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Francis Automotive ApS

Stockholmsgade 45, 2100 København Ø

Company reg. no. 40 74 34 72

Annual report

1 October 2019 - 30 September 2020

The annual report was submitted and approved by the general meeting on the 15 March 2021.

Nicholas Peter Francis
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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 %.

Management's report

The managing director has today presented the annual report of Francis Automotive ApS for the financial year 1 October 2019 to 30 September 2020.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 September 2020 and of the company's results of its activities in the financial year 1 October 2019 to 30 September 2020.

The managing director considers the requirements of omission of audit of the annual accounts for 2019/20 as met.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

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

Copenhagen, 15 March 2021

Managing Director

Nicholas Peter Francis

Auditor's report on compilation of the annual accounts

To the shareholders of Francis Automotive ApS

We have compiled the financial statements of Francis Automotive ApS for the financial year 1 October 2019 - 30 September 2020 based on the company's bookkeeping and on further information provided by you.

The financial statements comprise the accounting policies, income statement, statement of financial position, statement of changes in equity and notes.

We performed this engagement in accordance with the international standard ISRS 4410 applying to compilation engagements.

We have applied our professional expertise to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements of the Danish Act on Approved Auditors and Audit Firms and with ethical requirements of the Danish Institute of State Authorised Public Accountants, including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us in order to compile the financial statements. Accordingly, we express neither an audit opinion nor a review opinion as to whether the financial statements have been compiled in accordance with the Danish Financial Statements Act.

Copenhagen, 15 March 2021

Grant Thornton

State Authorised Public Accountants
Company reg. no. 34 20 99 36

Per Lundahl
State Authorised Public Accountant
mne27832

Company information

The company

Francis Automotive ApS
Stockholmsgade 45
2100 København Ø

Company reg. no. 40 74 34 72
Established: 27 August 2019
Domicile: Valby
Financial year: 1 October - 30 September

Managing Director

Nicholas Peter Francis

Auditors

Grant Thornton, Statsautoriseret Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

NPF Technologies ApS

Management commentary

The principal activities of the company

The company's main purpose is to conduct business in trade, development and service in the automotive industry as well as related activities.

Unusual matters

There has been no unusual matters in the financial year.

Uncertainties as to recognition or measurement

There has been no uncertainties as to recognition or measurement in the financial year.

Development in activities and financial matters

The results from ordinary activities after tax are DKK -159.966 against DKK -3.000 last year. The management consider the results as expected.

Accounting policies

The annual report for Francis Automotive 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 profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Income statement

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

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

Accounting policies

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation, amortisation and writedown for the year and gains and losses on disposal of intangible and tangible fixed assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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

The balance sheet

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Accounting policies

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement under amortisation and writedown for impairment.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with a cost of less than DKK 14,100 are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement under depreciation.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Accounting policies

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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.

Available funds

Available funds comprise cash at bank and in hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Accounting policies

According to the rules of joint taxation, Francis Automotive 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 measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

<u>Note</u>	1/10 2019 - 30/9 2020	27/8 2019 - 30/9 2019
Gross loss	-100.186	-3
1 Staff costs	-3.583	0
Depreciation and writedown relating to fixed assets	-138.392	0
Operating profit	-242.161	-3
Other financial costs	-30.347	0
Pre-tax net profit or loss	-272.508	-3
2 Tax on ordinary results	112.542	0
Net profit or loss for the year	-159.966	-3
 Proposed appropriation of net profit:		
Transferred to other reserves	629.900	0
Allocated from retained earnings	-789.866	-3
Total allocations and transfers	-159.966	-3

Statement of financial position at 30 September

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Assets

Note	2020	2019
Non-current assets		
Development projects in progress and prepayments for intangible fixed assets	807.564	0
Total intangible assets	807.564	0
Other plants, operating assets, and fixtures and furniture	811.578	0
Total property, plant, and equipment	811.578	0
Total non-current assets	1.619.142	0
Current assets		
Tax receivables from group enterprises	309.584	0
Other debtors	112.823	38
Total receivables	422.407	38
Available funds	1.135.192	0
Total current assets	1.557.599	38
Total assets	3.176.741	38

Statement of financial position at 30 September

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Equity and liabilities

<u>Note</u>	<u>2020</u>	<u>2019</u>
Equity		
Contributed capital	40.000	40
Reserve for development costs	629.900	0
Results brought forward	-612.366	-3
Total equity	57.534	37
Provisions		
Provisions for deferred tax	197.042	0
Total provisions	197.042	0
Liabilities other than provisions		
Payables to group enterprises	2.860.174	0
Other payables	61.991	1
Total short term liabilities other than provisions	2.922.165	1
Total liabilities other than provisions	2.922.165	1
Total equity and liabilities	3.176.741	38

3 Contingencies

4 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 October 2019	40.000	0	-2.500	37.500
Provisions of the results for the year	0	629.900	-789.866	-159.966
Conversion of debt	0	0	180.000	180.000
	40.000	629.900	-612.366	57.534

Notes

Amounts concerning 2019/20: DKK.

Amounts concerning 2018/19: DKK thousand.

	1/10 2019 - 30/9 2020	27/8 2019 - 30/9 2019
1. Staff costs		
Other costs for social security	3.583	0
	3.583	0
Average number of employees	1	0
The company has paid out salaries for DKK 253.720, that has been activated as intangible assets.		
2. Tax on ordinary results		
Tax of the results for the year, parent company	-309.584	0
Adjustment for the year of deferred tax	197.042	0
	-112.542	0

3. Contingencies

Joint taxation

NPF Technologies ApS, company reg. no 33243731 being the administration company, the company is subject to the Danish scheme of joint taxation and it is proportionally liable for tax claims within the joint taxation scheme.

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

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

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

4. Related parties

Consolidated financial statements

The company is included in the consolidated financial statements of the danish company NPF Technologies ApS.

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"Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument."

Nicholas Peter Francis

Direktør og dirigent

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