

Weifu Holding ApS

**Emil Neckelmanns Vej 15 A, Fraugde
5220 Odense SØ**

CVR.no. 40 36 26 81

Annual Report 2022

The Annual Report was presented and adopted at the company's annual general meeting on:

26 July 2023



Xiaodong Wang
Chairman of the General Meeting

ANNUAL REPORT 2022

CONTENTS

Page

Company information	1
Management's statement	2
Independent Auditor's Report	3-5
Financial Highlights	6
Management's review	7-11
Income statement	12
Balance sheet, assets	13
Balance sheet, equity and liabilities	14
Statement of changes in Equity	15
Cash flow statement	16
Notes	17-21
Applied accounting principles	22-28

COMPANY INFORMATION

The Company

Weifu Holding ApS
Emil Neckelmanns Vej 15 A, Fraugde
5220 Odense SØ
Denmark

CVR no.:
40 36 26 81

Accounting year

1 January - 31 December

Main Activity

The purpose of the company is to conduct business with product development, manufacturing, sales, trade and investments in the energy sector and the intelligent network or other activity that management considers directly or indirectly related to this purpose.

Executive Board

Xiaodong Wang

Auditor

Haamann A/S, State Authorized Public Accountants
Filmbyen 20
2650 Hvidovre
Denmark
CVR-no. 24 25 69 95

MANAGEMENT'S STATEMENT

The Executive Board has today considered and adopted the Annual Report for the financial year 1 January - 31 December 2022 for Weifu Holding ApS.

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

I consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cash flow statement, financial position and performance.

Moreover, in my opinion, the management's review includes a fair review of the matters described.

Odense SØ, 26 July 2023

Executive Board



Xiaodong Wang

Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Weifu Holding ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Weifu Holding ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and Parent Company operations as well as the consolidated cash flows 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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 rules and requirements. 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 Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 of accounting information taken on the basis of these Consolidated Financial Statements and Parent Company Financial Statements.

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:

- Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. 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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company 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 Consolidated Financial Statements and the Parent Company 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.

Hvidovre, 26 July 2023

Haamann A/S
State Authorized Public Accountant Firm
CVR No. 24 25 69 95

Jan Østergaard
State Authorised Public Accountant
mne30203

MANAGEMENT'S REVIEW

The group's key figures have developed as follows in DKK 1000:

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Income statement (DKK '000)</u>				
Revenue	289.893	62.397	27.156	25.065
Gross profit	86.630	10.759	-4.485	-3.521
Result of primary operation	-32.269	-50.799	-26.061	-70.275
Financial costs (interests and exchange rate diff.	-226	3.126	54	124
Net profit or loss for the year after minority interests	-57.287	-46.702	-25.890	-70.151
<u>Balance sheet (DKK '000)</u>				
Balance sheet total	1.665.311	462.190	422.274	123.477
Purchase of property plant and equipment	307.627	23.309	49.181	22.802
Equity	965.315	414.413	315.950	69.945
<u>Employees</u>				
Average number of employees	157	80	77	43
<u>Financial ratios (%)</u>				
Gross margin	29,9	17,2	-16,5	-14,0
Profit ratio (EBIT)	-11,1	-81,4	-96,0	-280,4
ROIC	-5,0	14,8	-8,3	-83,9
Return on equity	-5,9	-11,3	-13,4	-100,3
Solvency ratio	58,0	89,7	74,8	56,6

Financial ratios are prepared in compliance with current version of Danish Finance society's "Recommendations & Financial ratios". For definitions, see under accounting policies.

MANAGEMENT'S REVIEW

Financial Statements of Weifu Holding ApS (the "Company") for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

Primary activities

As a platform for Weifu Group's overseas mergers and acquisitions, international business expansion, overseas investment and financing, domestic and overseas trade collaboration, the Company focuses on the internationalization strategy of Weifu Group, conducting research on overseas resources and related industries; actively seeking the target of overseas mergers and acquisitions and carrying out preliminary work; enhancing the coordination of trade, investment and financing; and giving full play to the business coordination of parent and subsidiaries.

The Company owns shares in the subsidiaries IRD Fuel Cells A/S ("IRD"), Borit NV ("Borit") and VHIT S.p.A. ("VHIT")

IRD:

IRD Fuel Cells A/S' (IRD) primary activity is production of tailor-made components for fuel cells, hydrogen, and flow battery applications.

The production is based on well-tested technologies, which have been developed with internal commercial and research partners.

While the solutions IRD develop have the flexibility to be applied in many industries and applications, IRD focus especially on the mobility market and renewable energy sectors. Headquartered in Odense, Denmark, export makes up almost 100% of revenue.

Borit:

Borit is a leading European fuel cell component manufacturer with a unique, proprietary technology addressing the exponential growth of the fuel cell industry, delivers products for automotive and non-automotive markets on a global scale. Borit operates an innovative, one-stop shop with a current focus on metal plates for several fuel cell and electrolyser applications. Based upon its unique process technology, Borit is an award winning and certified 'Factory of the Future' (2018 and 2021).

VHIT:

VHIT is present with manufacturing facilities in Europe and is the market leader with green mechanical products poised to capture strong growth, and is a reliable partner for well-known automotive brands.

Uncertainty relating to recognition or measurement

There is no uncertainties in relation to recognition and measurement for IRD and Borit.

For VHIT, estimates and assumptions concerning the future are used in the process of preparing the financial statements. These estimates represent the best possible valuation at the date of the financial statements, but due to their nature, could lead to significant changes in balance sheet items in future years. The main items involved in the estimation process are the valuation of fixed assets (impairment), the assessment of the recoverability of deferred taxes and the determination of provisions for risks.

Unusual conditions affecting recognition or measurement

All recognitions and measurements taken in the course of 2022 give a true and fair view of the situation and all accounts.

Development in finances

IRD:

2022 was an exciting and eventful year at IRD. During the year, the negative effects from COVID-19 have started to fade and IRD have experienced a continuously increasing interest from existing as well as potential customers.

Revenue in 2022 reflected both revenue from on-going trade with core base of products as well as the value of many years of dedicated work of developing IRD to the level it is today.

Very encouragingly, revenue of core products almost doubled and there are signs that the positive trend will continue into 2023. In addition, the development effort especially during the past years with focus on fuel cells have been rewarding for IRD in several ways. One of these rewards materialized financially in 2022, as IRD entered a five-year license deal concerning production of plates and membranes abroad. The license deal represents the largest single revenue deal in IRD's history to date, generating significant revenue and is regarded as further verification of the strategy IRD pursue.

Even though revenue is increasing, costs are kept under control, and thus, grow at a slower pace than revenue. Accordingly, IRD realize the best revenue and profit before tax for many years.

In order to meet the opportunities within the hydrogen industry and the related demands, IRD received capital contributions of 108 mDKK from the parent company during the year in order to facilitate new production facilities, state-of-art machinery as well as funding the investment in operations overall and staff in particular. It is thus with great satisfaction that the building of additional production facilities was commenced during the late autumn, which is planned for commissioning during 2023 in parallel with the delivery of the aforementioned machinery.

Borit:

Borit expects to further develop and implement its growth strategy supported by its shareholder. In that development and with the financial support of its principal shareholder, Borit also expects to have access to additional debt financing.

VHIT:

VHIT expects to further develop and implement its growth strategy supported by its shareholder.

Outlook

IRD:

Based on the increasing number of dialogues with business partners across the world, IRD and the Weifu Group stay optimistic about 2023 and beyond. Combining the increased demand for hydrogen solutions and the increasing amounts invested into hydrogen related businesses worldwide, only further support positive expectations. However, geopolitical challenges, shocks from e.g. pandemics, wars and the nature of having an early stage hydrogen industry, can still pose significant challenges and volatility, which can create interruptions in the otherwise positive outlook.

Borit:

As a leading supplier, Borit is well connected to the fuel cell industry and expects to be in going concern and to meet all its obligations and covenants. Further, it expects to continue its growth strategy. It has however to be recognized that this still is an emerging industry with inherent risks and uncertainties.

VHIT:

VHIT have successfully entered the electrification market and is an award-winning pioneer in electrical oil pumps.

The year 2023 is expected to be a year of recovery, however still marked by caution. With the start of 2023, vehicle production continues to face a difficult supply chain environment. For 2023, a further increase in turnover of about 11% compared to 2022 is expected, continuing the growth expected thanks to the stabilization of the volumes of new products developed in previous years, and the continued development of the digitalization of industrial processes, considered essential for VHIT's competitiveness, is also confirmed. Uncertainties related to the economic, financial and geopolitical scenario persist, with particular reference to the stability of the cost of raw materials and energy products and the possible impact of the conflict in Ukraine.

VHIT will continue to develop, produce and market mechanical and electric pumps as well as hydraulic products mainly for the automotive industry with a significant expectation of growth, due to orders acquired in 2022 and the first part of 2023. The possibility of developing commercial (products and markets) and technical (know-how and processes) synergies with the Weifu Group represents an opportunity for turnover growth and improved profitability performance.

Particular risks**IRD:**

The risk environment is fundamentally unchanged since 2021.

Borit:

- Commercial risk: Borit is dependent on revenue generated by a certain number of customers. Although Borit does not expect a decrease in activities on the short-term, customers might change their purchases or purchase intentions.
- Financial risk: Borit's bank loans are secured by means of a bank covenant that requires a specific solvency to be respected. As per Dec 31, 2022 there is no breach of the covenant. Borit expects also no breach of the covenant for 2022 but this forward looking statement is subject to specific known or unknown risks and uncertainties.
- Cash-flow: Borit does not expect that it will be confronted with cash shortages on the short and medium term, but this forward looking statement is subject to specific known or unknown risks and uncertainties.
- Financing: Borit expects that its growth strategy will be further financed by its shareholder, but this forward looking statement is subject to specific known or unknown risks and uncertainties.

VHIT:

The main external and internal risks and uncertainties to which VHIT is exposed are highlighted below:

- Risks related to general economic conditions:
VHIT is particularly affected by environmental policies and fluctuating energy prices, which may condition and guide the choice of investments by car manufacturers and consequently impact the production of vacuum pumps made for this market.
- Risks related to the need for financial resources:
VHIT's financing needs are met in the initial period of its membership in the Weifu Group through financing from the parent company. Financing solutions to be used in the medium term are being studied.

▪ **Risks related to relations with suppliers:**

For the conduct of its business, VHIT purchases mainly from local third-party suppliers. Relations with third-party suppliers are mainly due to the purchase of raw materials and semi-finished products, as well as services for processing and other services. Close collaboration between the manufacturer and suppliers is customary in the automotive sector in which VHIT operates and if, on the one hand, it can bring economic benefits in terms of cost reduction, on the other hand, it makes VHIT have to rely on said suppliers with the consequent possibility that their difficulties (whether originating from exogenous or endogenous factors) may negatively affect production management.

▪ **Risks related to customer relations:**

VHIT supplies its products (mainly vacuum pumps) mostly to third-party customers in the automotive sector. The credit risk is therefore concentrated in a few large customers in the original equipment business (OEM) and in the sale of spare parts to car manufacturers themselves (OES). The management and recovery of trade receivables are carried out on the basis of existing internal procedures. In general, the activity aimed at protecting the VHIT's trade receivables includes a selection activity through the analysis of commercial information and through the assignment of a credit line to each customer. In the event of late payments, reminder procedures and direct contact with the customer are also activated. It is essential to customers that adequate quality parameters and cost levels are respected.

Impact on the external environment

IRD:

Reporting on the impact on the external environment and prevention and reduction measures is anchored in IRD. Its environmental impact is still considered to be insignificant.

Borit:

Borit has all environmental permits to operate in place, and is compliant in all respects. Further, Borit wants to maximize the creation of shared value, which means to create returns on investment for shareholders at the same time as ensuring benefits for other stakeholders (Corporate Social Responsibility).

As Borit is active in supplying products for a green and zero-emission future, managing global climate change, it is using green energy (wind and solar locally produced) and is aiming to improve its consumption of water and energy and other commodities continuously. Further, it has several programs in place to foster employee participation and wellbeing.

VHIT:

Regulatory compliance is a relevant requirement in the conduct of every business activity at VHIT, achieved by constantly implementing prevention and improvement actions. The same approach is applied to Environmental Protection and Occupational Safety.

Research and development activities

IRD:

A constant prioritization of a commercial R&D focus is pivotal for IRD. Accordingly, already during the first period of 2023 more international staff have been hired to continue the R&D focus and to further develop the very close cooperation with customers. R&D concerning products that are friendly for the environment continue to be decisive for customers as well as IRD. Accordingly, IRD continue to be deeply involved in research and development with partners and customers to extend useful lives of product offerings and reduce costs for the next generation of fuel cell and electrolysis components. IRD thus continue the appreciated, long-standing cooperation with reputable international universities and other research groups in public supported R&D-projects in Denmark, EU, and USA.

Borit:

Borit is continuously looking for opportunities to invest in R&D to sustain and improve its competitive position.

VHIT:

VHIT is continuously investing in R&D to sustain and improve its competitive position. 2022 represented the year of disconnection from the Bosch Group and the beginning of a new phase of entrepreneurship, starting in November 2022. For this reason, the year's activities were focused on gaining engineering autonomy in those areas where VHIT received the most support from the previous controlling group (Bosch Group). These activities are always focused on mechatronic products; these studies involve mechanical and electronic components. VHIT invested around EUR 4.5 million in research and development, which represents 3.9 per cent of turnover.

The main area where VHIT concentrated its energies in order to be independent from the Bosch Group was the software used on the products. In fact, during this year, all the Brushless motor control libraries were developed in-house, and all the methodological and procedural basis necessary to be able to receive the 'Level 2 certificate for ASPICE' from the certifying bodies, which certifies the ability to develop software in the automotive field.

The medium-power platform (300-400W) has been consolidated with first prototypes for both cars and commercial vehicles, and a first serial application (eLOP63) will start in China in 2023.

A new type of plastic pump (eLOP48) was also developed and has already been presented to customers.

For tractor brakes, VHIT focused on the search for new customers and cost reductions of existing products; for the development of the viscometer, new technologies were developed to recognize oil quality.

In addition, an amount of approximately EUR 1 million was allocated to begin activities related to product digitization (interconnection to the pump cloud and implementation of a digital twin - 'Digital Twin').

Events after the balance sheet date

In March 2023 the Company has received a cash injection of EUR 6,189,018.85 from Wuxi Weifu High-Technology Group Co., Ltd.

In March 2023, the Company made a cash injection by EUR 1,477,983.27 to Borit.

In March 2023 the Company converted EUR 23,035,962 from shareholder loans to capital reserves of VHI

In May 2023, the Company made a cash injection by EUR 4,711,035.58 to IRD.

No other events have occurred after the balance sheet date which could have a material influence on the Company's financial position.

INCOME STATEMENT
1 January 2022 - 31 December 2022

		Group		Parent Company	
		2022	2021	2022	2021
	Note	DKK	TDKK	DKK	TDKK
Net revenue		289.893.176	62.397	0	0
Cost of sales		-152.101.469	-28.902	0	0
Other operating income		14.715.155	7	0	0
Other external expenses		-65.876.496	-22.743	-301.002	-251
Gross profit or loss		86.630.366	10.759	-301.002	-251
Employee expense	1	-77.594.788	-30.207	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-41.304.673	-31.351	0	0
Result of primary operation (EBIT)		-32.269.095	-50.799	-301.002	-251
Income from investments in subsidiaries		0	0	-56.994.419	-46.450
Financial income	3	2.416.723	3.431	37.865	20
Financial expenses		-2.643.202	-305	-29.478	-21
Result before tax		-32.495.574	-47.673	-57.287.034	-46.702
Tax on profit or loss for the year	4	-24.791.460	971	0	0
Net profit or loss for the year		-57.287.034	-46.702	-57.287.034	-46.702
Proposed distribution of profit	5				

BALANCE SHEET 31 December 2022

ASSETS	Note	Group		Parent Company	
		2022 DKK	2021 TDKK	2022 DKK	2021 TDKK
Fixed assets					
Intangible assets	6				
Acquired concessions, patents, licenses, trademarks and similar rights		85.042.894	33.498	0	0
Goodwill		283.267.682	223.893	0	0
Total intangible assets		368.310.576	257.391	0	0
Tangible assets	7				
Land and buildings		73.075.295	0	0	0
Property, plant and equipment in progress		111.871.074	23.987	0	0
Plant and machinery		87.821.498	43.422	0	0
Other fixtures and fittings, tools and equipment		64.139.261	3.578	0	0
Leasehold improvements		21.431.802	2.707	0	0
Property, plant and equipment		358.338.930	73.694	0	0
Financial fixed assets	8				
Investments in subsidiaries		0	0	730.620.570	399.932
Long-term investments in associates		156.200.752	5.592	0	0
Deposits		2.785.389	1.113	0	0
Total financial fixed assets		158.986.141	6.705	730.620.570	399.932
Total fixed assets		885.635.647	337.790	730.620.570	399.932
Current assets					
Inventories					
Raw materials and consumables		73.637.396	17.042	0	0
Work in progress		14.531.547	0	0	0
Finished goods and goods for resale		45.929.429	7.201	0	0
Total inventories		134.098.372	24.243	0	0
Receivables					
Trade receivables		207.210.066	13.045	0	0
Receivables from group enterprises		47.695.200	0	143.307.371	13.185
Other receivables		27.006.574	12.219	0	0
Prepayments		23.533.437	1.918	0	0
Corporation tax receivables		15.282.660	1.122	0	0
Total receivables		320.727.937	28.304	143.307.371	13.185
Cash and cash equivalents		324.848.752	71.853	91.674.301	1.421
Total current assets		779.675.061	124.400	234.981.672	14.606
Total assets		1.665.310.708	462.190	965.602.242	414.538

BALANCE SHEET 31 December 2022

EQUITY AND LIABILITIES

	Note	Group 2022 DKK	2021 TDKK	Parent Company 2022 DKK	2021 TDKK
<u>Equity</u>					
Share capital	9	86.380.000	2.380	86.380.000	2.380
Retained earnings		879.693.600	412.657	879.693.600	412.657
Reserve for current value adjustments of currency gains		-758.859	-624	-758.859	-624
Equity		965.314.741	414.413	965.314.741	414.413
Provisions					
Deferred tax		5.968.210	8.709	0	0
Other provisions		12.311.074	292	0	0
Total provisions		18.279.284	9.001	0	0
Liabilities other than provisions					
Long-term liabilities					
Long-term debt to credit institutions		0	0	0	0
Long-term lease commitments		7.931.245	3.368	0	0
Total long-term liabilities		7.931.245	3.368	0	0
Short-term liabilities					
Short-term debt to credit institutions	10	0	2.827	0	0
Short-term lease commitments		2.622.980	1.545	0	0
Prepayments received from customers		17.104.042	15.774	0	0
Trade payables		238.751.741	8.382	287.501	125
Payables to group enterprises		276.221.933	0	0	0
Corporation tax		4.579.498	0	0	0
Other payables		55.524.804	5.875	0	0
Deferred income		78.980.440	1.005	0	0
Total short-term liabilities		673.785.438	35.408	287.501	125
Total liabilities		699.995.967	47.777	287.501	125
Total equity and liabilities		1.665.310.708	462.190	965.602.242	414.538
Contingencies	11				
Mortgagings and collateral	12				
Related parties disclosures	13				

STATEMENT OF CHANGES IN EQUITY

Group:

	Share capital	Retained earnings	Reserve for current value adjustments of currency	Total
Equity at beginning of period	2.380.000	412.656.814	-624.244	414.412.570
Increase of capital by conversion of debt	0	0		0
Cash capital increase	84.000.000	541.094.495		625.094.495
Increase (decrease) of investments through net exchange differences		0	-134.615	-134.615
Other adjustments of equity		-16.770.675		-16.770.675
Net profit/loss for the year		-57.287.034	0	-57.287.034
Equity at end of period	86.380.000	879.693.600	-758.859	965.314.741

Parent Company:

	Share capital	Retained earnings	Reserve for current value adjustments of currency	Total
Equity at beginning of period	2.380.000	412.656.814	-624.244	414.412.570
Increase of capital by conversion of debt	0	0		0
Cash capital increase	84.000.000	541.094.495		625.094.495
Increase (decrease) of investments through net exchange differences		0	-134.615	-134.615
Other adjustments of equity		-16.770.675		-16.770.675
Net profit/loss for the year		-57.287.034		-57.287.034
Equity at end of period	86.380.000	879.693.600	-758.859	965.314.741

CASH FLOWS STATEMENT

Group:

	<u>Note</u>	<u>2022 TDKK</u>	<u>2021 TDKK</u>
Annual result		-57.287	-46.702
Adjustments	14	38.254	28.737
Working capital changes	15	<u>4.742</u>	<u>-143</u>
Cash flow from ordinary operating activities		-14.291	-18.108
Adjustments for deferred tax [cash flow]		<u>0</u>	<u>-114</u>
Cash flow from operations		<u>-14.291</u>	<u>-18.222</u>
Investments in intangible fixed assets		-129.240	-286
Investments in tangible fixed assets		-307.627	-23.309
Investments in financial fixed assets		<u>-152.281</u>	<u>-5.627</u>
Cash flow from investing activities		<u>-589.148</u>	<u>-29.222</u>
Borrowing:			
Repayments of long-term liabilities		-7.680	-11.818
Raising of long-term debt		10.494	0
The capital owners:			
Capital increase		625.094	100.000
Change of intercompany accounts		<u>228.527</u>	<u>0</u>
Cash flow from financing activities		<u>856.435</u>	<u>88.182</u>
Change in cash		<u>252.996</u>	<u>40.738</u>
Cash and cash equivalents, beginning balance		<u>71.853</u>	<u>31.115</u>
Cash and cash equivalents, ending balance		<u>324.849</u>	<u>71.853</u>

NOTES

	Group		Parent Company	
	2022	2021	2022	2021
	DKK	TDKK	DKK	TDKK
1. <u>Employee expenses</u>				
Wages and salaries	71.699.867	33.723	0	0
Pensions	2.712.319	1.943	0	0
Social security costs	11.153.510	3.046	0	0
Other staff expenses	1.837.953	811	0	0
	<u>87.403.649</u>	<u>39.523</u>	<u>0</u>	<u>0</u>
Transfer to development projects	-9.808.862	-9.317	0	0
	<u>77.594.787</u>	<u>30.206</u>	<u>0</u>	<u>0</u>
Average number of employees	157	80	0	0
2. <u>Depreciation</u>				
Completed development projects	0	336	0	0
Acquired concessions, patents, licenses, trademarks and similar rights	5.886.641	4.488	0	0
Goodwill	12.434.179	11.836	0	0
Plant and machinery	13.487.780	11.650	0	0
Other fixtures and fittings, tools and equipment	1.620.140	2.251	0	0
Leasehold improvements	6.885.911	790	0	0
	<u>40.314.651</u>	<u>31.351</u>	<u>0</u>	<u>0</u>
3. <u>Net financials</u>				
Other financial income	2.416.723	3.431	37.865	20
4. <u>Tax on profit or loss for the year</u>				
Tax on profit or loss for the year	14.314.007	-18	0	0
Adjustment of deferred tax	10.477.453	-953	0	0
	<u>24.791.460</u>	<u>-971</u>	<u>0</u>	<u>0</u>
5. <u>Proposed distribution of profit</u>				
			Parent Company	
			2022	2021
			DKK	TDKK
Retained earnings			-57.287.034	-46.702
Proposed dividend			0	0
Profit (loss)			<u>-57.287.034</u>	<u>-46.702</u>

NOTES

6. Intangible assets

Group:

	Acquired concessions, patents, licenses, trademarks and similar rights	Goodwill
Cost at 1 January 2022	39.410.764	286.566.091
Additions	57.431.740	71.808.450
Cost at 31 December 2022	96.842.504	358.374.541
Depreciation at 1 January 2022	5.912.969	62.672.680
Depreciation for the year	5.886.641	12.434.179
Depreciation at 31 December 2022	11.799.610	75.106.859
Carrying amount at 31 December 2022	85.042.894	283.267.682

7. Tangible assets

Group:

	Land and buildings	Property, plant and equipment in progress	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2022	0	23.986.986	64.040.502	5.463.562	9.591.720
Additions	74.065.316	90.627.170	55.144.284	68.343.497	19.446.591
Transfers	0	-2.743.082	2.743.082	0	0
Disposals	0	0	0	-6.397	0
Cost at 31 December 2022	74.065.316	111.871.074	121.927.868	73.800.662	29.038.311
Depreciation at 1 January 2022	0	0	20.618.590	1.885.130	6.885.056
Depreciation for the year	990.021	0	13.487.780	7.781.398	721.453
Depreciation on disposals	0	0	0	-5.127	0
Depreciation at 31 December 2022	990.021	0	34.106.370	9.661.401	7.606.509
Carrying amount at 31 December 2022	73.075.295	111.871.074	87.821.498	64.139.261	21.431.802

NOTES

8. Financial fixed assets

Group:

	<u>Deposits</u>
Cost at 1 January 2022	1.112.653
Additions	<u>1.672.736</u>
Cost at 31 December 2022	<u>2.785.389</u>
Carrying amount at 31 December 2022	<u>2.785.389</u>

Parent Company:

	<u>Investments in subsidiaries</u>
Cost at 1 January 2022	508.478.186
Additions	404.547.821
Disposals	<u>0</u>
Cost at 31 December 2022	<u>913.026.007</u>
Revaluation and write-downs at 1 January 2022	-108.545.820
Exchange rate adjustments	-94.523
Net profit/loss for the year	-61.330.915
Depreciation of group goodwill	<u>-12.434.179</u>
Revaluation and write-downs at 31 December 2022	<u>-182.405.437</u>
Investments 31 December 2022	<u>730.620.570</u>

Financial and operating data of the companies as of 31 December 2022:

	<u>The result for the year</u>	<u>Equity</u>	<u>Equity interest</u>	<u>Investments in subsidiaries</u>
IRD Fuel Cells A/S, Odense, Denmark	-20.129.300	206.134.172	100%	206.134.172
Borit NV, Geel, Belgium	-18.296.293	134.656.219	100%	134.656.219
VHIT, Italy	<u>-22.905.322</u>	<u>106.562.497</u>	100%	<u>106.562.497</u>
Recognized at 31 December 2022				<u>447.352.888</u>
Group goodwill beginning of year				223.893.411
Group goodwill addition in the year				71.808.450
Depreciation of group goodwill				<u>-12.434.179</u>
				<u>730.620.570</u>

NOTES

9. Equity

Parent company:

The share capital consists of shares of DKK 1 or multiples thereof.

In 2022, the share capital was increased by DKK 84 million through cash contribution.

10. Long-term liabilities

Group:

	31.12.2022 Total payables TDKK	31.12.2022 Total payables DKK	Repayment next year DKK	Outstanding payables after 5 years DKK
Long-term debt to credit institutions	2.827	0	0	0
Long-term lease commitments	4.913	10.554.225	2.622.960	0
	<u>7.740</u>	<u>10.554.225</u>	<u>2.622.960</u>	<u>0</u>

11. Contingencies

Group:

The Group's obligations to the landlords of the premises is corresponding to max. t.DKK 12,446.

Parent company:

The Company is part of a joint taxation. The Company shall be liable jointly and severally with the subsidiary IRD Fuel Cell A/S for the Danish corporate taxes and withholding taxes on dividends, interests and royalties within the joint taxation group. Possible later corrections to the joint taxable income or withholding taxes on dividends, interest and royalties may lead to the obligation of the company to be a larger amount.

12. Mortgagings and collateral

Group:

Pledge of the business is corresponding to max. t. DKK 3,718.

Pledge of the business assets is corresponding to max. t. DKK 16,360.

13. Related parties

The following shareholders are registered in the company's register of shareholders as owner of minimum 5% of the votes or minimum 5 % of the share capital:

Wuxi Weifu High-technology Group Co., Ltd.

NOTES

	Group	
	2022	2021
	TDKK	TDKK
14. <u>Cash flow statement - adjustments</u>		
Exchange rate adjustments, subsidiaries	-136	-604
Provisions	12.019	-2.010
Income tax for the year	4.578	0
Other non cash movements PPA	-19.512	0
Depreciation for the year	41.305	31.351
	<u>38.254</u>	<u>28.737</u>
15. <u>Cash flow statement - change in working capital</u>		
Changes in inventory	-109.855	-2.617
Changes in receivables	-243.399	679
Changes in liabilities	357.996	1.795
	<u>4.742</u>	<u>-143</u>

ACCOUNTING POLICIES

The Annual Report of Weifu Holding ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies remain unchanged compared to previous years.

The Financial Statements for 2022 are presented in DKK.

Consolidated Financial Statements

The Consolidated Financial Statements include Weifu Holding ApS (Parent Company) and the enterprises in which Weifu Holding ApS directly or indirectly owns more than 50% of the voting rights or otherwise has the capacity to exercise or actually exercises a controlling influence (subsidiaries).

Principles of consolidation

The Consolidated Financial Statements are based on the financial statements of the Parent Company (Weifu Holding ApS) and the subsidiaries and are prepared by combining uniform accounting items and subsequently eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realized and unrealized profits and losses in transactions between the consolidated enterprises. The Consolidated Financial Statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' net assets at time of acquisition at fair value.

Minority interest

The subsidiaries' accounting items are fully recognized in the Consolidated Financial Statements. Minority interests' proportionate share of results and net assets are presented as separate items under the profit and loss account and under equity.

Recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. All costs, including depreciation, amortisation and write-downs are also 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.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

ACCOUNTING POLICIES

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised

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.

Net turnover

Net turnover from sale of merchandise and finished goods is recognised in the income statement if delivery and risk transfer to purchaser has taken place before the end of the year and if the revenue can be reliably measured and are expected to be received. Net revenue is recognised exclusive of VAT, duties and less

Production costs

The cost of manufactured, finished goods and work in progress covers the cost of direct wages/salaries and depreciations. Trading companies recognize the cost of goods sold, whereas manufacturing companies recognize production costs corresponding to annual sales. Factory overhead expenses cover indirect materials, wages and salaries as well as maintenance of and depreciation of the machinery, rent and lease and depreciation of the plant and machinery factory buildings and equipment used in the production process as well as expenses for factory administration and management.

Production costs also include development costs that do not meet the criteria for capitalization and depreciation on capitalized development costs.

Depreciation related to expected losses on ongoing projects in progress are also recognized.

Distribution costs

Distribution costs include costs incidental to the distribution of goods sold during the year and costs incidental to sales campaigns etc. Costs relating to sales staff, advertising and exhibitions as well as depreciation, amortisation, write-downs and impairment losses are recognised under this item.

Administrative expenses

Administrative expenses include costs incurred during the year for the management and administration of the group, including costs relating to administrative staff, management, office premises, office expenses, etc. and depreciation.

Other operating income and expenses

Other operating income and expenses include accounting items of a secondary nature relative to the primary activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and costs

Financial income and costs are recognised in the income statement by the amounts that relate to the financial year. These items comprise interest income and expenses, the financial portion of finance lease payments, realized and unrealized capital gains and losses on securities, payables and transactions in

ACCOUNTING POLICIES

Tax on the annual result

Tax for the year, which consists of current tax for the year and adjustments to deferred tax, is recognized in the statement of income by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries recognized directly in equity.

Joint taxation

The Company is part of the group's joint taxation and the Danish Tax Prepayment Scheme. The current Danish corporation tax is allocated proportionally among the companies, whether the income is positive or

The value of a tax loss in one company is reimbursed by the other companies to the extent they can exploit the tax loss.

Full allocation with a refund concerning tax losses are recognised in the income statement under income tax and is referred as 'Joint taxation contribution'.

Payable and receivable Joint taxation contributions are recognised in the balance sheet under receivables from / or payables to group enterprises.

Joint taxation contributions payable are recognised in the administration entity's balance sheet under current liabilities.

BALANCE SHEET

Intangible assets

Cost of development include salaries and depreciation directly or indirectly attributable to the Company's development activities and fulfilling the criteria for recognition.

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount. A materiality amount at TDKK. 700 is adopted so that only development projects with an expected total cost in excess of this limit is activated.

Capitalised development costs are depreciated on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually 5 years, and does not exceed 20 years.

Straight-line depreciation is made on the basis of the following estimated useful lives and residual values of

	Useful life:	Residual value:
Software and website	5 years	0%

Patents, licenses and trademarks are measured at cost less accumulated depreciation. Patents are depreciated over the remaining patent period, licenses and trademarks are amortized over the term of the agreement, but no more than 5 years.

Acquired goodwill is measured at cost less accumulated depreciation. Goodwill is amortized on a straight-line basis over the useful life, which is estimated at 20 years.

In determining the depreciation period beyond 5 years, account has been taken of the usefulness of the technology involved, which will cover the next many years.

Gains or losses on disposal of intangible assets are determined as the difference between the selling prices less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under write-offs.

ACCOUNTING POLICIES

Property, plant and equipment

Properties are measured at cost less accumulated depreciation and impairment losses.

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation are measured at cost less accumulated depreciation and write downs after the end of useful life. Land is not depreciated.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

Depreciation is computed using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

	Useful life:	Residual value:
Leasehold improvements	10 years	0%
Plant and machinery	8 years	0-20%
Other fixtures and fittings, tools and equipment	3-8 years	0%

Assets acquired at less than DKK 30,700 per item are recognised in the Profit & loss account in the Parent Company in the year of acquisition.

Gains or losses on disposal of property, plant and equipment are determined as the difference between the selling prices less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under 'other operating income' or 'other operating expenses.'

Lease contracts

Leases for property, plant and equipment under which the company assumes substantially all risks and rewards incidental to ownership (finance leases) are recognised as assets in the balance sheet. On initial recognition, the assets are measured at calculated cost corresponding to fair value or (if lower) at the present value of future lease payments. In the calculation of the present value, the internal interest rate of the lease is used as the discount rate or an approximate value of this rate. Assets held under finance leases are depreciated like any other property, plant and equipment.

The capitalised residual lease commitment is recognised in the balance sheet as a payable, and the interest element of the lease payment is recognised in the income statement over the life of the lease.

All other leases are regarded as operating leases. Rental payments made under operating leases and other leases are recognised in the income statement over the life of the lease. The company's total commitments under operating leases and other leases are disclosed under contingencies etc.

Financial fixed assets

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprise calculated in accordance with the Parent Company's accounting policies minus or plus unrealised

Investments in the subsidiary with a negative equity value are measured at DKK 0, and any receivables from the enterprise are written down if the receivables are uncollectible. If the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the remaining amount is

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Deposits are recognised in the balance sheet at cost.

ACCOUNTING POLICIES

Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-downs are made to the recoverable amount if this is lower than the carrying amount.

Inventories

Where the net realisable value is lower than cost, inventories are written down to this lower value. The cost of consumables comprises the purchase price plus delivery costs.

The cost covers the acquisition price with addition of transportation costs.

The cost of manufactured, finished goods and work in progress covers the cost of raw materials, consumables, direct wages/salaries and factory overhead expenses. Factory overhead expenses cover indirect materials, wages and salaries as well as maintenance of and depreciation of the machinery, factory buildings and equipment used in the production process as well as expenses for factory administration and management and capitalised development cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales prices.

Receivables

Receivables are recognised in the balance sheet at amortised cost, which normally corresponds to nominal value. The value is reduced by provision for estimated bad debts.

Prepayments

Prepayments are recognised under assets comprise costs incurred relating to subsequent financial years.

Tax payable and deferred tax

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

Deferred tax is measured under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities. Where, for example in respect of shares, the determination of the tax base can be made using alternative taxation rules, deferred tax is measured based on the planned use of the asset or the settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

ACCOUNTING POLICIES

Liabilities other than provisions

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value using the effective interest rate, the difference between the proceeds and the redemption value is recognized in the income statement over the loan period.

Mortgage debt is measured at amortised cost which for bond loans is equal to nominal value.

Other liabilities are measured at amortised cost equal to nominal value.

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities

Cash flows from operating activities are determined as the net profit for the year adjusted for non-cash operating items, changes in working capital and income tax paid.

Cash flow from investing activities

Cash flows from investing activities include payments related to the acquisition and sale of enterprises and activities and the purchase and sale of intangible assets, property, plant and equipment and investments.

Cash flow from financing activities

Cash flows from financing activities include changes in the size or composition of share capital and costs incidental thereto and raising of loans, repayments on interest-bearing debt and distribution of dividends to

Cash and cash equivalents

Cash and cash equivalents include cash.

Financial Highlights

Explanation of financial ratios

Gross margin ratio:

$$\frac{\text{Gross result} \times 100}{\text{Net turnover}}$$

Profit margin ratio:

$$\frac{\text{Result of primary operations} \times 100}{\text{Net turnover}}$$

Operative assets:

Total assets less available funds, other interest bearing assets
and capital shares in associates

Rate of return:

$$\frac{\text{Result of primary operations} \times 100}{\text{Average operative assets}}$$

Equity ratio:

$$\frac{\text{Equity less minority interests, closing balance} \times 100}{\text{Total liabilities, closing balance}}$$

ACCOUNTING POLICIES

Result for analysis purposes:

Ordinary result after tax with deduction
of minority interests' share of same

Return on equity:

$$\frac{\text{Result for analyses purposes} \times 100}{\text{Average equity exclusive of minority interests}}$$