change in operating assets and liabilities:	—	—	—	
Inventories	(358,392)	—	(358,392)	
Contract liabilities	77,424	—	77,424	
Trade receivables, prepaid expenses, and other assets	(151,634)	(5,226)	(156,860)	(viii),(ix)
Trade payables, accrued expenses, and other liabilities	(459,002)	(29,840)	(488,842)	(vii), (viii), (ix)
Interest received	32,280	—	32,280	
Interest paid	(220,147)	—	(220,147)	
Taxes paid	(35,477)	—	(35,477)	
Cash used for operating activities	**$ (1,859,842)**	**$ (33,999)**	**$ (1,893,841)**	
Cash flows from investing activities				
Additions to property, plant, and equipment	(137,400)	—	(137,400)	
Additions to intangible assets	(457,364)	21,780	(435,584)	(vii), (viii), (ix)
Additions to other investments	—	—	—	
Proceeds from sale of property, plant, and equipment	1,779	—	1,779	
Proceeds from sale of asset grouping	153,586	—	153,586	
Cash used for investing activities	**$ (439,399)**	**$ 21,780**	**$ (417,619)**	
Cash flows from financing activities				
Change in restricted deposits	(1,906)	—	(1,906)	

Proceeds from short-term borrowings	3,262,831	11,057	3,273,888	(ix)
Proceeds from long-term borrowings	1,381,738	—	1,381,738	
Proceeds from related party capital contribution	25,565	—	25,565	
Proceeds from issuance of share capital and other contributed capital	—	—	—	
Repayments of borrowings	(2,553,008)	—	(2,553,008)	
Repayments of lease liabilities	(21,916)	—	(21,916)	
Transaction costs	—	—	—	
Cash provided by financing activities	**$ 2,093,304**	**$ 11,057**	**$ 2,104,361**	
Effect of foreign exchange rate changes on cash and cash equivalents	987	499	1,486	(viii),(ix)
Net (decrease) increase in cash and cash equivalents	**$ (204,950)**	**$ (663)**	**$ (205,613)**	
Cash and cash equivalents at the beginning of the period	**$ 973,877**	**$ —**	**$ 973,877**	
Cash and cash equivalents at the end of the period	**$ 768,927**	**$ (663)**	**$ 768,264**	

Consolidated Statement of Loss and Comprehensive Loss for the year ended December 31, 2022

Particulars	**As originally filed**	**Prior Restatement Adjustments**	**As Originally Restated**	**Current Restatement Adjustments**	**As Restated**	**Prior Restatement Reference**	**Current Restatement Reference**
Revenue	2,461,896	(17,791)	2,444,105	(3,287)	2,440,818	(i),(ii),(iv)	(ix)
Cost of sales	(2,342,453)	(849)	(2,343,302)	3,606	(2,339,696)	(i),(ii),(iii),(iv)	(viii), (ix)
Gross (loss) profit	**$ 119,443**	**$ (18,640)**	**$ 100,803**	**$ 319**	**$ 101,122**		
Selling, general and administrative expense	(864,598)	26,231	(838,367)	(1,784)	(840,151)	(i),(ii),(iii),(iv)	(viii)
Research and development expense	(167,242)	(7,674)	(174,916)	—	(174,916)	(i),(ii),(iii)	
Other operating income (expense), net	(1,565)	1,260	(305)	—	(305)	(i)	
Listing expense	(372,318)	—	(372,318)	—	(372,318)		
Operating loss	**$ (1,286,280)**	**$ 1,177**	**$ (1,285,103)**	**$ (1,465)**	**$ (1,286,568)**		
Finance income	8,552	—	8,552	—	8,552		
Finance expense	(108,435)	33	(108,402)	—	(108,402)	(i)	
Fair value change - Earn-out rights	902,068	—	902,068	—	902,068		
Fair value change - Class C Shares	35,090	—	35,090	—	35,090		
Loss before income taxes	**(449,005)**	**1,210**	**(447,795)**	**(1,465)**	**(449,260)**		
Income tax benefit (expense)	(16,784)	(12,876)	(29,660)	(97)	(29,757)	(v)	(viii)
Net loss	**$ (465,789)**	**$ (11,666)**	**$ (477,455)**	**$ (1,562)**	**$ (479,017)**		
Net loss per share (in U.S. dollars)							
Class A - Basic and Diluted	(0.23)	(0.01)	(0.24)	—	(0.24)		
Class B - Basic and Diluted	(0.23)	(0.01)	(0.24)	—	(0.24)		

Consolidated Statement of Comprehensive Loss							
Net loss	**(465,789)**	**(11,666)**	**(477,455)**	**(1,562)**	**(479,017)**		
Other comprehensive loss:							
Items that may be subsequently reclassified to the Consolidated Statement of Loss:							
Exchange rate differences from translation of foreign operations	4,519	(4,339)	180	251	431	(i), (ii), (iii), (iv), (v)	(viii), (ix)
Total other comprehensive (loss) income	**$ 4,519**	**$ (4,339)**	**$ 180**	**$ 251**	**$ 431**		
Total comprehensive loss	**$ (461,270)**	**$ (16,005)**	**$ (477,275)**	**$ (1,311)**	**$ (478,586)**		

Consolidated Statement of Financial Position as of December 31, 2022

Particulars	**As originally filed**	**Prior Restatement Adjustments**	**As Originally Restated**	**Current Restatement Adjustments**	**As Restated**	**Prior Restatement Reference**	**Current Restatement Reference**
Assets							
Non-current assets							
Intangible assets and goodwill	1,396,477	(2,195)	1,394,282	(743)	1,393,539	(i), (iii)	(viii)
Property, plant and equipment	258,048	17,906	275,954	76,386	352,340	(i), (iii), (iv)	(vi)
Vehicles under operating leases	92,198	4,988	97,186	—	97,186	(i), (iv)	
Other non-current assets	5,306	—	5,306	1,513	6,819		(viii)
Deferred tax assets	7,755	3,532	11,287	(451)	10,836	(v)	(viii)
Other investments	2,333	—	2,333	—	2,333		
Total non-current assets	**$ 1,762,117**	**$ 24,231**	**$ 1,786,348**	**$ 76,705**	**$ 1,863,053**		
Current assets							
Cash and cash equivalents	973,877	—	973,877	—	973,877		
Marketable securities	—	—	—	—	—		
Trade receivables	246,107	(6,529)	239,578	1,854	241,432	(i), (iv)	(ix)
Trade receivables - related parties	74,996	4,229	79,225	—	79,225	(iv)	
Accrued income - related parties	49,060	—	49,060	—	49,060		
Inventories	658,559	(28,405)	630,154	—	630,154	(i), (iv)	
Current tax assets	7,184	—	7,184	—	7,184		

Assets held for sale	63,224	(7,223)	56,001	—	56,001	(iv)	
Other current assets	107,327	5,656	112,983	(3,236)	109,747	(iii), (v)	(viii)
Total current assets	**$ 2,180,334**	**$ (32,272)**	**$ 2,148,062**	**$ (1,382)**	**$ 2,146,680**		
Total assets	**$ 3,942,451**	**$ (8,041)**	**$ 3,934,410**	**$ 75,323**	**$ 4,009,733**		
Equity							
Share capital	(21,165)	—	(21,165)	—	(21,165)		
Other contributed capital	(3,584,232)	—	(3,584,232)	—	(3,584,232)		
Foreign currency translation reserve	12,265	3,508	15,773	(277)	15,496	(i), (ii), (iii), (iv), (v)	(viii),(ix)
Accumulated deficit[1]	3,726,775	(48,962)	3,677,813	2,019	3,679,832	(i), (ii), (iii), (iv), (v)	(viii),(ix)
Total equity	**$ 133,643**	**$ (45,454)**	**$ 88,189**	**$ 1,742**	**$ 89,931**		
Liabilities							
Non-current liabilities							
Non-current contract liabilities	(50,252)	1,234	(49,018)	—	(49,018)	(i)(v)	
Deferred tax liabilities	(476)	(11,994)	(12,470)	—	(12,470)	(v)	
Other non-current provisions	(73,985)	(1,377)	(75,362)	3,390	(71,972)	(i), (iv)	(viii)
Other non-current liabilities	(14,753)	(13,106)	(27,859)	(78,088)	(105,947)	(i)	(vi)
Earn-out liability	(598,570)	—	(598,570)	—	(598,570)		
Other non-current interest-bearing liabilities	(85,556)	54,230	(31,326)	—	(31,326)	(iv)	
Other non-current interest-bearing liabilities - related parties	—	(43,643)	(43,643)	—	(43,643)	(i), (iv)	
Total non-current liabilities	**$ (823,592)**	**$ (14,656)**	**$ (838,248)**	**$ (74,698)**	**$ (912,946)**		
Current liabilities							
Trade payables	(98,458)	1,040	(97,418)	—	(97,418)	(i)	
Trade payables - related parties	(957,497)	22,336	(935,161)	—	(935,161)	(i)	
Accrued expenses - related parties	(164,902)	7,476	(157,426)	—	(157,426)	(i), (ii)	
Advance payments from customers	(40,869)	5,152	(35,717)	—	(35,717)	(iv)	
Current provisions	(74,907)	2,058	(72,849)	3,811	(69,038)	(i), (ii)	(ix)
Liabilities to credit institutions	(1,328,752)	2,364	(1,326,388)	(714)	(1,327,102)	(iv)	(viii)
Current tax liabilities	(10,617)	(3,777)	(14,394)	355	(14,039)	(v)	(viii)
Interest-bearing current liabilities	(21,545)	9,610	(11,935)	—	(11,935)	(iv)	
Interest-bearing current liabilities - related parties	(16,690)	(9,928)	(26,618)	(443)	(27,061)	(i), (iv)	(viii)
Current contract liabilities	(46,217)	1,098	(45,119)	12,735	(32,384)	(i), (ii)	(ix)
Class C Shares liability	(28,000)	—	(28,000)	—	(28,000)		

Other current liabilities	(393,790)	29,526	(364,264)	(18,111)	(382,375)	(i), (ii), (iii)	(ix)
Other current liabilities - related parties	(70,258)	1,196	(69,062)	—	(69,062)	(i), (iv)	
Total current liabilities	**$ (3,252,502)**	**$ 68,151**	**$ (3,184,351)**	**$ (2,367)**	**$ (3,186,718)**		
Total liabilities	**$ (4,076,094)**	**$ 53,495**	**$ (4,022,599)**	**$ (77,065)**	**$ (4,099,664)**		
Total equity and liabilities	**$ (3,942,451)**	**$ 8,041**	**$ (3,934,410)**	**$ (75,323)**	**$ (4,009,733)**		

1 - The current restatement adjustments to this line are inclusive of the $702 roll-forward impact of the FY21 errors impacting the income statement.

Consolidated Statement of Cash Flows as for the year ended December 31, 2022

Particulars	**As originally filed**	**Prior Restatement Adjustments**	**As Originally Restated**	**Current Restatement Adjustments**	**As Restated**	**Prior Restatement Reference**	**Current Restatement Reference**
Cash flows from operating activities							
Net loss	(465,789)	(11,666)	(477,455)	(1,562)	(479,017)	(i), (ii), (iii), (iv), (v)	(viii),(ix)
Adjustments to reconcile net loss to net cash flows:							
Depreciation and amortization expense	158,392	(15,401)	142,991	(2,185)	140,806	(i), (iii)	(viii)
Warranty provisions	84,992	6,291	91,283	(38)	91,245	(i), (ii)	(viii)
Impairment of inventory	27,877	(13,047)	14,830	—	14,830	(i), (iv)	
Finance income	(8,552)	—	(8,552)	—	(8,552)		
Finance expense	108,435	(33)	108,402	—	108,402	(i)	
Fair value change - Earn-out rights	(902,068)	—	(902,068)	—	(902,068)		
Fair value change - Class C Shares	(35,090)	—	(35,090)	—	(35,090)		
Listing expense	372,318	—	372,318	—	372,318		
Income tax benefit (expense)	16,784	12,876	29,660	96	29,756	(iv), (v)	(viii)
Loss on derecognition and disposal of property, plant, and equipment and intangible assets	—	11,036	11,036	—	11,036	(iv)	
Other provisions	—	23,367	23,367	—	23,367	(iv)	
Unrealized exchange (loss) gain on trade payables	—	(26,672)	(26,672)	—	(26,672)	(iv)	
Other non-cash expense and income	18,997	(7,731)	11,266	2,185	13,451	(iv)	(viii)
Change in operating assets and liabilities:	—	—	—	—	—		
Inventories	(226,638)	40,245	(186,393)	—	(186,393)	(i), (iii), (iv)	

Contract liabilities	13,373	8,256	21,629	2,034	23,663	(i), (ii), (iv)	(ix)
Trade receivables, prepaid expenses, and other assets	(220,118)	(2,573)	(222,691)	8,527	(214,164)	(i), (ii), (iii), (iv)	(viii),(ix)
Trade payables, accrued expenses, and other liabilities	52,801	(30,820)	21,981	(713)	21,268	(i), (ii), (iii), (iv),	(ix)
Interest received	8,552	—	8,552	—	8,552		
Interest paid	(68,130)	—	(68,130)	—	(68,130)		
Taxes paid	(19,559)	—	(19,559)	—	(19,559)		
Cash used for operating activities	**$ (1,083,423)**	**$ (5,872)**	**$ (1,089,295)**	**$ 8,344**	**$ (1,080,951)**		
Cash flows from investing activities							
Additions to property, plant, and equipment	(32,269)	—	(32,269)	—	(32,269)		
Additions to intangible assets	(681,204)	6,929	(674,275)	—	(674,275)	(iii)	
Additions to other investments	(2,500)	—	(2,500)	—	(2,500)		
Cash used for investing activities	**$ (715,973)**	**$ 6,929**	**$ (709,044)**	**$ —**	**$ (709,044)**		
Cash flows from financing activities							
Proceeds from short-term borrowings	2,149,799	—	2,149,799	1,156	2,150,955		(viii)
Repayments of borrowings	(1,426,935)	—	(1,426,935)	(9,481)	(1,436,416)		(viii)
Repayments of lease liabilities	(18,905)	(543)	(19,448)	—	(19,448)	(i), (iv)	
Proceeds from issuance of share capital and other contributed capital	1,417,973	—	1,417,973	—	1,417,973		
Transaction costs	(38,903)	—	(38,903)	—	(38,903)		
Cash provided by financing activities	**$ 2,083,029**	**$ (543)**	**$ 2,082,486**	**$ (8,325)**	**$ 2,074,161**		
Effect of foreign exchange rate changes on cash and cash equivalents	(66,433)	(514)	(66,947)	(19)	(66,966)	(i), (ii), (iii), (iv), (v)	(viii),(ix)
Net (decrease) increase in cash and cash equivalents	**$ 217,200**	**$ —**	**$ 217,200**	**$ —**	**$ 217,200**		
Cash and cash equivalents at the beginning of the period	**$ 756,677**	**$ —**	**$ 756,677**	**$ —**	**$ 756,677**		
Cash and cash equivalents at the end of the period	**$ 973,877**	**$ —**	**$ 973,877**	**$ —**	**$ 973,877**		

In addition to the corrections made to the consolidated financial statements in the tables above, certain items and disclosures have been updated in the financial statements as a result of the misstatements. Additionally, certain updates were made to correct disclosures, including the breakout of depreciation expense capitalized into inventory in the leases, intangible assets and goodwill, and property, plant and equipment footnotes, and the breakout of related parties that are not consolidated under existing related parties in the related party footnote.

Note 32 - Principal Accountant Fees and Services

Deloitte AB served as Polestar's principal external auditor in 2024 and 2023. Deloitte AB's offices are located at Rehnsgatan 11, SE-113 79 Stockholm, Sweden and its PCAOB ID is 1126. The following table shows the aggregate fees billed or to be billed by Deloitte AB for the services indicated during the years ended December 31, 2024 and 2023:

	For the year ended December 31,	
	2024	**2023**
Audit fees	15,746	15,720
Audit-related fees	200	268
Tax fees	—	3
All other fees	—	10
Total	**$ 15,946**	**$ 16,001**

"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. This includes Sarbanes-Oxley Act readiness and internal control review services. The fees include affiliates of Deloitte AB, including the UK statutory auditor of this entity Deloitte LLP UK.

"Audit-related fees" are the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Polestar's financial statements and are not reported under Audit fees.

"Tax fees" are the aggregate fees billed for tax advisory and compliance services.

"All other fees" are the aggregate fees billed for other professional services that are not related to the above categories. 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.

Polestar Automotive Holding UK PLC

Parent Company Financial Statements

for the year ended December 31, 2024

Parent Statement of Financial Position
(in thousands of U.S. dollars except per share data and unless otherwise stated)

	Note	As of December 31, 2024	2023 (Restated)
Assets			
Non-current assets			
Investments in subsidiaries	6	4,987,797	4,608,338
Deferred tax asset	11	8,226	3,905
Other non-current assets		21,264	—
Total non-current assets		**5,017,287**	**4,612,243**
Current assets			
Cash and cash equivalents		30,506	74,418
Other current receivables - subsidiaries		61,752	7,245
Other current assets - (Restated)	7	8,991	10,088
Total current assets - (Restated)		**101,249**	**91,751**
Total assets - (Restated)		**5,118,536**	**4,703,994**
Equity			
Share capital	8	(21,169)	(21,168)
Other contributed capital	8	(3,597,967)	(3,588,127)
Accumulated deficit - (Restated)	8	1,406,888	552,714
Total equity - (Restated)	8	**(2,212,248)**	**(3,056,581)**
Liabilities			
Non-current liabilities			
Other non-current interest-bearing liabilities - related parties - (Restated)	12	(1,257,637)	(1,257,194)
Earn-out liability	5	(28,778)	(155,402)
Non-current liabilities to credit institutions	4	(927,235)	—
Total non-current liabilities - (Restated)		**(2,213,650)**	**(1,412,596)**
Current liabilities			
Current provisions	9	(27,135)	(35,679)
Current liabilities to credit institutions	4	(575,000)	—
Interest-bearing current liabilities - subsidiaries		—	(139,147)
Class C Shares liability	5	(3,500)	(6,000)
Other current liabilities	10	(16,536)	(6,469)
Other current liabilities - subsidiaries		(27,698)	(29,817)
Other current liabilities - related parties	12	(42,769)	(17,705)
Total current liabilities		**(692,638)**	**(234,817)**
Total liabilities - (Restated)		**(2,906,288)**	**(1,647,413)**
Total equity and liabilities - (Restated)		**(5,118,536)**	**(4,703,994)**

The net income (loss) for the period in the accounts of the Company is $(854,174) (2023: $409,805, restated). Please refer to Note 2 for further details of the restatement. The Company has taken advantage of the exemption in s408 (3) of the Companies Act 2006 and not presented its individual income statements or the Statement of Comprehensive Income. The accompanying notes form part of these financial statements.

Approved by the Board of Directors on 2 June 2025 and signed on its behalf by:

Winfried Vahland

Chairman of the Board

2 June 2025

Parent Statement of Changes in Equity
(in thousands of U.S. dollars except per share data and unless otherwise stated)

	Note	Share capital	Other contributed capital	Accumulated deficit	Total
Balance as of December 31, 2022		**(21,165)**	**(3,582,737)**	**962,519**	**(2,641,383)**
Net loss/(income) - (Restated)		—	—	(409,805)	(409,805)
Other comprehensive income		—	—	—	—
Total comprehensive income - (Restated)		**—**	**—**	**(409,805)**	**(409,805)**
Equity-settled share-based payment	8	(3)	(5,390)	—	(5,393)
Balance as of December 31, 2023 - (Restated)		**(21,168)**	**(3,588,127)**	**552,714**	**(3,056,581)**
Net loss/(income)		—	—	854,174	854,174
Other comprehensive income		—	—	—	—
Total comprehensive income		**—**	**—**	**854,174**	**854,174**
Equity-settled share-based payment	8	(1)	(9,840)	—	(9,841)
Balance as of December 31, 2024		**(21,169)**	**(3,597,967)**	**1,406,888**	**(2,212,248)**

Note 1 - Overview and basis of preparation

General information

Polestar Automotive Holding UK PLC (formerly known as Polestar Automotive Holding UK Limited) (the “Parent” or the “Company”) acts as a holding company for investments in subsidiaries, as well as a provider of various intragroup services. The Parent was incorporated as a private company under the laws of England and Wales on September 15, 2021. The Parent, together with its subsidiaries, hereafter referred to as “Polestar,” “Polestar Group” and the “Group,” is a limited company incorporated in the United Kingdom.

Polestar Group operates principally in the automotive industry, engaging in research and development, branding and marketing, and the commercialization and selling of battery electric vehicles, and related technology solutions. Polestar Group's current lineup of battery electric vehicles consists of the Polestar 2 ("PS2"), a premium fast-back sedan, the Polestar 3 ("PS3"), a luxury aero sport-utility vehicle, the Polestar 4 ("PS4"), a premium sport utility vehicle, the Polestar 5 ("PS5"), a luxury sport grand-touring sedan, and the Polestar 6 ("PS6"), a luxury roadster. As of December 31, 2024, the PS2, PS3, and PS4 are produced and actively sold while the remaining vehicles are under development. Operating sustainably is a critical priority of the Group; targeting climate neutrality by 2040, creating a climate neutral car (cradle-to-gate) by 2030, and halving the emission intensity per car sold by 2030. Polestar Group has a presence in 27 markets across Europe, North America, and Asia. Polestar Group has its management headquarters located at Assar Gabrielssons väg 9, 405 31 Göteborg, Sweden.

As of December 31, 2024 and 2023, related parties owned 81.8% and 88.3% of the Group, respectively. The remaining 18.2% and 11.7% of the Group at each respective year end was owned by external investors.

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 18 - Reverse recapitalization of the Polestar Group Consolidated Financial Statements ("Consolidated Financial Statements") 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.

Basis of preparation

The financial statements of the Parent are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes.
- a Statement of Income and Comprehensive Income, and its related notes.
- certain disclosures required by IAS 24 'Related Party' in respect of the compensation of key management personnel.
- certain disclosures required by IAS 24 'Related Party' in respect to transactions with wholly owned subsidiaries.
- certain disclosures required by IAS 1 'Presentation of Financial Statements" in respect to capital management.

As the Polestar Group Consolidated Financial Statements include the equivalent disclosures, the Parent has also taken the exemptions under FRS 101 available in respect to the following disclosures:

- certain disclosures required by IFRS 2 'Share-based Payment'.
- certain disclosures required by IFRS 7 ‘Financial Instruments’.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Parent Financial Statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies of the Consolidated Financial Statements.

In case no other principles are mentioned, refer to the accounting principles as described in the Consolidated Financial Statements. For an appropriate interpretation of these financial statements, the Parent Financial Statements should be read in conjunction with the Consolidated Financial Statements.

This annual report is prepared in the presentation currency, U.S. Dollar ("USD"), which is the Parent's functional currency. All amounts are stated in thousands of USD ("TUSD"), unless otherwise stated.

Going Concern

The Parent Financial Statements are prepared on the going concern basis as set out in Note 1 - Overview and basis of preparation of the Consolidated Financial Statements.

Note 2 - Significant accounting policies and judgements

Use of estimates and judgements

The preparation of these Parent Financial Statements requires management to make judgements, estimates, and assumptions that affect the application of the Group's accounting policies, the reported amount of assets, liabilities, revenues, expenses, and other related financial items. Management reviews its estimates and assumptions on a continuous basis; changes in accounting estimates are recognized in the period in which the estimates are revised, and prospectively thereafter. While there are no critical judgements and key sources of estimation uncertainty, details of estimates and judgements which the Parent considers to have a significant impact upon these Parent Financial Statements are set out below and the corresponding impacts can be seen in the following notes:

- ***Valuation of Class C-1 Shares and Class C-2 Shares (collectively, "Class C Shares")*** – Class C Shares are derivative financial instruments that are carried at fair value through profit and loss. Class C-1 Shares are publicly traded on the NASDAQ (i.e., an active market). Quoted or observable prices for Class C-2 Shares 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 18 - Reverse recapitalization of the Polestar Group Consolidated Financial Statements for more information.
    - *Assumptions and estimates:* Since the Class C-2 Shares do not have quoted of observable prices, Polestar is required to estimate the fair value of the instruments utilizing certain Black-Scholes valuation techniques. These techniques include models that incorporate various assumptions and market inputs, which are subject to change and can significantly affect the estimated fair value. Refer to Note 3 - Financial risk management of the Group Consolidated Financial Statement for details on the sensitivity of changes in fair value of the Class C-2 Shares liability to changes in market volatility.
- ***Valuation of Earn-out rights*** – The contingent Earn-out rights are derivative financial instruments that are carried at fair value through profit and loss. Quoted or observable prices for these financial instruments are not available in active markets, requiring Polestar to estimate the fair value of the instruments each period utilizing certain valuation techniques – refer to Note 18 - Reverse recapitalization of the Polestar Group Consolidated Financial Statements for more information.
    - *Assumptions and estimates*: Since quoted or observable prices for these instruments are not available in active markets, Polestar is required to estimate the fair value of the instruments each period utilizing a Monte Carlo valuation technique. This techniques involve utilizing a model that incorporates various assumptions and market inputs which are subject to change and can significantly impact the estimated fair value. Refer to Note 3 - Financial risk management of the Group Consolidated Financial Statement for details on the sensitivity of changes in fair value of the Earn-out rights liability to changes in market volatility.

Actual results could differ materially if there is a change in estimates used.

Accounting policies

Adoption of new and revised standards

For the adoption of new and revised standards, refer to Note 2 - Significant accounting policies and judgements. There are no new or amended standards that have a significant impact on the Parent Financial Statements.

Investments in subsidiaries

Investments in subsidiaries comprise equity shares of Group companies and are stated at cost less, where appropriate, provisions for impairment. At the end of each reporting period, investments in subsidiaries are assessed for indications of impairment, and if indications are determined to exist, tested for impairment. As these investments only generate cash inflows in combination with other assets within the Group, cash inflows are not independent at any level below the cash generating units used for Group impairment testing purposes.

Impairment on investments in subsidiaries

Polestar conducts periodic evaluations of its investments in subsidiaries in connection with the Group's Annual CGU Impairment, as well as when certain events or circumstances indicate that the related carrying amounts may not be recoverable. Refer to Note 6 - Investments in subsidiaries for further detail on the impairment recognized as of December 31, 2024 and December 31, 2023.

Restatement

In connection with the preparation of the Polestar Group Consolidated Financial Statements as of and for the year ended December 31, 2024, we identified misstatements in our previously issued 2023 Parent Financial Statements.

The prior period errors impacting the Parent Financial Statements relate to (i) Snita loan in which the loss on modification was not previously recorded and (ii) the insurance receivable related to the ongoing Gores Guggenheim, Inc. litigation, in which Polestar had retained insurance based on legal fees, but the amount expected to be recovered was understated. The impact of the restatement is as follows:

i. Finance expense and other non-current interest-bearing liabilities - related parties increased by $365 for the year ended December 31, 2023.

ii. Other operating (expense) income and other current assets increased by $1,650 for the year ended December 31, 2023.

We have assessed the materiality of the misstatements on the 2023 Parent Financial Statements and concluded that the prior year Parent Financial Statements should be corrected to align with the Group Consolidated Financial Statement presentation, even though such revisions previously were and continue to be immaterial to the prior year Parent Financial Statements. Accordingly, these misstatements have been corrected, including the previously recorded out of period adjustments, for all periods presented by revising the accompanying Parent Financial Statements and notes to the Parent Financial Statements.

Note 3 - Employee benefits

The total employee benefits expense for the Parent (including key management personnel) during the periods presented were as follows:

	For the year ended December 31,	
	2024	2023
Wages, salaries, and other short-term benefits	3,155	2,600
Social security and other social expenses	794	459
Post-employment benefits	353	309
Share-based compensation	448	467
Total employee benefits	**$ 4,750**	**$ 3,835**

Post-employment benefits expense reflects those related to defined contribution plans for the years ended December 31, 2023 and December 31, 2024.

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

	For the year ended December 31,	
	2024	2023
Sales and marketing	7	10
R&D, design and digital	1	1
Manufacturing	0	0
Management, administration and others	5	4
Total	**13**	**15**

Note 4 - Liabilities to credit institutions

Liabilities to credit institutions	**For the year ended December 31,**	
Current	**2024**	**2023**
Working capital loans from banks	575,000	—
Total	**$ 575,000**	**$ —**
Non-Current		
Syndicated loans from banks	927,235	—
Total	**$ 927,235**	**$ —**
Total liabilities to credit institutions	**$ 1,502,235**	**$ —**

The Parent had the following current working capital loans outstanding as of December 31, 2024:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)
USD	August 2024 - August 2025	Secured[1]	12 month Term SOFR[2] plus 1.15% settled on maturity	100,000	100,000
USD	September 2024 - September 2025	Secured[1]	12 month Term SOFR2 plus 1.15% settled on maturity	100,000	100,000
USD	September 2024 - September 2025	Secured[1]	12 month Term SOFR[2] plus 1.1% settled on maturity	100,000	100,000
USD	December 2024 - January 2025	Secured[1]	1 month Term SOFR2 plus 1.0% settled on maturity	25,000	25,000
USD	December 2024 - January 2025	Secured[1]	1 month Term SOFR2 plus 1.0% settled on maturity	50,000	50,000
USD	December 2024 - February 2025	Secured[1]	1 month Term SOFR[2] plus 1.0% settled on maturity	50,000	50,000
USD	December 2024 - February 2025	Secured[1]	1 month Term SOFR[2] plus 1.0% settled on maturity	25,000	25,000
USD	December 2024 - December 2025	Secured[1]	12 month Term SOFR[2] plus 1.1% settled on maturity	125,000	125,000
Total					**$ 575,000**

1 - Secured by Geely.
2 - Secured Overnight Financing Rate ("SOFR")

The Parent had the following non-current syndicated loan from banks outstanding as of December 31, 2024:

Currency	Term	Security	Interest	Nominal amount in respective currency (thousands)	Carrying value in USD (thousands)
USD	February 2024 - February 2027	Unsecured[2,3]	3 month Term SOFR[1] plus 3.35%	583,489	577,785
EUR	February 2024 - February 2027	Unsecured[2,3]	3 month EURIBOR[4] plus 2.85%	340,000[5]	349,450
Total					**$ 927,235**

1 - Term Secured Overnight Financing Rate ("Term SOFR").
2 - Keepwell deed from Geely, and Letter of Comfort from Volvo Cars and PSD.
3 - The loans are secured by interest reserve accounts pledges with an aggregate of three months interest deposited.
4 - Euro Interbank Offered Rate (“EURIBOR”).
5 - The nominal amount in USD as of December 31, 2024, is $352,825.

The syndicated loans are subject to covenant requirements, including but not limited to a minimum annual revenue of $5,359,900 for 2024, minimum quarterly cash levels of €400,000, and maximum quarterly financial indebtedness of $5,500,000. On January 6, 2025, a waiver letter for the syndicated loans was signed between Polestar and Standard Chartered Bank. The waiver amended the covenant of consolidated revenue for the Group for the year ended December 31, 2024 by adjusting the amount from $5,359,900 to $1,400,000 as well as waiving the testing of the debt ratio for the quarter ended December 31, 2024 and the quarter ended March 31, 2025. Due to this change, as of the issuance date of these Consolidated Financial Statements, the risk of Polestar breaching this covenant is low.

Note 5 - Financial instruments

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

	As of December 31, 2024				As of December 31, 2023			
Liabilities measured at FVTPL	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Earn-out rights	—	—	28,778	28,778	—	—	155,402	155,402
Class C-1 Shares	2,870	—	—	2,870	4,920	—	—	4,920
Class C-2 Shares	—	630	—	630	—	1,080	—	1,080
Total liabilities	**$ 2,870**	**$ 630**	**$ 28,778**	**$ 32,278**	**$ 4,920**	**$ 1,080**	**$155,402**	**$161,402**

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, 2024 and 2023 at $28,778 and $155,402, respectively, resulting in a total gain related to the change in fair value of $126,624 and $443,168, respectively.

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. The Class C-2 Shares are not publicly traded and require a valuation approach leveraging Level 2 inputs. Refer to Note 1 - Overview and basis of preparation within the Polestar Group Consolidated Financial Statements for further details on the valuation methodology utilized to determine the fair value of the Class C-2 Shares upon initial recognition and subsequently thereafter. On March 22, 2023, 4,500,000 Class C-2 Shares with a fair value of $3,285 were converted to 4,500,000 Class C-1 Shares with the same fair value following the election by the respective holders of the Class C-2 Shares and approval from the Board of Directors.

The change in Class C Shares is as follows:

	As of December 31, 2024		As of December 31, 2023	
	Liability Fair Value	**Number Outstanding**	**Liability Fair Value**	**Number Outstanding**
Class C-1 Shares	2,870	20,499,965	4,920	20,499,965
Class C-2 Shares	630	4,500,000	1,080	4,500,000
Total	**$3,500**	**24,999,965**	**$6,000**	**24,999,965**

Note share counts are not in thousands.

	Class C-1 Shares
As of December 31, 2022	**$ 17,920**
Class C-2 Shares converted to Class C-1 Shares	3,285
Change in fair value measurement	(16,285)
As of December 31, 2023	**$ 4,920**
Change in fair value measurement	(2,050)
As of December 31, 2024	**$ 2,870**

	Class C-2 Shares
As of December 31, 2022	**$ 10,080**
Class C-2 Shares converted to Class C-1 Shares	(3,285)
Change in fair value measurement	(5,715)
As of December 31, 2023	**$ 1,080**
Change in fair value measurement	(450)
As of December 31, 2024	**$ 630**

Maturities are not provided for the Parent'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 Parent. 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 is uncertain and any cash flow impacts cannot be forecasted in a useful manner.

Refer to Note 18 - Reverse recapitalization within the Polestar Group Consolidated Financial Statements for more details on the financial liabilities related to the Class C Shares and the Earn-out rights.

Note 6 - Investments in subsidiaries

The following table depicts the changes in the Parent's investments in subsidiaries:

	Total
Balance as of December 31, 2022	**$ 3,783,605**
Additions	1,190,000
Impairment losses	(365,267)
Balance as of December 31, 2023	**$ 4,608,338**
Additions	1,295,000
Impairment losses	(915,541)
Balance as of December 31, 2024	**$ 4,987,797**

As of December 31, 2024, investments in subsidiaries include the subsidiary Polestar Holding AB, with a cost of $4,987,797. During the year ended December 31, 2024, the investment in the subsidiary Gores Guggenheim, Inc. was written down to a cost of $0. The additions to investments in subsidiaries are due to cash injections of $1,295,000 in Polestar Holding AB. The impairment loss is composed of $695,612 towards Polestar Holding AB of as its carrying amount was greater than its fair value less cost to sell and $219,929 towards Gores Guggenheim, Inc. recognized as a result of a dividend distribution.

As of December 31, 2023, investments in subsidiaries include the subsidiary Polestar Holding AB, with a cost of $4,388,409, and Gores Guggenheim, Inc., with a cost of $219,929. The additions in investments in subsidiaries are on account of cash injections of $1,190,000 in Polestar Holding AB and an impairment loss on Gores Guggenheim, Inc. of $365,267. The impairment loss was recognized as a result of a dividend distribution.

During the year ended December 31, 2024 and 2023, Polestar's share price fell, which impacted the company's market capitalization and was an indicator of a potential impairment. Polestar has therefore performed an impairment test on the investments in subsidiaries to determine whether the recoverable amount exceeded the asset's carrying amount. The recoverable amount is the higher of fair value less costs of disposal and value in use. The recoverable amount was established through a calculation of the fair value less costs of disposal based on the Group's market capitalization, a Level 1 fair value input. This resulted in a recoverable amount less than the cost of the investment in Polestar Holding AB, leading to the recognition of an impairment loss as of December 31, 2024. Conversely, for the year ended December 31, 2023, the recoverable amount exceeded the cost of investment in Polestar Holding AB, and no impairments were recorded.

The following are subsidiaries of the Group at the end of the year December 31, 2024 and have been included in the consolidated financial statements of the Group.

Legal Name	**Jurisdiction of Incorporation**	**Proportion of Ordinary Shares Held by the Company**
Polestar Holding AB	Sweden	100%
Polestar Automotive (Singapore) Pte. Ltd.	Singapore	100%
Polestar Performance AB	Sweden	100%
Polestar Automotive Canada Inc.	Alberta, Canada	100%
Polestar Automotive USA Inc.	Delaware, USA	100%
Polestar Automotive USA Investment Inc.	Delaware, USA	100%
Polestar Automotive Belgium BV	Belgium	100%
Polestar Automotive Germany GmbH	Germany	100%
Polestar Automotive Netherlands BV	Netherlands	100%
Polestar Automotive Sweden AB	Sweden	100%
Polestar Automotive Austria GmbH	Austria	100%
Polestar Automotive Denmark ApS	Denmark	100%
Polestar Automotive Finland Oy	Finland	100%
Polestar Automotive Switzerland GmbH	Switzerland	100%
Polestar Automotive Norway A/S	Norway	100%
Polestar Automotive Korea Limited	South Korea	100%

Polestar Automotive Australia PTY Ltd	Australia	100%
Polestar Automotive (Singapore) Distribution Pte. Ltd.	Singapore	100%
Polestar Automotive Ireland Limited	Republic Ireland	100%
PLSTR Automotive Portugal Unipessoal Lda	Portugal	100%
Polestar Automotive Poland sp. zo. o	Poland	100%
Polestar Automotive UK Limited	United Kingdom	100%
Polestar Automotive Spain S.L	Spain	100%
Polestar Automotive Luxembourg SARL	Luxembourg	100%
Polestar Automotive Czech Republic s.r.o	Czech Republic	100%
Polestar Automotive Italy s.r.l	Italy	100%
Polestar Automotive (China) Group Co., Ltd.	People’s Republic of China	100%
Polestar Automotive China Distribution Co., Ltd.	People’s Republic of China	100%
Polestar Automotive Consulting Service (Shanghai) Co.,	People’s Republic of China	100%
Polestar Automotive China Distribution (Taizhou) Co., Ltd	People’s Republic of China	100%
Polestar Automotive (Chongqing) Co., Ltd.	People’s Republic of China	100%
Polestar Automotive (Singapore) Investment Pte Ltd	Singapore	100%

Note 7 - Other current assets

The following table details the Parent’s other current assets:

	As of December 31,	
	2024	2023
Other current assets		**(Restated)**
Litigation insurance recovery - (Restated)	8,886	10,000
Other	105	88
Total	**$ 8,991**	**$ 10,088**

As of December 31, 2024 and December 31, 2023, other current assets were mainly comprised of an expected insurance recovery from Polestar's directors and officers insurance policy. See Note 9 - Current provisions within the for more details.

Note 8 - Equity

Changes in the Parent's equity during the year ended December 31, 2024 and 2023 were as follows:

	Class A Shares	Class B Shares	Share capital	Other contributed capital
Balance as of December 31, 2022	**467,677,673**	**1,642,233,575**	**$ (21,165)**	**$ (3,582,737)**
Equity-settled share-based payment	299,075	—	(3)	(5,390)
Balance as of December 31, 2023	**467,976,748**	**1,642,233,575**	**$ (21,168)**	**$ (3,588,127)**
Conversion of Class B to Class A (1:1)	1,592,341,000	(1,592,341,000)	—	—
Equity-settled share-based payment	144,249	—	(1)	(9,840)
Balance as of December 31, 2024	**2,060,461,997**	**49,892,575**	**$ (21,169)**	**$ (3,597,967)**

Merger with GGI

Refer to Note 1 - Overview and basis of preparation, Note 18 - Reverse recapitalization and Note 22 - Equity of the Polestar Group Consolidated Financial Statements for details on the merger with GGI.

As part of the closing of the merger with GGI, Polestar Automotive Holding UK PLC underwent multiple related party equity transactions with its Group subsidiaries to effectuate a change in the legal entity structure, making Polestar Automotive Holding UK PLC the new parent of the Polestar Group. As a result of the Parent's equity transaction with the Group subsidiaries, the Parent consolidated 100% of the Group subsidiaries.

Accumulated deficit

Accumulated deficit comprises net income (loss) for the year and preceding years, less any profits distributed. Accumulated deficit also includes the income effect of the issuance of Earn-out rights. Refer to Note 18 - Reverse recapitalization of the Polestar Group's Consolidated Financial Statements for further information on the Earn-out rights.

Note 9 - Current provisions

The following table details the Parent’s current provisions:

	As of December 31,	
	2024	**2023**
Litigation	27,134	35,676
Other	—	3
Total	**$ 27,134**	**$ 35,679**

GGI litigation

Per the terms of the BCA governing the merger with GGI discussed in Note 1 - Overview and basis of preparation of the Consolidated Financial Statements, Polestar is obligated to indemnify directors, officers, and employees of GGI for six years following the Closing of the merger. In August 2023, former public stakeholders of GGI filed a legal claim against certain directors, officers, and employees of GGI; alleging certain misconduct by these individuals with respect to their duties to GGI's stakeholders during and prior to GGI's merger with Polestar. As of December 31, 2024 and 2023, Polestar maintains a provision for $27,134 and $35,676, respectively, relating to its indemnification obligation towards the defendants. Polestar's directors and officers insurance policy applies to the legal claim and provides coverage for up to $10,000 of costs after $5,000 has been paid by Polestar. However, as of December 31, 2024 and 2023, only $8,886 and $10,000 respectively, has been recognized and included in other current assets on the Parent Statement of Financial Position as a virtually certain offsetting recovery. As the outcome of the litigation includes inherent uncertainty, the direct result of the litigation may not be known until late 2025 when trial is scheduled. Polestar’s estimates of its obligation could change in the future if new facts and circumstances arise as the legal proceedings continue to develop.

Note 10 - Other current liabilities

Other current liabilities for the Parent were as follows:

	As of December 31,	
	2024	**2023**
Personnel related liabilities	348	245
Accrued interest	11,613	—
Accrued expenses	4,415	6,193
Other liabilities	160	31
Total	**$ 16,536**	**$ 6,469**

As of December 31, 2024 the accrued interest balance relates to loans outstanding with third-parties. Refer to Note 4 - Liabilities to credit institutions for details. As of December 31, 2024 and 2023 accrued expenses consist of audit fees, lawyer fees, and other consultant fees. The Auditor's remuneration for audit and other services is disclosed in the Director's report. Refer to the Director's Report for more information.

Note 11 - Income taxes

Information regarding the composition of recognized deferred tax assets is as follows:

	As of December 31,	
	2024	**2023**
Tax losses carried forward	8,226	3,779
Accruals	—	126
Deferred tax assets	**$ 8,226**	**$ 3,905**

All changes in deferred tax assets have been reported in net income (loss) for the year ended December 31, 2024. Deferred taxes have been calculated by applying the tax rate of the UK.

As of December 31, 2024 and 2023, the Parent had unused tax losses of $32,903 and $15,117 respectively, for which deferred tax assets have been recognized. The tax losses carried forward do not have a due date.

Pillar Two

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

The assessment of the exposure to Pillar Two income taxes is based on the Group's consolidated financial statements for the current year. Based on the assessment performed, the transitional safe harbour relief applies and therefore the application of the rules does not have any current tax impact on the Company for the year ended 31 December, 2024. The Company has applied the temporary mandatory relief from deferred tax accounting. Any Pillar Two income taxes are accounted for as current taxes.

Note 12 - Related party transactions

Refer to Note 27 - Related party transactions and Note 7 - Employee benefits of the Polestar Group Consolidated Financial Statements for further discussion of related parties and benefits to key management, respectively. Unless specifically detailed in this footnote, all transactions with related parties are on an arm's length basis.

The following related party balances existed at the Parent:

	As of December 31,	
	2024	**2023**
Liabilities		**(Restated)**
Other non-current interest-bearing liabilities - related parties - (Restated)	1,257,637	1,257,194
Other current liabilities - related parties	42,769	17,705
Total	**$ 1,300,406**	**$ 1,274,899**

Other non-current interest-bearing liabilities - related parties consists of financing agreements with related parties, discussed further below. Other current liabilities - related parties consists of $42,769 and $17,705 of accrued interest payable on loans with related parties as of December 31, 2024 and 2023 respectively.

Convertible instruments with Volvo Cars and Geely

On November 3, 2022 the Parent entered into a credit facility agreement with Volvo Cars providing available credit of up to $800,000; originally terminating on May 3, 2024. On November 8, 2023, the credit facility agreement was amended to increase the overall credit capacity to $1,000,000 and extending the termination date to June 30, 2027. The credit facility can be drawn upon once a month and is utilizable for general corporate purposes. Interest is calculated at the floating six-month SOFR rate plus 4.9% per annum. Prior to June 30, 2027, 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 (1) whether or not the Group conducts a qualified equity offering to investors at a market discount and (2) the time-value of money associated with settlement of the liability earlier than June 30, 2027. 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.

On November 8, 2023, the credit facility agreement was amended to increase the overall credit capacity to $1,000,000 and extend the termination date to June 30, 2027. As a result of the amended terms, Polestar recalculated the carrying amount of the liability as the present value of the modified contractual cash flows and recognized a modification loss of $7,553 within finance expense. The modified carrying value of the liability as of December 31, 2023 was $1,007,194.

On August 21, 2024, the credit facility agreement was amended to extend the termination date to December 29, 2028. As a result of the amended terms, Polestar recalculated the carrying amount of the liability as the present value of the modified contractual cash flows and recognized a modification loss of $2,761 within finance expense during the year ended December 31, 2024. The modified carrying value of the liability as of December 31, 2024 was $1,007,637.

As of December 31, 2024 and 2023, the Parent had principal draws of $1,000,000 and $1,000,000 respectively, outstanding under the facility and the fair value of the financial liability related to Volvo Cars' conversion right was $0 and $0.

On November 8, 2023, the Parent entered into a credit facility agreement with Geely Sweden Automotive Investment AB ("Geely") providing available credit of up to $250,000; terminating on June 30, 2027. Other than the amount of credit available, the credit facility agreement with Geely maintains terms that are identical to the amended credit facility agreement with Volvo Cars. As of December 31, 2024 and 2023, the Group had principal draws of $250,000 and $250,000 outstanding under the facility and the fair value of the financial liability related to Geely's conversion right was $0 and $0.

As of December 31, 2024 and 2023, the total principal balance outstanding under the facilities with Volvo Cars and Geely is reflected within other non-current interest-bearing liabilities - related parties.

Note 13 - Commitments and contingencies

Commitments

The Parent did not have any commitments as of December 31, 2024 and 2023.

Contingencies

In the normal course of business, the Parent is subject to contingencies related to legal proceedings and claims and assessments that cover a wide range of matters. Liabilities for such contingencies are recorded to the extent that it is probable the liability is incurred, and the amount is reasonably estimable. Associated legal costs related to such contingencies are expensed as incurred.

The Parent did not have any liabilities related to such contingencies as of December 31, 2024 and 2023.

Note 14 - Subsequent events

Please refer to Note 30 - Subsequent events in the Group Financial Statements for disclosure of the post Balance Sheet events impacting the Parent.

Other Information

Glossary

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

"*ADRs*" means American Depository Receipts.

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

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

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

"*CEO*" means Chief Executive Officer.

"*CFO*" means Chief Finance Officer.

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

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

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

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

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

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

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

"*CNY*" means the Chinese Yuan Renminbi, the legal currency of the People's Republic of China.

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

"*COO*" means Chief Operating Officer.

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

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

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

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

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

"*Executive Director*" means a C-Suite board member.

"EV" means electric vehicle.

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

"*Former Parent Shareholders*" means Snita, PSINV AB, PSD Investment Limited, GLY New Mobility 1. LP, Northpole GLY 1 LP, Chongqing Liangjiang , Zibo Financial Holding Group Co., Ltd. and Zibo High-Tech Industrial Investment Co., Ltd.

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

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

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

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

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

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

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

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

"*Non-Executive Director"* means a non-employee board member.

"PIPE" means Private Investment in Public Entity.

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

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

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

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

"*Polestar*" means, as the context requires, (i) in general Former Parent and its subsidiaries prior to the Business Combination Closing, (ii) in the context of the Business Combination, the Pre-Closing Reorganisation and the Pre-Closing Sweden/Singapore Share Transfer, Polestar Sweden, or, both Polestar Singapore and Polestar Sweden if at any time (x)

Polestar Sweden is not a wholly-owned subsidiary of Polestar Singapore or (y) Polestar Singapore is not a wholly-owned subsidiary of Polestar Sweden, or (iii) the Company or Polestar Group after the Business Combination Closing.

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

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

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

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

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

"*SEK"* means Swedish Krona, the legal currency of Sweden.

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

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

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

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

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

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

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

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

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

Company Information

Polestar is incorporated in England & Wales. The Company operates in 27 markets across Europe, Asia, and North America.

Shareholder information: https://investors.polestar.com/

Company Registration

Registered Office
Polestar Automotive Holding UK PLC

The Pavilions, Bridgwater Road,
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Registered in England & Wales
Company number: 13624182

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