



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 917 129 436
Organisasjonsform: Aksjeselskap
Foretaksnavn: THE SWITCH MARINE DRIVES NORWAY AS
Forretningsadresse: Grunnvågsvegen 32
5410 SAGVÅG

Regnskapsår

Årsregnskapets periode: 01.03.2019 - 28.02.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Milla Haggblom
Dato for fastsettelse av årsregnskapet: 24.06.2020

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 12.09.2021



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		82 458 804	95 656 914
Annen driftsinntekt		3 358 472	132 879
Sum inntekter		85 817 276	95 789 793
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		-4 830 609	-16 483 123
Varekostnad		65 118 528	80 018 879
Lønnskostnad	3	21 215 923	22 104 691
Avskrivning	5, 6	11 439 735	11 126 087
Annen driftskostnad	3	19 482 222	18 015 370
Sum kostnader		112 425 799	114 781 904
Driftsresultat		-26 608 523	-18 992 111
Finansinntekter og finanskostnader			
Annen finansinntekt		121 040	257 100
Sum finansinntekter		121 040	257 100
Annen finanskostnad		3 909 449	1 615 490
Sum finanskostnader		3 909 449	1 615 490
Netto finans		-3 788 409	-1 358 390
Ordinært resultat før skattekostnad		-30 396 932	-20 350 501
Skattekostnad på ordinært resultat	8	13 722 206	-13 722 206
Ordinært resultat etter skattekostnad		-44 119 138	-6 628 295
Årsresultat		-44 119 138	-6 628 295
Overføringer og disponeringer			
Overføringer annen egenkapital	9	-44 119 139	-6 628 295
Sum overføringer og disponeringer		-44 119 139	-6 628 295



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker	6	7 864 000	9 043 600
Utsatt skattefordel	8		13 722 206
Goodwill	6	7 231 814	11 570 902
Sum immaterielle eiendeler		15 095 814	34 336 708
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	11 945 761	14 971 424
Sum varige driftsmidler		11 945 761	14 971 424
Finansielle anleggsmidler			
Investeringer i aksjer og andeler		250 000	
Sum finansielle anleggsmidler		250 000	
Sum anleggsmidler		27 291 575	49 308 132
Omløpsmidler			
Varer			
Sum varer		33 648 852	28 776 569
Fordringer			
Kundefordringer		5 975 814	13 034 180
Andre fordringer		1 525 666	47 817 116
Sum fordringer		7 501 480	60 851 296
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	2	4 571 215	4 700 594
Sum omløpsmidler		45 721 547	94 328 459
SUM EIENDELER		73 013 122	143 636 591

BALANSE - EGENKAPITAL OG GJELD



Balanse

Beløp i: NOK	Note	2020	2019
Egenkapital			
Innskutt egenkapital			
Aksjekapital	9, 10	15 000 000	15 000 000
Annen innskutt egenkapital	9	67 500 000	67 500 000
Sum innskutt egenkapital		82 500 000	82 500 000
Opptjent egenkapital			
Annen egenkapital	9	-90 485 759	-46 366 620
Sum opptjent egenkapital		-90 485 759	-46 366 620
Sum egenkapital		-7 985 759	36 133 380
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		61 488 117	65 620 823
Sum annen langsiktig gjeld		61 488 117	65 620 823
Sum langsiktig gjeld		61 488 117	65 620 823
Kortsiktig gjeld			
Leverandørgjeld	7	13 290 050	15 487 802
Annen kortsiktig gjeld		6 220 714	26 394 586
Sum kortsiktig gjeld		19 510 764	41 882 388
Sum gjeld		80 998 881	107 503 211
SUM EGENKAPITAL OG GJELD		73 013 122	143 636 591



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Financial Statement 1.3.2019 – 29.2.2020

The Switch Marine Drives Norway AS

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1(20)



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Table of Contents

Report by the Board of Directors March 1, 2019 – February 29, 2020.....	4
Operations and location	4
Going concern.....	4
Comments to the financial statements.....	4
Work environment, equal opportunities, and discrimination.....	5
Environmental and social responsibility.....	5
Events after February 29 th , 2020 and preview of financial year 2020.....	5
Board proposal for distribution of profit.....	5
Signatures of the Report by the Board of Directors	6
Income Statement.....	7
Balance sheet	8
Assets 8	
Equity and Liabilities	9
Cash Flow Statement.....	10
Notes to the Financial Statements.....	11
1 Basis for preparation of the financial statements	11
1.1 General information.....	11
1.2 Applied accounting principles	11
1.3 Balance sheet classification	11
1.4 Valuation and allocation principles	11
1.4.1 Sales revenue	11
1.4.2 Research and development.....	11
1.4.3 Tangible and intangible assets	12
1.4.4 Inventories.....	12
1.4.5 Trade and other receivables.....	12
1.4.6 Taxes	12
1.4.7 Items in foreign currency	13
2 Notes to the income statement.....	13
2.1 Revenue, geographical information	13
2.2 Employees and personnel expenses.....	13
2.2.1 Number of employees	13
2.2.2 Personnel expenses.....	13
2.2.3 Pensions	13
2.3 Auditors' fees	14

ENVIRONMENTAL ENERGY

2(20)



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Drives Norway AS
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Company id: 917 129 436

2.4 Other operating expenses	14
2.5 Income tax.....	14
3 Notes to the balance sheet.....	15
3.1 Assets	15
3.1.1 Investments in other companies.....	15
3.1.2 Intangible assets	15
3.1.3 Tangible assets	16
3.1.4 Inventories.....	16
3.1.5 Receivables.....	16
3.1.6 Bank Deposit.....	17
3.2 Equity and liabilities.....	17
3.2.1 Shares and share capital.....	17
3.2.2 Changes in equity.....	18
3.2.3 Payables	18
3.3 Contingent liabilities	19
Signatures.....	20



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Company id: 917 129 436

Report by the Board of Directors March 1, 2019 – February 29, 2020

Operations and location

The Switch Marine Drives Norway AS (Company) is a wholly owned subsidiary of the Finland-based company The Switch Engineering Oy (Parent) and is an operational unit in The Switch Group. The Company is located at Grunnvågsvegen 32, 5410 SAGVÅG. The company has also a second registered unit, located at Stiklestadveien 1, 7041 Trondheim.

The Parent is located at Elimäenkatu 17-19, 00510 Helsinki, Finland. The Switch Group is a part of the Japanese listed company Yaskawa Electric Corporation and German sub-group Yaskawa Europe.

Going concern

In accordance with the Accounting Act § 3-3, we confirm that the financial statements have been prepared under the assumption of going concern.

The parent company, The Switch Engineering Oy, has given a Letter of Comfort to support the company in its continued operations and to settle the company's obligations in the course of business without substantial disposition of assets.

Comments to the financial statements

The company is no longer a small company, according to the Annual Accounts act §1-6, and the financial statements are no longer presented according to the rules for small companies.

The Company's revenue was MNOK 82,5 (95,7). The operating result was MNOK -26,9 (-19,0) and the result for the period was MNOK -44,1 (-6,6).

The net cash from operating activities was MNOK -0,6 (-41,4). The investments totaled to MNOK 3,0 (0,0) of which 2,7 million in machinery and equipment and 0,2 million eur in shares in Sustainable Energy AS.

The Company's liquid reserves at 29.2.2020 was MNOK 4,6 (4,7). The Company's fixed assets at reporting date amounted to MNOK 27,3 (49,3). The equity ratio was -11,1 % (25,2 %) at reporting date.

The share capital at the reporting date 29.2.2020 was 15,0 MNOK (15,0) and the share premium was 67,5 MNOK (67,5). The total equity was negative in the end of the financial year, due to the decision of not booking the tax assets from losses carry forward in the balance sheet. A capital injection is planned to be done during the financial year 2020.

During the financial year, the amount of research and development expenses was 5,8 MNOK (4,8), but the most significant R&D expenses comes from personnel expenses since more than half of the Company's employees work with development of existing and new products. The research and development expenses have been expensed during the year.



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Work environment, equal opportunities, and discrimination

The work environment is considered good. Absence due to sickness totaled 352 days (469 days), which constitutes approximately 5,4 % (7,4%) of total hours worked during the financial year. No injuries or accidents have been reported.

The Switch Group's ambition is to exercise full gender equality and has incorporated a policy aiming to avoid any discrimination. The Switch Group policies are also applied in The Switch Marine Drives Norway AS. At reporting date, the company has 28 (29) employees, of which 2 (3) are women and 26 (26) men. The Board of Directors consists of 4 men.

Environmental and social responsibility

The Company's products feature high quality and energy efficiency. They help conserve the world's energy resources, reduce emissions, and promote sustainable development. The Switch customers use the company's state-of-the-art products and systems as part of their own converters or systems in marine applications. The Company's operations do not result in pollution or spillage harmful to the external environment.

Events after February 29th, 2020 and preview of financial year 2020

The COVID 19 pandemic forced the company's office employees to work from home during the first quarter of the financial year 2020. The pandemic did not have a major impact on the company, since no big order cancellations occurred. Some of the projected orders were postponed, but the factory was working with normal speed through the whole spring.

The dropping oil prices affected the company with some postponing of projected orders.

Financial year 2020 result is forecasted to be negative but will shift to positive in financial year 2021.

Board proposal for distribution of profit

For the financial year of March 1, 2019 – February 29, 2020, the Board of Directors proposes at the Annual General Meeting that no dividend is to be paid, and that the loss for the financial period is transferred to retained earnings.



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Signatures of the Report by the Board of Directors

Helsinki, 24 of June, 2020

Jukka-Pekka Mäkinen
CEO and Chairman of the Board

Dag Sandås
Member of the Board

Risto Ahvo
Member of the Board

Naoki Sato
Member of the Board

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6(20)



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6(20)



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Income Statement

	1.3.2019 - 29.2.2020		1.3.2018-28.2.2019	
REVENUE		82 458 804		95 656 915
Changes in inventories of finished goods and work in progress		-22 184 880		24 034 112
Other operating income		3 358 471		132 879
Materials and services				
Materials	-61 457 188		-72 496 268	
Changes in inventories of materials	27 057 164		-7 550 989	
Services	-4 479 466		-2 614 676	
Materials and services total		-38 879 490	-82 661 933	-82 661 933
Employee benefit expenses		-21 064 694		-22 056 825
Depreciation and amortization expenses				
Depreciation and amortization expenses	-11 439 735		-11 126 087	
Depreciation and amortization expenses total	-11 439 735	-11 439 735	-11 126 087	-11 126 087
Other operating expenses total		-19 139 517		-22 971 172
OPERATING RESULT		-26 891 041		-18 992 111
Financial income				
Other financial income	121 055		257 099	
Financial expenses				
Interest expenses to group companies	-2 517 536		-1 130 959	
Other financial expenses	-1 109 397		-484 531	
Financial income and expenses total	-3 505 877	-3 505 877	-1 358 390	-1 358 390
ORDINARY RESULT BEFORE TAXES		-30 396 918		-20 350 501
Tax		-13 722 206		13 722 206
ORDINARY RESULT		-44 119 124		-6 628 295
RESULT FOR THE PERIOD		-44 119 124		-6 628 295

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7(20)



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Balance sheet

Assets

	29.2.2020		28.2.2019	
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	7 864 000		9 043 600	
Goodwill	7 231 814		11 570 903	
Deferred tax receivables	0		13 722 206	
Intangible assets total	15 095 814	15 095 814	34 336 708	34 336 708
Tangible assets				
Leashold improvements	24 482		28 154	
Machinery and equipment	11 921 279		14 943 270	
Tangible assets total	11 945 760	11 945 760	14 971 424	14 971 424
Investments				
Investments in other companies	250 000			
Investments total	250 000	250 000		
NON-CURRENT ASSETS TOTAL		27 291 574		49 308 132
CURRENT ASSETS				
Inventories		33 648 852		28 776 569
Receivables				
Trade receivables	5 975 814		13 034 180	
Other receivables	1 525 666		47 817 116	
Receivables total	7 501 480	7 501 480	60 851 296	60 851 296
Cash and Cash equivalents		4 571 230		4 700 594
CURRENT ASSETS TOTAL		45 721 563		94 328 458
ASSETS TOTAL		73 013 137		143 636 591



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Equity and Liabilities

	29.2.2020		28.2.2019	
EQUITY				
Paid-in capital				
Share capital	15 000 000		15 000 000	
Share premium	67 500 000		67 500 000	
Paid-in capital total	82 500 000	82 500 000	82 500 000	82 500 000
Earnings				
Result from previous years	-46 366 620		-39 738 325	
Result for the financial period	-44 119 124		-6 628 295	
Earnings total	-90 485 744	-90 485 744	-46 366 620	-46 366 620
EQUITY TOTAL		-7 985 744		36 133 380
LIABILITIES				
Non-current liabilities				
Loans from group companies	59 355 186		54 748 477	
Other non-current liabilities	2 132 931		10 872 346	
Non-current liabilities total	61 488 118	61 488 118	65 620 823	65 620 823
Current liabilities				
Trade payables	7 783 442		4 876 117	
Payables to group companies	5 542 736		10 611 685	
Other payables	6 184 585		26 394 586	
Current liabilities total	19 510 763	19 510 763	41 882 388	41 882 388
LIABILITIES TOTAL		80 998 881		107 503 211
EQUITY AND LIABILITIES TOTAL		73 013 137		143 636 591



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Cash Flow Statement

	1.3.2019 - 29.2.2020	1.3.2018 - 28.2.2019
Cash flows from operating activities		
Net loss before tax	-30 396 918	-20 350 501
Adjustments for:		
Depreciation	11 439 735	11 126 087
Unrealised foreign exchange gains and losses	164 189	351 586
Other non-cash items	-11 634 798	-453 214
Financial income and expenses	3 505 877	1 358 390
Other adjustments	187 696	-100 090
Operating profit before working capital changes	-26 734 218	-8 067 742
Working capital changes		
Increase (-) or decrease (+) in trade and other receivables	53 349 815	-45 816 562
Increase (-) or decrease (+) in inventories	-4 872 284	-16 483 123
Increase (-) or decrease (+) in trade payables	-22 371 625	28 964 239
Cash generated from operations	-628 311	-41 403 189
Interest paid	-16 686	-12 056
Interest received	15	0
Income taxes paid	0	0
Net cash from operating activities (A)	-644 982	-41 415 245
Cash flows from financing activities		
Purchase of tangible and intangible assets	-3 205 801	0
Proceeds from sale of tangible and intangible assets	485 918	0
Purchase of investments	-250 000	0
Net cash used in investing activities (B)	-2 969 883	0
Cash flows from financing activities		
Proceeds from borrowings	46 535 633	83 507 516
Repayment of borrowings	-41 928 924	-39 752 850
Paid loan interests	-1 121 208	-701 294
Net cash used in financing activities	3 485 502	43 053 373
Net increase / decrease in cash and cash equivalents (A+B+C)	-129 364	1 638 127
Cash and cash equivalents at beginning of period	4 700 594	3 062 467
Cash and cash equivalents at end of period	4 571 230	4 700 594

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10(20)



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Notes to the Financial Statements

1 Basis for preparation of the financial statements

1.1 General information

The Switch Marine Drives Norway AS is a wholly owned subsidiary of the Finland-based company The Switch Engineering Oy. The Switch Engineering Oy:s home address is Yrittäjänkatu 11, 65380 Vaasa, Finland. The Switch Marine Drives Norway AS has been included in the Group financial statements of Yaskawa Europe, which is the parent company of The Switch Engineering Oy.

The Financial Year of the company is 1.3 – 29.2. In these financial statements, 2019 means 1.3.2019 – 29.2.2020.

1.2 Applied accounting principles

The annual report is prepared according to the Norwegian Accounting Act 1998.

1.3 Balance sheet classification

Net current assets comprise creditors due within one year, and entries related to goods circulation. Other entries are classified as fixed assets and/or long-term creditors.

Current assets are valued at the lower of acquisition cost and fair value. Short term creditors are recognized at nominal value.

Fixed assets are valued by the cost of acquisition, in the case of non-incidentally reduction in value the asset will be written down to the fair value amount. Long term creditors are recognized at nominal value.

1.4 Valuation and allocation principles

1.4.1 Sales revenue

Sales revenues are recognized at the time of delivery. Revenue from services are recognized at execution. Revenues from projects that last over 6 months with a total value of more than 2 million euro are recorded by the percentage-of-completion (POC) method, according to the percentage of actual working hours compared to the best estimate. The margin used is according to the best estimate.

1.4.2 Research and development

Expenditure on research activities undertaken to gain new scientific and technical knowledge and understanding is expensed as incurred. Development activities related to the designing, construction and testing of pre-production prototypes are usually linked to a specific customer contract. The related expenditure includes cost of materials, direct labor and overhead costs directly attributable to preparing the prototype for its intended use and recorded in work in progress. Development expenditure which is not related to a specific customer is capitalized only if the product and process under development is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete the development to sell the resulting product and process. Other development expenditure is recognized in the income statement as incurred.

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11(20)



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Company id: 917 129 436

1.4.3 Tangible and intangible assets

The Goodwill arose at the acquisition of the Drives-business from Wärtsilä Norway AS 31.10.2016. The amortization period for goodwill is 5 years. The goodwill was tested for impairment at 29.2.2020, and the future discounted cashflows showed that now impairment was needed.

Acquired patents and licenses such as software licenses are capitalized based on the costs incurred to acquire and bring into use.

Property, plant and equipment consist mainly of equipment used in the production and testing of products and leasehold improvements. They are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate each item's acquisition cost or impaired amount to its residual value during its estimated useful life, as follows:

Asset group	Useful Life
Patents, licenses and other intangible assets	10 years
Testing machines	5 years
Production machinery and equipment	5 years
Other machinery and equipment	5 years
Goodwill	5 years
Leasehold improvements	10 years

Gains on the disposals are other operative income in the income statement and losses are other expenses. Repair and maintenance expenses are recorded as expenses when incurred as well as purchases of assets of which the useful life is less than 3 years. Asset purchases of a small value are also recorded as expenses when incurred.

1.4.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out ("FIFO") method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated selling expenses.

1.4.5 Trade and other receivables

Trade receivables and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

1.4.6 Taxes

Tax expenses in the profit and loss account comprise both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated at 22 percent on basis of existing temporary differences between accounting profit and taxable profit together with tax deductible deficits at the year end. Temporary differences both positive and negative, are balanced out within the same period.

ENVIRONMENTAL ENERGY

12(20)



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Company id: 917 129 436

1.4.7 Items in foreign currency

Foreign currency transactions in the incomes statement are translated into NOK using the exchange rate which approximate the rates prevailing at the dates of the transactions. Assets and liabilities in foreign currencies at year-end, are translated into NOK using the exchange rate of the reporting date confirmed by the European Central Bank. The exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rate, are recognized in the income statement as financial income or expense.

2 Notes to the income statement

2.1 Revenue, geographical information

	2019	2018
Norway	76 907 511	89 869 941
Other	5 551 293	5 786 974
Total	82 458 804	95 656 915

2.2 Employees and personnel expenses

2.2.1 Number of employees

	2019	2018
White collar	17	17
Blue collar	11	11
Total	28	28

2.2.2 Personnel expenses

	2019	2018
Salaries	17 406 913	18 140 082
Social security expenses	2 466 380	2 850 774
Pension insurance expenses	1 191 402	1 065 970
Total	21 064 694	22 056 825

The CEO of the Company, Mr. Jukka-Pekka Mäkinen is also CEO for the parent company, and his salary is paid by the parent company. The Board Members did not receive any remunerations during the financial year. The bonus system covers all employees, and is based on order intake, revenue and earnings and is based on The Switch Group numbers.

2.2.3 Pensions

The Company is obliged to have an occupational pension for its employees according the Act relating to mandatory occupational pensions. The Company's occupational pension scheme meets the requirements of the Act.

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13(20)



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2.3 Auditors' fees

NOK excluding VAT	2019	2018
Auditing	215 847	223 302
Other services	0	0
Total	215 847	223 302

2.4 Other operating expenses

	2019	2018
Factory and office expenses	8 184 345	7 673 387
Machinery and equipment expenses	140 343	272 397
Marketing and advertising expenses	407 468	297 352
IT expenses	433 648	424 277
Travel expenses	422 383	759 614
External experts	10 860 416	6 928 632
Other expenses	9 119 938	6 615 514
Earn-out release	-10 429 025	0
Total	19 139 517	22 971 172

The earn-out payable to Wärtsilä was released during the financial period, because the earn-out does not have to be paid. It was booked as a credit to other expenses in the income statement.

2.5 Income tax

This years income tax expense consists of	2019	2018
Tax payable	0	0
Changes in deferred tax	13 722 206	-13 722 206
Total tax expense	13 722 206	-13 722 206

Calculation of this years tax basis:		
Net profit/loss before tax expense	-30 396 918	-20 350 501
Permanent differences *)	0	0
Changes in temporary differences	-2 356 484	3 606 712
Tax basis for the year	-32 753 402	-16 743 789



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Company id: 917 129 436

Specification of temporary differences		
Fixed assets	5 106 659	1 060 566
Accruals	-2 132 931	-443 322
Total	2 973 728	617 244
Accumulated losses carry forward	-93 459 473	-60 706 071
Pension	0	0
Profit and loss account	0	0
Net temporary differences	-90 485 745	-60 088 827

Deferred tax liability (asset) calculated	-19 906 864	-13 219 542
Deferred tax liability (asset) not recognized	19 906 864	-502 664
Deferred tax liability (asset) in financial statement	0	-13 722 206

In 2019 the deferred tax asset was fully expensed.

3 Notes to the balance sheet

3.1 Assets

3.1.1 Investments in other companies

In October 2019, the company purchased 25 shares of Sustainable Energy AS. After the acquisition the company owns 17,9 % of Sustainable Energy AS shares and votes. The result of year 2019 of Sustainable Energy AS was MNOK 0,7 and the total Equity was MNOK 2,4.

3.1.2 Intangible assets

Intangible assets	Intangible rights	Goodwill	Total
Cost 1.3.2019	11 796 000	21 695 442	33 491 442
Additions			
Disposals			
Cost 29.2.2020	11 796 000	21 695 442	33 491 442
Amortization 1.3.2019	-2 752 400	-10 124 540	-12 876 940
Amortization for disposals			
Amortization for the period	-1 179 600	-4 339 089	-5 518 689
Amortization 29.2.2020	-3 932 000	-14 463 628	-18 395 628
Carrying amounts 29.2.2020	7 864 000	7 231 814	15 095 814
Carrying amounts 28.2.2019	9 043 600	11 570 903	20 614 503

ENVIRONMENTAL ENERGY

15(20)



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The Switch Marine
Drives Norway AS
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Company id: 917 129 436

3.1.3 Tangible assets

Tangible assets	Leasehold improvements	Machinery and equipment	Total
Cost 1.3.2019	36 722	28 018 632	28 055 354
Additions		3 205 801	3 205 801
Disposals		-809 786	-809 786
Cost 29.2.2020	36 722	30 414 647	30 451 369
Depreciation 1.3.2019	-8 569	-13 075 361	-13 083 930
Depreciation from disposals and transfers		499 368	499 368
Depreciation for the period	-3 672	-5 917 374	-5 921 047
Depreciation 29.2.2020	-12 241	-18 493 368	-18 505 609
Carrying amounts 29.2.2020	24 482	11 921 279	11 945 760
Carrying amounts 28.2.2019	28 154	14 943 270	14 971 424

3.1.4 Inventories

Inventories	2019	2018
Materials and supplies	29 830 280	2 773 116
Work in progress	0	26 003 452
Finished goods	3 818 572	0
Total	33 648 852	28 776 569

No write-downs or scrapping of inventories were done in 2019.

3.1.5 Receivables

3.1.5.1 Non-current receivables

	2019	2018
Receivables from others		
Deferred tax receivables		13 722 206
Total		13 722 206

The deferred tax receivables were fully expensed during 2019.



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Company id: 917 129 436

3.1.5.2 Current receivables

	2019	2018
Receivables from Group companies		
Trade receivables		16 007
Total		16 007

Receivables from others		
Trade receivables	5 975 814	13 018 173
Deferred income and accrued expenses	1 338 625	46 862 218
Other receivables	187 041	954 898
Total current receivables	7 501 480	60 835 288

The deferred income and accrued expenses included 44.793.479,74 NOK receivables related to revenue booked according to POC in 2018. In 2019 no POC-projects were in progress at year-end.

3.1.6 Bank Deposit

The Cash and Cash equivalents, 4.571.230,33 NOK consist of bank deposits, of which 960.282,00 NOK is reserved for withholding tax.

3.2 Equity and liabilities

3.2.1 Shares and share capital

At reporting date 29.2.2020 the company's registered share capital was NOK 15.000.000 and the number of shares was 30.000. The share premium was NOK 67.500.000.



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Company id: 917 129 436

3.2.2 Changes in equity

	2019	2018
Restricted equity		
Share capital beginning of financial period	15 000 000	15 000 000
Increase of share capital	0	0
Share capital 28.2.	15 000 000	15 000 000
Total restricted equity	15 000 000	15 000 000
Non-restricted equity		
Share premium beginning of financial period	67 500 000	67 500 000
Increase of share capital	0	0
Share premium 28.2.	67 500 000	67 500 000
Result from previous years	-46 366 620	-39 738 325
Result for the financial period	-44 119 124	-6 628 295
Result from previous years 28.2.	-90 485 744	-46 366 620
Total non-restricted equity	-22 985 744	21 133 380
Total equity	-7 985 744	36 133 380

3.2.3 Payables

3.2.3.1 Non-current payables

	2019	2018
Loans from group companies	59 355 186	54 748 477
Earn-out payable to Wärtsilä Norway AS	0	10 429 025
Total	59 355 186	65 177 501

The earn-out payable to Wärtsilä was released in 2019.

3.2.3.2 Current payables

	2019	2018
Liabilities to group companies		
Trade payables	3 599 974	9 974 176
Accruals and deferred income	1 942 762	637 508
Total	5 542 736	10 611 685

ENVIRONMENTAL ENERGY

18(20)



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Company id: 917 129 436

Liabilities to others		
Advances received	1 299 894	19 099 799
Trade payables	7 783 442	4 876 117
Other liabilities	1 346 308	2 330 122
Accruals and deferred income	3 538 383	4 964 665
Total	13 968 027	31 270 703

3.3 Contingent liabilities

The company leases its' factory and office facilities. The lease contracts are from 5 – 11 years long. Usually there is an index raise condition in the contracts. The future liabilities of lease contract of office and factory facilities by reporting date were the following:

Office and Factory leases	2019	2018
Payable within one year	5 755 726	6 732 091
Payable later	28 008 205	25 515 709
Total	33 763 930	32 247 800

The company leases two forklifts for the production. The lease contracts are from 3 – 5 years long. The future liabilities of the lease contracts for the forklifts at reporting day were the following:

Operating leases	2019	2018
Payable within one year	87 240	87 240
Payable later	29 380	98 690
Total	116 620	185 930



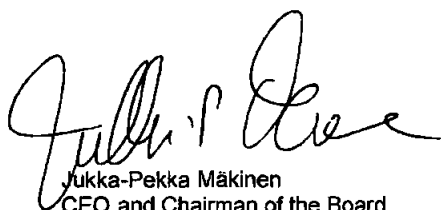
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Signatures

Helsinki, ~~29~~ of June, 2020



Jukka-Pekka Mäkinen
CEO and Chairman of the Board

Dag Sandås
Member of the Board

Risto Ahvo
Member of the Board

Naoki Sato
Member of the Board

ENVIRONMENTAL ENERGY

20(20)



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Company id: 917 129 436

Signatures

Helsinki, 24 of June, 2020

Jukka-Pekka Mäkinen
CEO and Chairman of the Board

Dag Sandås
Member of the Board

Risto Ahvo
Member of the Board

Naoki Sato
Member of the Board



YASKAWA

The Switch Marine
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Signatures

Helsinki, 24 of June, 2020

Jukka-Pekka Mäkinen
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Dag Sandås
Member of the Board

Risto Ahvo
Member of the Board

Naoki Sato
Member of the Board

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20(20)



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of The Switch Marine Drives Norway AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of The Switch Marine Drives Norway AS, which comprise the balance sheet as at 29th February 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 29th February 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



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2

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Independent auditor's report - The Switch Marine Drives Norway AS

A member firm of Ernst & Young Global Limited

Penneo Dokumentnøkkel: G4SNZ-1HB4K-0K6P0-3XOM-E-CAKJ6-E5171



Bergen, June 25th 2020
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The auditor's report is signed electronically

Kjetil Håvardstun
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: G4SNZ-1HB4K-0K6P0-3XOAE-04XJ6-E5Y71



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Kjetil Håvardstun

Statsautorisert revisor

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Norwegian Directorate of Taxes

Inquiries to
Torstein Kinden Helleland

Your date
28.03.2017

Our date
31.03.2017

Telephone
22078139

Your reference
Dag Sandås

Our reference
2017/338828

THE SWITCH MARINE DRIVES NORWAY AS
Grunnavågsvegen 32
5410 SAGVÅG

Permission to prepare the annual accounts and directors' report in English language for The Switch Marine Drives Norway AS, org. nr. 917 129 436

With reference to your letter of 28 March 2017 with respect to the above matter regarding The Switch Marine Drives Norway AS.

Based on a total evaluation, the view of The Directorate of Taxes is that The Switch Marine Drives Norway AS may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information that the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the company to document by this letter that the permit is granted.

Background

The Switch Marine Drives Norway AS is a wholly owned subsidiary of the Finnish company The Switch Engineering Oy, which belongs to the Yaskawa Group, a Japanese listed company. The Switch Marine Drives Norway AS designs, produces and sells megawatt-class power drives to the global marine sector. The working language is English. All key players and partners in this industry speak and use English. The annual report and financial statements are required to be prepared each year in the Norwegian language only in order to satisfy the requirements of the Norwegian Accounting Act.

Permission to make the annual accounts and the directors' report in Norway in English language

According to the Norwegian Accounting Act § 3-4, third paragraph shall *"the directors' report and annual accounts ... be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language"*.

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

Postal address
P.O. Box 9200 Grønland
0134 Oslo

Visiting address: Telephone
See www.skatteetaten.no 800 80 000
Org.nr: 996250318 Telefax
E-mail: skatteetaten.no/sendepost 22 17 08 60



“The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

Hence, one of the main aims of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information which has to be taken into consideration when considering the application for permission. In this assessment, the Directorate of Taxes has emphasized that the company is a wholly owned subsidiary of a foreign company. The working language is English. All key players and partners in this industry speak and use English. Furthermore, the company is operating in an international industry.

Please state “our reference” (see above) in all written communication with The Norwegian Tax Authorities.

Best regards

Rune Tystad
Senior Adviser
Rettsavdelingen, foretaksskatt
Norwegian Directorate of Taxes

Torstein Kinden Helleland

This document has been electronically approved and contains therefore no handwritten signatures