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Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø
CVR-nr. 34209936
T (+45) 33 110 220
www.grantthornton.dk

Francis Automotive ApS

Stockholmsgade 45, 2100 København Ø

Company reg. no. 40 74 34 72

Annual report

1 October 2020 - 30 September 2021

The annual report was submitted and approved by the general meeting on the 17 February 2022.

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 statement

Today, the managing director has presented the annual report of Francis Automotive ApS for the financial year 1 October 2020 - 30 September 2021.

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

I consider the accounting policies appropriate and, in my opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2021 and of the company's results of activities in the financial year 1 October 2020 – 30 September 2021.

The managing director consider the conditions for audit exemption of the 2020/21 financial statements to be met.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 17 February 2022

Managing Director

Nicholas Peter Francis

Practitioner's compilation report

To the shareholders of Francis Automotive ApS

We have compiled the financial statements of Francis Automotive ApS for the financial year 1 October 2020 - 30 September 2021 based on the company's bookkeeping and on further information provided by you.

The financial statements comprise the a summary of significant 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), 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, 17 February 2022

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: Copenhagen
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's review

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 about 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 -279.117. The Management considers the results for the year 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 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.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

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 loss

Gross loss comprises other external costs.

Other external costs comprise costs incurred for administration and premises.

Staff costs

Staff costs include other social security costs.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Accounting policies

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.

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

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.

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.

Accounting policies

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 plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, 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 30.700 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.

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.

Accounting policies

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

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at 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 and on 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".

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.

Accounting policies

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 are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 October - 30 September

Amounts concerning 2020/21: DKK.

Amounts concerning 2019/20: DKK thousand.

<u>Note</u>	2020/21	2019/20
Gross profit	-187.952	-100
1 Staff costs	-7.179	-4
Depreciation, amortisation, and impairment	-190.330	-138
Operating profit	-385.461	-242
2 Other financial expenses	-19.889	-31
Pre-tax net profit or loss	-405.350	-273
3 Tax on net profit or loss for the year	126.233	113
Net profit or loss for the year	-279.117	-160
 Proposed appropriation of net profit:		
Transferred to other reserves	360.534	630
Allocated from retained earnings	-639.651	-790
Total allocations and transfers	-279.117	-160

Balance sheet at 30 September

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

Assets

<u>Note</u>	<u>2021</u>	<u>2020</u>
Non-current assets		
4 Development projects under construction and prepayments for intangible assets	1.227.307	808
Total intangible assets	<u>1.227.307</u>	<u>808</u>
5 Other fixtures and fittings, tools and equipment	494.009	621
6 Leasehold improvements	147.346	191
Total property, plant, and equipment	<u>641.355</u>	<u>812</u>
Total non-current assets	<u>1.868.662</u>	<u>1.620</u>
Current assets		
Tax receivables from subsidiaries	217.602	310
Other receivables	35.146	113
Prepayments	2.462	0
Total receivables	<u>255.210</u>	<u>423</u>
Cash and cash equivalents	543.775	1.135
Total current assets	<u>798.985</u>	<u>1.558</u>
Total assets	<u>2.667.647</u>	<u>3.178</u>

Balance sheet at 30 September

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

Equity and liabilities

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
Contributed capital	40.000	40
Other reserves	990.434	630
Results brought forward	-987.017	-612
Total equity	43.417	58
 Provisions		
Provisions for deferred tax	288.411	197
Total provisions	288.411	197
 Liabilities other than provisions		
Payables to subsidiaries	2.299.117	2.860
Other payables	36.702	63
Total short term liabilities other than provisions	2.335.819	2.923
Total liabilities other than provisions	2.335.819	2.923
Total equity and liabilities	2.667.647	3.178

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Other reserves	Retained earnings	Total
Equity 1 October 2020	40.000	629.900	-612.366	57.534
Provisions of the results for the year	0	360.534	-639.651	-279.117
Conversion of debt	0	0	265.000	265.000
	40.000	990.434	-987.017	43.417

Notes

Amounts concerning 2020/21: DKK.

Amounts concerning 2019/20: DKK thousand.

	2020/21	2019/20
1. Staff costs		
Other costs for social security	7.179	4
	7.179	4
Average number of employees	1	1
	1	1
2. Other financial expenses		
Financial costs, group enterprises	13.527	15
Other financial costs	6.362	16
	19.889	31
3. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	-217.602	-310
Adjustment for the year of deferred tax	91.369	197
	-126.233	-113
4. Development projects under construction and prepayments for intangible assets		
Cost 1 October 2020	807.564	0
Additions during the year	419.743	808
Cost 30 September 2021	1.227.307	808
Carrying amount, 30 September 2021	1.227.307	808

Notes

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	30/9 2021	30/9 2020
5. Other fixtures and fittings, tools and equipment		
Cost 1 October 2020	729.588	0
Additions during the year	<u>20.107</u>	<u>730</u>
Cost 30 September 2021	749.695	730
Amortisation and writedown 1 October 2020	-109.433	0
Depreciation for the year	<u>-146.253</u>	<u>-109</u>
Amortisation and writedown 30 September 2021	-255.686	-109
Carrying amount, 30 September 2021	494.009	621
6. Leasehold improvements		
Cost 1 October 2020	220.382	0
Additions during the year	<u>0</u>	<u>220</u>
Cost 30 September 2021	220.382	220
Depreciation and writedown 1 October 2020	-28.959	0
Depreciation for the year	<u>-44.077</u>	<u>-29</u>
Depreciation and writedown 30 September 2021	-73.036	-29
Carrying amount, 30 September 2021	147.346	191

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Nicholas Peter Francis

Direktør

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Per Lundahl

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Nicholas Peter Francis

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