

# XPeng Motors Denmark ApS

Gammel Kongevej 1, 1610 København V


CVR no. 42 34 58 73

## Annual report 2021

(As of the establishment of the Company 19 April - 31 December 2021)

Approved at the Company's annual general meeting on 15 June 2022

Chair of the meeting:

A handwritten signature in black ink, appearing to be 'Meng WU', written over a horizontal dotted line.

Meng WU

## Contents

<b>Statement by the Executive Board</b>	<b>2</b>
<b>Management's review</b>	<b>3</b>
<b>Financial statements for the period 19 April - 31 December 2021</b>	<b>5</b>
Income statement	5
Balance sheet	6
Statement of changes in equity	8
Notes to the financial statements	9

## Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of XPeng Motors Denmark ApS for the financial year as of the establishment of the Company 19 April - 31 December 2021.

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

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year as of the establishment of the Company 19 April - 31 December 2021.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

It is proposed to the annual general meeting that the financial statements for 2022 should not be audited.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 15 June 2022  
Executive Board:

A handwritten signature in black ink, appearing to be 'Meng Wu', written over a horizontal dotted line.

Meng Wu  
Director

The general meeting has decided that the financial statements for the coming financial year will not be audited.

## Management's review

### Company details

Name	XPeng Motors Denmark ApS
Address, Postal code, City	Gammel Kongevej 1, 1610 København V
CVR no.	42 34 58 73
Established	19 April 2021
Registered office	Copenhagen
Financial year	19 April - 31 December 2021
Executive Board	Meng Wu, Director

## Management's review

### Business review

XPeng Motors Denmark ApS is established on April 19, 2021. The main activities of XPeng Motors Denmark ApS 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.

### Exceptional circumstances

As we are under the preparation of sales, our efforts were still focused on online sales promotion and brand awareness development during fiscal year of 2021. Also, the company followed policy anti covid-19 from Denmark official guidelines, for example purchasing sufficient covid-19 prevention materials like masks for our staffs, and allowing our staff to work from home if required etc. In general, in the fiscal year of 2021, the company received a slight impact on covid-19.

### Expected development

As the main business purpose of XPeng Motors Denmark ApS is to provide the green smart EVs to our customers in Denmark, we have opened the first self-run sales store in Demark in the beginning of April 2022. Also, we are planning to open our first after-sales service store during the second half of 2022 (it depends on the project development time schedule).

### Unusual matters having affected the financial statements

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have resulted in loss of the share capital. The is mainly due to a delay in the start-up of the operating business in Denmark. It is the managements expectations that the equity will be reestablished when the Company commences it sales in Denmark.

### Going concern

XPeng European Holding B.V. has issued a letter of comfort inter alia stating that it is in the interest of the parent company to ensure that the company meets its financial obligations at all times and that it is the policy of the parent company to provide the company with such support and assistance as may be required to ensure that it maintains capital and liquidity levels to enable it at all times to meet its obligations in conformity with standards of prudence generally accepted for its field of business. This letter of comfort is valid until date of the general meeting in the company where the annual report for the year ending 31 December 2022 is approved, however, in no event later than 31 May 2023. Based on this, it is the Management's assessment that the Company can continue as going concern.

### Financial review

The income statement for 2021 shows a loss of DKK 2,295,503, and the balance sheet at 31 December 2021 shows a negative equity of DKK 1,295,503.

Management considers the Company's financial performance in the year satisfactory taking into account the delay in the start-up of business in Denmark.

### Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

## Financial statements for the period 19 April - 31 December 2021

### Income statement

Note	DKK	2021 9 months
	<b>Gross loss</b>	-306,251
3	Staff costs	-1,916,052
	Depreciation of property, plant and equipment	-5,289
	<b>Profit/loss before net financials</b>	-2,227,592
	Financial expenses	-67,911
	<b>Profit/loss before tax</b>	-2,295,503
	Tax for the year	0
	<b>Profit/loss for the year</b>	<u>-2,295,503</u>
	 <b>Recommended appropriation of profit/loss</b>	
	Retained earnings/accumulated loss	-2,295,503
		<u>-2,295,503</u>

## Financial statements for the period 19 April - 31 December 2021

### Balance sheet

Note	DKK	<u>2021</u>
	<b>ASSETS</b>	
	<b>Fixed assets</b>	
4	<b>Property, plant and equipment</b>	
	Fixtures and fittings, other plant and equipment	1,288,154
	Property, plant and equipment under construction	<u>298,000</u>
		<u>1,586,154</u>
	<b>Total fixed assets</b>	<u>1,586,154</u>
	<b>Non-fixed assets</b>	
	<b>Receivables</b>	
	Other receivables	1,157,355
	Prepayments	<u>59,466</u>
		<u>1,216,821</u>
	<b>Cash</b>	<u>6,342,314</u>
	<b>Total non-fixed assets</b>	<u>7,559,135</u>
	<b>TOTAL ASSETS</b>	<u>9,145,289</u>

## Financial statements for the period 19 April - 31 December 2021

### Balance sheet

Note	DKK	<u>2021</u>
	<b>EQUITY AND LIABILITIES</b>	
	<b>Equity</b>	
5	Share capital	1,000,000
	Retained earnings	<u>-2,295,503</u>
	<b>Total equity</b>	<u>-1,295,503</u>
	<b>Liabilities other than provisions</b>	
	<b>Current liabilities other than provisions</b>	
	Trade payables	63,204
	Payables to group enterprises	9,678,967
	Other payables	<u>698,621</u>
		<u>10,440,792</u>
	<b>Total liabilities other than provisions</b>	<u>10,440,792</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>9,145,289</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 6 Contractual obligations and contingencies, etc.
- 7 Contingent assets
- 8 Collateral
- 9 Related parties



## Financial statements for the period 19 April - 31 December 2021

### Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Cash payments concerning formation of enterprise	40,000	0	40,000
Capital increase	960,000	0	960,000
Transfer through appropriation of loss	0	-2,295,503	-2,295,503
<b>Equity at 31 December 2021</b>	<b><u>1,000,000</u></b>	<b><u>-2,295,503</u></b>	<b><u>-1,295,503</u></b>

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 1 Accounting policies

The annual report of XPeng Motors Denmark ApS for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK).

#### Income statement

##### 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.

##### Gross loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

##### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Fixtures and fittings, other plant and equipment	5 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial expenses

Financial expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Leases

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

Leases that do not transfer substantially all the 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".

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

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

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Income taxes and deferred taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 2 Going concern uncertainties

The financial position at 31 December 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have resulted in loss of the share capital. This is mainly due to a delay in the start-up of the operating business in Denmark. It is the management's expectation that the equity will be reestablished when the Company commences its sales in Denmark.

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DKK	2021 9 months
<b>3 Staff costs</b>	
Wages/salaries	1,790,404
Pensions	100,174
Other social security costs	9,614
Other staff costs	15,860
	1,916,052
 Average number of full-time employees	 4

#### 4 Property, plant and equipment

DKK	Fixtures and fittings, other plant and equipment	Property, plant and equipment under construction	Total
Additions	1,293,443	298,000	1,591,443
Cost at 31 December 2021	1,293,443	298,000	1,591,443
Depreciation	5,289	0	5,289
Impairment losses and depreciation at 31 December 2021	5,289	0	5,289
<b>Carrying amount at 31 December 2021</b>	<b>1,288,154</b>	<b>298,000</b>	<b>1,586,154</b>

## Financial statements for the period 19 April - 31 December 2021

### Notes to the financial statements

#### 5 Share capital

Analysis of changes in the share capital over the past 2 years:

DKK	2021	Opening balance at 19 April 2021
Establishment	40,000	40,000
Capital increase	960,000	0
	<u>1,000,000</u>	<u>40,000</u>

#### 6 Contractual obligations and contingencies, etc.

##### Other financial obligations

Other rent liabilities:

DKK	2021
Rent liabilities	<u>7,495,500</u>

Rent include a rent obligation totalling DKK 7,495,500 in interminable rent agreements with remaining contract terms of 57 months.

#### 7 Contingent assets

The company has tax loss carry-forwards totalling DKK 2.384,515. The nominal value thereof is 22%, totalling DKK 524,593 that has not been recognised in the balance sheet due to the uncertainty as to application of the tax losses.

#### 8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

#### 9 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
XPeng Inc.	Cayman Islands	The consolidated financial statement can be requisitioned at <a href="http://ir.xiaopeng.com/financials/sec-filings/default.aspx">ir.xiaopeng.com/financials/sec-filings/default.aspx</a>