



CHRISTENSEN
KJÆRULFF

PERSONLIGT ENGAGEMENT

STATSAUTORISERET
REVISIONSAKTIESELSKAB

CVR: 15 91 56 41

STORE KONGENSGADE 68
1264 KØBENHAVN K

TLF: 33 30 15 15
E-MAIL: CK@CK.DK
WEB: WWW.CK.DK

Future Electric ApS

Mariendalsvej 60, 3. tv., 2000 Frederiksberg

Company reg. no. 36 45 09 40

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 20 May 2020.

Jesper Vind

Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.



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Management's report

Today, the board of directors and the executive board have presented the annual report of Future Electric ApS for the financial year 1 January - 31 December 2019 of Future Electric ApS.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the company's results of activities in the financial year 1 January – 31 December 2019.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Frederiksberg, 13 May 2020

Executive board

Jesper Vind
CEO

Bjarni Freyr Gudmundsson

Board of directors

Peter Bardenfleth-Hansen
Chairman

Jesper Vind

Anders Pollas Petersen

Bjarni Freyr Gudmundsson

David Lee Hardwick



Independent auditor's report

To the shareholders of Future Electric ApS

Opinion

We have audited the financial statements of Future Electric ApS for the financial year 1 January - 31 December 2019, which comprise accounting policies, income statement, statement of financial position and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2019 and of the results of the company's activities for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the company's ability to continue as a going concern

We would like to point out that material uncertainties exist that could raise significant doubts about the company's ability to continue as a going concern. We refer to note 1 in the financial statements, which states that it is currently uncertain whether negotiations with investors and lenders will result in the necessary financing of operations for the coming year. However, it is the management's opinion that such a commitment will be obtained, which is why the financial statements have been prepared on the basis of going concern.

Our opinion has not been modified as a result of this matter.

Responsibilities of management and those charged with governance for the financial statements

The management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the 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, the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 the 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 the management.
- Conclude on the appropriateness of the management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.



Independent auditor's report

Statement on the management commentary

The management is responsible for the management commentary.

Our opinion on and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 13 May 2020

Christensen Kjarulff

Statsautoriseret Revisionsaktieselskab
Company reg. no. 15 91 56 41

Anders Ingemann Hansen
State Authorised Public Accountant
mne32726



Company information

The company

Future Electric ApS
Mariendalsvej 60, 3. tv.
2000 Frederiksberg

Company reg. no. 36 45 09 40
Established: 1 December 2014
Domicile: Frederiksberg
Financial year: 1 January - 31 December
5th financial year

Board of directors

Peter Bardenfleth-Hansen, Chairman
Jesper Vind
Anders Pollas Petersen
Bjarni Freyr Gudmundsson
David Lee Hardwick

Executive board

Jesper Vind, CEO
Bjarni Freyr Gudmundsson

Auditors

Christensen Kjarulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Parent company

Future Electric Holding ApS



Management commentary

The principal activities of the company

Like previous years, the principal activities of the company are the development, manufacture and sale of electronic motorcycles and related business.

Development in activities and financial matters

The gross profit for the year totals DKK 221 thousand against DKK -325 thousand last year. Income or loss from ordinary activities after tax totals DKK -273 thousand against DKK -609 thousand last year. Management consider the net profit or loss for the year in accordance with expectations.

Financial resources

The annual report has been prepared on the basis of going concern. Going concern assumes that the company's capital resources are increased and maintained concurrently with the financing requirements.

The company's continued operations depend on providing additional liquidity. The company's management is currently in dialogue with several potential investors and lenders. As a result of the Corona crisis, travel activity is currently not possible and therefore it is difficult to conduct the necessary investor presentations in order to conclude financing agreements. However, we believe that several of the ongoing negotiations will end with a positive result that will ensure the operation of the company in 2020. Based on this, the annual report for 2019 will be presented according to the principles of going concern.

In 2019, the company has been granted the EU's development funds Horizon 2020. These funds have been used for the continued development of high-performance motorcycles, which are the world's safest and fastest electric motorcycles. In 2020, the management has applied for additional funding. The prospects for obtaining funding are positive, as a result of the EU's focus on making all EU countries CO2 neutral by 2050. In addition, the company received positive indications from the Green Investment Fund on future investment earmarked for the expansion of the production. Management considers the continued investment opportunities to be realistic.

The outbreak of Coronavirus/COVID-19 presents challenges and risks for the company.

Coronavirus/COVID-19 has or may have a significant impact on the volume of both Danish and foreign customers, partly as a result of the recommendations and orders given by the political team. Given the major uncertainty Coronavirus/COVID-19 has created and the uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial consequences of the Corona crisis. Similarly, it is not possible to express a sufficiently secure expectation of earnings, development and profit before tax.

So far, however, management believe that the company has the necessary liquidity and credit facilities to continue its operations.

Prior to the outbreak of the virus, expectations were a result in line with 2019.



Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2019</u>	<u>2018</u>
Gross profit	221.227	-325.117
3 Staff costs	-504.475	-414.404
Operating profit	-283.248	-739.521
Other financial income	186	3
4 Other financial costs	-58.116	-23.790
Pre-tax net profit or loss	-341.178	-763.308
Tax on net profit or loss for the year	68.498	154.313
Net profit or loss for the year	-272.680	-608.995
Proposed appropriation of net profit:		
Allocated from retained earnings	-272.680	-608.995
Total allocations and transfers	-272.680	-608.995



Statement of financial position at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2019</u>	<u>2018</u>
Current assets		
Receivables from group enterprises	7.435	0
Income tax receivables	68.498	154.313
Other receivables	8.968	14.286
Prepayments and accrued income	393	6.952
Total receivables	<u>85.294</u>	<u>175.551</u>
Cash on hand and demand deposits	<u>14.535</u>	<u>167.221</u>
Total current assets	<u>99.829</u>	<u>342.772</u>
Total assets	<u>99.829</u>	<u>342.772</u>



Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2019</u>	<u>2018</u>
Equity			
5	Contributed capital	66.030	66.030
6	Share premium	0	0
7	Retained earnings	-784.493	-511.813
	Total equity	-718.463	-445.783
 Liabilities other than provisions			
	Other payables	796.931	740.515
	Total long term liabilities other than provisions	796.931	740.515
	Trade payables	20.500	35.000
	Other payables	861	13.040
	Total short term liabilities other than provisions	21.361	48.040
	Total liabilities other than provisions	818.292	788.555
	Total equity and liabilities	99.829	342.772
 1 Uncertainties concerning the enterprise's ability to continue as a going concern			
2 Special items			
8 Contingencies			



Notes

All amounts in DKK.

1. Uncertainties concerning the enterprise's ability to continue as a going concern

The annual report has been prepared on the basis of going concern. Going concern assumes that the company's capital resources are increased and maintained concurrently with the financing requirements.

The company's continued operations depend on providing additional liquidity. The company's management is currently in dialogue with several potential investors and lenders. As a result of the Corona crisis, travel activity is currently not possible and therefore it is difficult to conduct the necessary investor presentations in order to conclude financing agreements. However, we believe that several of the ongoing negotiations will end with a positive result that will ensure the operation of the company in 2020. Based on this, the annual report for 2019 will be presented according to the principles of going concern.

The outbreak of Coronavirus/COVID-19 presents challenges and risks for the company.

Coronavirus/COVID-19 has or may have a significant impact on the volume of both Danish and foreign customers, partly as a result of the recommendations and orders given by the political team. Given the major uncertainty Coronavirus/COVID-19 has created and the uncertainty about the duration of the situation, it is currently not possible to make a reasonable assessment of the financial consequences of the Corona crisis. Similarly, it is not possible to express a sufficiently secure expectation of earnings, development and profit before tax.

So far, however, management believe that the company has the necessary liquidity and credit facilities to continue its operations.

Prior to the outbreak of the virus, expectations were a result in line with 2019.

2. Special items

Special items during the year include a grant for Horizon 2020 consisting of EUR 50.000.

3. Staff costs

	<u>2019</u>	<u>2018</u>
Salaries and wages	498.959	409.327
Other costs for social security	3.124	3.536
Other staff costs	<u>2.392</u>	<u>1.541</u>
	<u>504.475</u>	<u>414.404</u>
Average number of employees	<u>1</u>	<u>2</u>



Notes

All amounts in DKK.

	<u>2019</u>	<u>2018</u>
4. Other financial costs		
Other financial costs	58.116	23.790
	<u>58.116</u>	<u>23.790</u>
	<u>31/12 2019</u>	<u>31/12 2018</u>
5. Contributed capital		
Contributed capital 1 January 2019	66.030	66.030
	<u>66.030</u>	<u>66.030</u>
6. Share premium		
Share premium 1 January 2019	0	1.342.794
Share premium for the year	0	0
Transferred to retained earnings	0	-1.342.794
	<u>0</u>	<u>0</u>
7. Retained earnings		
Retained earnings 1 January 2019	-511.813	-1.245.612
Retained earnings for the year	-272.680	-608.995
Share premium	0	1.342.794
	<u>-784.493</u>	<u>-511.813</u>



Notes

All amounts in DKK.

8. Contingencies

Joint taxation

With Future Electric Holding ApS, company reg. no 36506687 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.



Accounting policies

The annual report for Future Electric ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Income statement

Gross profit

Gross profit comprises other operating income, costs of sales, and other external costs.

Cost of sales comprises costs for freight and development costs.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

Other external costs comprise costs for advertising, administration and premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.



Accounting policies

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.



Accounting policies

According to the rules of joint taxation, Future Electric ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities other than provisions

Other liabilities other than provisions are measured at amortised cost which usually corresponds to the nominal value.

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Jesper Vind

Bestyrelsesmedlem

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IP: 62.199.xxx.xxx

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Jesper Vind

Direktør

Serial number: PID:9208-2002-2-565124435169

IP: 62.199.xxx.xxx

2020-05-26 09:51:17Z

NEM ID 

Peter Bardenfleth-Hansen

Bestyrelsesformand

Serial number: PID:9208-2002-2-119089742131

IP: 62.44.xxx.xxx

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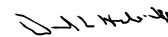
David Lee Hardwick

Bestyrelsesmedlem

Serial number: davidlhardwick@gmail.com

IP: 98.11.xxx.xxx

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Anders Pollas Petersen

Bestyrelsesmedlem

Serial number: PID:9802-2002-2-100261219163

IP: 80.167.xxx.xxx

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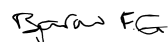
Bjarni Freyr Gudmundsson

Bestyrelsesmedlem

Serial number: bjarni@fenrismotorcycles.com

IP: 89.160.xxx.xxx

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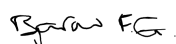
Bjarni Freyr Gudmundsson

Direktør

Serial number: bjarni@fenrismotorcycles.com

IP: 89.160.xxx.xxx

2020-06-09 09:02:15Z



Anders Ingemann Hansen

Statsautoriseret revisor

On behalf of: CHRISTENSEN KJÆRULFF STATS AUTORISERET
REVISIONSAKTIESELSKAB

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Jesper Vind

Dirigent

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