

Tuco Yacht Værft ApS

Krogsbjergvej 2, 5600 Faaborg

CVR no. 32 07 22 91

**Annual report for the period
1 January to 31 December 2022**

Adopted at the annual general meeting on 6 June
2023

Jacob Styrbæk Frost
chairman



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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Tuco Yacht Værft ApS for the financial year 1 January - 31 December 2022.

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

In my opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Faaborg, 5 June 2023

Executive board

Jonas Pedersen

Independent auditor's report

To the shareholder of Tuco Yacht Værft ApS

Opinion

We have audited the financial statements of Tuco Yacht Værft ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 the 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 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 in preparing the financial statements unless management either intends to liquidate the company 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.

Independent auditor's report

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 company'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 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 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, 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 management's review

Management is responsible for management's review.

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

Independent auditor's report

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Odense, 5 June 2023

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Jeppe Pedersen
State Authorized Public Accountant
MNE no. mne33677

Company details

The company

Tuco Yacht Værft ApS
Krogsbjergvej 2
5600 Faaborg

CVR no.: 32 07 22 91

Reporting period: 1 January - 31 December 2022

Incorporated: 5 March 2009

Domicile: Faaborg

Executive board

Jonas Pedersen

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Hjallesevej 126
5230 Odense M

Management's review

Business review

The company's main activity is to produce and repair boats and vessels as well as to provide subcontractor work to the maritime industry.

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 406.958, and the balance sheet at 31 December 2022 shows equity of DKK 5.459.159.

Tuco Yacht Værft specialization in lightweight hulls and fast boats for professional users is well supported by latest year's positive trends in the commercial maritime industry for the lightweight segment, The company's development activities and the continued development of the ProZero line of fast boats for professionals pursued these trends.

Sales and development of vessels in the ProZero line of fast boats now constitute the major share of the group's revenue.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement 1 January - 31 December

	Note	2022 DKK	2021 TDKK
Gross profit		16.100.139	13.173
Staff costs	1	-11.180.003	-9.549
Profit/loss before amortisation/depreciation and impairment losses		4.920.136	3.624
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-2.675.508	-910
Profit/loss before net financials		2.244.628	2.714
Financial income	2	920	0
Financial costs	3	-1.930.742	-1.825
Profit/loss before tax		314.806	889
Tax on profit/loss for the year	4	92.152	-108
Profit/loss for the year		406.958	781
Recommended appropriation of profit/loss			
Retained earnings		406.958	781
		406.958	781

Balance sheet 31 December

	Note	2022 DKK	2021 TDKK
Assets			
Completed development projects		3.353.485	5.484
Intangible assets	5	3.353.485	5.484
Plant and machinery	6	8.444.386	9.359
Other fixtures and fittings, tools and equipment	6	37.409	44
Leasehold improvements	6	5.847	14
Tangible assets		8.487.642	9.417
Total non-current assets		11.841.127	14.901
Raw materials and consumables		1.908.953	1.829
Finished goods and goods for resale		6.642.712	6.642
Stocks		8.551.665	8.471
Trade receivables		2.843.794	3.767
Contract work in progress	7	2.447.861	3.129
Other receivables		11.402.137	20.190
Joint taxation contributions receivable		887.780	236
Prepayments		45.088	411
Receivables		17.626.660	27.733
Cash at bank and in hand		4.790	31
Total current assets		26.183.115	36.235
Total assets		38.024.242	51.136

Balance sheet 31 December

	Note	2022 DKK	2021 TDKK
Equity and liabilities			
Share capital		125.000	125
Reserve for development expenditure		2.615.718	4.277
Retained earnings		2.718.441	650
Equity		5.459.159	5.052
Provision for deferred tax		4.624.579	3.562
Total provisions		4.624.579	3.562
Banks		3.535.375	411
Other credit institutions		2.171.818	3.427
Total non-current liabilities	8	5.707.193	3.838
Short-term part of long-term debet	8	2.589.043	2.098
Banks		1.744.088	2.620
Other credit institutions		93.115	1.553
Trade payables		4.727.447	9.992
Payables to subsidiaries		10.980.733	12.205
Payables to participating interests		14.454	14
Other payables		2.063.162	2.764
Deferred income	9	21.269	7.438
Total current liabilities		22.233.311	38.684
Total liabilities		27.940.504	42.522
Total equity and liabilities		38.024.242	51.136
Special items			
Rent and lease liabilities	10		
Contingent assets, liabilities and other financial obligations	11		
Mortgages and collateral	12		

Statement of changes in equity

	Share capital	Reserve for development expenditure	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	125.000	4.277.893	649.308	5.052.201
Transfers, reserves	0	-1.662.175	1.662.175	0
Net profit/loss for the year	0	0	406.958	406.958
Equity at 31 December	125.000	2.615.718	2.718.441	5.459.159

Notes

	2022	2021
	DKK	TDKK
1 Staff costs		
Wages and salaries	9.352.752	7.976
Pensions	803.401	768
Other social security costs	397.149	321
Other staff costs	626.701	484
	11.180.003	9.549
	<hr/>	<hr/>
Average number of employees	26	24
	<hr/>	<hr/>
2 Financial income		
Other financial income	920	0
	920	0
	<hr/>	<hr/>
3 Financial costs		
Interest paid to subsidiaries	563.143	657
Other financial costs	1.320.700	1.168
Exchange loss	46.899	0
	1.930.742	1.825
	<hr/>	<hr/>
4 Tax on profit/loss for the year		
Current tax for the year	-887.780	-236
Deferred tax for the year	1.062.816	344
Adjustment of deferred tax concerning previous years	-267.188	0
	-92.152	108
	<hr/>	<hr/>

Notes

5 Intangible assets

	Completed development projects DKK
Cost at 1 January	8.414.359
Disposals for the year	<u>-4.222.503</u>
Cost at 31 December	<u>4.191.856</u>
Impairment losses and amortisation at 1 January	2.929.879
Depreciation for the year	384.283
Impairment and depreciation of sold assets for the year	<u>-2.475.791</u>
Impairment losses and amortisation at 31 December	<u>838.371</u>
Carrying amount at 31 December	<u><u>3.353.485</u></u>

Development costs includes the continues development of the ProZero workboat range and the design and production drawings and other development costs associated with the ProZero project. The costs are depreciated over a straight line period, or fully, as specific designs and items are no longer being used. For further information please see balance sheet note "Intangible assets".

6 Tangible assets

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Total DKK
Cost at 1 January	<u>13.100.579</u>	<u>67.000</u>	<u>81.762</u>	<u>13.249.341</u>
Cost at 31 December	<u>13.100.579</u>	<u>67.000</u>	<u>81.762</u>	<u>13.249.341</u>
Impairment losses and depreciation at 1 January	3.742.087	22.891	67.924	3.832.902
Depreciation for the year	<u>914.106</u>	<u>6.700</u>	<u>7.991</u>	<u>928.797</u>
Impairment losses and depreciation at 31 December	<u>4.656.193</u>	<u>29.591</u>	<u>75.915</u>	<u>4.761.699</u>
Carrying amount at 31 December	<u><u>8.444.386</u></u>	<u><u>37.409</u></u>	<u><u>5.847</u></u>	<u><u>8.487.642</u></u>

Notes

	<u>2022</u>	<u>2021</u>
	DKK	TDKK
7 Contract work in progress		
Work in progress, selling price	5.940.487	12.759
Work in progress, payments received on account	-3.492.626	-9.630
	<u>2.447.861</u>	<u>3.129</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2.447.861	3.129
Prepayments received recognised in debt	0	0
	<u>2.447.861</u>	<u>3.129</u>

8 Long term debt

	<u>Debt</u>	<u>Debt</u>	<u>Instalment next</u>	<u>Debt</u>
	at 1 January	at 31 December	year	outstanding
	DKK	DKK	DKK	after 5 years
	DKK	DKK	DKK	DKK
Banks	1.339.900	4.134.418	599.043	98.825
Other credit institutions	4.596.022	4.161.818	1.990.000	0
	<u>5.935.922</u>	<u>8.296.236</u>	<u>2.589.043</u>	<u>98.825</u>

9 Deferred income

Deferred income consists of received grants which will be recognised as other income over the depreciation period for the related assets. As long as the terms of the grant are met there will be no claim for repayment.

Notes

	2022 DKK	2021 TDKK
10 Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	181.327	243
Between 1 and 5 years	147.294	283
	328.621	526
Instruction obligation regarding operational leasing. Expected residual values at the end of the contracts	21.750	0
Rent obligation, irrevocable period 6 months.	780.000	780

11 Contingent assets, liabilities and other financial obligations

The company is jointly taxed with Danish Companies, with Tuco Group ApS as the administration company. The company is therefore held liable under the corporation Tax Act rules accordingly for any obligation to withhold tax on interest, royalties and dividends for the jointly taxed companies.

The company has initiated a legal recovery procedure against the client following an already delivered project. The management expects that the lawsuit will have no further impact on company financial status except that is already incorporated in the financial statement for 2022.

12 Mortgages and collateral

As security regarding a bankloan TDKK 2.442 the company has issued a loss guarantee in connection with Kompas Bank and Vækstfonden limited to 70-75 % of the loan debt.

As security for the engagements with the bank, Vækstfonden and the other group companies they have secured it in floating charge in the company's assets in the amount of t.kr. 16.000. The booked value amounts to TDKK 19.883.

The floating charge are also used as security in relation to the bank engagement in Tuco Group ApS' and Tuco Composites ApS.

The Company has made an unlimited self-confidential guarantee regarding the bank engagements in Tuco Group ApS.

Accounting policies

The annual report of Tuco Yacht Værft ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Accounting policies

Revenue

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the Company.

Expenses for raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and property, plant and equipment.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other external costs also comprise research and development costs that do not qualify for capitalisation.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and there it is the intention to manufacture, market or use the projects, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administration expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalized development costs are measured at cost less accumulated amortisation and impairment losses accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognized development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in the financial years beginning on or after 1. January 2016. The reserve is reduced by amortization of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 15 years.

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Plant and machinery	5-15 years	0 TDKK
Other fixtures and fittings, tools and equipment	5-10 years	0 TDKK
Leasehold improvements	10 years	0 TDKK

Assets costing less than DKK 31.000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

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 is impaired, an impairment loss for that individual asset is recognised.

Accounting policies

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

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

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Deferred income

Deferred income comprises payments received concerning income in subsequent reporting years.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.