



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.03.2021 - 28.02.2022

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: 09.06.2022

Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

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, 18.06.2023



Resultatregnskap

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		70 373 251	71 589 848
Annen driftsinntekt		1 805 955	8 056 545
Sum inntekter		72 179 206	79 646 393
Kostnader			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		13 758 867	-11 147 139
Varekostnad		35 179 978	63 610 136
Lønnskostnad	3	24 449 707	20 242 014
Avskrivning	5, 6	8 807 589	11 780 306
Annen driftskostnad	3	16 326 307	22 642 879
Sum kostnader		98 522 448	107 128 196
Driftsresultat		-26 343 242	-27 481 803
Finansinntekter og finanskostnader			
Inntekt på inv. i datterselskap og tilknyttet selskap		-10 825	-4 345
Annen finansinntekt		-521 978	523 732
Sum finansinntekter		-532 803	519 387
Annen finanskostnad		512 802	396 688
Sum finanskostnader		512 802	396 688
Netto finans		-1 045 605	122 699
Ordinært resultat før skattekostnad		-27 388 847	-27 359 104
Ordinært resultat etter skattekostnad		-27 388 847	-27 359 104
Årsresultat		-27 388 847	-27 359 104
Overføringer og disponeringer			
Overføringer annen egenkapital	9	-27 388 847	-27 359 104
Sum overføringer og disponeringer		-27 388 847	-27 359 104



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker	6	5 504 800	6 684 400
Goodwill	6		2 892 725
Sum immaterielle eiendeler		5 504 800	9 577 125
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	5	3 432 657	7 901 613
Sum varige driftsmidler		3 432 657	7 901 613
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap		250 000	250 000
Sum finansielle anleggsmidler		250 000	250 000
Sum anleggsmidler		9 187 457	17 728 738
Omløpsmidler			
Varer			
Sum varer		21 956 445	37 698 546
Fordringer			
Kundefordringer		10 764 357	25 916 988
Andre fordringer		-1 164 802	264 350
Sum fordringer		9 599 555	26 181 338
Investeringer			
Aksjer og andeler i foretak i samme konsern		13 971	
Sum investeringer		13 971	
Bankinnskudd, kontanter og lignende			
Sum bankinnskudd, kontanter og lignende	2	2 804 760	2 915 391
Sum omløpsmidler		34 374 731	66 795 275
SUM EIENDELER		43 562 188	84 524 013



Balanse

Beløp i: NOK	Note	2022	2021
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	9, 10	15 900 000	15 000 000
Overkurs	9	10 555 153	67 500 000
Annen innskutt egenkapital	9		42 000 000
Sum innskutt egenkapital		26 455 153	124 500 000
Opptjent egenkapital			
Annen egenkapital	9	-27 388 847	-117 844 847
Sum opptjent egenkapital		-27 388 847	-117 844 847
Sum egenkapital		-933 694	6 655 153
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Øvrig langsiktig gjeld		28 031 103	52 599 893
Sum annen langsiktig gjeld		28 031 103	52 599 893
Sum langsiktig gjeld		28 031 103	52 599 893
Kortsiktig gjeld			
Leverandørgjeld	7	7 250 336	4 884 698
Annen kortsiktig gjeld		9 214 443	20 384 269
Sum kortsiktig gjeld		16 464 779	25 268 967
Sum gjeld		44 495 882	77 868 860
SUM EGENKAPITAL OG GJELD		43 562 188	84 524 013



Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

Journalnummer: 2022 808098

Enheten

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

Regnskapsår

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årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Milla Haggblom
Dato for fastsettelse av årsregnskapet: 09.06.2022

Revisjon

Ekstern autorisert regnskapsfører har i løpet av regnskapsåret bistått ved den løpende regnskapsføringen eller utført andre tjenester for selskapet enn å utarbeide årsregnskapet: Ja

Grunnlag for avgivelse

År 2022: Årsregnskap er elektronisk innlevert.
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022.

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, 06.08.2022



Organisasjonsnr: 917 129 436
THE SWITCH MARINE DRIVES NORWAY AS

RESULTATREGNSKAP

Beløp i: NOK	Note	2022	2021
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		70 373 251	71 589 848
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Organisasjonsnr: 917 129 436
THE SWITCH MARINE DRIVES NORWAY AS

BALANSE

Beløp i: NOK	Note	2022	2021
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BALANSE - EGENKAPITAL OG GJELD

Egenkapital



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Organisasjonsnr: 917 129 436
THE SWITCH MARINE DRIVES NORWAY AS

NOTEOPPLYSNINGER - SELSKAP - alle poster oppgitt i hele tall

Note
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Antall aksjer og aksjeeiere

<u>Aksjeklasse</u>	<u>Ant. aksjer</u>	<u>Pålydende</u>	<u>Bokført verdi</u>
Ordinary Shares	30000.00	300.00	9000000.00

<u>Aksjeeiere - fritekst</u>	<u>Antall</u>	<u>Eierandel</u>	<u>Aksjeklasse</u>
The Switch Engineering OY	30000.00	100.00%	Ordinære aksjer

<u>Sum</u>	<u>Sum antall</u>	<u>Sum eierandel</u>
	30000.00	100.00%

Note
3

Lønn og ytelser

Selskapet er pliktig til å ha tjenstepensjonsordning etter lov om obligatorisk tjenstepensjon. Selskapets pensjonsordninger tilfredsstiller kravene i denne loven.

Note

Antall årsverk i regnskapsåret

Virkomheten har hatt følgende antall årsverk:
0.00

<u>Omløpsmidler</u>	<u>Startdato</u>	<u>Sluttdato</u>	<u>Endring</u>
Skattemessig fremf.undersk.	Startdato	Sluttdato	Endring
Kortsiktig gjeld	Startdato	Sluttdato	Endring



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



YASKAWA

The Switch Marine
Drives Norway AS
www.theswitch.com

Company id: 917 129 436

Financial Statement 1.3.2021 – 28.2.2022

The Switch Marine Drives Norway AS

ENVIRONMENTAL ENERGY

1(21)



YASKAWA

The Switch Marine
Drives Norway AS
www.theswitch.com

Company id: 917 129 436

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The Switch Marine
Drives Norway AS

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Company id: 917 129 436

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The Switch Marine
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Report by the Board of Directors March 1, 2021 – February 28, 2022

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.

I the meeting of the Board of Directors of The Switch Engineering Oy on May 16th, it was decided to strengthen the equity of The Switch Marine Drives Norway AS by converting 3 million EUR of loan from the parent to the subsidiary to equity. The final formal decision is planned to take place in 2022.

Comments to the financial statements

The Company's revenue was MNOK 71,7 (72,5). The operating result was MNOK -26,4 (-27,5) and the result for the period was MNOK -27,4 (-27,4).

The net cash from operating activities was MNOK 7,4 (-36,1). The investments totaled to MNOK 0,3 (2,2), all in machinery and equipment.

The Company's liquid reserves at 28.2.2022 was MNOK 2,8 (2,9). The Company's fixed assets at reporting date amounted to MNOK 9,2 (17,7). The equity ratio was -2,1% (7,1%) at reporting date.

At the reporting date 28.2.2022 the share capital was 15,9 MNOK (15,0). During the year the equity was strengthened by MNOK 19,8. Retained earnings were netted against share premium during the year, so retained earnings now shows only the loss for financial year 2022.

The amount of research and development expenses for the financial year was 2,4 MNOK (3,3), 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.

The parent company The Switch Engineering Oy has an officer's liability insurance for the board and executive management covering any indemnity for financial loss arising from personal managerial liability, including personal liability for the company's debts arising out of any claim first made against the company.

ENVIRONMENTAL ENERGY

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The Switch Marine
Drives Norway AS

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Work environment, equal opportunities, and discrimination

The work environment is considered good. Absence due to sickness totaled 315 days (441 days), which constitutes approximately 6,84 % (6,7%) 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 27 (28) employees, of which 4 (4) are women and 23 (24) men. The Board of Directors consists of 2 men and 1 woman.

Environmental and social responsibility

The Company's products feature high power converters for marine industry. They help reduce emissions of vessels, save fuel and promote sustainable marine industry development. The Switch customers uses the company's state-of-the-art converter products as part of their complete marine systems and applications. The Company's manufacturing operations do not result in pollution or spillage harmful to the external environment.

The company is a partner in Energy House at Heiane. Energy House is a collaboration between several partners supported by Sustainable Energy and SIVA.

Events after February 28th, 2022, and preview of financial year 2022

The Covid-19 pandemic has resulted in longer delivery times for many electronic components and the war in Ukraine will lead to longer led times in for instance steel components. These factors might lead to delays in customer deliveries.

The Company is launching a new converter product in 2022 which will be the foundation for future business growth. Financial year 2022 result is forecasted to be better than previous year.

Board proposal for distribution of profit

For the financial year of March 1, 2021 – February 28, 2022, 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.



YASKAWA

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

Signatures of the Report by the Board of Directors

Vaasa, 9th of June 2022

**Miika
Reinikka**

Digitally signed by Miika
Reinikka
DN: cn=Mika Reinikka, o=The
Switch Drive Systems, ou,
email=miika.reinikka@theswitch
.com, c=FI
Date: 2022.06.09 10:31:28
+03'00'

Miika Reinikka
Chairman of the Board

**Paul
Atherton**
on

Digitally signed
by Paul
Atherton
Date:
2022.06.09
10:08:01 +02'00'

Paul Atherton
Member of the Board

**Milla
Hägglom**

Digitally signed by
Milla Hägglom
Date: 2022.06.09
10:01:13 +03'00'

Milla Hägglom
Member of the Board



YASKAWA

The Switch Marine
Drives Norway AS

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Company id: 917 129 436

Income Statement

	1.3.2021 - 28.2.2022		1.3.2020-28.2.2021	
REVENUE		71 657 780		72 501 450
Changes in inventories of finished goods and work in progress		-19 873 125		17 843 133
Other operating income		521 426		7 144 944
Materials and services				
Materials	-33 016 616		-61 660 525	
Changes in inventories of materials	6 114 258		-6 656 909	
Services	-2 171 430		-2 146 494	
Materials and services total		-29 073 788		-70 463 928
Employee benefit expenses		-24 449 707		-20 209 812
Depreciation and amortization expenses				
Depreciation and amortization expenses	-8 807 589		-11 780 306	
Depreciation and amortization expenses total	-8 807 589	-8 807 589	-11 780 306	-11 780 306
Other operating expenses total		-16 329 064		-22 522 908
OPERATING RESULT		-26 354 066		-27 487 426
Financial income				
Other financial income	-521 978		523 731	
Financial expenses				
Interest expenses to group companies	-441 671		376 381	
Other financial expenses	-71 132		-771 790	
Financial income and expenses total	-1 034 781	-1 034 781	128 322	128 322
ORDINARY RESULT BEFORE TAXES		-27 388 847		-27 359 104
Tax		0		0
ORDINARY RESULT		-27 388 847		-27 359 104
RESULT FOR THE PERIOD		-27 388 847		-27 359 104

ENVIRONMENTAL ENERGY

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Balance sheet

Assets

ASSETS	28.2.2022		28.2.2021	
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	5 504 800		6 684 400	
Goodwill	0		2 892 725	
Deferred tax receivables	0		0	
Intangible assets total	5 504 800	5 504 800	9 577 125	9 577 125
Tangible assets				
Leashold improvements	17 137		20 809	
Machinery and equipment	3 415 520		7 880 804	
Tangible assets total	3 432 657	3 432 657	7 901 613	7 901 613
Investments				
Investments in other companies	250 000		250 000	
Investments total	250 000	250 000	250 000	250 000
NON-CURRENT ASSETS TOTAL		9 187 457		17 728 739
CURRENT ASSETS				
Inventories		21 956 445		37 698 546
Receivables				
Trade receivables	10 764 357		25 916 988	
Other receivables	519 225		264 350	
Receivables total	11 283 582	11 283 582	26 181 338	26 181 338
Cash and Cash equivalents		2 804 760		2 915 391
CURRENT ASSETS TOTAL		36 044 787		66 795 275
ASSETS TOTAL		45 232 244		84 524 014



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Equity and Liabilities

	28.2.2022		28.2.2021	
EQUITY				
Paid-in capital				
Share capital	15 900 000		15 000 000	
Total restricted equity		15 900 000		15 000 000
Share premium			67 500 000	
Completed not registered capital increase			42 000 000	
Uncovered loss	-16 833 694			
Result from previous years			-90 485 744	
Result for the financial period			-27 359 104	
Total non-restricted equity		-16 833 694		-8 344 848
EQUITY TOTAL		-933 694		6 655 152
LIABILITIES				
Non-current liabilities				
Loans from group companies	24 064 976		50 690 580	
Other non-current liabilities	3 966 127		1 909 313	
Non-current liabilities total	28 031 103	28 031 103	52 599 892	52 599 892
Current liabilities				
Trade payables	2 956 783		2 961 098	
Payables to group companies	4 293 553		1 923 600	
Other payables	10 884 497		20 384 271	
Current liabilities total	18 134 834	18 134 834	25 268 969	25 268 969
LIABILITIES TOTAL		46 165 938		77 868 861
EQUITY AND LIABILITIES TOTAL		45 232 244		84 524 014

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Cash Flow Statement

	1.3.2021 - 28.2.2022	1.3.2020 - 28.2.2021
Cash flows from operating activities		
Net loss before tax	-27 388 847	-27 359 104
Adjustments for:		
Depreciation	8 807 589	11 780 306
Unrealised foreign exchange gains and losses	-572 312	-678 622
Other non-cash items	2 034 963	-2 941 088
Financial income and expenses	1 034 781	128 322
Other adjustments	-23 289	-50 408
Operating profit before working capital changes	-16 107 116	-19 120 594
Working capital changes		
Increase (-) or decrease (+) in trade and other receivables	13 227 700	-18 679 858
Increase (-) or decrease (+) in inventories	15 742 101	-4 049 694
Increase (-) or decrease (+) in trade payables	-5 464 078	5 758 206
Cash generated from operations	7 398 606	-36 091 939
Interest paid	-20 798	-6 347
Interest received	0	620
Income taxes paid	0	0
Net cash from operating activities (A)	7 377 808	-36 097 667
Cash flows from financing activities		
Purchase of tangible and intangible assets	-266 357	-2 217 470
Proceeds from sale of tangible and intangible assets	0	0
Purchase of investments	0	0
Net cash used in investing activities (B)	-266 357	-2 217 470
Cash flows from financing activities		
Proceeds from borrowings	15 080 760	40 347 357
Repayment of borrowings	-21 906 364	
Paid loan interests	-175 216	-376 381
Net cash used in financing activities	-7 000 820	39 970 976
Net increase / decrease in cash and cash equivalents (A+B+C)	110 632	1 655 839
Cash and cash equivalents at beginning of period	2 915 391	4 571 230
Cash and cash equivalents at end of period	2 804 760	2 915 391

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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 – 28.2. In these financial statements, 2021 means 1.3.2021 – 28.2.2022.

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 of creditors due within one year, and entries related to goods in 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 is 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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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 amortized during the financial year.

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. No deferred tax for tax losses have been recorded in the financial statements. Temporary differences, both positive and negative, are balance out within the same period.



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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

	2021	2020
Norway	35 743 231	41 780 684
Other	35 914 550	30 720 766
Total	71 657 780	72 501 450

2.2 Employees and personnel expenses

2.2.1 Number of employees

	2021	2020
White collar	19	18
Blue collar	8	10
Total	27	28

2.2.2 Personnel expenses

	2021	2020
Salaries	19 889 337	16 349 338
Social security expenses	3 170 151	2 532 226
Pension insurance expenses	1 390 219	1 328 248
Total	24 449 707	20 209 812

The CEO of the Company, Mr. Miika Reinikka 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.

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2.2.3 Pensions

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

2.3 Auditors' fees

NOK excluding VAT	2021	2020
Auditing	210 393	257 838
Other services	0	4 017
Total	210 393	261 855

2.4 Other operating expenses

	2021	2020
Factory and office expenses	5 330 422	12 328 476
Machinery and equipment expenses	515 668	163 295
Marketing and advertising expenses	95 167	68 339
IT expenses	251 000	795 827
Travel expenses	52 578	111 222
External experts	4 377 200	4 904 487
Other expenses	5 707 028	4 151 261
Earn-out release	0	0
Total	16 329 064	22 522 908



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2.5 Income tax

This year's income tax expense consists of	2021	2020
Changes in deferred tax	0	0
Total tax expense	0	0
Calculation of this year's tax basis:		
Net profit/loss before tax expense	-27 388 847	-27 359 104
Permanent differences *)		
Changes in temporary differences	7 693 117	-6 718
Tax basis for the year	-19 695 730	-27 365 822
Specification of temporary differences		
Fixed assets	-327 855	6 327 373
Inventory	-418 689	-1 437 614
Accruals	-3 966 127	-1 919 313
Total	-4 712 671	2 970 446
Accumulated losses carry forward	-140 521 025	-120 825 295
Net temporary differences	-145 233 696	-117 854 849
Deferred tax liability (asset) calculated	-31 951 413,11	-25 925 867
Deferred tax liability (asset) not recognized	31 951 413,11	25 925 867
Deferred tax liability (asset) in financial statement	0	0



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3 Notes to the balance sheet

3.1 Assets

3.1.1 Intangible assets

Intangible assets	Intangible rights	Goodwill	Total
Cost 1.3.2021	11 796 000	21 695 442	33 491 442
Cost 28.2.2022	11 796 000	21 695 442	33 491 442
			0
Amortization 1.3.2021	-5 111 600	-18 802 717	-23 914 317
Amortization for disposals			0
Amortization for the period	-1 179 600	-2 892 725	-4 072 325
Amortization 28.2.2022	-6 291 200	-21 695 442	-27 986 642
			0
Carrying amounts 28.2.2022	5 504 800	0	5 504 800
Carrying amounts 28.2.2021	6 684 400	2 892 725	9 577 125

3.1.2 Tangible assets

Tangible assets	Leasehold improvements	Machinery and equipment	Total
Cost 1.3.2021	36 722	32 632 117	32 668 839
Additions		266 357	266 357
Cost 28.2.2022	36 722	32 898 474	32 935 196
			0
Depreciation 1.3.2021	-15 913	-24 751 313	-24 767 226
			0
Depreciation for the period	-3 672	-4 731 641	-4 735 314
Depreciation 28.2.2022	-19 585	-29 482 954	-29 502 540
			0
Carrying amounts 28.2.2022	17 137	3 415 520	3 432 656
Carrying amounts 28.2.2021	20 809	7 880 804	7 901 613



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3.1.3 Inventories

Inventories	2021	2020
Materials and supplies	17 761 714	17 305 270
Work in progress	0	11 726 453
Finished goods	4 173 604	8 645 828
Total	21 935 319	37 677 551

The inventories are valued monthly and non-current items are transferred to free stock and written down to zero.

3.1.4 Receivables

Current receivables	2021	2020
Receivables from others		
Trade receivables	10 764 357	25 916 988
Deferred income and accrued expenses	519 225	264 350
Other receivables	0	0
Total current receivables	11 283 582	26 181 338

3.1.5 Bank Deposit

The Cash and Cash equivalents, 2 804 759,50 NOK consist of bank deposits.



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3.2 Equity and liabilities

3.2.1 Shares and share capital

At reporting date 28.2.2022 the company's registered share capital was 15 900 000 NOK, and the number of shares was 30 000. Uncovered loss was -16 866 694 NOK. Completed share capital increase was 19 800 000 NOK. The increase was done in July 2021 by converting loans from the Parent company.

3.2.2 Changes in equity

	2021	2020
Restricted equity		
Share capital 1.3	15 000 000	15 000 000
Increase	900 000	
Share capital 28.2.	15 900 000	15 000 000
Total restricted equity	15 900 000	15 000 000
Non-restricted equity		
Share premium 1.3	67 500 000	67 500 000
Increase	60 900 000	0
	128 400 000	67 500 000
Completed not registered capital increase		42 000 000
Netting of share premium and loss	-128 400 000	
Share premium 28.2	0	109 500 000
Uncovered loss	-16 833 694	
	0	-90 485 744
Result for the financial period	0	-27 359 104
Result from previous years 28.2.	0	-117 844 847
Total non-restricted equity	-16 833 694	-8 344 847
Total equity	-933 694	6 655 153



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3.2.3 Payables

3.2.3.1 Non-current payables

	2021	2020
Loans from group companies	24 064 976	50 690 580
Total	24 064 976	50 690 580

The interest margin of the loan from group companies is 2%.

3.2.3.2 Current payables

	2021	2020
Liabilities to group companies		
Trade payables	3 890 425	1 345 255
Accruals and deferred income	403 129	578 345
Total	4 293 553	1 923 600
Liabilities to others		
Advances received	1 284 780	4 293 032
Trade payables	2 956 783	2 961 098
Other liabilities	1 957 418	3 312 091
Accruals and deferred income	7 642 299	12 779 149
Total	13 841 281	23 345 369



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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. In October 2020 the lease contract of the Heiane Test Center was changed when the Sustainable Energy Catapult Test Center was opened. Due to the change the yearly rent was decreased significantly.

The future liabilities of lease contract of office and factory facilities by reporting date were the following:

Office and Factory leases	2021	2020
Payable within one year	3 637 176	2 934 827
Payable later	14 306 187	14 580 320
Total	17 943 363	17 515 146

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	2021	2020
Payable within one year	35 016	95 456
Payable later	0	232 313
Total	35 016	327 769



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Signatures

Vaasa, 9th of June 2022

**Miika
Reinikka**

Digitally signed by Miika
Reinikka
DN: cn=Miika Reinikka,
o=The Switch Drive
Systems, ou,
email=miika.reinikka@thesw
itch.com, c=FI
Date: 2022.06.09 11:35:47
+03'00'

Miika Reinikka
Chairman of the Board

**Paul
Atherton**

Digitally signed
by Paul Atherton
Date: 2022.06.09
11:01:07 +02'00'

Paul Atherton
Member of the Board

**Milla
Häggblo
m**

Digitally signed
by Milla
Häggblo
Date: 2022.06.09
10:02:05 +03'00'

Milla Häggblo
Member of the Board



Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
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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

Opinion

We have audited the financial statements of The Switch Marine Drives Norway AS (the Company), which comprise the balance sheet as at 28 February 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company as at 28 February 2022 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 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 requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities 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 annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on 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 board of directors' report contains the information required by legal requirements and 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, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

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



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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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 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 the board of directors 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.

Bergen, 16 June 2022
ERNST & YOUNG AS

Kjetil Håvardtun
State Authorised Public Accountant (Norway)

Independent auditor's report - The Switch Marine Drives Norway AS 2022

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