

BU Power Systems Denmark ApS

Bygmestervej 7B, 5750 Ringe

Company reg. no. 38 11 80 99

Annual report

2022

The annual report was submitted and approved by the general meeting on the 16 May 2023.

Franz Klemens Focks
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Executive Board has approved the annual report of BU Power Systems Denmark ApS for the financial year 2022.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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

We recommend that the annual report be approved at the Annual General Meeting.

Ringe, 16 May 2023

Executive board

Franz Klemens Focks

Henning Dalhoff Larsen

Independent auditor's report

To the Shareholder of BU Power Systems Denmark ApS

Opinion

We have audited the financial statements of BU Power Systems Denmark ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. 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 financial position of the Company 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

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

In preparing the financial statements, Management is responsible for assessing the 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 judgment and maintain professional skepticism 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 Statement Act. We did not identify any material misstatement of Management's Review.

Glostrup, 16 May 2023

PKF Munkebo Vindelev

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

Thomas Funch
State Authorised Public Accountant
mne47782

Company information

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
6th financial year

Executive board

Franz Klemens Focks
Henning Dalhoff Larsen

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement:					
Gross profit	2.676	1.870	2.629	2.646	3.241
Profit from operating activities	253	-676	155	47	413
Net financials	-35	-47	5	-36	-21
Net profit or loss for the year	218	-949	124	6	303
Statement of financial position:					
Balance sheet total	2.939	2.128	3.198	2.703	2.591
Investments in property, plant and equipment	0	0	33	0	266
Equity	-26	-244	705	581	574
Employees:					
Average number of full-time employees	5	5	5	5	6

Management's review

The principal activities of the company

Like previous years, the activities are sales of engines, spare parts and supply of tech and support services.

Development in activities and financial matters

The gross profit for the year totals DKK 2.676.000 against DKK 1.870.000 last year. Income or loss from ordinary activities after tax totals DKK 218.000 against DKK -949.000 last year. Management considers the net profit or loss for the year satisfactory.

The company has lost more than 50% of the equity, and is thereby in the regulation of the Danish Company Act. art. 119. The management has presented the annual report on going concern assumption. It is the management's expectation, that the share capital will be reestablished via future earnings.

Events occurring after the end of 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

The annual report for BU Power Systems Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, as well as salary reimbursements received and profit from the disposal of intangible and tangible assets.

Other external expenses comprise expenses incurred for sales, vehicles, administration and premises.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Software licenses are measured at cost less accrued amortisation. Software licenses are amortised over 5 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Plant, machinery and equipment

Plant, machinery and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less 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 carrying amount, the depreciation is discontinued.

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

The cost comprises acquisition cost and costs directly associated with 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, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	2-7 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to 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.

Costs of manufactured goods and trade comprise acquisition costs plus delivery costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounting policies

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note	2022	2021
Gross profit	2.675.650	1.869.593
1 Staff costs	-2.264.837	-2.253.047
Depreciation, amortisation, and impairment	-158.298	-292.920
Operating profit	252.515	-676.374
Other financial income	684	177
2 Other financial expenses	-35.488	-46.819
Pre-tax net profit or loss	217.711	-723.016
3 Tax on net profit or loss for the year	0	-225.810
Net profit or loss for the year	217.711	-948.826
Proposed appropriation of net profit:		
Transferred to retained earnings	217.711	0
Allocated from retained earnings	0	-948.826
Total allocations and transfers	217.711	-948.826

Balance sheet at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
4	Acquired concessions, patents, licenses, trademarks, and similar rights	92.087	150.302
5	Goodwill	14.000	17.500
	Total intangible assets	<u>106.087</u>	<u>167.802</u>
6	Plant and machinery	0	0
7	Other fixtures and fittings, tools and equipment	109.316	205.899
	Total property, plant, and equipment	<u>109.316</u>	<u>205.899</u>
	Total non-current assets	<u>215.403</u>	<u>373.701</u>
Current assets			
	Manufactured goods and goods for resale	751.598	521.453
	Total inventories	<u>751.598</u>	<u>521.453</u>
	Trade receivables	1.318.733	890.841
	Other receivables	187.523	98.159
	Prepayments	14.524	23.793
	Total receivables	<u>1.520.780</u>	<u>1.012.793</u>
	Cash and cash equivalents	<u>450.999</u>	<u>219.858</u>
	Total current assets	<u>2.723.377</u>	<u>1.754.104</u>
	Total assets	<u>2.938.780</u>	<u>2.127.805</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
	Contributed capital	50.000	50.000
	Retained earnings	-76.143	-293.854
	Total equity	-26.143	-243.854
Liabilities other than provisions			
	Other payables	117.947	117.947
8	Total long term liabilities other than provisions	117.947	117.947
	Trade payables	1.338.350	664.543
	Payables to subsidiaries	583.477	813.192
	Other payables	925.149	775.977
	Total short term liabilities other than provisions	2.846.976	2.253.712
	Total liabilities other than provisions	2.964.923	2.371.659
	Total equity and liabilities	2.938.780	2.127.805

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2021	50.000	654.972	704.972
Profit or loss for the year brought forward	0	-948.826	-948.826
Equity 1 January 2022	50.000	-293.854	-243.854
Profit or loss for the year brought forward	0	217.711	217.711
	50.000	-76.143	-26.143

Notes

All amounts in DKK.

	2022	2021
1. Staff costs		
Salaries and wages	1.931.283	1.922.812
Pension costs	290.186	287.842
Other costs for social security	16.946	17.042
Other staff costs	26.422	25.351
	2.264.837	2.253.047
Average number of employees	5	5
2. Other financial expenses		
Financial costs, group enterprises	20.291	14.965
Other financial costs	15.197	31.854
	35.488	46.819
3. Tax on net profit or loss for the year		
Adjustment for the year of deferred tax	0	225.810
	0	225.810
	31/12 2022	31/12 2021
4. Acquired concessions, patents, licenses, trademarks, and similar rights		
Cost 1 January 2022	291.077	291.077
Cost 31 December 2022	291.077	291.077
Amortisation and writedown 1 January 2022	-140.775	-82.556
Amortisation for the year	-58.215	-58.219
Amortisation and writedown 31 December 2022	-198.990	-140.775
Carrying amount, 31 December 2022	92.087	150.302

Notes

All amounts in DKK.

	31/12 2022	31/12 2021
5. Goodwill		
Cost 1 January 2022	35.000	35.000
Cost 31 December 2022	35.000	35.000
Amortisation and writedown 1 January 2022	-17.500	-14.008
Amortisation for the year	-3.500	-3.492
Amortisation and writedown 31 December 2022	-21.000	-17.500
Carrying amount, 31 December 2022	14.000	17.500
6. Plant and machinery		
Cost 1 January 2022	71.000	71.000
Cost 31 December 2022	71.000	71.000
Depreciation and writedown 1 January 2022	-71.000	-56.942
Depreciation for the year	0	-14.058
Depreciation and writedown 31 December 2022	-71.000	-71.000
Carrying amount, 31 December 2022	0	0
7. Other fixtures and fittings, tools and equipment		
Cost 1 January 2022	1.491.291	1.491.291
Cost 31 December 2022	1.491.291	1.491.291
Depreciation and writedown 1 January 2022	-1.285.392	-1.068.241
Depreciation for the year	-96.583	-217.151
Depreciation and writedown 31 December 2022	-1.381.975	-1.285.392
Carrying amount, 31 December 2022	109.316	205.899

Notes

All amounts in DKK.

8. Long term liabilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Other payables	117.947	0	117.947	0
	117.947	0	117.947	0

9. Contingencies

Contingent assets

A deferred tax asset of t.DKK 335 has not been recognized due to uncertainty regarding the timing in future usage.

Contingent liabilities

Rental liabilities

The company has entered into one tenancy agreement. The rental commitment is t.DKK 129 as of 31 December 2022.