

Annual report 2018

Company reg. no. 38 11 80 99

BU Power Systems Denmark ApS

Bygmestervej 7B

5750 Ringe

The annual report was submitted and approved by the general meeting on the 22 March 2019.

Franz Klemens Focks
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The managing director has today presented the annual report of BU Power Systems Denmark ApS for the financial year 1 January to 31 December 2018.

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

I consider the accounting policies used appropriate, and in my opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 December 2018 and of the company's results of its activities in the financial year 1 January to 31 December 2018.

I am of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ringe, 22 March 2019

Managing Director

Franz Klemens Focks

Independent auditor's report

To the shareholder of BU Power Systems Denmark ApS

Opinion

We have audited the annual accounts of BU Power Systems Denmark ApS for the financial year 1 January to 31 December 2018, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2018 and of the results of the company's operations for the financial year 1 January to 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management 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 management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives 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 an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 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 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 22 March 2019

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant
mne29389

Company data

The company

BU Power Systems Denmark ApS
Bygmestervej 7B
5750 Ringe

Company reg. no. 38 11 80 99
Established: 13 October 2016
Domicile: Faaborg-Midtfyn Municipality
Financial year: 1 January - 31 December
2nd financial year

Managing Director

Franz Klemens Focks

Auditors

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab
Hovedvejen 56
2600 Glostrup

Bankers

Sydbank A/S, Sdr. Boulevard 39-41, 5000 Odense C

Parent company

BU Power Group GmbH

Financial highlights

DKK in thousands.

	<u>2018</u>	<u>2017</u>
Profit and loss account:		
Gross profit	3.304	1.859
Results from operating activities	413	-1.510
Net financials	-21	-113
Results for the year	303	-1.268
Balance sheet:		
Balance sheet sum	2.591	3.661
Investments in tangible fixed assets represent	266	1.903
Equity	574	271
Employees:		
Average number of full time employees	6	6

The financial highlights for 2017 comprise the period 13 October 2016 - 31 December 2017.

Management's review

The principal activities of the company

Like previous year, the principal activities are sales of engines, spareparts and supply of tech and support services.

Development in activities and financial matters

The gross profit for the year is DKK 3.304.000 against DKK 1.859.000 last year. The results from ordinary activities after tax are DKK 303.000 against DKK -1.268.000 last year. The management consider the results satisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for BU Power Systems Denmark ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

THE PROFIT AND LOSS ACCOUNT

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods, other operating income, and other external costs.

Accounting policies used

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of manufactured and trade goods and less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs comprise costs for sales, vehicles, administration and premises.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

THE BALANCE SHEET

Intangible fixed assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. As it is not possible to determine a reliable estimate of the useful life, the amortisation period is set at 10 years.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

Accounting policies used

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	<i>Useful life</i>
<i>Technical plants and machinery</i>	<i>5 years</i>
<i>Other plants, operating assets, fixtures and furniture</i>	<i>2-7 years</i>

Assets with a cost price of less than DKK 13.500 are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Inventories

Inventories of spare parts are measured at cost on basis of measured average prices. In case the net realisable value is lower than the cost, writedown takes place at this lower value.

Inventories of engines are measured at cost by using separate valuation specified by serial numbers. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for manufactured and trade goods comprises the acquisition cost with the addition of the delivery costs.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Accounting policies used

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

Profit and loss account

All amounts in DKK.

<u>Note</u>	<u>1/1 2018 - 31/12 2018</u>	<u>13/10 2016 - 31/12 2017</u>
Gross profit	3.304.443	1.858.838
1 Staff costs	-2.556.847	-3.038.229
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-334.751	-330.282
Operating profit	412.845	-1.509.673
Other financial income	15.617	0
3 Other financial costs	-36.237	-112.693
Results before tax	392.225	-1.622.366
2 Tax on ordinary results	-88.764	354.397
Results for the year	303.461	-1.267.969
Proposed distribution of the results:		
Allocated to results brought forward	303.461	0
Allocated from results brought forward	0	-1.267.969
Distribution in total	303.461	-1.267.969

Balance sheet 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2018</u>	<u>2017</u>
Fixed assets			
4	Goodwill	28.000	31.500
	Intangible fixed assets in total	28.000	31.500
5	Production plant and machinery	48.000	64.000
6	Other plants, operating assets, and fixtures and furniture	896.229	963.238
	Tangible fixed assets in total	944.229	1.027.238
	Fixed assets in total	972.229	1.058.738
Current assets			
	Manufactured goods and trade goods	133.166	132.096
	Inventories in total	133.166	132.096
	Trade debtors	646.506	1.141.191
7	Deferred tax assets	265.633	354.397
	Other debtors	75.035	138.966
	Accrued income and deferred expenses	36.291	3.756
	Debtors in total	1.023.465	1.638.310
	Available funds	462.047	831.902
	Current assets in total	1.618.678	2.602.308
	Assets in total	2.590.907	3.661.046

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities			
Note		2018	2017
Equity			
8	Contributed capital	50.000	50.000
9	Results brought forward	524.472	221.011
	Equity in total	574.472	271.011
Liabilities			
	Debt to group enterprises	741.771	1.853.052
	Long-term liabilities in total	741.771	1.853.052
	Trade creditors	488.983	823.514
	Other debts	785.681	713.469
	Short-term liabilities in total	1.274.664	1.536.983
	Liabilities in total	2.016.435	3.390.035
	Equity and liabilities in total	2.590.907	3.661.046

10 Contingencies

Notes

All amounts in DKK.

	1/1 2018 - 31/12 2018	13/10 2016 - 31/12 2017
1. Staff costs		
Salaries and wages	2.066.772	2.573.262
Pension costs	383.079	340.828
Other costs for social security	19.786	20.922
Other staff costs	87.210	103.217
	2.556.847	3.038.229
Average number of employees	6	6
2. Tax on ordinary results		
Adjustment for the year of deferred tax	88.764	-354.397
	88.764	-354.397
3. Other financial costs		
Financial costs, group enterprises	33.960	89.281
Other financial costs	2.277	23.412
	36.237	112.693
	31/12 2018	31/12 2017
4. Goodwill		
Cost 1 January 2018	35.000	0
Additions during the year	0	35.000
Cost 31 December 2018	35.000	35.000
Amortisation and writedown 1 January 2018	-3.500	0
Amortisation for the year	-3.500	-3.500
Amortisation and writedown 31 December 2018	-7.000	-3.500
Book value 31 December 2018	28.000	31.500

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
5. Production plant and machinery		
Cost 1 January 2018	80.000	0
Additions during the year	0	400.000
Disposals during the year	0	-320.000
Cost 31 December 2018	<u>80.000</u>	<u>80.000</u>
Depreciation and writedown 1 January 2018	-16.000	0
Depreciation for the year	-16.000	-16.000
Depreciation, amortisation and writedown for the year, assets disposed of	0	-58.667
Reversal of depreciation, amortisation and writedown, assets disposed of	0	58.667
Depreciation and writedown 31 December 2018	<u>-32.000</u>	<u>-16.000</u>
Book value 31 December 2018	<u>48.000</u>	<u>64.000</u>
6. Other plants, operating assets, and fixtures and furniture		
Cost 1 January 2018	1.215.353	0
Additions during the year	266.259	1.503.353
Disposals during the year	-23.000	-288.000
Cost 31 December 2018	<u>1.458.612</u>	<u>1.215.353</u>
Depreciation and writedown 1 January 2018	-252.115	0
Depreciation for the year	-315.251	-252.115
Reversal of depreciation, amortisation and writedown, assets disposed of	4.983	0
Depreciation and writedown 31 December 2018	<u>-562.383</u>	<u>-252.115</u>
Book value 31 December 2018	<u>896.229</u>	<u>963.238</u>

Notes

All amounts in DKK.

	<u>31/12 2018</u>	<u>31/12 2017</u>
7. Deferred tax assets		
Deferred tax assets 1 January 2018	354.397	0
Deferred tax of the results for the year	<u>-88.764</u>	<u>354.397</u>
	<u>265.633</u>	<u>354.397</u>
The following items are subject to deferred tax:		
Intangible fixed assets	-660	-330
Tangible fixed assets	-9.009	-15.154
Current assets	0	1.597
Tax losses brought forward	<u>275.302</u>	<u>368.284</u>
	<u>265.633</u>	<u>354.397</u>
8. Contributed capital		
Contributed capital 1 January 2018	<u>50.000</u>	<u>50.000</u>
	<u>50.000</u>	<u>50.000</u>
9. Results brought forward		
Results brought forward 1 January 2018	221.011	0
Profit or loss for the year brought forward	303.461	-1.267.969
Group subsidy	<u>0</u>	<u>1.488.980</u>
	<u>524.472</u>	<u>221.011</u>
10. Contingencies		
Contingent liabilities		
Rental liabilities		
The company has entered into one separate tenancy agreement. The rental commitment is t.DKK 697 as of 31 December 2018.		