

TESLA MOTORS DENMARK APS
LOKESVEJ 8, DK-3400 HILLERØD
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 16 June 2021



Stephan William Werkman

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COMPANY DETAILS

Company	Tesla Motors Denmark ApS
	Lokesvej 8
	DK-3400 Hillerød
	CVR No.: 32 78 73 47
	Established: 15 March 2010
Executive Board	Registered Office: Copenhagen
	Financial Year: 1 January - 31 December
	Stephan William Werkman
	Vaibhav Taneja
	Kim Gaba Jensen
Auditor	PricewaterhouseCoopers
	Statsautoriseret Revisionspartnerselskab
	CVR nr. 337712371
	Strandvejen 44
	Dk-2900 Hellerup

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Tesla Motors Denmark ApS for the financial year 1 January - 31 December 2020.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 16 June 2021

Executive Board


Stephan William Werkman


Vaibhav Taneja


Kim Gaba Jensen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Tesla Motors Denmark ApS

Opinion

We have audited the Financial Statements of Tesla Motors Denmark ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

Management's Responsibilities for the Financial Statements

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 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 in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

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 judgment and maintain professional skepticism throughout the audit. We also:

- 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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Hellerup, 16 June 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33771231


Bo Schou-Jacobsen
State Authorised Public Accountant
MNE no. mne28703

FINANCIAL HIGHLIGHTS

	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000	2016 DKK '000
Net revenue.....	1.909.056	1.172.731	157.210	245.496	0
Gross profit/loss.....	84.335	79.628	55.839	71.713	79.982
Operating profit/loss of main activities..	28.635	17.890	-7.180	4.043	8.757
Financial income and expenses, net.....	-274	-445	-458	-2.325	-7.981
Profit/loss for the year before tax.....	28.361	17.445	-7.638	1.718	776
Profit/loss for the year.....	20.305	30.361	-7.638	1.718	-14.983
Balance sheet					
Total assets.....	972.314	543.578	106.687	237.611	339.970
Equity.....	93.162	72.857	42.495	38.913	-9.301
Invested capital.....	58.166	52.903	40.873	115.573	132.751
Investment in tangible fixed assets.....	7.033	8.272	37.485	17.925	9.293
Key ratios					
Rate of return.....	51.6	38.2	-9.2	3.3	2.5
Solvency ratio.....	9.6	13.4	39.8	16.4	Neg.
Return on equity.....	24.5	52.6	-18.8	11.6	Neg.

In 2018 the revenue recognition accounting policies were amended. The comparative figures have not been adjusted for the change of policy for the years 2016-2017.

The ratios follow in all material respects the recommendations of the Danish Finance Society.

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Rate of return:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Solvency ratio:	$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities

The object of the Company is distribution, sale and service of electronic vehicles and equipment along with merchandise as well as any other business incidental thereto.

Development in activities and financial and economic position

The income statement of the Company for 2020 shows a result of DKK 20,305 thousand (2019: 30,361 thousand), and at 31 December 2020 the balance sheet of the Company shows equity of DKK 93,162 thousand (2019: 72,857 thousand). The increase in Company's assets results from its strong results improving our cash balance.

Profit/loss for the year compared to expectations

The Company delivered 4,687 cars compared to 2,737 in 2019 which resulted in a strong increase of the Company's operating profit. Excluding the one-time effect of the capitalized tax asset in 2019 the Company's net profit did improve.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

Knowledge resources

The knowledge and development activities are managed in the (ultimate) parent company and primarily take place there. The knowledge activities comprise continued development of the staff in order to maintain a high-quality level among the employees.

Research and development activities

The Company engaged no research and development in 2020 or 2019. Those activities are primarily undertaken by Tesla, Inc., the ultimate parent company.

Future expectations

Management is monitoring developments on COVID-19 closely. The Management anticipate similar sales levels of their current models in 2021.

Corporate social responsibility (CSR) report

Through our principal activities, the Company contributes to Tesla's goal to accelerate the world's transition to sustainable energy.

We adhere to Tesla Corporate guidelines which provides a framework within which the Company's directors, management and employees effectively pursue Tesla's objectives for the benefit of all stockholders. Tesla's Code of Business Conduct, Ethics and Corporate Governance Guidelines are available on Tesla's website at: <http://ir.tesla.com/corporate-governance/highlights>.

We comply with local, national, and international laws and regulations as well as the spirit thereof and we conduct our business operations with honesty and integrity.

Furthermore, Tesla's Code of Business Conduct organizes the basic attitudes necessary for people working at the Company and in society by providing a description of basic conducts. We respect our stakeholders and aim to establish a long-term mutually beneficial relationship based on mutual trust with our business partners.

The Company does not produce locally, but sources from a world-wide supply chain. In terms of supply chain, our products use thousands of purchased parts, which we source globally from hundreds of suppliers. We are committed to only sourcing responsibly produced materials. We comply with Tesla Corporate Supplier Code of Conduct, as well as the Corporate Human Rights and Conflict Minerals policy that outline Tesla's expectations to all suppliers and partners that work with us. All our contracts require suppliers to adhere to our human rights policy and environmental and safety requirements. Tesla is committed to making working conditions in Tesla's supply chain safe and humane, ensuring that workers are treated with respect and dignity, and that manufacturing processes are environmentally responsible. Tesla suppliers are required to provide evidence of the existence of policies that address social, environmental, and sustainability issues as well as responsible sourcing.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

Our direct suppliers are required to adhere to the responsible sourcing principles of our Supplier Code of Conduct. The Code is the foundation for ensuring social and environmental responsibility and ethical conduct throughout our supply chain, no matter what industry, region, or materials. Tesla continues to identify and do business with organizations that conduct their business with principles that are consistent with the Code. Additionally, they are required to register and complete the domestic and international material compliance requirements in the International Material Data System (“IMDS”) to meet European Union and other international material and environmental related regulations. This requirement is mandatory for all suppliers who deliver products or raw materials to us as part of our production process. Supplier-provided data collected via the IMDS process is the starting point for our conflict minerals due diligence efforts. In addition to the material requirements above, we also require direct suppliers to fully disclose material sourcing of certain materials as specified in supply chain purchasing contracts.

Protecting the environment is a vital concern and a continuing commitment for Tesla. Similarly, the health and safety of our employees is regularly monitored. Regular audits take place and improvements are continuous. In Denmark we recorded 4 incidents with minor to moderate injuries in 2020.

Pollution prevention and control

The Company complies with all local and national laws and regulations. Through the whole life cycle of selecting, designing, constructing, operating and maintenance of our facilities and service centers, environmental specialists are part of the process to make sure all environmental requirements from external authorities as well as Tesla’s internal requirements are met. Periodic auditing and follow-up are part of every step in this process.

Environmental impact from energy use

The Company’s main energy use is to operate its network of Superchargers throughout the country. Energy delivered by our Supercharger network comes 100% from natural resources.

To create an entire sustainable energy ecosystem, Tesla manufactures a unique set of energy products, enabling homeowners, businesses, and utilities to manage renewable energy generation, storage, and consumption. Empowering the individual as their own utility, homeowners can adopt Tesla solar panels or Solar Roof to power their home using the sun, and store excess energy in Powerwall, which makes electricity available during peak energy use periods or a power outage. Meanwhile, utilities and businesses can use Powerpack - a scalable energy storage system that provides greater control, efficiency, and reliability across the electric grid.

With these products, we can live on electricity generated from the most sustainable energy source: the sun. As deployment continues to accelerate, we can scale the adoption of renewable energy, cost-effectively modernize our aging infrastructure, and improve the resilience of our electric grid to benefit everyone. We’re doing this because the faster the world stops relying on fossil fuels and moves towards a zero-emission future, the better.

Direct and indirect atmospheric emissions

There are minimal direct and indirect atmospheric emissions. In comparison to petrol-fueled cars, our cars do not produce any noise, nor do they emit any harmful gas emissions. In our carwash stations, biodegradable detergents are used, and run-off water is being pre-treated before sending it to the sewer system.

Use and protection of natural resources

An important distinction between lithium-ion batteries and fossil fuels as an energy source is that none of the materials in a lithium-ion battery are ever consumed during its lifetime. Petroleum as a fuel is pumped out of the ground, chemically converted, and then burned - releasing harmful gas emissions into the atmosphere and never covered again. On the other hand, battery materials are refined and put into a cell, and at the end of their life, all materials remain. When a battery is no longer producing enough energy for its purpose, it can be broken apart and the important mineral components can be extracted through targeted chemical recovery process. These minerals can then be refined and used again for making new batteries.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

Waste management

Waste generation is reduced to a minimum and is a continuous focus point of Tesla. In 2020 we have successfully completed a European initiative to streamline our waste management practices and to optimize the rates for recycling and reuse.

A Remanufacturing facility is in Tilburg, the Netherlands, where batteries and drive-units are refurbished to minimize the need for new materials and to optimize the waste value stream.

Conflict Minerals Disclosure

Ensuring Supplier Compliance Tesla is committed to sourcing responsibly and considers mining activities that fuel conflict as unacceptable. Pursuant to Tesla's human rights and conflict minerals policy, Tesla's suppliers are expected to use reasonable efforts to ensure that parts and products supplied to Tesla are "DRC conflict free", meaning that such conflict minerals do not benefit armed groups in the Democratic Republic of the Congo. "Conflict free" means such parts and supplies do not contain metals derived from "conflict minerals," which are defined as:

- i. columbite-tantalite (tantalum);
- ii. cassiterite (tin);
- iii. gold;
- iv. wolframite (tungsten); and
- v. any derivatives of the above.

The goal of this policy is to ensure that Tesla's products do not directly or indirectly finance or benefit armed groups through mining or mineral trading in the DRC or any adjoining countries. Tesla requires its suppliers to establish policies, due diligence frameworks, and management systems consistent with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas ("OECD Guidance"). Tesla expects its suppliers to stay up to date with and to use validated conflict-free smelters and refiners assessed by the Responsible Mineral Initiative ("RMI") and similar organizations. Tesla requires all of our battery cell suppliers and sub-suppliers to conduct annual third-party audits in accordance with the latest edition of OECD Guidelines and the commitments adopted by the RMI in their Cobalt Refiner Supply Chain Due Diligence Standard. Following results from conducted audits, we engage with our suppliers to implement audit recommendations as part of a process of continuous improvement of our supply chain. The Dodd-Frank Act is similar to the EU Regulation on OTC Derivatives, CCPs and Trade Repositories (EMIR). For more information regarding Tesla's Human Rights and Conflict Minerals Policy, visit <http://www.tesla.com/about/legal>. Tesla's Conflicts Mineral Policy also includes a grievance mechanism where concerned parties may contact Tesla's Board of Directors and provide comments about Conflict Minerals and other sourcing matters.

Anti-corruption and bribery

Management takes leadership in fostering a corporate culture and implementing our policies that promote ethical behavior. To reduce potential risks and to ensure full compliance with all anti-corruption and bribery laws and regulations, Tesla has established internal controls and accounting practices. Furthermore, employees are expected to report genuine facts, concerns or suspicions they would become aware of regarding corruption, bribery, and violations of our policies at the earliest possible stage to their superiors or through an established whistle blowing process. All new employees receive the Code of Business Conduct and Ethics and the Worldwide Bribery and Anti-Competition Policy. This is required to be signed by all new employees. Furthermore, employees with a manager role are required to take the Anti-Corruption and Anti-Bribery Training in 2020.

Our corporate Code of Business Conduct states that we do not tolerate bribery of or by any business partner, government agency or public authority and maintain honest and fair relationships with government agencies and public authorities. Our employees are expected to adhere to the corporate Code of Business Conduct and Ethics. Furthermore, the Company has adopted a Worldwide Bribery and Anti-Corruption Policy to provide further guidance to employees. Both policies are mandatory for new employees to acknowledge (by confirmation of compliance) during their onboarding process.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

The Tesla Code of Business Conduct and Ethics also cover areas such as insider trading, competition and fair dealing, conflict of interests, gifts and donations, money laundering and suspicious activities among others. The Compliance department of Tesla monitor the compliance to the Code of Business Conduct and Ethics and the Worldwide Bribery and Anti-Competition Policy across all Tesla subsidiaries including Tesla Denmark ApS.

Target figures and policy for the underrepresented gender

Our employees are key assets to the operation of the Company, and we must be able to attract and retain employees and ensure that they have the right competencies. It is an obvious risk to our performance if the Company is unable to attract and retain employees. As a result, we aim to be one of the best workplaces in the industry. As efforts to mitigating this risks, the Company is committed to enhance its business performance in order to continue to provide employment and maintain fair and stable working conditions which is in-line with our corporate guidelines and the Tesla Code of Business Conduct and Ethics.

It is part of Tesla's corporate guidelines to support equal employment opportunities, diversity and inclusion for our employees and we do not discriminate against them. Therefore, we work to achieve and integrate diversity and equality aspects in all our initiatives related to recruitment, retention, job satisfaction and development of competencies.

With an aspiration to achieve a more balanced gender representation not only at the Board level but through the various levels of the organization, the Company has implemented policies to prevent discrimination against minority groups as well as engage in diversity and inclusion initiatives. In 2020, the Company had 97 employees (2019: 95) of which 91 (2019: 88) are men and 6 (2019: 7) are women. The Company's Board of Directors consists of three members: of which 100% men and 0% women. While we acknowledge the current gender representation at the Board level, it is our ambition to focus on women when recruiting executives and expect to have a ratio of 33 % female representation by 2023. We have set the target in 2020 and in this year there have been no changes to the board structure yet. In 2021 and onwards we will continue to improve and balance the underrepresented gender within the Company at board level as well as other levels of the organization.

The diversity of the Company's employees in general (not solely about the board or key management) is a tremendous asset. The Company is firmly committed to providing equal opportunity in all aspects of employment and will not tolerate any form of discrimination or harassment of any kind. At Tesla we believe in having a diverse and inclusive workforce comprised of talented, driven, and authentic individuals. We value talent at all experience and career levels if they are passionate about and committed to our mission. We insist upon diversity and inclusion not just because it's the right thing to do, but because our differences enable us to build innovative products that are changing the world.

Management considers recruitment as an important pipeline to promote equal opportunities and a prerequisite for improved gender equality at the executive level. It is part of management's continued initiative to stimulate the number of female candidates when recruiting. We monitor our recruitment practices in relation to gender representation and address unconscious biased as part of the process. Our entire recruiting team has completed a half day training to start the process of uncovering and mitigating their unconscious bias. Also, our recruiting team is developing a structured hiring process and standard rubric for evaluating candidates answers to reduce the chance for unconscious bias. As often as possible, we require a diverse interview panel to reflect the diversity of our candidates.

Also, all the leaders in Denmark have completed training regarding unconscious bias as part of an anti-harassment and discrimination training. Additionally, the Company offer "Diversity and Inclusion" training to all employees in Denmark. This is to ensure that employees are aware of their responsibility for taking action and for speaking up when there are maltreatments against them or someone else. In addition, our executive team has received an in-person inclusion training to understand their role as leaders in building an inclusive workforce.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK '000	2019 DKK '000
NET REVENUE.....	1	1.909.056	1.172.731
Cost of sales.....		-1.792.607	-1.060.458
Other external expenses.....	2, 3	-32.114	-32.645
GROSS PROFIT/LOSS.....		84.335	79.628
Staff costs.....	4	-48.902	-50.589
Depreciation, amortisation and impairment.....		-6.730	-10.858
Other operating expenses.....		-68	-291
OPERATING PROFIT AND LOSS.....		28.635	17.890
Other financial expenses.....	5	-274	-445
PROFIT AND LOSS BEFORE TAX.....		28.361	17.445
Tax on profit and loss for the year.....	6	-8.056	12.916
PROFIT AND LOSS FOR THE YEAR.....	7	20.305	30.361

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK '000	2019 DKK '000
Land and buildings.....		1.887	1.887
Plant, machinery, tools and equipment.....		18.133	19.196
Leasehold improvements.....		10.212	9.707
Property, plant and equipment.....	8	30.232	30.790
Rent and other deposits.....		1.829	2.521
Financial non-current assets.....	9	1.829	2.521
NON-CURRENT ASSETS.....		32.061	33.311
Goods for resale.....		64.771	61.068
Inventories.....		64.771	61.068
Trade receivables.....		23.720	68.983
Receivables from group enterprises.....	10	816.928	358.859
Deferred tax assets.....	11	20.832	17.827
Other receivables.....		2.680	645
Prepayments.....		11.322	2.885
Receivables.....		875.482	449.199
CURRENT ASSETS.....		940.253	510.267
ASSETS.....		972.314	543.578

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK '000	2019 DKK '000
Share capital.....		125	125
Retained profit.....		93.037	72.732
EQUITY.....		93.162	72.857
Other provisions for liabilities.....		0	394
PROVISIONS.....		0	394
Other liabilities.....		4.252	1.566
Deferred income.....		37.582	27.782
Non-current liabilities.....	12	41.834	29.348
Prepayments received from customers.....		12.069	15.209
Trade payables.....		14.718	10.739
Payables to group enterprises.....		602.028	280.151
Corporation tax.....		11.732	5.581
Other liabilities.....	13	154.925	103.518
Deferred income.....	14	41.846	25.781
Current liabilities.....		837.318	440.979
LIABILITIES.....		879.152	470.327
EQUITY AND LIABILITIES.....		972.314	543.578
 Contingencies etc.	15		
Assets pledged as security	16		
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EQUITY

	Share capital	Retained earnings	Total
Equity at 1 January 2020.....	125	72.732	72.857
Proposed distribution of profit, Note 7.....		20.305	20.305
Equity at 31 December 2020.....	125	93.037	93.162

NOTES

	2020 DKK '000	2019 DKK '000	Note
Net revenue			1
Segment details (geography)			
Denmark.....	1.849.259	1.135.395	
Europe (excl. Denmark).....	59.797	37.336	
	1.909.056	1.172.731	
Segment details (activities)			
Automotive.....	1.836.958	1.115.622	
Service and Other.....	72.098	57.109	
	1.909.056	1.172.731	
			Note
Other external expenses			2
Other external expenses of -31,323 (2019: -32,645) thousand in 2020 relates to property rental expenses, selling and distribution expenses and other expenses.			
Fee to statutory auditor			3
Total fees:			
PWC.....	243	239	
	243	239	
Specification of fees:			
Statutory audit.....	243	239	
	243	239	
Staff costs			4
Average number of employees	97	95	
Wages and salaries.....	45.498	46.607	
Pensions.....	3.344	3.542	
Other staff costs.....	60	440	
	48.902	50.589	
The executive board does not receive any remuneration for their work performed.			
Other financial expenses			5
Other financial expenses.....	274	445	
	274	445	

NOTES

	2020 DKK '000	2019 DKK '000	Note
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year.....	9.263	4.911	
Adjustment of tax in previous years.....	1.798	0	
Adjustment of deferred tax.....	-3.005	-17.827	
	8.056	-12.916	
Proposed distribution of profit			7
Retained earnings.....	20.305	30.361	
	20.305	30.361	
Property, plant and equipment			8
	Land and buildings	Plant, machinery, tools and equipment	Leasehold improvements
Cost at 1 January 2020.....	1.887	29.907	48.125
Additions.....	0	3.043	3.990
Disposals.....	0	-134	-2.215
Cost at 31 December 2020.....	1.887	32.816	49.900
Depreciation and impairment losses at 1 January 2020.....	0	10.711	38.418
Reversal of depreciation of assets disposed of..	0	-77	-2.215
Depreciation for the year.....	0	4.049	3.485
Depreciation and impairment losses at 31 December 2020.....	0	14.683	39.688
Carrying amount at 31 December 2020.....	1.887	18.133	10.212
Finance lease assets.....		213	
Financial non-current assets			9
		Rent and other deposits	
Cost at 1 January 2020.....		2.521	
Disposals.....		-692	
Cost at 31 December 2020.....		1.829	
Carrying amount at 31 December 2020.....		1.829	
Receivables from group enterprises			10
Cash pool receivables.....	812.032	358.845	
Trade receivables.....	4.896	14	
	816.928	358.859	

NOTES

Note

Deferred tax assets

11

Provision for deferred tax comprises deferred tax on tangible fixed assets, deferred income from contracts and other accruals under liabilities.

	2020 DKK '000	2019 DKK '000
Deferred tax specified:		
Fixed assets	5.348	6.627
Deferred income from contracts.....	15.079	10.816
Other accruals.....	405	384
	20.832	17.827
Deferred tax, beginning of year.....	17.827	0
Deferred tax of the year, income statement.....	3.005	17.827
Deferred tax assets 31 December 2020.....	20.832	17.827
It is recognized as follows:		
Deferred tax (assets).....	20.832	17.827
	20.832	17.827

The Company's deferred tax assets are recognized in the balance sheet with 20,832 thousand. The tax asset solely relates to differences between tax legislation and accounting principles. The tax asset is recognized on the basis of expectations of positive tax surpluses over the next 2-3 years. The assessments are based on the Company's budget for the following 2-3 years. The budget statements have been prepared in accordance with the Company's normal budget procedure.

Long-term liabilities

12

	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities
Other liabilities	4.252	0	0	1.566
Deferred income.....	79.428	41.846	9.363	45.499
	83.680	41.846	9.363	47.065

Other liabilities

13

Other liabilities consist of VAT, vehicle registration fee, salaries related payable etc.

Deferred income

14

Deferred income recognised as liabilities consists of payments received regarding income in subsequent years.

NOTES

	Note
Contingencies etc.	15
Contingent liabilities At the balance sheet date, the Company has operational lease commitments concerning future rent in the amount of DKK ('000) 4,977 for the financial year 2021 and DKK ('000) 18,264 for the financial years thereafter, respectively.	
Assets pledged as security None as per 31.12.2020 or 31.12.2019.	16
Related parties The Company's related parties include:	17
Controlling interest Tesla International B.V. Burgemeester Stramanweg 122 1101 Amsterdam Zuid-Oost Netherlands	
Ultimate parent Tesla, Inc. 3500 Deer Creek Road, Palo Alto. CA 94304 USA.	
Other related parties having performed transactions with the Company The Company's related parties having a significant influence comprise parent companies and associates as well as the companies' Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.	
Transactions with related parties The Company did not carry out any transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.	
Stock option plan The ultimate parent company, Tesla, Inc., USA adopted the 2003 Equity Incentive Plan. This Plan provides for the granting of stock options, Restricted Stock Units (RSU's) and stock purchase rights to its employees. Options granted under the Plan may be either incentive options or nonqualified stock options. Generally, the stock options and RSUs vest over four years and stock options are exercisable over a period not to exceed the contractual term of ten years from the date the stock options were granted. Continued vesting typically terminates when the employment or consulting relationship ends. Tesla, Inc., USA recognizes the expenses of the equity incentive plan and does not charge the Company for these expenses. As a result, the Company does not recognize any cost for this equity incentive plan.	18

NOTES**Note****Consolidated Financial Statements****19**

The Company's primary parent, Tesla International B.V., Netherlands, does not prepare consolidated financial statements. The Company's ultimate parent, which prepares consolidated financial statements into which the Company is incorporated as a subsidiary, is:

Tesla, Inc.
3500 Deer Creek Road,
Palo Alto, CA 94304,
United States

The consolidated financial statement can be obtained at the following address:
www.tesla.com

ACCOUNTING POLICIES

The Annual Report of Tesla Motors Denmark ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Comparative figures

Reclassifications

During the year management has reclassified prior year figures. There has been a reclassification within current liabilities. Management believe impact of these reclassifications not to be material. The impact of such reclassifications is as below:

December 31, 2019	As previously stated DKK '000	Reclassification Impact DKK '000	As reclassified DKK '000
Long-term liabilities			
Deferred income.....	27,737	45	27,782
Current liabilities			
Short term portion of long term liabilities.....	17,717	-17,717	-
Trade payables.....	5,031	5,708	10,739
Prepayments received from customers.....	11,395	3,814	15,209
Other liabilities.....	121,149	-17,631	103,518
Deferred income.....		25,781	25,781

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized.

Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Automotive sales revenue includes revenues related to deliveries of new vehicles, and specific other features and services that meet the definition of a performance obligation, including access to our Supercharger network, internet connectivity, Autopilot, full self-driving and over-the-air software updates. We recognize revenue on automotive sales upon delivery to the customer, which is when the control of a vehicle transfers. Payments are typically received at the point control transfers or in accordance with payment terms customary to the business. Other features and services such as access to our Supercharger network, internet connectivity and over-the-air software updates are provisioned upon control transfer of a vehicle and recognized over time on a straight-line basis as we have a stand-ready obligation to deliver such services to the customer. We recognize revenue related to these other features and services over the performance period, which is generally the expected ownership life of the vehicle or the eight-year life of the vehicle. Revenue related to Autopilot and full self-driving features is recognized when functionality is delivered to the customer. For our obligations related to automotive sales, we estimate standalone selling price by considering costs used to develop and deliver the service, third-party pricing of similar options and other information that may be available.

At the time of revenue recognition, we reduce the transaction price and record a reserve against revenue for estimated variable consideration related to future product returns. Such estimates are based on historical experience and are immaterial in all periods presented. In addition, any fees that are paid or payable by us to a customer's lender when we arrange the financing are recognized as an offset against automotive sales revenue. Costs to obtain a contract mainly relate to commissions paid to our sales personnel for the sale of vehicles. Commissions are not paid on other obligations such as access to our Supercharger network, internet connectivity, Autopilot, full self-driving and over-the-air software updates. As our contract costs related to automotive sales are typically fulfilled within one year, the costs to obtain a contract are expensed as incurred. Amounts billed to customers related to shipping and handling are classified as automotive revenue, and we have elected to recognize the cost for freight and shipping when control over vehicles, parts, or accessories have transferred to the customer as an expense in cost of revenues. Our policy is to exclude taxes collected from a customer from the transaction price of automotive contracts.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments. The Company has no significant markets besides the Danish market. The Company's revenue is therefore not broken down by geographical segment. The Company considers Automotive and Service and other as its two business segments.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the Company's employees. Repayments from public authorities are deducted from staff costs.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Land.....	50 years	100 %
Other plant, fixtures and equipment.....	3-7 years	0 %
Leasehold improvements.....	5 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Useful life and residual values are reassessed annually.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of finished goods and goods for resale are calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Prepayments, assets

Prepayments recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

Prepayments received from customers

Prepayment received from customers consists of deferred income and customer deposits. Deferred income recognised as liabilities include payments received regarding income in subsequent years. Customers deposits are collected from customers at the time they place an order for a vehicle and at certain additional milestones up to the point of delivery. Customer deposit amounts and timing vary depending on the vehicle model. Customer deposits can be refunded or are applied to a customer's purchase balance at time of delivery.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.