Viridus Manufacturing A/S

Langdyssen 6, DK-8200 Aarhus N

Annual Report for
1 July 2023 - 30 June 2024

CVR No. 40 27 37 19

The Annual Report was presented and adopted at the Annual General Meeting of the company on 14/11 2024

Brian Christensen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Viridus Manufacturing A/S for the financial year 1 July 2023 - 30 June 2024.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2024 of the Company and of the results of the Company operations for 2023/24.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus N, 14 November 2024

Executive Board

Jesper Lundqvist
CEO

Board of Directors

Brian Christensen Chairman	Kurt Schlott Hansen	Liping Wu

Independent Auditor's report

To the shareholders of Viridus Manufacturing A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2024 and of the results of the Company´s operations for the financial year 1 July 2023 - 30 June 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Viridus Manufacturing A/S for the financial year 1 July 2023 - 30 June 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

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.

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.

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, in our view, 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 in Management’s Review.

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.

Independent Auditor's report

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.

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.

Esbjerg, 14 November 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Palle H. Jensen	Kim Ladegaard
State Authorised Public Accountant	State Authorised Public Accountant
mne32115	mne32799

Company information

The Company	Viridus Manufacturing A/S Langdyssen 6 DK-8200 Aarhus N
	CVR No: 40 27 37 19 Financial period: 1 July 2023 - 30 June 2024 Incorporated: 14 February 2019 Financial year: 5th financial year Municipality of reg. office: Aarhus
Board of Directors	Brian Christensen, chairman Kurt Schlott Hansen Liping Wu
Executive Board	Jesper Lundqvist
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg

Management's review

Key activities

The company's purpose is the development, production and sale of batteries and related business.

Development in the year

The income statement of the Company for 2023/24 shows a loss of DKK 2,545,208, and at 30 June 2024 the balance sheet of the Company shows a positive equity of DKK 5,297,609.

The aim in Viridus A/S is to develop Viridus Manufacturing A/S from being an assembly factory to becoming a strong one stop supplier of battery solutions for micro mobility in Europe, and during 23/24 we have come closer to this, as we have grown our customer base and invested in developments with these new customers, together with the development of new products. The supply of material has though been unstable this year, which have had consequences for our efficiency, but on the other hand, we have been working on establishing new components suppliers in Denmark and Europe, and this work will continue the coming year. All this work takes up resources and cost money, together with our focus on new products, QC-systems, ERP-system, building up further production lines, and optimizing on existing ones. The benefit of these investments and optimizations will though start to show already during next year.

With the work that has been done this year and will continue the coming year, we are strategically on track and this years' result is considered satisfactory.

Unusual events

The financial position at 30 June 2024 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023/24 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 July 2023 - 30 June 2024

	Note	2023/24	2022/23
		DKK	DKK
Gross profit		**6,660,647**	**6,446,270**
Staff expenses	2	-8,755,513	-4,884,212
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-939,613	-813,359
Other operating expenses		0	-52,405
Profit/loss before financial income and expenses		**-3,034,479**	**696,294**
Financial income		588	0
Financial expenses	4	-295,317	-300,978
Profit/loss before tax		**-3,329,208**	**395,316**
Tax on profit/loss for the year	5	784,000	-71,452
Net profit/loss for the year		**-2,545,208**	**323,864**

Distribution of profit

	2023/24	2022/23
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-2,545,208	323,864
	-2,545,208	**323,864**

Balance sheet 30 June 2024

Assets

	Note	2023/24	2022/23
		DKK	DKK
Completed development projects		1,854,651	0
Goodwill		3,061	9,183
Development projects in progress		438,377	581,258
Intangible assets	6	**2,296,089**	**590,441**
Other fixtures and fittings, tools and equipment		1,537,164	1,933,803
Leasehold improvements		253,907	334,551
Prepayments for property, plant and equipment		0	0
Property, plant and equipment	7	**1,791,071**	**2,268,354**
Fixed assets		**4,087,160**	**2,858,795**
Inventories	8	**13,389,109**	**6,460,212**
Trade receivables		2,521,455	0
Receivables from group enterprises		0	4,289,909
Deferred tax asset	9	216,000	0
Corporation tax receivable from group enterprises		687,535	0
Prepayments		340,369	28,654
Receivables		**3,765,359**	**4,318,563**
Cash at bank and in hand		**0**	**6,568**
Current assets		**17,154,468**	**10,785,343**
Assets		**21,241,628**	**13,644,138**

Balance sheet 30 June 2024

Liabilities and equity

	Note	2023/24	2022/23
		DKK	DKK
Share capital		4,000,000	4,000,000
Reserve for development costs		1,788,562	453,381
Retained earnings		-490,953	3,389,436
Equity		**5,297,609**	**7,842,817**
Provision for deferred tax	9	0	106,000
Other provisions		136,755	150,486
Provisions		**136,755**	**256,486**
Corporation tax		0	352
Long-term debt	10	**0**	**352**
Credit institutions		11,810,942	130,695
Prepayments received from customers		0	170,419
Trade payables		1,603,962	85,107
Payables to group enterprises		1,089,190	538,887
Payables to owners and Management		181,711	2,424,335
Corporation tax		225,887	276,474
Other payables		895,572	1,918,566
Short-term debt		**15,807,264**	**5,544,483**
Debt		**15,807,264**	**5,544,835**
Liabilities and equity		**21,241,628**	**13,644,138**
Contingent assets, liabilities and other financial obligations	11		
Accounting Policies	12		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	4,000,000	453,381	3,389,436	7,842,817
Development costs for the year	0	1,396,367	-1,396,367	0
Depreciation, amortisation and impairment for the year	0	-61,186	61,186	0
Net profit/loss for the year	0	0	-2,545,208	-2,545,208
Equity at 30 June	**4,000,000**	**1,788,562**	**-490,953**	**5,297,609**

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK

1. Other operating income

	2023/24 DKK	2022/23 DKK
Wage reimbursement	56,553	40,432
	56,553	**40,432**

	2023/24	2022/23
	DKK	DKK

2. Staff Expenses

	2023/24 DKK	2022/23 DKK
Wages and salaries	7,322,634	4,103,685
Pensions	701,905	396,392
Other social security expenses	167,541	157,761
Other staff expenses	563,433	226,374
	8,755,513	**4,884,212**
Average number of employees	**22**	**14**

	2023/24	2022/23
	DKK	DKK

3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment

	2023/24 DKK	2022/23 DKK
Amortisation of intangible assets	84,566	6,122
Depreciation of property, plant and equipment	855,047	807,237
	939,613	**813,359**

	2023/24	2022/23
	DKK	DKK

4. Financial expenses

	2023/24 DKK	2022/23 DKK
Interest paid to associates	30,767	21,466
Other financial expenses	264,550	279,512
	295,317	**300,978**

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK

5. Income tax expense

	2023/24	2022/23
Current tax for the year	-462,000	352
Deferred tax for the year	-322,000	71,100
	-784,000	**71,452**

6. Intangible fixed assets

	Completed development projects	Goodwill	Develop-ment projects in progress
	DKK	DKK	DKK
Cost at 1 July	0	30,610	581,258
Additions for the year	0	0	1,790,214
Transfers for the year	1,933,095	0	-1,933,095
Cost at 30 June	1,933,095	30,610	438,377
Impairment losses and amortisation at 1 July	0	21,427	0
Amortisation for the year	78,444	6,122	0
Impairment losses and amortisation at 30 June	78,444	27,549	0
Carrying amount at 30 June	**1,854,651**	**3,061**	**438,377**
Amortised over	5 years	5 years	

Development projects related to the development of new versions of the Company's existing products as well as expansion of the Company's product range. In 23/24 we finished two projects and started up five new ones.

Since 2019, Viridus Manufacturing A/S has built up experience in assembling Li-Ion batteries for electric bicycles for Promovec. However, we want to expand the customer base and develop additional battery products, which must be done through customer projects. Therefore, in addition to Promovec battery projects and our Cowboy battery projects, this year we have gained new customers in branches other than micro-mobility, while at the same time our electric bike battery projects have given rise to necessary development due to both new regulations, but also new wishes and demands from our customers. This year we have also worked with an overall strategy for Viridus, which our development projects are a large part of.

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	DKK	DKK
Cost at 1 July	3,725,852	403,218
Additions for the year	377,766	0
Cost at 30 June	4,103,618	403,218
Impairment losses and depreciation at 1 July	1,792,050	68,667
Depreciation for the year	774,404	80,644
Impairment losses and depreciation at 30 June	2,566,454	149,311
Carrying amount at 30 June	**1,537,164**	**253,907**

8. Inventories

	2023/24	2022/23
	DKK	DKK
Raw materials and consumables	12,240,752	6,460,212
Work in progress	835,457	0
Prepayments for goods	312,900	0
	13,389,109	**6,460,212**

9. Deferred tax asset

	2023/24	2022/23
	DKK	DKK
Deferred tax asset at 1 July	-106,000	-34,900
Amounts recognised in the income statement for the year	322,000	-71,100
Deferred tax asset at 30 June	**216,000**	**-106,000**

The Company´s deferred tax asset is a result of temporary differences between the carrying amount and tax-based value of intangible assets, plant and equipment and tax losses. Based on budgets, the Company´s management expects that tax losses carried forward will be used in the next 3 years.

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK

10. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023/24 DKK	2022/23 DKK
Corporation tax		
After 5 years	0	0
Between 1 and 5 years	0	352
Long-term part	0	352
Within 1 year	225,887	276,474
	225,887	**276,826**

	2023/24	2022/23
	DKK	DKK

11. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	2023/24 DKK	2022/23 DKK
Company mortgage on nom. kDKK 12,000, which provides security in the Company's intangible and tangible fixed assets, inventories and debtors with an accounting value of DKK	19,997,724	13,608,916

Rental and lease obligations

	2023/24 DKK	2022/23 DKK
Rental commitments, of non-cancellable period 13 months	986,735	1,887,943

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Jesper Lundqvist Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

12. Accounting policies

The Annual Report of Viridus Manufacturing A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in DKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Notes to the Financial Statements

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

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 amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale 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 relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 year.

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 enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of materials, services and direct wages plus indirect costs, which are calculated as costs in the income statement as incurred.

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

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation 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 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

Notes to the Financial Statements

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Notes to the Financial Statements

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.