

Polestar Automotive Denmark ApS

Vandtårnsvej 62, 1., 2860 Søborg

CVR no. 42 09 25 33

Annual report 2023

Approved at the Company's annual general meeting on 5 August 2024

Chair of the meeting:

.....*Anna Rudensjö*.....
Anna Rudensjö

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Polestar Automotive Denmark ApS for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Gladsaxe, 5 August 2024
Executive Board:



.....
Henrik Bang
Managing director



.....
Kristian Elvefors
Director



.....
Kaj Ola Sjölander
Director

Independent auditor's report

To the shareholder of Polestar Automotive Denmark ApS

Opinion

We have audited the financial statements of for the financial year 01.01.2023 -31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw the attention to note 2 "Going concern" in the financial statements, which describes that Polestar Automotive Denmark is dependent on Polestar Group for its funding requirements via transfer pricing arrangements with the Polestar Group. Polestar Group depends on additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, shareholder loans with related parties, and executing capital market transactions through offerings of debt and/or equity and therefore does not represent a significant but only material going concern risk. Our opinion is not modified in respect of this matter.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations or has no realistic alternative but to do so.

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 and the additional requirements applicable in Denmark 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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

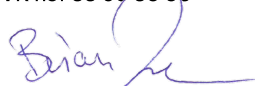
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 5 August 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR no. 33 96 35 56



Brian Schmit Jensen

State Authorised Public Accountant

mne40050

Management's review

Company details

Name Polestar Automotive Denmark ApS
Address, Postal code, City Vandtårnsvej 62, 1., 2860 Søborg

CVR no. 42 09 25 33
Established 15 January 2021
Registered office Gladsaxe
Financial year 1 January - 31 December

Executive Board Henrik Bang, Managing director
Kristian Elvefors, Director
Kaj Ola Sjölander, Director

Auditors Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6, 2300 København

Management's review

Financial highlights

DKK'000	2023	2022	2021
Key figures			
Revenue	661,016	480,261	250,319
Gross profit	34,607	21,107	8,866
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	8,056	4,807	2,329
Operating profit/loss	7,469	4,470	2,329
Net financials	-1,878	-1,216	-89
Profit for the year	4,280	2,496	1,744
Balance sheet			
Total assets	232,671	177,417	115,426
Investments in property, plant and equipment	407	2,085	0
Equity	8,560	4,280	1,784
Financial ratios			
Operating margin	1.1%	0.9%	0.9%
Gross margin	5.2%	4.4%	3.5%
EBITDA-margin	1.2%	1.0%	0.9%
Return on assets	3.6%	3.1%	2.0%
Current ratio	105.5%	104.0%	103.6%
Equity ratio	3.7%	2.4%	1.5%
Return on equity	66.7%	82.3%	97.8%
Other data			
Average number of full-time employees	32	21	8

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Operating margin	$\frac{\text{Operating profit/loss (EBIT)}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}} \times 100$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)}}{\text{Revenue}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$
Return on equity	$\frac{\text{Profit/loss after tax}}{\text{Average equity}} \times 100$

Management's review

Business review

As a sales company, it is focused on online sales of premium cars and accessories to end customers. The vehicles are being purchased on the basis of transfer price agreement from Polestar Performance AB and then sold in Denmark. Between Polestar Performance AB and Polestar Automotive Denmark all transactions are made at an arm's length. Polestar Automotive Denmark has three categories of customers: end-customers, fleet customers and financial service providers to whom Polestar sells cars and the financial service providers in their turn having the contractual relationship with end customer.

Ownership structure

Polestar Automotive Denmark is 100% owned by Polestar Performance AB (PPAB) with headquarters in Gothenburg, which in turn is a subsidiary of Polestar Automotive (Singapore) Pte. Ltd based in Singapore. Polestar Automotive (Singapore) Pte. Ltd is in turn a subsidiary of Polestar Holding AB based in Sweden which in turn is a subsidiary of the ultimate parent company, Polestar Automotive Holding UK PLC, based in the United Kingdom. This parent company prepares consolidated accounts for the Polestar Group.

Polestar Automotive Holding UK PLC is 39,2% owned by PSD Investment Limited, a company controlled by Mr. Li Shufu. An additional 48,3 % is owned by Volvo Cars via its subsidiaries Snita Holding B.V. and PS Investment AB, both limited companies. The remaining 12,5% ownership is held by other shareholders.

Information around new owner structure in 2024

On February 23, 2024 Volvo Cars announced its intention to reduce its stake in Polestar from 48,3% to 18% by way of a distribution to its shareholders. On May 13, 2024, Geely Sweden Automotive Investment B.V., a wholly-owned subsidiary of Geely Sweden Holding AB, was distributed Swedish depository receipts from Volvo Cars giving it a right to receive 23.8% of outstanding Polestar shares.

Financial review

The income statement for 2023 shows a profit of DKK 4,280 thousand against a profit of DKK 2,496 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 8,560 thousand.

Polestar Denmark is growing and is contributing to the global establishment of the Swedish brand in the financial year 2023. 2,022 (2022: 1,459) of these sales were made by Polestar Denmark. There is currently only one model (Polestar 2), and all of the sales in 2023 were based on that model. The business development in 2023 can be considered positive from a management point of view due to market share gains and sales growth. The turnover of Polestar Automotive Denmark in 2023 has increased by 37.64% been DKK 661.016 thousand (2022: 480,261 thousand).

Corporate income tax in 2023 is DKK 1.311 thousand (2022: 758 thousand) resulting in a profit of the year of DKK 4.280 thousand (2022: DKK 2,496 thousand), an increase of 71.41%. The equity ratio as of reporting date is 3.7% (2022: 2,4%). The commercial liabilities with Group companies are DKK 119,871 thousand (2022: DKK 130,580 thousand) and are mainly due to the purchase of the vehicles from Polestar Performance AB. Financial liabilities with Group companies are DKK 40.919 thousand (2022: DKK 20,377 thousand). At the end of the financial year, the cash at bank amounted to DKK 40.527 thousand (2022: 30,222 thousand). No dividend was proposed up to 31 December 2023.

For 2023 Polestar Denmark had expected a unit sale of 1,870 cars but despite a year with a lot of price competition in the EV market starting with Tesla decreasing their prices significantly the 13th of January 2023 we have exceeded our target. Customers have been reluctant to buy EV cars as they were afraid to have a big loss if the price of the vehicle were lowered significantly soon after, therefore the growing private leasing market has been paramount for us to reach the final sale of 2,022 cars. The estimated revenue for 2023 was 580-630 M dkk. The increase in the actual revenue was due to the increase in the sold volumes. This result is very positive for both Polestar and our partners in Denmark.

Management's review

In certain instances, Polestar's suppliers and business partners have experienced delays or disruptions from COVID-19, resulting in negative impacts to Polestar. Specifically, the prolonged government mandated quarantines and lockdowns in eastern China during the twelve months ended December 31, 2022 delayed production and delivery of critical components for the PS2. Polestar continued to feel the effects of COVID-19 early in the year ended December 31, 2023, with the effects losing impact towards the end of the year.

While Polestar does not directly conduct any business with suppliers in Russia or Ukraine, there can be no assurance that all parts of the supply chain are devoid of any exposure to disruption caused by the Russo-Ukrainian War. The recent escalation in the conflict between Israel and Hamas and uncertain geopolitical conditions, sanctions, and other potential impacts on the global economic environment may weaken demand for Polestar's vehicles and impact its ability to access production components, which could make it difficult for Polestar to forecast its financial results and manage its inventory levels. Israel is one of Polestar's importer markets where we have minimal sales. Polestar also has some suppliers with operations in Israel, including Mobileye and StoreDot. If the conditions in Israel interrupt Polestar's suppliers' operations or limit the ability for Polestar's suppliers to operate, Polestar's business can be harmed. Additionally, in the past, Israel and Israeli companies have been, and continue to be, subject to economic boycotts and divestment initiatives, which could negatively impact Polestar's business given Polestar's relationship with Mobileye and StoreDot.

In addition, further escalation of the conflict in the Red Sea may affect our shipping operations and result in shipping companies rerouting their cargo ships. These potential shipping disruptions may cause additional shipping costs and delays.

Financial risks and use of financial instruments

General uncertainties are future economic conditions and their impact on demand for cars and their related services and products. In its operations, Polestar Denmark is exposed to various types of risks such as market risk and financial risks.

The Company does not utilize financial instruments.

Market Risks

Polestar Performance group, including Polestar Denmark has ambitious goals and are introducing 2 new models in the coming year, PS3 and PS4.

Brand awareness is still crucial to ensure successful market launches. The PS3 has been delayed several times, but we expect it to be available in August/September 2024. We have a strong focus strategic advertising and sales promotion to support the launching of the 2 new models. Securing funding and liquidity is of highest importance in order to execute on the business plan. Therefore, it is very positive that some of the leading banks in the world has committed to provide Polestar Global close to 1 billion\$ in financing.

Customer perception of range and performance of Polestar cars are critical to sales success. This is monitored carefully via Polestar Performance group's R&D activities and operational controlling. Sourcing of batteries at a competitive price level and in line with sustainability targets is also crucial to support supply of cars that address customer requirements. Polestar engages in strategic discussions with key suppliers to help ensuring sourcing is sufficient. Other factors, to some extent outside Polestar control, are also critical to ensure customer satisfaction. One of them is customer access to charging infrastructure. Polestar monitors the charging market, aiming to identifying solutions to facilitate customers BEV charging.

Credit Risks

Polestar's credit risk can be divided in financial credit risk and operational credit risk. Credit risk on financial transactions is the risk that Polestar will incur losses as a result of non-payment by counterparties related to the Group's bank accounts, bank deposits and other liquid asset. However, to mitigate this risk on local and group level Polestar, is only having well-established banks as counterparties, reducing the financial credit risk substantially.

The operational credit risk arises from accounts receivable. Polestar Denmark has two categories of customers. The first one being end customers who pay up-front, so Polestar does not take any credit risk. The second being fleet customers, where a credit risk review is performed prior to entering into sales agreements. The maximum amount exposed to credit risk is the carrying amount of accounts receivable, see Balance sheet: page 13, for further information.

Management's review

Currency Risks

PS Denmark is not considered to be exposed to currency risk, since the entity is both purchasing and selling cars in the same currency, Danish Kroner (DKK).

Liquidity and Funding risk

Liquidity risk is the risk that Polestar is unable to meet ongoing financial obligations on time. Polestar Performance group including Polestar Denmark prepares short-term and Long- term planning in order to mitigate the liquidity and funding risk. As Polestar Denmark is an integrated part of the Polestar Performance Group Business Plan (PPAB), liquidity and funding is secured by PPAB.

Financial and non-financial performance indicators

The sales and the number of vehicles sold, are important financial performance indicators. Market share, customer satisfaction and the quality of the vehicles are important non-financial performance indicators. An increase in market share is also expected in the future, in particular through further model launches. Customer satisfaction and the quality of the vehicles is regularly measured in the Polestar Performance Group and also through independent surveys and tests positive.

Impact on the external environment

Sustainability lies at the heart of Polestar. Polestar is a performance brand, determined to improve the society by accelerating the transition to a fully electric, climate-neutral future. The brand has set itself the "Moonshot goal" of creating a truly climate neutral vehicle by 2030.

Polestar Denmark follows the legislation for reporting to DPA (Dansk Producent Ansvar) to make sure that our products are properly registered, collected, handled and recycled in the best way at the end of their life, which decreases the risk of releasing hazardous substances and a waste of resources.

Corporate Governance

Corporate governance consists of the rules and structure imposed to guide and steer the operations of Polestar with effective control. Polestar is governed by applicable corporate governance laws, Polestar Performance group business governance as well as policies adopted by the executive board. The executive board of Polestar Denmark has adopted a Code of Conduct and corporate policies within areas such as anti-corruption, conflict of interest, trade sanctions and export control, data protection, competition law, intellectual property, and internal reporting, applicable to all employees of the Polestar group and regularly reviewed.

Events after the balance sheet date

Many of Polestar's vehicles are manufactured in China. The European Union has recently announced that they will be imposing higher import tariffs on Chinese electric vehicle imports. If a resolution is not reached between China and the EU, this will result in higher import tariffs 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. China has also stated that it is looking at its own measures to respond to such tariffs. Although, Polestar manufacturing facilities in Charleston, South Carolina and Busan, South Korea (which are owned and operated by Polestar's manufacturing partners) as well as any potential future facilities, are anticipated to reduce the risk of higher import or custom duties in the European Union, this may not ultimately be the case. If these manufacturing facilities do not ramp up as expected, Polestar will rely more heavily on imported inventory from China and its vehicles may be subject to higher tariffs.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Management's review

Unusual matters having affected the financial statements

Going concern to annual report FY2023

Polestar Group's financial statements will be prepared on a basis that assumes Polestar Group will continue as a going concern and the ordinary course of business will continue in alignment with Management's 2024-2028 business plan.

Management assessed Polestar Group's ability to continue as a going concern and evaluated whether there are certain events or conditions, considered in the aggregate, that may cast substantial doubt about Polestar's ability to continue as a going concern. As a result of scaling up commercialization and capital expenditures related to the Polestar 2, Polestar 3, Polestar 4, Polestar 5, and Polestar 6, managing the Company's liquidity profile and funding needs remains one of Management's key priorities. Additionally, management reviews the Group's cash flow forecasts and available liquidity and considers possible risks and uncertainties pertaining to the twelve-month period after the issuance date of these Consolidated Financial Statements.

Due to the nature of its business, if Polestar is not able to raise the necessary funds through sales, equity raises, debt financing, or other means, the Group may be required to delay, limit, reduce, or, in the worst case, terminate research and development and commercialization efforts. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the years ended December 31, 2023 has not been finalized by reporting date, and would be higher than year 2022 and 2021 according to best estimation. Net losses for the years ended December 31, 2022 and 2021 are amounted to \$481,463 and \$969,298, respectively. Negative operating and investing cash flows for the years ended December 31, 2023 would be higher than year 2021 but lower to year 2022 according to best estimation. Negative operating and investing cash flows for the years ended December 31, 2022 and 2021 are amounted to \$1,809,762, and \$441,522, respectively. Management forecasts that Polestar Group will continue to generate negative operating and investing cash flows in the near future, until sustainable commercial operations are achieved. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group. Based on these circumstances, Management has determined there is substantial doubt about Polestar's ability to continue as a going concern. There are ongoing efforts in place to mitigate the uncertainty. The Consolidated Financial Statements will not include any adjustments to factor for the going concern uncertainty

Polestar Group primarily finances its operations through short-term working capital loan arrangements with credit institutions (i.e., 12 months or less), contributions from shareholders, extended trade credit from related parties, and long-term financing arrangements with related parties. Management's 2024-2028 business plan indicates that Polestar Group depends on additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, shareholder loans with related parties, and executing capital market transactions through offerings of debt and/or equity. The timely realization of these financing endeavors is crucial for Polestar Group's ability to continue as a going concern. If Polestar is unable to obtain financing from these sources or if such financing is not sufficient to cover forecasted operating and investing cash flow needs, Polestar Group will need to seek additional funding through other means (e.g., issuing new shares of equity or issuing bonds). Management has no certainty that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned.

To keep additional cash free to contribute to the achievement of the 2024-2028 business plan, as of December 31, 2023, Polestar most notably:

- Renegotiated the terms of its long-term credit facility with Volvo to extend the termination date by three years and also received additional borrowing capacity;
- Secured long-term financing from Geely in the form of various facilities; and
- Entered into multiple short-term working capital loan arrangements;

Management's review

Management reasonably expects there to be cash balances at the end of each reporting period in FY 2024 and FY 2025 in order to meet Polestar's cash flow requirements.

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, Management has assessed the potential cash generation of the Group and factors that relate to Polestar's current and expected profitability, the timing of repayment of existing financing facilities and potential sources of financing. On the basis of the assessment performed, Management consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the period ended December 31, 2023.

Outlook

Polestar continues to market and sell Polestar cars in the Danish market in accordance with the Polestar business plan. Polestar Automotive Denmark plans to perform another 2 digit percentage growth in 2024, partly by launching 2 new models to the market in 2024 and contribute to Polestar Performance groups growth in 2024.

Outlook for 2024 is however dampen due the deceleration in the market caused by customers being uncertain about the price development in the EV market in general.

Management's outlook for 2024 is based on the current market situation and the interest from the market in especially the launch of PS4.

For Polestar Automotive Denmark the volume projection for 2024 is higher due to the launch of 2 new models in second half of the year. In 2024, we expect an increase in the volume of cars sold between 7% and 10% corresponding to an increase in revenue between 10 and 15%.

The current number of head counts employed by PS Denmark is projected in two years to stabilize around 33 FTEs (full-time equivalent). No additional investments that would be subject to be capitalized in 2024 are planned for.

The owner structure has changed in 2024 since the 22nd of Feb-24 it was announced that Geely will take over a 23,8% share in Polestar from Volvo. This gives Polestar a stronger position in the Geely Group that develops several other brands.

Furthermore, on the 28th of Feb-24 it was announced that 12 international banks have committed to provide financing to Polestar Group of 950 million USD. This extra financing makes it possible to focus on deliver on the profitable growth plan.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2023	2022
	Revenue	661,016	480,261
	Cost of sales	-564,827	-409,094
	Other external expenses	-61,582	-50,060
	Gross profit	34,607	21,107
4	Staff costs	-26,551	-16,300
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-587	-337
	Profit before net financials	7,469	4,470
	Financial income	16	2
5	Financial expenses	-1,894	-1,218
	Profit before tax	5,591	3,254
6	Tax for the year	-1,311	-758
	Profit for the year	4,280	2,496

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
8	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	1,328	1,539
	Leasehold improvements	240	209
		<u>1,568</u>	<u>1,748</u>
9	Investments		
	Deposits, investments	103	0
		<u>103</u>	<u>0</u>
	Total fixed assets	<u>1,671</u>	<u>1,748</u>
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	90,101	93,790
		<u>90,101</u>	<u>93,790</u>
	Receivables		
	Trade receivables	93,438	45,520
10	Deferred tax assets	4,773	2,937
	Other receivables	286	1,103
11	Prepayments	1,875	2,097
		<u>100,372</u>	<u>51,657</u>
	Cash	40,527	30,222
	Total non-fixed assets	<u>231,000</u>	<u>175,669</u>
	TOTAL ASSETS	<u><u>232,671</u></u>	<u><u>177,417</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	40	40
	Retained earnings	8,520	4,240
	Total equity	<u>8,560</u>	<u>4,280</u>
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
14	Deferred income	5,207	4,253
		<u>5,207</u>	<u>4,253</u>
	Current liabilities other than provisions		
13	Short-term part of long-term liabilities other than provisions	5,770	3,467
	Bank debt	40,000	0
	Prepayments received from customers	351	4,003
	Trade payables	7,100	7,278
	Payables to group enterprises	119,871	130,580
	Corporation tax payable	989	836
	Other payables	44,823	22,720
		<u>218,904</u>	<u>168,884</u>
	Total liabilities other than provisions	<u>224,111</u>	<u>173,137</u>
	TOTAL EQUITY AND LIABILITIES	<u>232,671</u>	<u>177,417</u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 3 Events after the balance sheet date
- 7 Appropriation of profit
- 15 Contractual obligations and contingencies, etc.
- 16 Security and collateral
- 17 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2022	40	1,744	1,784
7	Transfer, see "Appropriation of profit"	0	2,496	2,496
	Equity at 1 January 2023	40	4,240	4,280
7	Transfer, see "Appropriation of profit"	0	4,280	4,280
	Equity at 31 December 2023	40	8,520	8,560

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2023	2022
	Profit for the year	4,280	2,496
18	Adjustments	3,776	2,311
	Cash generated from operations (operating activities)	8,056	4,807
19	Changes in working capital	-31,974	-3,973
	Cash generated from operations (operating activities)	-23,918	834
	Interest received, etc.	16	2
	Interest paid, etc.	-1,894	-1,218
	Income taxes paid	-3,389	-3,355
	Cash flows from operating activities	-29,185	-3,737
	Acquisition of property, plant and equipment etc. of fixed asset investments	-407 -103	-2,085 0
	Cash flows to investing activities	-510	-2,085
	Loans raised	40,000	0
	Cash flows from financing activities	40,000	0
	Net cash flow	10,305	-5,822
	Cash and cash equivalents at 1 January	30,222	36,044
20	Cash and cash equivalents at 31 December	40,527	30,222

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Polestar Automotive Denmark ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Basis of recognition and measurement

Assets are recognized in the balance sheet when, as a result of an earlier event, future economic benefits are likely to accrue to the company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when, as a result of an earlier event, the company has a legal or constructive obligation and it is probable that the future economic benefits will flow from the company and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Measurement after initial recognition takes place as described for each individual item below.

Recognition and measurement take into account predictable risks and losses that arise before the annual report is presented and which confirm or invalidate circumstances that existed at the balance sheet date.

Income is recognized in the income statement as it is earned, while costs are recognized in the amounts relating to the financial year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

Foreign currency transactions are initially valued at the exchange rate on the transaction date. Receivables, payable and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are valued at the exchange rate at the balance sheet date. Exchange rate differences arising between the exchange rate on the transaction date and the exchange rate on the date of payment and the balance sheet date, respectively, are recognized in the income statement as financial items. Tangible and intangible assets, inventories and other non-monetary assets purchased in foreign currencies are valued at historical rates.

The management's review and note 2 contain figures of Polestar at the group level. The figures of the Polestar Group are reported in USD on the group level and if to be converted this to DKK it would have been at a USD/DKK exchange rate of 6,9694.

Income statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenue from the sale of merchandise and finished goods is recognized in the income statement when delivery and risk transfer to the buyer have taken place. Revenue is recognized exclusive of VAT, taxes and discounts in connection with the sale and is measured at the sales value of the stipulated consideration.

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Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	5 years
Leasehold improvements	5 years

Financial income and expenses

Other financial income comprises interest income, including interest income on receivables from group enterprises, exchange gains on transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on transactions in foreign currencies and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax

Taxes are calculated on the result as disclosed in the income statement based on current tax rates, allowing for tax-exempt items and cost items which are non-deductible, either in whole or in part.

Tax assets and liabilities are netted if the general conditions for offsetting are met.

Balance sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and write down.

The cost comprises the acquisition price, costs directly related to the acquisition start-up cost for the asset until the time when the asset is ready for use. For proprietary assets, cost comprises direct and indirect costs for materials, components, subcontractors and salaries.

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Notes to the financial statements

1 Accounting policies (continued)

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Deposits, investments

Deposits are recognised at amortized cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Inventories

Inventories are measured at cost, calculated according to the FIFO method, or net realizable value, where this is lower. The cost price for merchandise comprises the purchase price plus home delivery costs.

The net realizable value of inventories is calculated as the expected sales price less completion costs and costs to be incurred to affect the sale.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash include bank deposits.

Income taxes and deferred taxes

Current tax liabilities or current tax receivable are recognized in the balance sheet as calculated tax on the year's taxable income, which is regulated for paid tax aconto.

Deferred tax is recognized on all temporary differences between the accounting and tax values of assets and liabilities, where the tax value of the assets is calculated on the basis of the planned use of the individual asset.

Deferred tax assets, including the tax value of taxable loss carryforwards, are recognized in the balance sheet at the value that the asset is expected to be realized, either by off-set against deferred tax liabilities or as net tax assets.

Other payables

The Company has chosen IAS 39 as interpretation for liabilities.

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments from customers include deferred income where payment has been received for a subsequent sale of goods and services, but where delivery has not yet taken place.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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Notes to the financial statements

2 Going concern uncertainties

Polestar Group's financial statements will be prepared on a basis that assumes Polestar Group will continue as a going concern and the ordinary course of business will continue in alignment with Management's 2024-2028 business plan.

Management assessed Polestar Group's ability to continue as a going concern and evaluated whether there are certain events or conditions, considered in the aggregate, that may cast substantial doubt about Polestar's ability to continue as a going concern. As a result of scaling up commercialization and capital expenditures related to the Polestar 2, Polestar 3, Polestar 4, Polestar 5, and Polestar 6, managing the Company's liquidity profile and funding needs remains one of Management's key priorities. Additionally, management reviews the Group's cash flow forecasts and available liquidity and considers possible risks and uncertainties pertaining to the twelve-month period after the issuance date of these Consolidated Financial Statements.

Due to the nature of its business, if Polestar is not able to raise the necessary funds through sales, equity raises, debt financing, or other means, the Group may be required to delay, limit, reduce, or, in the worst case, terminate research and development and commercialization efforts. Since inception, Polestar Group has generated recurring net losses and negative operating and investing cash flows. Net losses for the years ended December 31, 2023 has not been finalized by reporting date, and would be higher than year 2022 and 2021 according to best estimation. Net losses for the years ended December 31, 2022 and 2021 are amounted to \$481,463 and \$969,298, respectively. Negative operating and investing cash flows for the years ended December 31, 2023 would be higher than year 2021 but lower to year 2022 according to best estimation. Negative operating and investing cash flows for the years ended December 31, 2022 and 2021 are amounted to \$1,809,762, and \$441,522, respectively. Management forecasts that Polestar Group will continue to generate negative operating and investing cash flows in the near future, until sustainable commercial operations are achieved. Securing financing to support operating and development activities represents an ongoing challenge for Polestar Group. Based on these circumstances, Management has determined there is substantial doubt about Polestar's ability to continue as a going concern. There are ongoing efforts in place to mitigate the uncertainty. The Consolidated Financial Statements will not include any adjustments to factor for the going concern uncertainty

Polestar Group primarily finances its operations through short-term working capital loan arrangements with credit institutions (i.e., 12 months or less), contributions from shareholders, extended trade credit from related parties, and long-term financing arrangements with related parties. Management's 2024-2028 business plan indicates that Polestar Group depends on additional financing that is expected to be funded via a combination of new short-term working capital loan arrangements, long-term loan arrangements, shareholder loans with related parties, and executing capital market transactions through offerings of debt and/or equity. The timely realization of these financing endeavors is crucial for Polestar Group's ability to continue as a going concern. If Polestar is unable to obtain financing from these sources or if such financing is not sufficient to cover forecasted operating and investing cash flow needs, Polestar Group will need to seek additional funding through other means (e.g., issuing new shares of equity or issuing bonds). Management has no certainty that Polestar Group will be successful in securing the funds necessary to continue operating and development activities as planned.

To keep additional cash free to contribute to the achievement of the 2024-2028 business plan, as of December 31, 2023, Polestar most notably:

- Renegotiated the terms of its long-term credit facility with Volvo to extend the termination date by three years and also received additional borrowing capacity;
- Secured long-term financing from Geely in the form of various facilities; and
- Entered into multiple short-term working capital loan arrangements;

Management reasonably expects there to be cash balances at the end of each reporting period in FY 2024 and FY 2025 in order to meet Polestar's cash flow requirements.

Financial statements 1 January - 31 December

Notes to the financial statements

In considering the appropriateness of adopting the going concern basis in preparing the financial statements, Management has assessed the potential cash generation of the Group and factors that relate to Polestar's current and expected profitability, the timing of repayment of existing financing facilities and potential sources of financing. On the basis of the assessment performed, Management consider it is appropriate to continue to adopt the going concern basis in preparing the consolidated financial statements for the period ended December 31, 2023.

3 Events after the balance sheet date

Many of Polestar's vehicles are manufactured in China. The European Union has recently announced that they will be imposing higher import tariffs on Chinese electric vehicle imports. If a resolution is not reached between China and the EU, this will result in higher import tariffs 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. China has also stated that it is looking at its own measures to respond to such tariffs. Although, Polestar manufacturing facilities in Charleston, South Carolina and Busan, South Korea (which are owned and operated by Polestar's manufacturing partners) as well as any potential future facilities, are anticipated to reduce the risk of higher import or custom duties in the European Union, this may not ultimately be the case. If these manufacturing facilities do not ramp up as expected, Polestar will rely more heavily on imported inventory from China and its vehicles may be subject to higher tariffs.

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2023	2022
4 Staff costs and incentive programmes		
Wages/salaries	23,422	14,384
Pensions	1,890	1,241
Other social security costs	323	552
Other staff costs	916	123
	<u>26,551</u>	<u>16,300</u>
Average number of full-time employees	<u>32</u>	<u>21</u>
Total remuneration to Management: DKK 2,853 thousand. (2022: DKK 2,849 thousand)		
Incentive programmes		
All employees of Polestar Automotive Denmark ApS, including each of executive officers, participate in the Polestar Automotive Denmark ApS Bonus Program, a short-term cash incentive program, which is approved by the Polestar Board annually. Under the Polestar Automotive Denmark ApS Bonus Program, employees are eligible to receive an annual cash bonus based on global Polestar KPIs applicable for all markets and all employees.		
For fiscal year 2023, the Polestar Bonus Program was based on the following KPIs:		
<ul style="list-style-type: none"> • operational growth and retail deliveries volume • financial growth • customer experience • Quality 		
The Polestar Board determined a level of achievement of 63 % in respect of such KPIs for fiscal year 2023, which resulted in no bonus payout for 2023.		
5 Financial expenses		
Interest expenses, group entities	1,816	975
Other interest expenses	22	235
Exchange losses	56	8
	<u>1,894</u>	<u>1,218</u>
6 Tax for the year		
Estimated tax charge for the year	3,147	2,254
Deferred tax adjustments in the year	-1,836	-1,496
	<u>1,311</u>	<u>758</u>
7 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	<u>4,280</u>	<u>2,496</u>
	<u>4,280</u>	<u>2,496</u>

Financial statements 1 January - 31 December

Notes to the financial statements

8 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	1,816	269	2,085
Additions	259	148	407
Cost at 31 December 2023	<u>2,075</u>	<u>417</u>	<u>2,492</u>
Impairment losses and depreciation at 1 January 2023	277	60	337
Depreciation	470	117	587
Impairment losses and depreciation at 31 December 2023	<u>747</u>	<u>177</u>	<u>924</u>
Carrying amount at 31 December 2023	<u><u>1,328</u></u>	<u><u>240</u></u>	<u><u>1,568</u></u>

9 Investments

DKK'000	Deposits, investments
Cost at 1 January 2023	0
Additions	103
Cost at 31 December 2023	<u>103</u>
Carrying amount at 31 December 2023	<u><u>103</u></u>

DKK'000	2023	2022
10 Deferred tax		
Deferred tax at 1 January	-2,937	-1,441
Deferred tax adjustment for the year	-1,836	-1,496
Deferred tax at 31 December	<u>-4,773</u>	<u>-2,937</u>
Deferred tax relates to:		
Property, plant and equipment	-118	-141
Inventories	-351	-275
Liabilities	<u>-4,304</u>	<u>-2,521</u>
	<u><u>-4,773</u></u>	<u><u>-2,937</u></u>

It is the management's estimation that the deferred tax asset of DKK 4,773 thousand is expected to be utilized within the next 3 years.

Financial statements 1 January - 31 December

Notes to the financial statements

11 Prepayments

Prepayments include prepayments of expenses relating subsequent financial years, including payments related to advertising and office leases, DKK 1,875 thousand. (2022: DKK 2,097 thousand).

An amount of prepayments of DKK 103 thousand (2022: DKK 103 thousand) was prepaid for more than 1 year ahead from the balance sheet date.

DKK'000	2023	2022
12 Share capital		
Analysis of the share capital:		
400 shares of DKK 100.00 nominal value each	40	40
	<u>40</u>	<u>40</u>

13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Deferred income	10,977	5,770	5,207	0
	<u>10,977</u>	<u>5,770</u>	<u>5,207</u>	<u>0</u>

14 Deferred income

Deferred income, DKK 10,977 thousand (2022: DKK 7,720 thousand), consists of payments received from customers regarding service agreements that may not be recognised until the subsequent financial years.

15 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2023	2022
Rent and lease liabilities	10,363	10,100
	<u>10,363</u>	<u>10,100</u>

Rent and lease liabilities includes a rent obligation totaling DKK 10,267 thousand (2022: DKK 10,100 thousand), where DKK 3,531 Thousand (2022: DKK 2,363 Thousand) is due within 12 months.

Furthermore, the Company has liabilities under operating leases related to IT equipment, totalling DKK 96 Thousand (2022: DKK 0 Thousand). Of the operating leases an amount of DKK 44 Thousand (2022: DKK 0 Thousand) is falling due within 12 months.

16 Security and collateral

As security for the Company's bank debt, Polestar Automotive Denmark ApS has pledged part of its inventory, DKK 40,000 thousands, as collateral for a loan agreement for the financing of cars. Polestar has provided the lender a first-priority floating charge under the finance agreement.

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Notes to the financial statements

17 Related parties

Polestar Automotive Denmark ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Polestar Performance AB	Göteborg, Sweden	Direct Parent Company
Polestra Automotive (Singapore) Pte.	Singapore, Singapore	Parent Company
Polestar Holding AB	Göteborg, Sweden	Parent Company
Polestar Automotive Holding UK PLC	Bristol, the United Kingdom	Ultimate Parent Company
Li Shufu	Taizhou City, China	Direct Owner

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Polestar Automotive Holding UK PLC	Bristol, the United Kingdom	The Pavillions Bridgewater Road Bristol BS13 8AE

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	2023	2022
18 Adjustments		
Amortisation/depreciation and impairment losses	587	337
Financial income	-16	-2
Financial expenses	1,894	1,218
Tax for the year	1,311	758
	<u>3,776</u>	<u>2,311</u>
19 Changes in working capital		
Change in inventories	3,689	-61,583
Change in receivables	-46,879	-2,986
Change in trade and other payables	11,216	60,596
	<u>-31,974</u>	<u>-3,973</u>
20 Cash and cash equivalents at year-end		
Cash according to the balance sheet	<u>40,527</u>	<u>30,222</u>
	<u>40,527</u>	<u>30,222</u>