



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2021 - GENERELL INFORMASJON

### Enheten

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

### Regnskapsår

Årsregnskapets periode: 01.03.2020 - 28.02.2021

### Konsern

Morselskap i konsern: Nei

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Milla Häggblom  
Dato for fastsettelse av årsregnskapet: 28.05.2021

### Grunnlag for avgivelse

År 2021: Årsregnskapet er elektronisk innlevert  
År 2020: Tall er hentet fra elektronisk innlevert årsregnskap fra 2021

*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, 07.08.2022



## Resultatregnskap

Beløp i: NOK	Note	2021	2020
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		72 501 450	82 458 804
Annen driftsinntekt		7 144 944	3 358 471
<b>Sum inntekter</b>		<b>79 646 394</b>	<b>85 817 275</b>
<b>Kostnader</b>			
Endring i beholdning av varer under tilvirkning og ferdig tilvirkede varer		-11 186 224	-4 872 284
Varekostnad		61 660 525	61 457 188
Lønnskostnad		20 209 812	21 064 694
Avskrivning på varige driftsmidler og immaterielle eiendeler		11 780 306	11 439 735
Annen driftskostnad		24 669 402	23 618 983
<b>Sum kostnader</b>		<b>107 133 821</b>	<b>112 708 316</b>
<b>Driftsresultat</b>		<b>-27 487 427</b>	<b>-26 891 041</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		523 731	121 055
<b>Sum finansinntekter</b>		<b>523 731</b>	<b>121 055</b>
Rentekostnad til foretak i samme konsern		-376 381	2 517 536
Annen finanskostnad		771 790	1 109 397
<b>Sum finanskostnader</b>		<b>395 409</b>	<b>3 626 933</b>
<b>Netto finans</b>		<b>128 322</b>	<b>-3 505 878</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-27 359 105</b>	<b>-30 396 919</b>
Skattekostnad på ordinært resultat		0	13 722 206
<b>Ordinært resultat etter skattekostnad</b>		<b>-27 359 105</b>	<b>-44 119 125</b>
<b>Årsresultat</b>		<b>-27 359 105</b>	<b>-44 119 125</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		6 684 400	7 864 000
Utsatt skattefordel		0	0
Goodwill		2 892 725	7 231 814
<b>Sum immaterielle eiendeler</b>		<b>9 577 125</b>	<b>15 095 814</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom		20 809	24 482
Maskiner og anlegg		7 880 804	11 921 279
<b>Sum varige driftsmidler</b>		<b>7 901 613</b>	<b>11 945 761</b>
<b>Finansielle anleggsmidler</b>			
Investeringer i aksjer og andeler		250 000	250 000
<b>Sum finansielle anleggsmidler</b>		<b>250 000</b>	<b>250 000</b>
<b>Sum anleggsmidler</b>		<b>17 728 738</b>	<b>27 291 575</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		37 698 546	33 648 852
<b>Sum varer</b>		<b>37 698 546</b>	<b>33 648 852</b>
<b>Fordringer</b>			
Kundefordringer		25 916 988	5 975 814
Andre fordringer		264 350	1 525 666
<b>Sum fordringer</b>		<b>26 181 338</b>	<b>7 501 480</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		2 915 391	4 571 230
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>2 915 391</b>	<b>4 571 230</b>
<b>Sum omløpsmidler</b>		<b>66 795 275</b>	<b>45 721 562</b>



## Balanse

Beløp i: NOK	Note	2021	2020
<b>SUM EIENDELER</b>		<b>84 524 013</b>	<b>73 013 137</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		15 000 000	15 000 000
Overkurs		67 500 000	67 500 000
Ikke registrert kapitalforhøyelse		42 000 000	0
<b>Sum innskutt egenkapital</b>		<b>124 500 000</b>	<b>82 500 000</b>
<b>Opptjent egenkapital</b>			
Udekket tap		117 844 847	90 485 744
<b>Sum opptjent egenkapital</b>		<b>-117 844 847</b>	<b>-90 485 744</b>
<b>Sum egenkapital</b>		<b>6 655 153</b>	<b>-7 985 744</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Langsiktig konserngjeld		50 690 580	59 355 186
Øvrig langsiktig gjeld		1 909 313	2 132 931
<b>Sum annen langsiktig gjeld</b>		<b>52 599 893</b>	<b>61 488 117</b>
<b>Sum langsiktig gjeld</b>		<b>52 599 893</b>	<b>61 488 117</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		2 961 098	7 783 442
Kortsiktig konserngjeld		1 923 600	5 542 736
Annen kortsiktig gjeld		20 384 271	6 184 585
<b>Sum kortsiktig gjeld</b>		<b>25 268 969</b>	<b>19 510 763</b>
<b>Sum gjeld</b>		<b>77 868 862</b>	<b>80 998 880</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>84 524 015</b>	<b>73 013 136</b>



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The Switch Marine  
Drives Norway AS  
[www.theswitch.com](http://www.theswitch.com)

Company id: 917 129 436

**Financial Statement 1.3.2020 – 28.2.2021**  
**The Switch Marine Drives Norway AS**



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## Report by the Board of Directors March 1, 2020 – February 28, 2021

### 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.

In January 2021 the parent company converted 42 MNOK of loans to equity in the company to strengthen its equity.

### Comments to the financial statements

The Company's revenue was MNOK 72,5 (82,5). The operating result was MNOK -27,5 (-26,9) and the result for the period was MNOK -27,4 (-44,1).

The net cash from operating activities was MNOK -36,1 (-0,6). The investments totaled to MNOK 2,2 (3,0), all in machinery and equipment.

The Company's liquid reserves at 28.2.2021 was MNOK 2,9 (4,6). The Company's fixed assets at reporting date amounted to MNOK 17,7 (27,3). The equity ratio was 7,1 % (-11,1 %) at reporting date.

At the reporting date 28.2.2021 the share capital was 15,0 MNOK (15,0). The share premium was 67,5 MNOK (67,5) and completed not registered share capital increase was 42,0 MNOK.

The amount of research and development expenses for the financial year was 3,3 MNOK (5,8), 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.

### Work environment, equal opportunities, and discrimination

The work environment is considered good. Absence due to sickness totaled 441 days (352 days), which constitutes approximately 6,7 % (5,4%) of total hours worked during the financial year. No injuries or accidents have been reported.

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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 (28) employees, of which 4 (2) are women and 24 (26) men. The Board of Directors consists of 2 men and 1 woman.

### 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.

October 1<sup>st</sup> 2020 the company's test center at Heiane shifted into a collaboration between several partners, to create Sustainable Energy Catapult Centre, supported by Sustainable Energy and SIVA. The initial contribution of The Switch Marine Drives Norway AS to the test center was machinery and equipment of a value of approximately 40 MNOK. The cooperation, assistance and funding from governmental institutions are essential to drive the change towards a carbon free future.

### Events after February 28<sup>th</sup>, 2021 and preview of financial year 2021

The COVID 19 pandemic forced the company's office employees to work from home during the larger parts of 2020 and this is expected to continue for the majority of 2021. The pandemic has had its influence by postponing several potential projects. The introduction of vaccines is expected to improve the situation during 2021. The production workers in the factory have been working with normal speed. The company aims to have increased activity at the test centre for 2021.

Financial year 2021 result is forecasted to be negative but will shift to positive in financial year 2022.

### Board proposal for distribution of profit

For the financial year of March 1, 2020 – February 28, 2021, 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

Vaasa, 14th of May  
of April, 2021

Miika Reinikka  
CFO and Chairman of the Board

Paul Atherton  
Member of the Board

Milla Häggblom  
Member of the Board



## YASKAWA

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### Income Statement

	1.3.2020 - 28.2.2021		1.3.2019 - 29.2.2020	
<b>REVENUE</b>		<b>72 501 450</b>		<b>82 458 804</b>
Changes in inventories of finished goods and work in progress		17 843 133		-22 184 880
Other operating income		7 144 944		3 358 471
Materials and services				
Materials	-61 660 525		-61 457 188	
Changes in inventories of materials	-6 656 909		27 057 164	
Services	-2 146 494		-4 479 466	
Materials and services total		-70 463 928		-38 879 490
Employee benefit expenses		-20 209 812		-21 064 694
Depreciation and amortization expenses				
Depreciation and amortization expenses	-11 780 306		-11 439 735	
Depreciation and amortization expenses total	-11 780 306	-11 780 306	-11 439 735	-11 439 735
Other operating expenses total		-22 522 908		-19 139 517
<b>OPERATING RESULT</b>		<b>-27 487 426</b>		<b>-26 891 041</b>
Financial income				
Other financial income	523 731		121 055	
Financial expenses				
Interest expenses to group companies	376 381		-2 517 536	
Other financial expenses	-771 790		-1 109 397	
Financial income and expenses total	128 322	128 322	-3 505 877	-3 505 877
<b>ORDINARY RESULT BEFORE TAXES</b>		<b>-27 359 104</b>		<b>-30 396 918</b>
Tax		0		-13 722 206
<b>ORDINARY RESULT</b>		<b>-27 359 104</b>		<b>-44 119 124</b>
<b>RESULT FOR THE PERIOD</b>		<b>-27 359 104</b>		<b>-44 119 124</b>



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### Balance sheet

#### Assets

	28.2.2021		29.2.2020	
<b>NON-CURRENT ASSETS</b>				
Intangible assets				
Intangible rights	6 684 400		7 864 000	
Goodwill	2 892 725		7 231 814	
Deferred tax receivables	0		0	
Intangible assets total	9 577 125	9 577 125	15 095 814	15 095 814
Tangible assets				
Leashold improvements	20 809		24 482	
Machinery and equipment	7 880 804		11 921 279	
Tangible assets total	7 901 613	7 901 613	11 945 760	11 945 760
Investments				
Investments in other companies	250 000		250 000	
Investments total	250 000	250 000	250 000	250 000
<b>NON-CURRENT ASSETS TOTAL</b>		<b>17 728 739</b>		<b>27 291 574</b>
<b>CURRENT ASSETS</b>				
Inventories		37 698 546		33 648 852
Receivables				
Trade receivables	25 916 988		5 975 814	
Other receivables	264 350		1 525 666	
Receivables total	26 181 338	26 181 338	7 501 480	7 501 480
Cash and Cash equivalents		2 915 391		4 571 230
<b>CURRENT ASSETS TOTAL</b>		<b>66 795 275</b>		<b>45 721 563</b>
<b>ASSETS TOTAL</b>		<b>84 524 014</b>		<b>73 013 137</b>



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**Equity and Liabilities**

	<b>28.2.2021</b>		<b>29.2.2020</b>	
<b>EQUITY</b>				
Paid-in capital				
Share capital	15 000 000		15 000 000	
Share premium	67 500 000		67 500 000	
Completed not registered capital increase	42 000 000			
Paid-in capital total	124 500 000	124 500 000	82 500 000	82 500 000
Earnings				
Result from previous years	-90 485 744		-46 366 620	
Result for the financial period	-27 359 104		-44 119 124	
Earnings total	-117 844 847	-117 844 847	-90 485 744	-90 485 744
<b>EQUITY TOTAL</b>		<b>6 655 153</b>		<b>-7 985 744</b>
<b>LIABILITIES</b>				
Non-current liabilities				
Loans from group companies	50 690 580		59 355 186	
Other non-current liabilities	1 909 313		2 132 931	
Non-current liabilities total	52 599 892	52 599 892	61 488 118	61 488 118
Current liabilities				
Trade payables	2 961 098		7 783 442	
Payables to group companies	1 923 600		5 542 736	
Other payables	20 384 271		6 184 585	
Current liabilities total	25 268 969	25 268 969	19 510 763	19 510 763
<b>LIABILITIES TOTAL</b>		<b>77 868 861</b>		<b>80 998 881</b>
<b>EQUITY AND LIABILITIES TOTAL</b>		<b>84 524 014</b>		<b>73 013 137</b>



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## Cash Flow Statement

	<b>1.3.2020 - 28.2.2021</b>	<b>1.3.2019 - 29.2.2020</b>
<b>Cash flows from operating activities</b>		
Net loss before tax	-27 359 104	-30 396 918
Adjustments for:		
Depreciation	11 780 306	11 439 735
Unrealised foreign exchange gains and losses	-678 622	164 189
Other non-cash items	-2 941 088	-11 634 798
Financial income and expenses	128 322	3 505 877
Other adjustments	-50 408	187 696
Operating profit before working capital changes	-19 120 593	-26 734 218
Working capital changes		
Increase (-) or decrease (+) in trade and other receivables	-27 758 357	53 349 815
Increase (-) or decrease (+) in inventories	-4 049 694	-4 872 284
Increase (-) or decrease (+) in trade payables	14 836 705	-22 371 625
Cash generated from operations	-36 091 939	-628 311
Interest paid	-6 347	-16 686
Interest received	620	15
Income taxes paid	0	0
<b>Net cash from operating activities (A)</b>	<b>-36 097 667</b>	<b>-644 982</b>
<b>Cash flows from financing activities</b>		
Purchase of tangible and intangible assets	-2 217 470	-3 205 801
Proceeds from sale of tangible and intangible assets	0	485 918
Purchase of investments	0	-250 000
<b>Net cash used in investing activities (B)</b>	<b>-2 217 470</b>	<b>-2 969 883</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	40 347 357	46 535 633
Repayment of borrowings		-41 928 924
Paid loan interests	-376 381	-1 121 208
<b>Net cash used in financing activities</b>	<b>39 970 976</b>	<b>3 485 502</b>
<b>Net increase / decrease in cash and cash equivalents (A+B+C)</b>	<b>1 655 839</b>	<b>-129 364</b>
Cash and cash equivalents at beginning of period	4 571 230	4 700 594
Cash and cash equivalents at end of period	2 915 391	4 571 230

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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, 2020 means 1.3.2020 – 28.2.2021.

#### 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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### 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 28.2.2021, 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. 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

	2020	2019
Norway	41 780 684	76 907 511
Other	30 720 766	5 551 293
Total	72 501 450	82 458 804

### 2.2 Employees and personnel expenses

#### 2.2.1 Number of employees

	2020	2019
White collar	18	17
Blue collar	10	11
Total	28	28

#### 2.2.2 Personnel expenses

	2020	2019
Salaries	16 349 338	17 406 913
Social security expenses	2 532 226	2 466 380
Pension insurance expenses	1 328 248	1 191 402
Total	20 209 812	21 064 694

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.

#### 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.

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### 2.3 Auditors' fees

NOK excluding VAT	2020	2019
Auditing	257 838	215 847
Other services	4 017	0
<b>Total</b>	<b>261 855</b>	<b>215 847</b>

### 2.4 Other operating expenses

	2020	2019
Factory and office expenses	12 328 476	8 184 345
Machinery and equipment expenses	163 295	140 343
Marketing and advertising expenses	68 339	407 468
IT expenses	795 827	433 648
Travel expenses	111 222	422 383
External experts	4 904 487	10 860 416
Other expenses	4 151 261	9 119 938
Earn-out release	0	-10 429 025
<b>Total</b>	<b>22 522 908</b>	<b>19 139 517</b>

### 2.5 Income tax

This years income tax expense consists of	2020	2019
Changes in deferred tax	0	13 722 206
<b>Total tax expense</b>	<b>0</b>	<b>13 722 206</b>

Calculation of this years tax basis:		
Net profit/loss before tax expense	-27 359 104	-30 396 918
Permanent differences *)		0
Changes in temporary differences	-6 718	-2 356 484
<b>Tax basis for the year</b>	<b>-27 365 822</b>	<b>-32 753 402</b>

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Specification of temporary differences		
Fixed assets	6 327 373	5 106 659
Inventory	-1 437 614	
Accruals	-1 919 313	-2 132 931
Total	2 970 446	2 973 728
Accumulated losses carry forward	-120 825 295	-93 459 473
Pension	0	0
Profit and loss account	0	0
Net temporary differences	-117 854 849	-90 485 745
Deferred tax liability (asset) calculated	-25 925 867	-19 906 864
Deferred tax liability (asset) not recognized	25 925 867	19 906 864
Deferred tax liability (asset) in financial statement	0	0

In 2019 the deferred tax asset was fully expensed.

### 3 Notes to the balance sheet

#### 3.1 Assets

##### 3.1.1 Intangible assets

Intangible assets	Intangible rights	Goodwill	Total
Cost 1.3.2020	11 796 000	21 695 442	33 491 442
Cost 28.2.2021	11 796 000	21 695 442	33 491 442
Amortization 1.3.2020	-3 932 000	-14 463 629	-18 395 629
Amortization for disposals			
Amortization for the period	-1 179 600	-4 339 089	-5 518 689
Amortization 28.2.2021	-5 111 600	-18 802 717	-23 914 317
Carrying amounts 28.2.2021	6 684 400	2 892 725	9 577 125

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### 3.1.2 Tangible assets

Tangible assets	Leasehold improvements	Machinery and equipment	Total
Cost 1.3.2020	36 722	30 414 647	30 451 369
Additions		2 217 470	2 217 470
Cost 28.2.2021	36 722	32 632 117	32 668 839
Depreciation 1.3.2020	-12 241	-18 493 368	-18 505 609
Depreciation for the period	-3 672	-6 257 945	-6 261 617
Depreciation 28.2.2021	-15 913	-24 751 313	-24 767 226
Carrying amounts 28.2.2021	20 809	7 880 804	7 901 613
Carrying amounts 29.2.2020	24 481	11 921 279	11 945 761

### 3.1.3 Inventories

Inventories	2020	2019
Materials and supplies	17 305 270	29 830 280
Work in progress	11 726 453	0
Finished goods	8 645 828	3 818 572
Total	37 677 551	33 648 852

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

### 3.1.4 Receivables

#### 3.1.4.1 Non-current receivables

	2020	2019
Receivables from others		
Deferred tax receivables	0	13 722 206
Total		13 722 206

The deferred tax receivables were fully expensed during 2019.

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### 3.1.4.2 Current receivables

	2020	2019
Receivables from others		
Trade receivables	25 916 988	5 975 814
Deferred income and accrued expenses	264 350	1 338 625
Other receivables	0	187 041
Total current receivables	26 181 338	7 501 480

The deferred income and accrued expenses included 9 078 499 NOK receivables related to revenue booked according to POC in 2020.

### 3.1.5 Bank Deposit

The Cash and Cash equivalents, 2 915 391 NOK consist of bank deposits, of which 968 866 NOK is reserved for withholding tax.

## **3.2 Equity and liabilities**

### 3.2.1 Shares and share capital

At reporting date 28.2.2021 the company's registered share capital was 15 000 000 NOK and the number of shares was 30 000. The share premium was 67 500 000 NOK. Completed not registered share capital increase was 42 000 000 NOK. The increase was done in January 2021 by converting loans from the Parent company.



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### 3.2.2 Changes in equity

	2020	2019
Restricted equity		
Share capital beginning of financial period	15 000 000	15 000 000
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
Share premium 28.2.	67 500 000	67 500 000
Completed not registered capital increase	42 000 000	
Result from previous years	-90 485 744	-46 366 620
Result for the financial period	-27 359 104	-44 119 124
Result from previous years 28.2.	-117 844 847	-90 485 744
Total non-restricted equity	-8 344 847	-22 985 744
Total equity	6 655 153	-7 985 744

### 3.2.3 Payables

#### 3.2.3.1 Non-current payables

##### Non-current payables

	2020	2019
Loans from group companies	50 690 580	59 355 186
Total	50 690 580	59 355 186



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### 3.2.3.2 Current payables

Current payables		
	2020	2019
Liabilities to group companies		
Trade payables	1 345 255	3 599 974
Accruals and deferred income	578 345	1 942 762
<b>Total</b>	<b>1 923 600</b>	<b>5 542 736</b>
Liabilities to others		
Advances received	4 293 032	1 299 894
Trade payables	2 961 098	7 783 442
Other liabilities	3 312 091	1 346 308
Accruals and deferred income	12 779 149	3 538 383
<b>Total</b>	<b>23 345 369</b>	<b>13 968 027</b>

The interest margin of the loan from group companies has been reduced from 4% to 2% during the financial year to conform with the interest rate used in the Switch Group. The debt from accrued interest because of the higher interest rate have been forgiven.

### 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	2020	2019
Payable within one year	2 934 827	5 755 726
Payable later	14 580 320	28 008 205
<b>Total</b>	<b>17 515 146</b>	<b>33 763 931</b>

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	2020	2019
Payable within one year	95 456	87 240
Payable later	232 313	29 380
<b>Total</b>	<b>327 769</b>	<b>116 620</b>

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Company id: 917 129 436

## Signatures

14th of May  
Vaasa, of April, 2021

Miika Reinikka  
CEO and Chairman of the Board

Paul Atherton  
Member of the Board

Milla Häggblom  
Member of the Board



Statsautoriserte revisorer  
Ernst & Young AS  
Thormøhlens gate 53 D, NO-5006 Bergen  
Postboks 6163, NO-5892 Bergen

Foretaksregisteret: NO 976 389 387 MVA  
Tlf: +47 24 00 24 00  
Fax:  
www.ey.no  
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 31 December 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 28<sup>th</sup> February 2021 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, 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.

#### 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



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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: ND3FN-UIB55-UNNZ8-CW175-ABCZ5-AXUIZ



Bergen, 21 May 2021  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kjetil Håvardstun  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: ND3FN-UJ855-UNNZ8-CW175-ABCZ5-AXUJZ



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## Kjetil Håvardstun

Partner

På vegne av: Ernst & Young AS

Serienummer: 9578-5999-4-1198525

IP: 145.62.xxx.xxx

2021-05-21 10:26:42Z



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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](http://www.skatteetaten.no) 800 80 000  
Org.nr: 996250318 Telefax  
E-mail: [skatteetaten.no/sendepost](mailto: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*