


ARRIVAL
(formerly Arrival Group)
Société anonyme

Annual accounts as at 31 December 2021
(with the report of the Réviseur d'Entreprises agréé thereon)

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60A, rue des Bruyères
L-1274 Howald

RCS Luxembourg : B248209

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CORPORATE INFORMATION

Registration

R.C.S. Luxembourg: B248209

Board of Directors

- Csaba Horváth (resigned 23 March 2021)
- Giles Dusemon (resigned 23 March 2021)
- Michael Anatolitis (resigned 23 March 2021)

Category A directors:

- Frank Peter Cuneo (appointed 23 March 2021)
- Yun Seong Hwang (appointed 23 March 2021)

Category B directors:

- Kristen M. O'Hara (appointed 23 March 2021)
- Rexford Jay Tibbens (appointed 23 March 2021)

Category C directors:

- Tawni Lynn Cranz (appointed 23 March 2021)
- Alain Kinsch (appointed 23 March 2021)
- Avinash Rugoobur (appointed 23 March 2021)

Managing Director

- Csaba Horváth (appointed 23 March 2021)

Registered office

60A, rue des Bruyères

L-1274 Howald



KPMG Luxembourg, Société anonyme
39, Avenue John F. Kennedy
L-1855 Luxembourg

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Internet: www.kpmg.lu

To the Shareholders of
Arrival S.A.
60A, rue des Bruyères
L-1274 Howald
Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Opinion

We have audited the annual accounts of Arrival S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the period from 27 October 2020 (date of incorporation) to 31 December 2021, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 December 2021 and of the results of its operations for the period from 27 October 2020 (date of incorporation) to 31 December 2021 in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.



In preparing the annual accounts, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Company to cease to continue as a going concern.



— Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Luxembourg, 27 April 2022

KPMG Luxembourg
Société anonyme
Cabinet de révision agréé



Stephan Lego-Deiber

RCSL Nr. : B248209

Matricule : 2020 2205 284

ABRIDGED BALANCE SHEET**Financial year from 27/10/2020 to 31/12/2021 (in EUR)**

Arrival

60A, rue des Bruyères
L-1274 Howald**ASSETS**

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed Assets	1109	109	110
I. Intangible assets	1111	111	112
II. Tangible assets	1125	125	126
III. Financial fixed assets	1135	135	136
	3	5,351,272,117	-
D. Current assets	1151	151	152
I. Stocks	1153	153	154
II. Debtors	1163	163	164
a) becoming due and payable within one year	1203	203	204
b) becoming due and payable after more than one year	1205	205	206
III. Investments	1189	189	190
IV. Cash at bank and in hand	1197	197	198
E. Prepayments	1199	199	200
	6	9,919,581	-
TOTAL (ASSETS)		201	202
		5,755,983,876	-

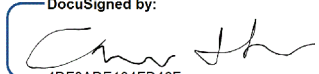
The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B248209

Matricule : 2020 2205 284

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301 <u>7</u>	301 <u>5,462,968,932</u>	302 <u>-</u>
I. Subscribed capital	1303 _____	303 <u>65,766,108</u>	304 <u>-</u>
II. Share premium account	1305 _____	305 <u>5,377,227,309</u>	306 <u>-</u>
III. Revaluation reserves	1307 _____	307 <u>-</u>	308 <u>-</u>
IV. Reserves	1309 _____	309 <u>130,430,363</u>	310 <u>-</u>
V. Profit or loss brought forward	1319 _____	319 <u>(130,605,173)</u>	320 <u>-</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>20,150,325</u>	322 <u>-</u>
VII. Interim dividends	1323 _____	323 <u>-</u>	324 <u>-</u>
VIII. Capital investment subsidies	1325 _____	325 <u>-</u>	326 <u>-</u>
B. Provisions	1331 <u>8</u>	331 <u>1,769,027</u>	332 <u>-</u>
C. Creditors	1435 <u>9</u>	435 <u>291,245,917</u>	436 <u>-</u>
a) becoming due and payable within one year	1453 _____	453 <u>6,788,830</u>	454 <u>-</u>
b) becoming due and payable after more than one year	1455 _____	455 <u>284,457,087</u>	456 <u>-</u>
D. Deferred income	1403 _____	403 <u>-</u>	404 <u>-</u>
TOTAL (CAPITAL, RESERVES AND LIABILITIES)		405 <u>5,755,983,876</u>	406 <u>-</u>

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Matricule : 2020 2205 284

PROFIT AND LOSS ACCOUNT**Financial year from 27/10/2020 to 31/12/2021 (in EUR)**

Arrival

60A, rue des Bruyères
L-1274 Howald**PROFIT AND LOSS ACCOUNT**

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____ -	702 _____ -
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____ -	704 _____ -
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____ -	706 _____ -
4. Other operating income	1713 _____	713 _____ -	714 _____ -
5. Raw materials and consumables and other external expenses	1671 _____	671 _____ (40,358,806)	672 _____ -
a) Raw materials and consumables	1601 _____	601 _____ -	602 _____ -
b) Other external expenses	1603 _____ 10	603 _____ (40,358,806)	604 _____ -
6. Staff costs	1605 _____ 11	605 _____ (121,422)	606 _____ -
a) Wages and salaries	1607 _____	607 _____ (109,180)	608 _____ -
b) Social security costs	1609 _____	609 _____ (12,242)	610 _____ -
i) relating to pensions	1653 _____	653 _____ (8,220)	654 _____ -
ii) other social security costs	1655 _____	655 _____ (4,022)	656 _____ -
c) Other staff costs	1613 _____	613 _____ -	614 _____ -
7. Value adjustments	1657 _____	657 _____ -	658 _____ -
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____ -	660 _____ -
b) in respect of current assets	1661 _____	661 _____ -	662 _____ -
8. Other operating expenses	1621 _____ 12	621 _____ (2,741,706)	622 _____ -

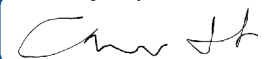
The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B248209

Matricule : 2020 2205 284

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715 <u>13</u>	715 <u>238,900,941</u>	716 <u>-</u>
a) derived from affiliated undertakings	1717 _____	717 <u>238,900,941</u>	718 <u>-</u>
b) other income from participating interests	1719 _____	719 <u>-</u>	720 <u>-</u>
10. Income from other investments and loans forming part of the fixed assets	1721 _____	721 <u>-</u>	722 <u>-</u>
a) derived from affiliated undertakings	1723 _____	723 <u>-</u>	724 <u>-</u>
b) other income not included under a)	1725 _____	725 <u>-</u>	726 <u>-</u>
11. Other interest receivable and similar income	1727 <u>14</u>	727 <u>9,426,904</u>	728 <u>-</u>
a) derived from affiliated undertakings	1729 _____	729 <u>1</u>	730 <u>-</u>
b) other interest and similar income	1731 _____	731 <u>9,426,903</u>	732 <u>-</u>
12. Share of profit or loss of undertakings accounted for under the equity method	1663 _____	663 <u>-</u>	664 <u>-</u>
13. Value adjustments in respect of financial assets and of investments held as current assets	1665 <u>3,5</u>	665 <u>(182,393,000)</u>	666 <u>-</u>
14. Interest payable and similar expenses	1627 <u>15</u>	627 <u>(2,556,515)</u>	628 <u>-</u>
a) concerning affiliated undertakings	1629 _____	629 <u>(2)</u>	630 <u>-</u>
b) other interest and similar expenses	1631 _____	631 <u>(2,556,513)</u>	632 <u>-</u>
15. Tax on profit or loss	1635 _____	635 <u>-</u>	636 <u>-</u>
16. Profit or loss after taxation	1667 _____	667 <u>20,156,396</u>	668 <u>-</u>
17. Other taxes not shown under items 1 to 16	1637 <u>17</u>	637 <u>(6,071)</u>	638 <u>-</u>
18. Profit or loss for the financial year	1669 _____	669 <u>20,150,325</u>	670 <u>-</u>

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Note 1 - GENERAL

Arrival (previously Arrival Group and hereafter the "Company" or the "Group" if together with its subsidiaries) was incorporated on 27 October 2020 and is organized under the laws of Luxembourg as a Société anonyme for an unlimited period.

The Extraordinary General Meeting held on 23 March 2021 decided to change the name of the Company from Arrival Group to Arrival.

The registered office of the Company is established at 60A, rue des Bruyères, L-1274, Howald (previously 1, rue Petermelchen, L-2370 Howald).

The Company's financial year starts on 1 January and ends on 31 December of each year. With exception of the first financial year which started on 27 October 2020, the day of incorporation, and ended on 31 December 2021.

The purpose of the Company is the acquisition, holding and disposal of interests in any form whatsoever in Luxembourg and/or in foreign companies and undertakings, as well as the administration, development and management of such interests.

The Company may provide loans and financing in any other kind or form, or grant guarantees or security in any other kind or form, for the benefit of the companies and undertakings forming part of the group of which the Company is a member.

The Company may also invest in real estate, in intellectual property rights or any other movable or immovable assets in any kind or form.

The Company may borrow in any kind or form and issue bonds, notes or any other debt instruments as well as warrants or other share subscription rights.

In a general fashion, the Company may carry out any commercial, industrial or financial operation, which it may deem useful in the accomplishment and development of its purpose.

The Company also prepares consolidated financial statements and consolidated management report, which are published according to the provisions of the Luxembourg law.

The Company is included in the consolidated financial statements of Kinetik S.à r.l. forming the largest body of undertakings of which the Company forms a part as a direct/indirect subsidiary undertaking. The registered office of this company is located at 60A, rue des Bruyères, L-1274, Howald, Luxembourg and the consolidated financial statements and the consolidated management report will be available at the same address.

The Company is publicly listed on NASDAQ in New York under the ticker "ARVL".

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS**Note 2.1 - Basis of preparation**

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention and on the going concern principle.

The accounting records and annual accounts are prepared in Euro.

Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002, as amended, determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note 2.2 - Significant accounting policies**Note 2.2.1 - Formation expenses**

Formation expenses are expensed during the financial year in which they occur.

Note 2.2.2 - Financial fixed assets

Shares in affiliated undertakings and loans to these undertakings are valued at purchase price including the expenses incidental thereto.

In case of permanent depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

Note 2.2.3 - Investments

Investments held as current assets are valued at the lower of cost, including expenses incidental thereto and calculated on the basis of weighted average prices or market value. A value adjustment is recorded where the market value is lower than the cost of purchase. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply. The market value corresponds to:

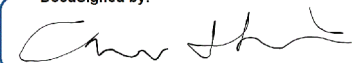
- the last available quoted price at the end of the financial year in an active market for quoted securities;
- the fair value estimated with due care and in good faith by the Board of Directors based on market and business assumptions.

Own shares are recorded at acquisition cost and are classified as current assets. A value adjustment through profit and loss is recorded when the market value is lower than the acquisition cost. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

In accordance with article 430.18 of the law on commercial Companies, a non-distributable reserve ("Reserve for own shares") is constituted for an equivalent amount from "Profit or loss brought forward".

Note 2.2.4 - Debtors

Debtors are valued at their nominal value. They are subject to value adjustments where their recovery is compromised. The realizable value is estimated on the basis of the information available to the Board of Directors. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

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Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND VALUATION METHODS (continued)**Note 2.2.5 - Foreign currency translation**

Transactions expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. Income and expenses expressed in currencies other than Euro are converted at the exchange rate applicable at the date of the transactions. Long-term assets and investments held as current assets expressed in currencies other than Euro are translated into Euro at the exchange rate effective at the time of the transaction. At the balance sheet date, these assets remain translated at historical exchange rates.

Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

Other assets and liabilities are translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. The unrealized exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realization. Where there is an economic link between an asset and a liability, these are valued in total according to the method described above and the net unrealized losses are recorded in the profit and loss account whereas the net unrealized exchange gains are not recognized.

Note 2.2.6 - Provisions

Provisions are intended to cover charges or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions for taxation corresponding to the tax liability estimated by the Company for the financial years for which the taxation has not yet been made by the tax authorities are recorded under the caption "Tax debts". The advance payments are shown in the assets of the balance sheet under the "Other receivables" item.

Note 2.2.7 - Creditors

Creditors are recorded at their reimbursement value. Where the amount repayable on account is greater than the amount received, the difference is shown as an asset and is written off over the period of the debt based on a linear method.

Note 2.2.8 - Share based payments

Employees of the Group receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments of the company itself. The Company has the following active equity/cash settled share-based payment schemes which are available to the staff of the Group and which are as follows:

- Arrival Share Option Plan 2020 (SOP 2020)
- Arrival Restricted Share Plan 2020 (RSP 2020)
- Arrival Restricted Share Units 2021 (RSU 2021)
- Arrival Restricted Share Units 2022 (RSU 2022)
- Arrival Incentive Compensation Plan

For more details on the share based payments plans, please refer to Note 16.

At the reporting date, a provision charge is recognised for the difference between the exercise price of the outstanding options and the historical value of the own shares. The provision is remeasured at each subsequent closing date up to the exercise date with changes in intrinsic value recognised in the profit and loss account.

Note 2.2.9 - Warrants

The Company issued public and private warrants which are convertible into ordinary shares. For the warrants exercised on a cash basis, the exercise price received for the conversion is recorded as cash consideration of the shares issued. For the warrants exercised on a cashless basis, the nominal value of the shares issued is recorded against an equivalent amount from "Profit or loss brought forward".

For any warrants redeemed without conversion, the expense is recorded on the redemption date to the profit and loss account.

Note 3 - FINANCIAL FIXED ASSETS**Note 3.1 - Shares in affiliated undertakings**

The movements for the period are as follows:

	31/12/2021 EUR
Gross book value - opening balance	-
Additions for the period	5,426,729,117
Disposals for the period	-
Gross book value - closing balance	5,426,729,117
Accumulated value adjustment - opening	-
Allocations for the period	(75,457,000)
Accumulated value adjustment - closing	(75,457,000)
Net book value - closing balance	5,351,272,117
Net book value - opening balance	-

Name of undertaking	Gross book value - opening balance	Additions for the period	Disposals for the period	Gross book value - closing balance	Accumulated value adjustment - closing	Net book value (EUR)
	EUR	EUR	EUR	EUR	EUR	EUR
Arrival Automotive India PVT Ltd	-	2,313	-	2,313	-	2,313
Arrival Elements MX, DE R.L. DE C.V.	-	1	-	1	-	1
Arrival India PVT Ltd	-	2,313	-	2,313	-	2,313
Arrival Luxembourg S.à r.l. (previously Arrival S.à r.l.)	-	5,351,068,431	-	5,351,068,431	-	5,351,068,431
Arrival Vault USA, Inc. (previously ARSNL Merger Sub Inc)	-	75,656,059	-	75,656,059	(75,457,000)	199,059
Total	-	5,426,729,117	-	5,426,729,117	(75,457,000)	5,351,272,117

Additional information on affiliated undertakings:

Name of undertaking Registered office	Ownership	Net book value (EUR)	Latest balance sheet date	Net equity at the balance sheet date (EUR)	Profit or loss for the latest financial year (EUR)
Arrival Automotive India PVT Ltd* 11A101-A, 11th Floor, WeWork RMZ Latitude Commercial, Bellary Road, Bangalore KA 560024, India	1.00%	2,313	-	-	-
Arrival Elements MX, DE R.L. DE C.V.* Priv. Savotino 101-15, Del Valle, 66220 San Pedro Garza Garcia, Nuevo Leon, Mexico	1.00%	1	-	-	-
Arrival India PVT Ltd* 11A101-A, 11th Floor, WeWork RMZ Latitude Commercial, Bellary Road, Bangalore KA 560024, India	1.00%	2,313	-	-	-
Arrival Luxembourg S.à r.l.** 60A, rue des Bruyères, L-1274 Howald, Luxembourg	100.00%	5,351,068,431	31/12/2020	679,364,966	(11,255,477)
Arrival Vault USA, Inc* 1209 Orange Street, Wilmington, DE 19801, North Carolina, USA	100.00%	199,059	-	-	-

* This entity has no approved annual accounts at the time of preparation of these annual accounts.

** The above figures are based on unaudited accounts as at 31 December 2020 prepared under Luxembourg GAAP.

The Board of Directors has decided to record a value adjustment for a permanent impairment in value of Arrival Vault USA Inc for a total amount of EUR 75,457,000 as of 31 December 2021. The management is in the opinion that no other impairments are needed.

Note 4 - DEBTORS

Debtors are composed as follows:

	Total 31/12/2021 EUR
Debtors becoming due and payable within one year	
Exercise price receivable	72,946
Tax advances to Luxembourg tax authorities	535
Other miscellaneous receivables	10,398
Total	83,879

Exercise price receivable is the unsettled portion of SOP2020 strike prices for the exercised options. The amount is due from the intermediary settling agent Computershare Investor Services PLC.

Note 5 - INVESTMENTS**Note 5.1 - Own shares**

The movements for the period are as follows:

	% of shares in issue*	Quantity	Transaction value EUR	Value at Cost EUR
Opening balance as at 27 October 2020	0.00%	-	-	-
Distribution in kind from Arrival Luxembourg S.à r.l.	3.03%	19,937,009	238,900,942	238,900,942
Repurchased unvested shares from RSP 2020 leavers	0.03%	166,455	1,016,657	1,016,657
Shares granted to RSU 2021 participants	0.00%	(12,500)	(149,177)	(149,177)
Shares granted for exercised SOP2020 options	-0.03%	(203,790)	(1,300,811)	(2,432,059)
Closing balance as at 31 December 2021	3.02%	19,887,174	238,467,611	237,336,363
Accumulated value adjustment - opening				-
Allocations for the period				(106,936,000)
Accumulated value adjustment - closing				(106,936,000)
Net book value - closing balance				130,400,363
Net book value - opening balance				-

* based on the quantity of shares transacted and the total quantity of shares issued as at 31 Decemeber 2021.

The Company is holding its own shares for the purpose of granting them to the employees of the wider Group as per share based payment schemes outlined in the Note 16. Subject to the RSP2020 scheme conditions, the Company may also repurchase the unvested shares from RSP 2020 participants leaving the Company.

As of 31 December 2021, the Company owns 19,887,174 own shares, which represents 3.02% of the capital issued. The voting rights attached to the own shares are suspended. All of the own shares transacted or held at any time in the period under review have the nominal value of EUR 0.1 per share.

In line with the accounting policy, a value adjustment of EUR 106,936,000 has been recorded for the own shares held to reflect the lower of i) cost value and ii) the market value as observed in the NASDAQ of USD 7.42 per share at the balance sheet date.

Note 6 - Prepayments

Prepayments are composed as follows:

	Total 31/12/2021 EUR
Convertible Notes issuance expense amortisation*	9,090,000
Prepaid directorship and committee fees	262,801
Prepaid business insurance premiums	564,925
Other prepaid expenses	1,855
Total	9,919,581

*This item consists of EUR 8,533,713 Note issuance discount and EUR 751,440 of related professional fees amortised over the duration of the Convertible Notes until maturity (see note 9). The amortisation charge for the period is EUR 195,153.

Note 7 - CAPITAL AND RESERVES

The movements on the "Capital and reserves" item are as follows:

Sub note	Subscribed capital EUR	Share premium account EUR	Reserves EUR	Profit or loss brought forward EUR	Profit or loss for the financial year EUR	Total EUR
At incorporation on 27 October 2020	30,000	-	-	-	-	30,000
Increase for the financial year	64,338,700	5,259,880,050	-	-	-	5,324,218,750
Decrease for the financial year	(30,000)	-	30,000	-	-	-
Private Warrant redemption	204,812	301	-	(204,810)	-	303
Public Warrant redemption	1,222,596	117,346,958	-	-	-	118,569,554
Allocation to reserves	-	-	130,400,363	(130,400,363)	-	-
Profit or loss for the financial year	-	-	-	-	20,150,325	20,150,325
As at 31 December 2021	65,766,108	5,377,227,309	130,430,363	(130,605,173)	20,150,325	5,462,968,932

On 27 October 2020, the Company was incorporated with the share capital composed of 300,000 shares and a nominal value per share of EUR 0.1.

On 4 January, 2021, the Directors of the Company resolved to increase the share capital of the Company by EUR 4,265,114 and accept payment for these new ordinary shares by contributions in kind consisting of the Preference Shares the contributors held in Arrival Luxembourg S.à r.l.. The aggregate amount contributed amounts to EUR 260,500,001.

On 23 March, 2021, the Directors of the Company resolved to increase the share capital of the Company by EUR 49,118,386 and accept the payment for these new shares by contributions in kind consisting shares of Arrival Luxembourg S.à r.l. valued at EUR 4,140,469,156.20.

On 24 March, 2021, the Directors of the Company resolved to increase the share capital of the Company by EUR 7,232,227 so as to raise to an amount of EUR 60,615,727 by issuing 72,322,267 new ordinary shares and accept payment for these new shares by contributions in kind consisting of all the class A common stock issued by CIIG Merger Corp. ("CIIG") with a par value of USD 0.0001 per share by the stockholders of CIIG Merger Corp. through the merger of Arrival Vault USA Inc into CIIG Merger Corp. with payment of a share premium in an aggregate amount of EUR 602,413,453. All contributions in kind represent a value in an aggregate amount of EUR 609,645,680. The total net cash received from the merger amounted to USD 630,796,600.

On 23 November, 2021, the Company has issued 37,229,736 new ordinary shares, including the full exercise by the underwriters of their option to purchase an additional 4,856,052 ordinary shares. The total proceeds from the issuance of these new shares amounted to EUR 313,603,912 and the amount has been allocated between share capital and share premium as follows: share capital: EUR 3,722,974 and share premium: EUR 309,880,939. For the issuance of these shares, the Company incurred an incremental cost of EUR 15,913,588, which are recognized in the profit and loss account.

As at 31 December 2021, the subscribed and fully paid up share capital amounting to EUR 65,766,107.70 is represented by 657,661,077 ordinary shares with a nominal value of EUR 0.10 each. All shares have equal rights.

The authorised capital amounts to EUR 270,000,000, divided into 2,700,000,000 shares each with a nominal value of EUR 0.1.

Note 7.1 Warrants

Pursuant to the business combination arrangement dated 8 November, 2020 the private and public warrants issued as a part of SPAC transactions were transferred (cancelled and re-issued) with the same terms and conditions immediately after closure of merger transactions, 24 March, 2021.

On 18 June 2021, the Company announced that it elected to redeem all outstanding public warrants that were issued under the Warrant Agreement dated 12 December 2019 (see note 15). One public warrant was exchanged for one ordinary share at USD 11.50 per share. The Company has issued 12,225,957 new ordinary shares to the public warrant holders that did exercise their option. The Company has raised a total amount of EUR 118,569,554 allocated as follows between share capital and share premium: share capital EUR 1,222,596 and share premium EUR 117,346,958. The warrant holders who did not complete the exercise steps by 20 July 2021, had the outstanding public warrants redeemed against the redemption payment of USD 0.01 per warrant. In total, 711,536 warrants were redeemed.

Following the announcement for the redemption of warrants, several private warrants holders have also exercised their right to redeem their warrants on a cashless basis. In 2021 June, 4,783,334 private warrants have been exercised resulting in the issuance of 2,048,117 new ordinary shares increasing the share capital of the Company by EUR 204,812.

As at 31 December 2021, 2,391,666 private warrants remain outstanding.

Note 7.2 - Reserves

	Total 31/12/2021 EUR
Reserves for own shares or own corporate units	130,400,363
Other reserves available for distribution	30,000
Total	130,430,363

On 23 March 2021, during the Extraordinary General Meeting of Arrival it was resolved to reduce the share capital by an amount of EUR 30,000 by cancellation of 300,000 shares held by Arrival Luxembourg S.à r.l. and to allocate the amount of the capital reduction to the reserves available for distribution.

During the period the Company acquired 238,467,611 shares for an amount of EUR 237,336,363 included in the assets shown in the balance sheet (see Note 5). In accordance with the art. 430-18 of the commercial law of 10 August 1915, the Company has created a non-distributable Reserves for own shares or own corporate units in the same amount.

The Company is required to allocate a minimum of 5% of its annual net result to a legal reserve, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 7 - CAPITAL AND RESERVES (continued)**Note 7.3 - The Merger**

On 18 November 2020 the Company entered into a business combination agreement (Merger agreement) with CIIG Merger Corp. ("CIIG") for the transfer of the shareholding in CIIG to Arrival.

CIIG was a Delaware special purpose acquisition company founded in 2019 for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses. CIIG's units, Class A common stock and warrants traded on the NASDAQ prior to its merger with Arrival.

In line with the terms of the arrangement, on conclusion of the transaction, on 24 March 2021, the Shareholders of CIIG exchanged their shareholding in CIIG for new shares issued in Arrival where one share in CIIG would be exchanged for one share in Arrival. As a result of this transaction, all the shareholding in CIIG is transferred to Arrival and CIIG is merged with Arrival, with Arrival being the resultant entity listed on NASDAQ. Arrival trades under ticker symbol "ARVL".

Note 8 - PROVISIONS

For the financial year ended 31 December 2021, an amount of EUR 1,769,027 has been recognised as a financial provision in respect to SOP 2020 and RSU 2021 based on the vesting conditions mentioned in Note 16 and the estimation made by management as to when these options will be vested.

Note 9 - CREDITORS

Amounts due and payable for the accounts shown under "creditors" are as follows:

	Within one year EUR	After one year and within five years EUR	After more than five years EUR	Total 31/12/2021 EUR
Convertible Notes	1,045,657	284,457,087	-	285,502,744
Accounts payable	2,765,263	-	-	2,765,263
Invoices to be received	2,969,441	-	-	2,969,441
Social security debts	2,852	-	-	2,852
Amounts payable to staff - vacation accrual	801	-	-	801
Tax debts	4,815	-	-	4,815
Amounts owed to affiliated undertakings	1	-	-	1
Total	6,788,830	284,457,087	-	291,245,917

The amounts owed to affiliated undertakings becoming due and payable within one year correspond to free interest advances payable to subsidiaries.

On 23 November 2021, Arrival issued convertible notes (hereafter "Convertible Notes") to qualified institutional investors. The Convertible Notes are denominated in USD and the issue price was EUR 275,923,374 (USD 310,400,000) for a principal amount of EUR 284,457,087 (USD 320,000,000) resulting in a discount of EUR 8,533,713 (USD 9,600,000).

The nominal interest for those notes is 3.5% per annum, payable semi-annually in arrears on 1st of June and 1st of December, beginning on 1 June 2022. The convertible notes may be converted at the option of the holder after March 31, 2024, subject to conditions specified in the Indenture being met. Arrival may redeem the convertible notes after December 1, 2024, if certain conditions are met or at maturity on 1 December 2026.

The issuance discount and directly attributable Convertible Notes issuance expenses, together amounting to EUR 9,285,152.95, is capitalised amortised on a straight line basis over the loan period until maturity date.

As at 31 December 2021, the amount of outstanding interest on Convertible Notes is EUR 1,045,657 (USD 1,182,222).

Note 10 - OTHER EXTERNAL EXPENSES

The other external expenses can be detailed as follows:

	27/10/2020- 31/12/2021 EUR
Equity issuance costs for Nov'2021 transaction (see Note 7)	15,913,588
Commissions and brokerage fees	12,590,181
SEC registration and filing fees	1,208,152
Legal fees	5,460,619
Audit fees	3,763,461
Accounting fees	69,597
Tax fees	74,149
Professional fees	546,368
Insurance	705,816
Other fees	26,875
Total	40,358,806.00

Note 11 - STAFF COSTS

The Company had 1 employee during the financial period ended 31 December 2021.

Note 12 - OTHER OPERATING EXPENSES

	27/10/2020- 31/12/2021 EUR
Software licences	35,330
Directorship and committee fees*	937,349
Provision in respect to SOP 2020 and RSU 2021 (see note 16)	1,769,027
Total	2,741,706

* The item is composed of the fees paid and benefits in kind granted to the Board of Directors for the services rendered in 2021. It is composed as follows: EUR 672,135 directorship fees, EUR 116,037 committee fees and EUR 149,177 of expenses for RSU 2021 (see Note 16) vested and settled.

Note 13 - INCOME FROM PARTICIPATING INTERESTS

	27/10/2020- 31/12/2021 EUR
Distribution in kind - Arrival Luxembourg S.à r.l.	238,900,941
Total	238,900,941

On 21 July 2021, Arrival Luxembourg S.à r.l. has made a distribution in a form of 19,937,009 shares with a total value of EUR 238,900,941 based on the market value of 14.14 USD per share and the foreign exchange rate at the day of the distribution of 0.847439 USD/EUR.

Note 14 - INTEREST RECEIVABLE AND SIMILAR INCOME

Interest payable and similar expenses can be detailed as follows:

	27/10/2020- 31/12/2021 EUR
Interest on bank accounts and cash deposits	32,836
Realised foreign currency exchange gains on bank revaluation and settlements	9,394,067
Other financial income	1
Total	9,426,904

Other financial income items correspond to written-off payable balances towards the subsidiaries.

Note 15 - INTEREST PAYABLE AND SIMILAR EXPENSES

Interest payable and similar expenses can be detailed as follows:

	27/10/2020- 31/12/2021 EUR
SOP 2020 exercise result - loss on disposal of own shares	1,131,248
Interest on Convertible Notes	1,045,657
Convertible Notes issuance expense amortization charge	195,153
Warrants redemption expense*	6,045
Unrealised foreign currency losses	616
Realised foreign currency losses on payments	177,745
Other financial charges	51
Total	2,556,515

* This item relates to the redemption payments on the Public Warrants (see Note 7) that were not exercised until 20 July 2021. 711,536 warrants were redeemed at USD 0.01 per warrant, corresponding to EUR 6,045.

Note 16 - SHARE BASED PAYMENTS

On 2 October 2020, Management formally communicated the terms and conditions of the Share Option Plan 2020 ("SOP 2020") and Restricted Share Plan 2020 ("RSP 2020") schemes to all employees and non-employees that were eligible to participate. The Wider Group Employees provided their acceptance to participate in the scheme by accepting the offer provided and were necessary signed the relevant documentation.

On 26 October 2020, Arrival Luxembourg S.à r.l. entered into the Arrival Share Option Plan 2020 Option Deed. By this Option Deed, each of the SOP participants were granted options under the Arrival Option Plan over an aggregate of 26,899,662 shares with an exercise price of EUR 3.40909. On 8 October 2020, Arrival Luxembourg S.à r.l. adopted the RSP under which certain of the Wider Group Employees have been granted ordinary shares subject to the terms of the RSP and the restricted share agreement. These shares were acquired by the eligible employees and they are held in a nominee account until the vesting and non-vesting conditions are met. In Case the employee leaves the Group , the Company has the right to repurchase the unvested shares at the lower of i) Market value or ii) the purchase price paid by the participant.

The RSP and SOP have the same vesting and non-vesting conditions and both schemes are designed to provide long-term incentives which will benefit the Group and the employees.

As per the share plan, participants are granted options which have the following vesting conditions: a) 50% of share options granted vest on the first anniversary of the participant's start date, b) 25% of the share options vest subject to a production rate milestone and c) 25% of the share options vest subject to a margin milestone. In addition, the employee participating in the share option scheme must be an employee of the Group at the time a vesting condition has been met. The latter condition, it is not applicable for non-employee participants.

As of 23 March 2021 the SOP scheme has been modified in order to reflect the changes in the Group structure. Participants of the SOP scheme will now receive shares of the Company when exercising their options and not shares of Arrival Luxembourg S.à r.l.. All other terms and conditions of the SOP program remained the same. An analysis of the impact of this change has been made and it have been concluded that there is no impact as the value of the scheme prior to the change and immediately after the change is the same. The share options held by the employees have been converted at the ratio of 0.558.

In August 2021, the Company has decided to change the currency of the strike price of the SOP scheme from EUR to USD. The new strike price was set at USD 7.19

During the period, 50,000 new Restricted Share Units ("RSU 2021") have been issued to the Non-Executive Directors of the Company. The RSUs have a vesting schedule of 25% every 6 months as from 24 March 2021 for no cash consideration. The grant date of the scheme is 22 July 2021, date at which all terms and conditions have been formally communicated and agreements have been signed by the Directors and the Company.

Share scheme	Quantity outstanding	Strike Price	Number of Options Exercised/RSU Settled	Proceeds from Options exercised	Provision recorded as at 31/12/2021
		USD		EUR	EUR
Vested Awards					
SOP 2020 - time based	7,283,880	7.19 USD	203,790	1,300,811	1,444,834
RSU 2021	-	N/A	12,500	-	-
Unvested Awards					
SOP 2020 - margin milestone	2,786,113	7.19 USD	-	-	98,885
SOP 2020 - production rate milestone	2,786,517	7.19 USD	-	-	182,646
RSU 2021	37,500	N/A	-	-	42,662
Subtotal	12,894,010		216,290	1,300,811	1,769,027

Note 17 - TAXATION

The Company is fully taxable at an effective corporation tax rate amounting to 24.94% (2019: 24.94%). It is also subject to a net wealth tax amounting to the higher of (i) a percentage based on the net asset value of the Company at the beginning of the calendar year and (ii) a flat amount between EUR 535 and EUR 32,100 depending on its total balance sheet and its activities.

Note 18 - OFF-BALANCE SHEET COMMITMENTS

From time to time, Arrival may become involved in additional legal proceedings arising in the ordinary course of its business.

On December 22, 2021, Plaintiffs Bruce Schmutter and Dean Samet and purported Arrival stockholders, filed a putative class action complaint against Arrival, Denis Sverdlov, Tim Holbrow, Michael Ableson, and Avinash Rugoobur in the United States District Court for the Eastern District of New York asserting claims on behalf of all persons and entities that purchased or otherwise acquired Arrival common stock between November 18, 2020 and November 19, 2021, inclusive under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

As the case is still in its early stages, it is not possible to determine the likelihood of success on the merits or any potential liability from the class action nor estimate the duration of the litigation. While it is currently not possible to reasonably estimate the aggregate amount of costs which Arrival may incur in connection with these matters, such costs could have a material adverse effect on our annual accounts. Arrival intends to defend the case vigorously. For further details see also note 22 of subsequent events.

As per the Amendment to the Capital Contribution Agreement dated 22 December 2021 entered into by the Company with Arrival Luxembourg S.à r.l. on 25 March 2021, the Company commits itself to make capital contributions in an amount of up to EUR 1,200,000,000 in Arrival Luxembourg S.à r.l. until 31 December 2022. As at 31 December 2021, the investments under this agreement amount to an equivalent of EUR 950,099,273.

Note 19 - RELATED PARTIES TRANSACTIONS

There are no related party transaction other than the ones disclosed separately in the notes of these annual accounts.

Note 20 - ADVANCES AND LOANS GRANTED TO THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

No advances and loans were granted to the members of the management and supervisory bodies by the Company. No commitments entered into on their behalf by way of guarantees of any kind.

Note 21 - COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate its spread have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Group operates.

In March 2020, Arrival created a committee comprised of 24 members from its human resources, strategy, operations, legal and compliance, and products teams to monitor the overall impact of COVID-19 and manage the Group's overall response and guidance moving forward during the COVID-19 pandemic. The spread of COVID-19 and its variants has caused the Group and many of its suppliers to modify their business practices (including employee travel and recommending that all non-essential personnel work from home), and Arrival and its suppliers may be required to take further actions as required by government authorities or that it determines are in the best interests of its employees, customers, suppliers, vendors and business partners. There is no certainty that such actions will be sufficient to mitigate the risks posed by the virus or otherwise be satisfactory to government authorities. If significant portions of the Group's workforce or suppliers are unable to work effectively, including due to illness, quarantines, social distancing, government actions or other restrictions in connection with the COVID-19 pandemic, the Group's operations will be impacted. These factors related to COVID-19 are beyond Arrival's knowledge and control and, as a result, at this time, Arrival is unable to predict the ultimate impact, both in terms of severity and duration, that the COVID-19 pandemic will have on the Group's business, operating results, cash flows and financial condition, but it could be material if the current circumstances continue to exist for a prolonged period of time.

Note 22 - SUBSEQUENT EVENTS

On January 11, 2022, Plaintiff Miguel Sanchez also filed a similar class action complaint on the same basis as Plaintiffs Bruce Schmutter and Dean Samet et al in their class action complaint.

After the motions for lead plaintiff were timely filed on February 22, 2022, the Schmutter investor group filed to consolidate this action with the Sanchez action. On March 8, voluntarily dismissed their case without prejudice leaving the Sanchez matter as the only pending matter.

The complaint in the Sanchez Action, which is based entirely on public information, is a placeholder complaint that will be replaced by a lengthier and more fulsome consolidated and amended complaint 30-to-60 days after the Court appoints a lead plaintiff. The Court is required to determine the lead plaintiff no later than 90 days after the notice (being April 11, 2022).

On April 8, 2022 plaintiff Alexandre Lioubinine, purported Arrival stockholder, filed a putative class action complaint against Arrival and certain current and former directors and employees of Arrival in the Supreme Court of the State of New York for New York County (the "Lioubinine action"). The class action complaint was filed alleging securities claims arising out of the company's December 2020 Registration Statement. Plaintiff asserts claims under Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 on behalf of the class comprising all persons and entities who purchased or otherwise acquired Arrival Ordinary Shares pursuant or traceable to Arrival's Registration Statement on Form F-4 filed with the SEC on December 15, 2020, as amended on January 21, February 16 and February 25, 2021 and declared effective on February 26, 2021.


During January-April 2022, the Company made capital contributions in an aggregate amount of USD 8,350,000 (EUR 7,507,257) to Arrival Luxembourg S.à r.l..

On 24 February 2022, Russia launched a full-scale invasion of Ukraine. As a result of the invasion, and ongoing war in Ukraine, the EU, EU Member States, Canada, Japan, the United Kingdom and the United States, among others, have implemented and continue to implement coordinated sanctions and export-control measures against Russia and Belarus. The United States and the United Kingdom have also implemented bans on importing Russian oil. In response, Russia has instituted counter-sanctions, which include export bans, divestment restrictions and the nationalization of the property of foreign organisations. The uncertain nature, magnitude and duration of Russia's war in Ukraine and actions taken by Western and other states and multinational organisations in response thereto, including, amongst other things, the potential effects of sanctions, export-control measures, travel bans and asset seizures, as well as Russian retaliatory actions, including, amongst other things, restrictions on oil and gas exports, expropriation and cyber-attacks, on the world economy and markets, have contributed to increased market volatility and uncertainty. Such geopolitical risks may have a material adverse impact on macroeconomic factors which affect the Group's business, prospects, financial condition and operating results.

On January 24, 2022, the Company has granted Restricted Stock Units ("RSU 2022") to all employees and non-employees that were eligible to participate. The total number of RSUs granted amounted to 3,494,481 shares. As per the Company's Incentive Plan, participants are granted the RSUs which have the following vesting conditions: a) 50% of shares granted vest at the later of (i) March 31, 2022 or (ii) the last day of the month during which a participant has completed twelve months of continuous services with Arrival, b) 25% of the shares vest subject to a production rate milestone and c) 25% of the shares vest subject to a contribution milestone.

The valuation of the Financial Fixed Assets and Investments as at 31 December 2021 as disclosed in these annual accounts reflects the economic conditions in existence at that date.

When preparing these annual accounts, the Board of Directors of the Company considered that these events and their related impact are non-adjusting events and have no impact on the Company's ability to continue as a going concern. No other significant events have occurred after the balance sheet date that would require adjustments or additional disclosures in these accounts.

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