

XPeng Motors Denmark ApS

Lodbrogsvej 4 A
3400 Hillerød
CVR No. 42345873

Annual report 2023

The Annual General Meeting adopted the annual report on 12.07.2024

Jens Olsen

Chairman of the General Meeting

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Entity details

Entity

XPeng Motors Denmark ApS
Lodbrogvej 4 A
3400 Hillerød

Business Registration No.: 42345873
Registered office: Hillerød
Financial year: 01.01.2023 - 31.12.2023

Executive Board

Jens Olsen

Auditors

Crowe Statsautoriseret Revisionsinteressentskab v.m.b.a
Rygårds Allé 104
2900 Hellerup
CVR No.: 33256876

Statement by Management

The Executive Board has today considered and approved the annual report of XPeng Motors Denmark ApS for the financial year 01.01.2023 - 31.12.2023.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and of the results of its operations for the financial year 01.01.2023 - 31.12.2023.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Hillerød, 12.07.2024

Executive Board

Jens Olsen

Independent auditor's report

To the shareholder of XPeng Motors Denmark ApS

Opinion

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

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

Basis for opinion

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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 internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

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

Hellerup, 12.07.2024

Crowe

Statsautoriseret Revisionsinteressentskab v.m.b.a

CVR No. 33256876

Søren Jonassen

State Authorised Public Accountant

Identification No (MNE) mne18488

Management commentary

Primary activities

The main activities of the company are importation, distribution and marketing of smart EVs. The Company is aiming to provide the environmental-friendly vehicles to customers in Denmark. Our smart EVs offer attractive design and high performance, coupled with safety and reliability.

Description of material changes in activities and finances

The Company's income statement for 2023 shows a profit of DKK 3,399,644 as against a loss of DKK 359,258 in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 12,923,483 as against DKK (1,654,761) at 31 December 2022.

Events after the balance sheet date

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

Income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		25,346,625	12,526,603
Staff costs	1	(16,152,075)	(11,358,048)
Depreciation, amortisation and impairment losses		(4,636,077)	(1,450,422)
Operating profit/loss		4,558,473	(281,867)
Other financial income		70,774	501
Other financial expenses		(720,830)	(77,892)
Profit/loss before tax		3,908,417	(359,258)
Tax on profit/loss for the year	2	(508,773)	0
Profit/loss for the year		3,399,644	(359,258)
Proposed distribution of profit and loss			
Retained earnings		3,399,644	(359,258)
Proposed distribution of profit and loss		3,399,644	(359,258)

Balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Other fixtures and fittings, tools and equipment		16,465,695	1,140,927
Leasehold improvements		9,966,331	5,933,585
Property, plant and equipment in progress		1,528,040	1,092,021
Property, plant and equipment	3	27,960,066	8,166,533
Deposits		1,519,656	1,519,656
Financial assets	4	1,519,656	1,519,656
Fixed assets		29,479,722	9,686,189
Manufactured goods and goods for resale		94,373,424	2,616,628
Inventories		94,373,424	2,616,628
Trade receivables		57,281,184	0
Receivables from group enterprises		0	6,866,781
Other receivables		4,281,334	402,188
Prepayments		1,138,272	1,701,997
Receivables		62,700,790	8,970,966
Cash		104,921,509	515,445
Current assets		261,995,723	12,103,039
Assets		291,475,445	21,789,228

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		2,500,000	1,000,000
Retained earnings		10,423,483	(2,654,761)
Equity		12,923,483	(1,654,761)
Deferred income		11,166	0
Non-current liabilities other than provisions	5	11,166	0
Prepayments received from customers		34,155,700	81,600
Trade payables		8,867,801	644,850
Payables to group enterprises		172,692,877	21,383,120
Income tax payable		508,773	0
Other payables	6	61,682,281	1,334,419
Deferred income		633,364	0
Current liabilities other than provisions		278,540,796	23,443,989
Liabilities other than provisions		278,551,962	23,443,989
Equity and liabilities		291,475,445	21,789,228
Unrecognised rental and lease commitments	7		
Related parties with controlling interest	8		

Statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	1,000,000	0	(2,654,761)	(1,654,761)
Capital increase by debt conversion	1,500,000	9,678,600	0	11,178,600
Transferred from share premium	0	(9,678,600)	9,678,600	0
Profit/loss for the year	0	0	3,399,644	3,399,644
Equity end of year	2,500,000	0	10,423,483	12,923,483

Notes

1 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	15,100,429	10,682,208
Pension costs	957,836	573,729
Other social security costs	93,810	102,111
	16,152,075	11,358,048
Average number of full-time employees	20	14

2 Tax on profit/loss for the year

	2023 DKK	2022 DKK
Current tax	508,773	0
	508,773	0

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	1,434,601	7,095,622	1,092,021
Transfers	410,940	6,711,032	(7,121,972)
Additions	18,070,773	0	7,557,991
Disposals	(1,768,385)	0	0
Cost end of year	18,147,929	13,806,654	1,528,040
Depreciation and impairment losses beginning of year	(293,674)	(1,162,037)	0
Impairment losses for the year	(227,683)	0	0
Depreciation for the year	(1,730,108)	(2,678,286)	0
Reversal regarding disposals	569,231	0	0
Depreciation and impairment losses end of year	(1,682,234)	(3,840,323)	0
Carrying amount end of year	16,465,695	9,966,331	1,528,040

4 Financial assets

	Deposits DKK
Cost beginning of year	1,519,656
Cost end of year	1,519,656
Carrying amount end of year	1,519,656

5 Non-current liabilities other than provisions

	Due after more than 12 months 2023 DKK
Deferred income	11,166
	11,166

Due after 5 years: 0 DKK

6 Other payables

	2023 DKK	2022 DKK
VAT and duties	58,161,633	0
Wages and salaries, personal income taxes, social security costs, etc. payable	2,278,070	1,080,018
Holiday pay obligation	586,601	26,097
Other costs payable	655,977	228,304
	61,682,281	1,334,419

7 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Liabilities under rental or lease agreements until maturity in total	7,698,208	12,958,202

8 Related parties with controlling interest

XPeng European Holding B.V., Hoogoorddreef 11, 1101BA Amsterdam, Netherlands, owns all shares in the Entity, thus exercising control.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Change in comparative figures

Few reclassifications have been made in the comparison figures to comply with the current year presentation.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and external expenses.

Revenue

The Company has chosen IAS 11 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external costs

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for the entity's staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income etc.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-4 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may

be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Finished goods and goods for resale are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

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

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

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

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Operating leases

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

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.