

**Weifu Holding ApS**

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

**CVR.no. 40 36 26 81**

**Annual Report 2021**

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

29 June 2022



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Jakob Kristensen  
Chairman of the General Meeting

**ANNUAL REPORT 2021**

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## 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 2021 for Weifu Holding ApS.

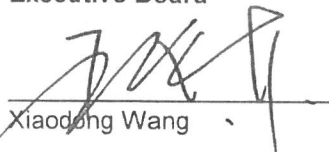
The annual report is presented in accordance with the Danish Financial Statements Act.

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, 29 June 2022

**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 2021, 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 2021, 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 2021 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, 29 June 2022

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:

	2021	2020	2019
<b><u>Income statement (DKK '000)</u></b>			
Revenue	62.397	27.156	25.065
Gross profit	10.758	-4.485	-3.521
Result of primary operation	-50.800	-26.061	-70.275
Financial costs (interests and exchange rate diff.)	3.126	54	124
<b>Net profit or loss for the year after minority interest</b>	<b>-46.702</b>	<b>-25.890</b>	<b>-70.151</b>
<b><u>Balance sheet (DKK '000)</u></b>			
Balance sheet total	462.190	422.274	123.477
Purchase of property plant and equipment	23.309	49.181	22.802
<b>Equity</b>	<b>414.413</b>	<b>315.950</b>	<b>69.945</b>
<b><u>Employees</u></b>			
Average number of employees	80	77	43
<b><u>Financial ratios (%)</u></b>			
Gross margin	17,2	-16,5	-14,0
Profit ratio (EBIT)	-81,4	-96,0	-280,4
ROIC	-14,8	-8,3	-83,9
Return on equity	-11,3	-13,4	-100,3
Solvency ratio	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 2021 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 acquisition, 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 merger and acquisition and carrying out preliminary work; enhancing the coordination of trade and investment and financing; and giving full play to the business coordination of parent and subsidiaries.

The Company owns shares in the subsidiary IRD Fuel Cells A/S ("IRD"), Borit NV ("Borit").

### **IRD:**

IRD's primary activities remain unchanged from recent years. I.e. IRD develops, produces and commercially sells tailor-made components for fuel cell, hydrogen and flow battery market applications.

IRD is based on core competencies that cover key fuel cell and hydrogen technologies, which are developed in cooperation with international customers, strategic partners and research groups.

IRD continues to be one of the world's leading components companies in the emerging market for hydrogen and fuel cells technologies.

IRD delivers components for solutions that address climate challenges in the transport sector, stationary systems and balancing of renewable energy systems.

99% of IRD's customers are based outside Denmark, primarily in Europe, North America and Asia. Its primary activities are located in Odense, Denmark, and the Company has a subsidiary, IRD Fuel Cells LLC, in Albuquerque in New Mexico, USA.

### **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).

### **Uncertainty relating to recognition or measurement**

There is no uncertainties in relation to recognition and measurement.

### **Unusual conditions affecting recognition or measurement**

All recognitions and measurements taken in the course of 2021 give a true and fair view of the situation and all accounts and are not affected by unusual circumstances.

### **Development in finances**

#### **IRD:**

The year of 2021 was still affected negatively in the world by the COVID-19 pandemic, and the year as a whole turned out to be unusual in many aspects. IRD experienced a strained situation in the component market, which created supply chain challenges in the form of longer lead times and higher costs. Despite these challenges, IRD managed to increase sales, while many very constructive dialogues with existing customers continued and many exiting and concrete dialogues with potential customers were entered. The encouraging spurs has continued into 2022 and thus, IRD remain positive about the future.

Due to a number of initiatives revenue in 2021 increased by 40% compared to 2020. At the same time, while being very cost conscious, IRD also is investing in the future. Accordingly, more staff and better technology are necessary, increasing expense levels. As a result of such investments, loss in 2021 was realized at planned 27.6 mDKK, which is 3.6 mDKK higher than 24.0 mDKK in 2020.

The investments realized during recent years have a long-term focus of winning attractive market shares in the fast-developing fuel cells industry. To support the development of further growth, Weifu Holding ApS injected 100 mDKK in cash in IRD during 2021 in order to support these long-term objectives.

**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.

**Outlook****IRD:**

IRD and the Weifu Group remain very positive about prospects for the fuel cell industry as a whole and about IRD specifically. Investments are being undertaken in plant, equipment, development and industrialization to support world-wide business opportunities within the clean-tech segments that IRD address and we experience increasing interest in entering business arrangements from various parts of the world.

The hydrogen and fuel cells market is still considered volatile and in an early stage, however, as prospects are attractive, IRD believe that challenges that will be appear, will be overcome.

**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.

**Knowledge resources****IRD:**

An important part of servicing customers, is constantly optimizing the components they buy for their intended use. Therefore, IRD's employees are typically specialists within the relevant technologies. Production staff are also well-educated and attend long-term in-house training.

**Borit:**

Borit acquired all the IP and patents from Borit Leichtbau-Technik GmbH; the concerned IP and patents are the basis of the technology used by Borit to form metal components. They contain essential IP on Borit Hydrogate (press design/concept and operation).

**Particular risks****IRD:**

The risk environment is fundamentally unchanged since 2020.

**Borit:**

specific risks such as (non-exhaustive):

- 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, 2021 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.

### **Impact on the external environment**

#### **IRD:**

Reporting on the impact on the external environment and prevention and reduction measures is anchored in IRD. IRD's environmental impact is deemed 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.

### **Research and development activities**

#### **IRD:**

IRD continues to be deeply involved in research and development to extend useful lives and reduce costs for the next generation of fuel cell components and electrolyzers. This work is carried out in cooperation with customers based on the most recent findings from reputable international universities and other research groups.

IRD's current and potential customers continue to have a strong focus on the development of materials that are friendly for the environment and that improve performance and reduce costs, and often for quantities that by far surpass historical levels. IRD's research and development activities are also supported by public programs in Denmark, EU and USA.

#### **Borit:**

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

### **Events after the balance sheet date**

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 2021 - 31 December 2021**

		<b>Group</b>		<b>Parent Company</b>	
	<b>Note</b>	<b>2021 DKK</b>	<b>2020 TDKK</b>	<b>2021 DKK</b>	<b>2020 TDKK</b>
Net revenue		62.396.615	27.156	0	0
Cost of sales		-28.902.250	-21.361	0	0
Other operating income		6.718	95	0	0
Other external expenses		-22.743.314	-10.375	-251.151	-89
<b>Gross profit or loss</b>		<b>10.757.769</b>	<b>-4.485</b>	<b>-251.151</b>	<b>-89</b>
Employee expense	1	-30.206.482	-15.656	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-31.350.988	-5.920	0	0
<b>Result of primary operation (EBIT)</b>		<b>-50.799.701</b>	<b>-26.061</b>	<b>-251.151</b>	<b>-89</b>
Income from investments in subsidiaries		0	0	-46.450.359	-18.829
Financial income	3	3.431.330	1.229	19.744	113
Financial expenses		-304.842	-1.175	-20.250	0
<b>Result before tax</b>		<b>-47.673.213</b>	<b>-26.007</b>	<b>-46.702.016</b>	<b>-18.805</b>
Tax on profit or loss for the year	4	971.197	117	0	0
<b>Net profit or loss for the year</b>		<b>-46.702.016</b>	<b>-25.890</b>	<b>-46.702.016</b>	<b>-18.805</b>
<b>Proposed distribution of profit</b>	5				



**BALANCE SHEET 31 December 2021**

ASSETS	Note	Group		Parent Company	
		2021 DKK	2020 TDKK	2021 DKK	2020 TDKK
<b>Fixed assets</b>					
<b>Intangible assets</b>	6				
Completed development projects		0	336	0	0
Acquired concessions, patents, licenses, trademarks and similar rights		33.497.795	37.700	0	0
Goodwill		223.893.411	235.729	0	0
<b>Total intangible assets</b>		<u>257.391.206</u>	<u>273.765</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>	7				
Property, plant and equipment in progress		23.986.986	8.946	0	0
Plant and machinery		43.421.912	52.977	0	0
Other fixtures and fittings, tools and equipment		3.578.432	1.755	0	0
Leasehold improvements		2.706.664	2.011	0	0
<b>Total property, plant and equipment</b>		<u>73.693.994</u>	<u>65.689</u>	<u>0</u>	<u>0</u>
<b>Financial fixed assets</b>	8				
Investments in subsidiaries		0	0	399.932.366	346.828
Long-term investments in associates		5.591.504	0	0	0
Deposits		1.112.653	1.095	0	0
<b>Total financial fixed assets</b>		<u>6.704.157</u>	<u>1.095</u>	<u>399.932.366</u>	<u>346.828</u>
<b>Total fixed assets</b>		<u>337.789.357</u>	<u>340.549</u>	<u>399.932.366</u>	<u>346.828</u>
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		17.041.587	15.700	0	0
Finished goods and goods for resale		7.201.453	5.926	0	0
<b>Total inventories</b>		<u>24.243.040</u>	<u>21.626</u>	<u>0</u>	<u>0</u>
<b>Receivables</b>					
Trade receivables		13.044.834	10.777	0	0
Receivables from group enterprises		0	0	13.184.533	13.167
Other receivables		12.219.245	15.177	0	1.060
Prepayments		1.918.005	1.718	0	0
Corporation tax receivables		1.122.437	1.312	0	0
<b>Total receivables</b>		<u>28.304.521</u>	<u>28.984</u>	<u>13.184.533</u>	<u>14.227</u>
<b>Cash and cash equivalents</b>		<u>71.852.956</u>	<u>31.115</u>	<u>1.420.672</u>	<u>569</u>
<b>Total current assets</b>		<u>124.400.517</u>	<u>81.725</u>	<u>14.605.205</u>	<u>14.796</u>
<b>Total assets</b>		<u>462.189.874</u>	<u>422.274</u>	<u>414.537.571</u>	<u>361.624</u>

**BALANCE SHEET 31 December 2021**

**EQUITY AND LIABILITIES**

	Note	Group 2021 DKK	2020 TDKK	Parent Company 2021 DKK	2020 TDKK
<b>Equity</b>					
Share capital	9	2.380.000	380	2.380.000	380
Retained earnings		412.656.814	315.570	412.656.814	315.570
Reserve for current value adjustments of currency gains	10	-624.244	0	-624.244	0
<b>Equity</b>		<b>414.412.570</b>	<b>315.950</b>	<b>414.412.570</b>	<b>315.950</b>
<b>Provisions</b>					
Deferred tax		8.708.757	9.613	0	0
Provisions for investments in group enterprises		292.116	2.302	0	0
<b>Total liabilities</b>		<b>9.000.873</b>	<b>11.915</b>	<b>0</b>	<b>0</b>
<b>Liabilities other than provisions</b>					
<b>Long-term liabilities</b>					
Long-term debt to credit institutions	11	0	2.828	0	0
Long-term lease commitments		3.368.677	5.629	0	0
<b>Total long-term liabilities</b>		<b>3.368.677</b>	<b>8.457</b>	<b>0</b>	<b>0</b>
<b>Short-term liabilities</b>					
Short-term debt to credit institutions	11	2.826.908	3.033	0	0
Short-term lease commitments		1.544.870	3.067	0	0
Prepayments received from customers		15.774.312	18.003	0	0
Trade payables		8.381.881	4.920	125.001	64
Payables to group enterprises		0	45.610	0	45.610
Debt through mergers and business combinations		0	5.000	0	0
Other payables		5.874.843	5.976	0	0
Deferred income		1.004.940	343	0	0
<b>Total short-term liabilities</b>		<b>35.407.754</b>	<b>85.952</b>	<b>125.001</b>	<b>45.674</b>
<b>Total liabilities</b>		<b>47.777.304</b>	<b>106.324</b>	<b>125.001</b>	<b>45.674</b>
<b>Total equity and liabilities</b>		<b>462.189.874</b>	<b>422.274</b>	<b>414.537.571</b>	<b>361.624</b>
Contingencies	12				
Mortgagings and collateral	13				
Related parties disclosures	14				

# STATEMENT OF CHANGES IN EQUITY

## Group:

	Share capital	Retained earnings	Reserve for current value adjustments of currency	Total
Equity at beginning of period	380.000	315.569.796		315.949.796
Increase of capital by conversion of debt	1.000.000	44.610.000		45.610.000
Cash capital increase	1.000.000	99.000.000		100.000.000
Increase (decrease) of investments through net exchange differences		610.638	-624.244	-13.606
Other adjustments of equity		-431.604		-431.604
Net profit/loss for the year		-46.702.016	0	-46.702.016
Equity at end of period	2.380.000	412.656.814	-624.244	414.412.570

## Parent Company:

	Share capital	Retained earnings	Reserve for current value adjustments of currency	Total
Equity at beginning of period	380.000	315.569.796		315.949.796
Increase of capital by conversion of debt	1.000.000	44.610.000		45.610.000
Cash capital increase	1.000.000	99.000.000		100.000.000
Increase (decrease) of investments through net exchange differences		610.638	-624.244	-13.606
Other adjustments of equity		-431.604		-431.604
Net profit/loss for the year		-46.702.016		-46.702.016
Equity at end of period	2.380.000	412.656.814	-624.244	414.412.570

## CASH FLOW STATEMENT

### Group:

	<u>Note</u>	<u>2021 TDKK</u>	<u>2020 TDKK</u>
Annual result		-46.702	-25.890
Adjustments	16	28.737	-30.675
Working capital changes	17	-143	-11.348
<b>Cash flow from operations before financials</b>		-18.108	-67.913
<b>Cash flow from operations</b>		<u>-18.222</u>	<u>-68.027</u>
Investments in intangible fixed assets		-286	-274.169
Investments in tangible fixed assets		-23.309	-49.181
Investments in financial fixed assets		-5.627	-272
<b>Cash flow from investing activities</b>		<u>-29.222</u>	<u>-323.622</u>
Borrowing:			
Repayments of long-term liabilities		-11.818	-4.491
Raising of long-term debt		0	19.049
Raising of short-term debt		0	5.000
The capital owners:			
Capital increase		100.000	318.030
Change of intercompany accounts		0	84.425
<b>Cash flow from financing activities</b>		<u>88.182</u>	<u>422.013</u>
Change in cash		<u>40.738</u>	<u>30.364</u>
Cash at 1 January 2021		<u>31.115</u>	<u>751</u>
<b>Cash at 31 December 2021</b>		<u>71.853</u>	<u>31.115</u>

**NOTES**

	Group		Parent Company	
	2021	2020	2021	2020
	DKK	TDKK	DKK	TDKK
<b>1. <u>Employee expenses</u></b>				
Wages and salaries	33.723.025	22.922	0	0
Pensions	1.943.195	1.633	0	0
Social security costs	3.046.025	726	0	0
Other staff expenses	811.033	416	0	0
	<u>39.523.278</u>	<u>25.697</u>	<u>0</u>	<u>0</u>
Transfer to development projects	-9.316.796	-10.041	0	0
	<u>30.206.482</u>	<u>15.656</u>	<u>0</u>	<u>0</u>
Average number of employees	<u>80</u>	<u>77</u>	<u>0</u>	<u>0</u>
<b>2. <u>Depreciation</u></b>				
Completed development projects	336.030	28	0	0
Acquired concessions, patents, licenses, trademarks and similar rights	4.487.986	969	0	0
Goodwill	11.835.775	986	0	0
Plant and machinery	11.650.306	2.581	0	0
Other fixtures and fittings, tools and equipment	2.251.239	1.190	0	0
Leasehold improvements	789.652	166	0	0
	<u>31.350.988</u>	<u>5.920</u>	<u>0</u>	<u>0</u>
<b>3. <u>Net financials</u></b>				
Group enterprises	0	0	0	0
Other financial income	3.431.330	1.229	19.744	113
	<u>3.431.330</u>	<u>1.229</u>	<u>19.744</u>	<u>113</u>
<b>4. <u>Tax on profit or loss for the year</u></b>				
Tax on profit or loss for the year	-17.877	-3	0	0
Adjustment of deferred tax	-953.320	-114	0	0
	<u>-971.197</u>	<u>-117</u>	<u>0</u>	<u>0</u>
<b>5. <u>Proposed distribution of profit</u></b>				
			Parent Company	
			2021	2020
			DKK	TDKK
Retained earnings			-46.702.016	-18.805
Proposed dividend			<u>0</u>	<u>0</u>
Profit (loss)			<u>-46.702.016</u>	<u>-18.805</u>

## NOTES

### 6. Intangible assets

#### Group:

	Completed developmen t projects	Acquired concessions, patents, licenses, trademarks and similar rights	Goodwill
Cost at 1 January 2021	364.629	39.124.845	286.566.091
Additions	0	285.919	0
Cost at 31 December 2021	364.629	39.410.764	286.566.091
Depreciation at 1 January 2021	28.472	1.424.983	50.836.905
Depreciation for the year	336.157	4.487.986	11.835.775
Depreciation at 31 December 2021	364.629	5.912.969	62.672.680
Carrying amount at 31 December 2021	0	33.497.795	223.893.411

### 7. Property, plant and equipment

#### Group:

	Property, plant and equipment in progress	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2021	8.946.268	58.921.674	5.223.229	7.394.615
Additions	15.544.348	5.315.156	252.186	2.197.105
Disposals	-503.630	-196.328	-11.853	0
Cost at 31 December 2021	23.986.986	64.040.502	5.463.562	9.591.720
Depreciation at 1 January 2021	0	9.068.201	345.665	5.383.630
Depreciation for the year	0	11.664.729	1.551.318	1.501.426
Depreciation on disposals	0	-114.340	-11.853	0
Depreciation at 31 December 2021	0	20.618.590	1.885.130	6.885.056
Carrying amount at 31 December 2021	23.986.986	43.421.912	3.578.432	2.706.664

## NOTES

### 8. Financial fixed assets

#### Group:

	<u>Deposits</u>
Cost at 1 January 2021	1.095.149
Additions	17.504
Cost at 31 December 2021	<u>1.112.653</u>
Carrying amount at 31 December 2021	<u>1.112.653</u>

#### Parent Company:

	<u>Investments in subsidiaries</u>
Cost at 1 January 2021	408.478.186
Additions	100.000.000
Disposals	0
Cost at 31 December 2021	<u>508.478.186</u>
Revaluation and write-downs at 1 January 2021	-61.650.252
Exchange rate adjustments	-13.605
Net profit/loss for the year	-35.046.188
Depreciation of group goodwill	<u>-11.835.775</u>
Revaluation and write-downs at 31 December 2021	<u>-108.545.820</u>
Investments 31 December 2021	<u>399.932.366</u>

Financial and operating data of the companies as of 31 December 2021:

	<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	-27.577.326	118.323.996	100%	118.323.996
Borit NV, Geel, Belgium	<u>-7.468.862</u>	<u>57.714.959</u>	100%	<u>57.714.959</u>
Recognized at 31 December 2021				<u>176.038.955</u>
Group goodwill				235.729.186
Depreciation of group goodwill				<u>-11.835.775</u>
				<u>399.932.366</u>

## NOTES

### 9. Equity

#### **Parent company:**

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

In 2021, the share capital was increased by DKK 2 million through cash contribution.

### 10. Minority interests

#### **Group:**

	2021 DKK	2020 TDKK
<b>Minority interests</b>		
Minority interests 1 January 2021	0	23.771
Share of profit/loss for the year	0	-7.085
Adjustment gaining 100% share	0	-16.686
Minority interests 31 December 2021	0	0

### 11. Long-term liabilities

#### **Group:**

	31.12.2021 Total payables TDKK	31.12.2021 Total payables DKK	Repayment next year DKK	Outstanding payables after 5 years DKK
Long-term debt to credit institutions	5.861	2.826.908	2.826.908	0
Long-term lease commitments	8.696	4.913.547	3.360.948	0
	14.557	7.740.455	6.187.856	0

### 12. Contingencies

#### **Group:**

The Group's obligations to the landlords of the premises is corresponding to max. t.DKK 3,603.

#### **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.

### 13. 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.

### 14. 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	
	2021	2020
	TDKK	TDKK
15. <u>Cash flow statement - adjustments</u>		
Exchange rate adjustments, subsidiaries	-604	476
Provisions	-2.010	-662
Capital adjustments acquisitions and minority interest	0	-36.409
Depreciation for the year	31.351	5.920
	<u>28.737</u>	<u>-30.675</u>
16. <u>Cash flow statement - change in working capital</u>		
Changes in inventory	-2.617	-7.079
Changes in receivables	679	-5.553
Changes in liabilities	1.795	1.284
	<u>-143</u>	<u>-11.348</u>

## ACCOUNTING POLICIES

The Annual Report of Weifu Holding ApS for 2021 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 2021 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

### **Cost of sales**

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.

### **Other external 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 to 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 plus appreciation to estimated sales value 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 plus revaluations and 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 coverable 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:

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