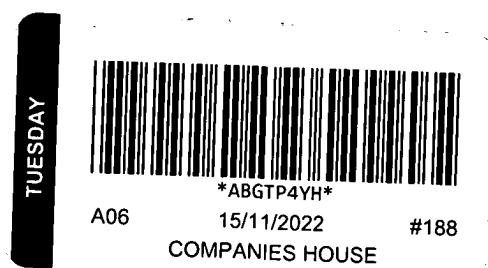


EVOBUS (UK) LIMITED

REGISTRATION NUMBER 02882442

ANNUAL REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2021



**EVOBUS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021**

Company information

Directors R Biondi
J Heinemann

Company secretary K Marsden

Registered number 02882442

Registered office Ashcroft Way
Cross Point Business Park
Coventry
CV2 2TU

Independent auditor KPMG LLP
58 Clarendon Road
Watford
WD17 1DE

EVOBUS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2021

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**EVOBUS (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present the Strategic Report for Evobus UK Limited (the "Company") for the year ended 31 December 2021.

Principal activities

The principal activity of the company is the importation, distribution and after-sales service of Mercedes Benz buses and coaches across the UK and Ireland as a fully owned subsidiary of the Daimler Truck Group.

Business Review

Similar to all competitors our business volume continued to suffer into 2021 because of the immensely negative effect of the COVID-19 Pandemic on the bus and coach industry. The continued COVID-19 impact saw EvoBus ending hugely below the average yearly unit sales in 2021. Although the company experienced a significant impact from the pandemic in 2021, our operating profit ended on £3.4 million (2020: £0.9 million).

Market figures recorded by Society of Motor Manufacturers and Traders (SMMT) showed an extraordinary decline in the registrations for buses and coaches to a volume of 1,380 in 2020 compared with 2,770 vehicles in the pre pandemic year 2019. Unfortunately for 2021 there was a further reduction in registrations bringing it down to 1,150. This market development had a direct impact on our market performance. At the point of submission of these accounts, the information from SMMT was 925 registrations for Bus and Coach up to Aug 2022 with the expectation of around 1,500 registrations by the end of the year, which is back to a level slightly higher than 2020 yet still not back to pre-pandemic levels.

The shift away from 12-metre heavy-duty buses and articulated buses towards lightweight buses and double decker throughout the UK has significantly reduced the opportunities available to sell our bus products to UK operators. With the shift to electric vehicles, we now see again an encouraging interest in our new eCitaro product. The vehicle was successfully launched during the first ITT HUB exhibition event in Farnborough June 2021. The response from customers and the press were very supportive. Since then the vehicle has been constantly on demonstration tours with major operators and customers and we expect the first orders from the later part of 2022.

For our coach segment, there is a very positive trend, as towards the end of 2021 the order intake improved resulting in a solid order bank steering us into 2022. The company expects a further recovery over the next two years, however not to the full pre pandemic levels.

Our workshop and parts operations continued with a steady revenue stream throughout the pandemic and started to pick up from mid-2021. With a massive improvement on pre pandemic sales for 2022.

In November 2021, Daimler Truck AG spun off from Daimler AG into it's own separate market listing. This means EvoBus UK is now a fully owned subsidiary of Daimler Truck AG.

Future prospects

Our Turismo coach, as a flagship product has found customers' broad acceptance and we would have expected a positive and sustainably high sales level if the COVID 19 pandemic had not taken place. The company further strengthened its business activities in the Republic of Ireland, Northern Ireland, Scotland and northern part of England to utilise an additional potential to grow. Business is still building up after the global pandemic however the local tour operators have proven resilient and we expect our business to grow along with their development. The international travelling sectors and the related transport might take slightly longer to recover.

In line with the changing customer requirements for electric city buses, Evobus (UK) Limited are heavily preparing for participation in this developing market segment. Further services supporting the bus operators and the electrification of bus depots will become part of our portfolio.

We will strive to continuously look for new potentials within the Sales and Aftersales area. Evobus (UK) Limited is also constantly improving the Dealer Network and Mobile support in order to maintain the highest level of commitment and support to our Customers

EVOBUS (UK) LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Principal risks and uncertainties

The company operates in a very competitive environment with a limited product portfolio. The success of the business depends on good customer relationships and excellence in delivered products and services. The company is focused on that and handles all customers' queries with fast response times and with necessary diligence. The management and the team approach all identified deficiencies to eliminate failures and make improvements, and are confident that by doing so it will strengthen the company's market position.

The management continues to focus on a sustainable business development with customers and service partners. The company is also seeking closer cooperation with the other UK based Daimler Truck Group subsidiaries. Given the financial and strategic support from Daimler Truck group, the directors feel confident that financial risk for the company is minimised.

As previously mentioned, our business depends on the Tourism industry, with this in mind the company intends to continuously extend its product portfolio where possible to put us in a good position within the market place going forward as the recovery for the Tourism industry continues post pandemic.

Subsequent to Brexit, the business has dealt with all anticipated costs and administration effects, in particular Import duties and related outlays, and through the backing and continuous support of the Daimler Truck Group we confidently minimised the effects on the business.

Section 172 Statement

The revised UK Corporate Governance Code places several obligations on Company Directors. This includes a requirement for Directors to consider the long-term effects of decisions made on a wide stakeholder group and on the environment in which the company operates. On top of this, there is a clear requirement to consider the fair treatment of everyone associated with the Company.

Long Term Decisions

The Directors take a long-term view in all their decision-making, and so our evaluations and choices are continuously made with the future strategic goals of the Company in mind. As seen in the Daimler Sustainability Report, the industry landscape is changing, and Directors decisions have to take into account the United Nations' Sustainable Development Goals. Within the UK, we are aligning ourselves within the Ultra-Low Emission approach as well as the electrification of public transport

Culture

The Directors recognise that they have an important role in ensuring that the desired culture is reflected in the values, attitudes, and behaviours demonstrated throughout the Company. The Directors have established respect, passion, discipline and integrity as the four core values. Within the Company we have established a Colleague consultation group with open invites to all employees, where all have the voice and support to make changes culturally as well as operationally. As a company, we support several colleague led charity events year on year.

Sustainability

As part of the Daimler Truck Group continuous sustainability is a crucial factor that the Directors recognise as influential in the worldwide corporate domain, particularly in the motor industry. This is driven by six key themes; Climate Protection & Air Quality, Resource Conservation, Liveable Cities, Traffic Safety, Data Responsibility, and Human Rights. The Company recognises three enablers for these themes, which focus on key stakeholder groups. The firstly, Integrity, which is achieved by strengthening trust and relationships by remaining compliant with laws and regulations. Secondly, People, the Company promotes diversity and equality as well as successfully allowing employees to address the challenges of a digital world. The final enabler is Partnerships, enabling a clear and reliable platform of communication, which considers internal and external expectations. On a local stage, we have an internal team working on sustainability awareness, to identify what we as a company and employees can do to reduce our carbon footprint and contribute to our global carbon neutral goals. In addition, the electricity contract for our two sites is sourced from 100% UK renewable energy. For more detail on the Company's position on sustainability, please visit the corporate website at: www.daimlertruck.com/sustainability.

EVOBUS (UK) LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Going Concern

The Board of Management continuously review and maintain the economic status and predictions of the company, making informed agile decisions and taking necessary actions in order to control costs and optimise the company's cash flow and liquidity. The company's vehicle sales units in 2022 are more than double the 2021 actuals, bringing with it an improved Cash flow situation in 2022. Consequently, the directors are confident that the company has sufficient funds to operate as a going concern. Refer to Going Concern in the Notes Section 1.2 for details.

Stakeholders

The main stakeholders identified by the Company, and the measures we take to ensure they are treated fairly, can be seen below.

Stakeholder	Why are they important	How we engage and consider their interests
Customers	Customers are at the core of what we do as customer satisfaction creates brand loyalty. Staying informed on customer needs allows us to adapt our strategies to ensure we keep up to date in a constantly changing industry.	Due to the retail nature of the Bus and Coach Industry we are engaging by; Individual Customer contact by Sales people and Aftersales people Request and respond to feedback from the entire customer journey. Communicating through our Key Accounts Network
People	Our colleagues are the primary reason for the ongoing success of our business	We engage by; Hosting Town Halls, including Q&A at the end for employees to express opinions or ask questions. Holding regular Company and team events. Monthly communications sharing news across the Company. Regular employee engagement surveys. Offering employee assistance programs, including financial and mental wellbeing support. Feedback Culture as part of our main leadership principles.
Community	Our engagement with, and impact on, the communities we operate in can build or break brand reputation.	We engage by; Proactively participating within Industry bodies and associations. Continually develop our sustainability initiatives to improve our global environmental footprint.
Government and regulators	We are proactive with our engagement with regulators and government bodies to ensure we are abiding to guidelines.	We engage by; Ensuring regulators and government bodies get adequate communication from relevant Company representatives. Undergo relevant voluntary reviews and audits by industry bodies in order to keep certifications up to date.

EVOBUS (UK) LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Stakeholder	Why are they important	How we engage and consider their interests
Investors/Shareholders	We rely on shareholder support in the wider group to allow the Company to achieve its long-term goals	We engage by; Reporting local results, and factors affecting those results, through the wider group. Ensuring value is achieved in projects and in ongoing operations.
Suppliers	Maintaining good, solid working relationships with our suppliers is important and a key part of our business	We engage by; Maintaining good communication and working relationships. Implementing SLA's where appropriate to keep a supplier engaged and interested.

By order of the board



Jens Heinemann
Director

**EVOBUS (UK) LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

The directors present their annual report and financial statements for the year ended 31 December 2021.

Proposed dividend

The directors do not recommend the payment of a dividend (2020: £nil).

Directors

The directors who held office during the year were as follows:

R G W Biondi
M Thielmann

Political contributions

The Company made no political donations or incurred any political expenditure during the current or previous year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Streamlined Energy and Carbon Report (SECR)

This document has been prepared to summarise the companies environmental reporting in accordance with SECR requirements. The company's SECR disclosure presents the carbon footprint, together with appropriate intensity metric and total use of electricity, gas and transport fuels

Reporting Period - Report for accounts made up to 31 December 2021

Reasons for Change in Emissions

In the reporting period the Company demonstrated an increase in both electricity and gas consumption due to addition of a new site. Both Scope 1 & 2 impact of this additional consumption was reduced by the grid's decarbonisation.

In the period covered by the report the Company has still been impacted by covid19 and lockdowns and has therefore not implemented any energy efficiency actions.

Methodology

Ista Energy Solutions was appointed as the specialist service adviser to quantify the Greenhouse Gas (GHG) emissions associated with the Company's operations.

The UK Government's Condensed Greenhouse Gas conversion factors for 2020 have been applied to calculate the carbon emissions to the following reporting standards:

- > The Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004).
- > The Greenhouse Gas Protocol – Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015).
- > The Greenhouse Gas Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011).
- > Where data was missing, values were estimated using an extrapolation of available data or ESOS Phase 3 information.

An operational control approach has been used to define the Company's organisational boundary. This is the basis for determining Scope 1 and Scope 2 emissions for which the Company is responsible.

EVOBUS (UK) LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021
Streamlined Energy and Carbon Report (SECR) (continued)

Base Year

A rolling base year has been selected. The choice was made as it is only the second year of SECR and it was deemed more reliable to embed emissions reporting before selecting a base year.

The 2018 Streamlined Energy & Carbon Reporting was formulated by the UK Government to replace and simplify the CRC Energy Efficiency Scheme (CRC) formerly known as the Carbon Reduction Commitment.

The Companies Act 2006 Regulations 2013 amendment required quoted companies to report their annual emissions and an intensity ratio in their Directors' Report. The 2018 Regulations brings additional requirements, alongside requirements for large unquoted companies and limited liability partnerships to disclose their annual energy use and greenhouse gas (GHG) emissions, and related information.

An organisation qualifies for participation if it meets two or more of these criteria:

- Employs 250 or more people
- Annual turnover £36 million or more
- Balance sheet total of £18 million or more

Breakdown of energy consumption used to calculate emissions (kWh)

Energy Type	2021	2020
Mandatory energy:	kWh	kWh
Gas	806,602	633,898
Purchased electricity	241,410	208,684
Transport Fuel	1,028,497	200,242
	<u>2,076,509</u>	<u>1,042,824</u>

Breakdown of emissions associated with the reported energy use (kgCO₂e):

Emission source:	2021	2020
Mandatory emissions:	tCO ₂ e	tCO ₂ e
Scope 1: Gas	148	116
Transport - company-owned vehicles	243	216
Scope 2: Purchased electricity	52	49
Scope 3: Transport - business travel in employee-owned vehicles	0.5	0.2
Total gross tCO₂e based on above	<u>443</u>	<u>381</u>

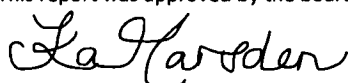
Intensity ratios (mandatory emissions only)

Tonnes of CO ₂ e per million pounds of turnover	8.1	7.9
Tonnes of CO ₂ e per employee	574.8	432.9

Intensity Ratio

The intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) as per total million pounds (£m) turnover. This financial metric is considered the most relevant to the company's energy consuming activities and provides a good comparison of performance over time and across different organisations and sectors.

This report was approved by the board on 3 November 2022 and signed on its behalf by



Karla Marsden
 Company Secretary
 Ashcroft Way, Cross Point
 Business Park, Coventry
 West Midlands, CV2 2TU

Date: 03.11.2022

EVOBUS (UK) LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

The Directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101: Reduced Disclosure Framework ("FRS 101").

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. . They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

EVOBUS (UK) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVOBUS (UK) LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Evobus UK Limited ("the Company") for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk that fraudulent revenue recognition, in particular the risk that revenue from 'bill and hold' transactions and revenue from used and new vehicle sales occurring around the year-end is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries through the overriding of internal controls.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Company-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual revenue combinations, unusual cash combinations and journal entries containing key words.
- Testing a sample of pre and post year end revenue transactions to assess whether revenue has been recorded in the correct period.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items

Secondly, the Company is subject to many other laws and regulations where the consequences of noncompliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate. We identified the following areas as those most likely to have such an effect: GDPR Compliance, Health and safety, anti-bribery, employment and environmental legislation. Auditing standards limit the required audit procedures to identify noncompliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing noncompliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

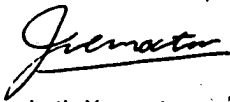
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Justin Vermooten
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
58 Clarendon Road
Watford
WD17 1DE

4 November 2022

EVOBUS (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	47,852	45,520
Cost of sales		<u>(44,016)</u>	<u>(34,211)</u>
Gross profit		3,836	11,309
Other income	2b	7,397	622
Administration expenses		<u>(7,880)</u>	<u>(11,002)</u>
Operating profit	4	3,353	929
Interest payable and similar charges	7	<u>(163)</u>	<u>(392)</u>
Profit on ordinary activities before tax		3,190	537
Taxation	8	<u>(618)</u>	<u>(118)</u>
Profit on ordinary activities after taxation for the financial year		<u>2,572</u>	<u>419</u>
Other comprehensive income:			
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the financial year		<u>2,572</u>	<u>419</u>

The notes on pages 17 to 32 form part of these financial statements.

EVOBUS (UK) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER 2021

	Notes	2021 £'000	2020 £'000
Fixed Assets			
Tangible assets	9	17,066	30,352
Current assets			
Stocks	10	16,522	28,613
Debtors	11	6,273	9,224
Cash at bank and in hand		4,537	-
Total current assets		<u>27,332</u>	<u>37,837</u>
Creditors: amounts falling due within one year	12	<u>(20,225)</u>	<u>(33,712)</u>
Net current assets		7,107	4,125
Total assets less current liabilities		24,173	34,477
Creditors: amounts falling due after more than one year	13	(11,520)	(23,599)
Net assets		<u><u>12,653</u></u>	<u><u>10,878</u></u>
Capital and reserves			
Call up share capital	16	8,700	8,700
Profit and loss account		3,953	2,178
Shareholder' funds		<u><u>12,653</u></u>	<u><u>10,878</u></u>

The financial statements were approved and authorised for issue by the board of directors on 3 November 2022 and signed on its behalf by:

Jens Heinemann

Jens Heinemann
Director
Company number 02882442

EVOBUS (UK) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up Share capital £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2020	8,700	1,759	10,459
Total comprehensive income for the period profit or loss	-	419	419
Total comprehensive income for the period profit or loss	-	419	419
Balance at 31 December 2020	8,700	2,178	10,878
	Called up Share capital	Profit and loss account	Total equity
Balance at 1 January 2021	8,700	2,178	10,878
Total comprehensive income for the period profit or loss	-	1,775	1,775
Total comprehensive income for the period profit or loss	-	1,775	1,775
Balance at 31 December 2021	8,700	3,953	12,653

The notes on pages 17 to 32 form part of these financial statements.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies

Evobus (UK) Limited (the "Company") is a company limited by shares, incorporated and domiciled in the UK. Registration number 02882442 Registered Office: Ashcroft Way, Cross Point Business Park, Coventry CV2 2TU

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the disclosure required by IFRS 13 Fair Value Measurement.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below FRS 101 disclosure exemptions taken.

The Company's ultimate parent undertaking, Daimler Truck AG includes the Company in its consolidated financial statements. The consolidated financial statements of Daimler Truck AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Daimler Truck AG, 70546, Stuttgart, Germany.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets,
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Daimler AG include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

EvoBus UK Limited are able to continue to follow the standard Daimler Truck AG funding procedures which are available to all Group Companies to ensure they have access to funds sufficient to meet their payment obligations as per the Daimler Truck AG Capital Structure Policy. All funding for the Company is internal and is expected to be available pursuant to the terms of the Capital Structure Policy as long as Daimler Truck AG remains in control of the Company. As previously announced, on 1 December 2021 the demerger and spin off of Daimler Truck AG from Daimler AG took place. Daimler Truck AG is now separately publicly listed in Germany with Daimler AG retaining a minority shareholding. The previously existing cash-pooling and central treasury arrangement continued under the new group. As a result management have not forecast any significant impact on the cash balances or the availability of their funds in the cash pool account.

As with any Company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. In forming their conclusion, the directors have made appropriate inquiries of the parent Company and considered the proposed new ownership structure and have not identified any matters which impact its conclusions regarding the ability of the Company to continue as a going concern.

Cash flow forecasts covering up to 31 December 2023 were based on the mid-year newly revised planned units and revenues, which considered severe but plausible downside scenarios such as the current global supply issues on semi-conductors and impacts of the War in Ukraine, along with the UK Bus and Coach Market situation. Large increases for gas and electricity supplies, have also been reflected within the cash flow forecasts. Included in the cash projections were further Covid-19 business impacts based on trading experience of the entity through the lockdown period commencing in Spring 2020.

Consequently, the directors are confident that the Company has sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

As detailed in the Strategic Report the COVID-19 pandemic restrictions continued to affect business into 2021, and is anticipated to impact revenues for the short term until the tourism sector recovers.

The Board of Management continuously review and maintain the economic status and predictions of the company, and make agile and informed decisions and actions to control costs and optimise the company's cash flow and liquidity, including postponing capital expenditure and projects, head count freezing and reducing working hours when necessary.

In November 2021, EvoBus UK repaid in full a loan due to Daimler Truck AG.

As EvoBus (UK) Limited is part of the Daimler Truck Group, the Company follows international tax laws, which lead to determined Return on Sales targets. Any deviation of these targets would be expected to lead to adjustment measures according to our transfer price policy (arm's length principle).

**EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

1. Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account except for differences arising on the retranslation of qualifying cash flow hedges, which are recognised in other comprehensive income.

1.4 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- Buildings - over 50 years – straight line
- plant and equipment – over 4-6 years
- fixtures and fittings – over 4-6 years
- Motor vehicles – over 6-10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.7 Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value Through Profit and Loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; Fair Value through Other Comprehensive Income (FVOCI) – equity investment; or Fair Value Through Profit and Loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

(iii) Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk

(iv) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(v) Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

1.8 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.9 Employee benefits

Defined contribution plans

The company is a member of the group personal pension plan with an insurance company and makes contributions into employees' accounts on a money purchase basis. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

1.10 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.11 Turnover

Revenue from sales of vehicles, service parts and other related products is recognised when control of the goods is transferred to the customer. This generally occurs at the time the customer takes possession of the products. Payment from sales of vehicles, service parts and other related product is made when the customer obtains control of these products. Customers may purchase their vehicle via a financing company.

Revenue recognition from the sale of vehicles for which the company enters into a repurchase obligation is dependent on the form of the repurchase agreement:

Where the company enters into agreements with a customer where it sells buses or coaches but it retains the responsibility to purchase back the vehicles at a predetermined price which represents at least the market value of the vehicles at the end of the contract (i.e. the company provides residual value guarantee to the buyer), such transactions are treated as operating leases. Therefore, the vehicles are capitalised in fixed assets, the liability to repurchase the vehicles is presented in other creditors and the residual sale proceeds are recorded as deferred income and recognised over the life of the repurchase agreement.

Arrangements such as when Evobus (UK) Limited provides customers with a guaranteed minimum resale value (residual-value guarantee) it does not constrain the customers in their ability to direct the use of, and obtain substantially all of the benefits from the asset. At contract inception of a sale with a residual-value guarantee, revenue therefore has to be recognised however adjusted accordingly as per the leased assets element into deferred income.

The company also underwrites the guaranteed buyback price on certain vehicles that have been sold through a group Finance Company via the process above. At the point of sale it cannot be known whether or not these vehicles will be sold to the ultimate customer with a guaranteed buyback commitment and as such revenue is recognised on transfer to the group company. Controls are in place for intergroup transactions via month end Closing processes and dual reconciliation approvals.

The company offers extended, separately priced warranty for certain products as well as service and maintenance contracts. Revenue from these contracts is deferred insofar as a customer has made an advance payment and is generally recognised over the contract period in proportion to the costs expected to be incurred based on historical information. A loss on these contracts is recognised in the current period if the sum of the expected costs for services under the contract exceeds unearned revenue. Usually those contracts are paid in advance or in equal instalments over the contract term.

For multiple-element arrangements, such as when vehicles are sold with free or reduced-in-price maintenance programs or with free online services, the company allocates revenue to the various elements based on their estimated relative stand-alone selling prices. To determine stand-alone selling prices, Evobus (UK) Limited primarily uses price lists with consideration of average price reductions granted to its customers

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.11 Turnover (Continued)

Evobus (UK) Limited uses a variety of sales promotion programs dependent on various market conditions as well as the respective product life cycles and product-related factors (such as amounts of discounts offered by competitors, excess industry production capacity, the intensity of market competition and consumer demand for the products). These programs comprise of discounts to customers which are reported as revenue recognised net of sales reductions such as cash discounts and sales incentives granted.

1.12 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

fixed payments, including in-substance fixed payments;

- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the re-measurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'creditors' in the statement of financial position.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1. Accounting policies (continued)

1.12 Leases (continued)

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

Interest receivable and interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

1.14 Grants

Government grants are recognised when there is a reasonable assurance that the grant conditions will be met and the grants will be received. Grants related to income are required to be presented as a part of profit or loss, either separately or under a general heading such as 'Other income'.

JRS grant income has been recognised in the period to which the underlying furloughed staff costs relate to. The payroll liability has been incurred by the company, and it has therefore met the conditions to claim for that payroll accounting period.

2. Turnover

	2021	2020
	£'000	£'000
Sales of goods	31,048	34,132
Rendering of services	2,674	2,630
Revenue from leases	14,130	8,758
	<u>47,852</u>	<u>45,520</u>

Primary geographical markets

Sale of goods		
UK	43,600	39,145
EU	1,579	3,745
Rendering of services		
UK	1,626	988
EU	1,047	1,642
	<u>47,852</u>	<u>45,520</u>

2b. Other income

	2021	2020
	£'000	£'000
Gain on termination of lease	-	5
i JRS grants received	447	617
ii Market support received from EvoBus GmbH	6,950	-
	<u>7,397</u>	<u>622</u>

i The company has recognised other income referring to Coronavirus Job Retention Scheme grant introduced by the UK government in 2020 to assist employers to maintain their workforce whilst affected by the pandemic and enable staff to be furloughed.

ii The company received market support at the end of the year from EvoBus GmbH, in line with the group transfer pricing policy (arm's length principle).

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

3. Expenses and auditor's remuneration	2021	2020
<i>Included in profit/loss are the following:</i>	£'000	£'000
	55	22

Auditor's remuneration:

Audit of these financial statements

4. Operating profit

	2021	2020
Operating profit for the year is stated after charging / (crediting):	£'000	£'000
Exchange (gains)/losses	58	(320)
Depreciation on property, plant and machinery	352	458
(Profit)/Loss on disposal of property, plant and equipment	1	(5)

5. Staff costs and directors' remuneration

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Sales, workshop and parts	32	53
Administrative and aftersales service	45	35
	77	88

The aggregate payroll costs of these persons were as follows:

	2021	2020
	£'000	£'000
Wages and salaries	3,619	3697
Social security costs	358	422
Other pension costs	409	433
	4,386	4,552

The company has included within wages and salaries direct labour and sales commissions relating to employees £1,265 (2020: £1,438).

Directors' remuneration

	2021	2020
	£'000	£'000
Directors' remuneration	166	188

The company operates an interest free loan scheme open to all eligible employees on equal terms to enable such employees to acquire cars for their own use. The relevant amount for the year in respect of M. Thielmann is £47,475 (2020: £47,475). The emoluments for the year of the higher paid director were £166,463 (2020: £188,000).

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

6. Related party transactions

Transaction in the year ended 31 December 2021			
	Sales and Services rendered	Supplies and Services rendered	Interest income / (expense)
	£'000	£'000	£'000
EvoBus GmbH	1,158	(48,461)	
EvoBus France	2	(2)	
EvoBus Switzerland	3	(3)	
EvoBus Belgium	1	(1)	
EvoBus Sweden	2	(2)	
Daimler Truck AG	5	(38,030)	(10)
Mercedes Benz Truck UK	-	(17,257)	
	<u>1,171</u>	<u>(86,498)</u>	<u>(10)</u>

Transaction in the year ended 31 December 2020			
	Sales and Services rendered	Supplies and Services rendered	Interest income / (expense)
	£'000	£'000	£'000
EvoBus GmbH	1,596	(44,090)	
EvoBus France	1	(2)	
EvoBus Switzerland	1		
EvoBus Netherlands	1	(1)	
EvoBus Austria	3	(3)	
EvoBus Spain	2	(2)	
EvoBus Poland	1	(1)	
Daimler Truck AG	24	-	
Mercedes Benz Turkey	4	-	
Mercedes Benz UK Cars	-	(26)	
EvoBus Portugal	3	(3)	
Daimler AG	37	(29)	
Mercedes Benz Truck UK	-	(39)	
	<u>1,673</u>	<u>(44,195)</u>	<u>-</u>

7. Other interest payable and similar charges

	2021	2020
	£'000	£'000
Interest payable to Group undertakings	140	364
Interest on lease liabilities	23	28
Total interest payable and similar charges	<u>163</u>	<u>392</u>

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

8. Taxation

Recognised in the profit and loss account

	2021	2020
	£'000	£'000
Current tax		
UK corporation tax on profits of the period	610	134
Adjustment in respect of prior years	-	-
Total current tax	<u>610</u>	<u>134</u>
Deferred tax (<i>see note 14</i>)		
Current year	19	(11)
Effect of changes in tax rates	(11)	(5)
Total deferred tax	<u>8</u>	<u>(16)</u>
Tax expense on profit on ordinary activities	<u>618</u>	<u>118</u>

Reconciliation of effective tax rate	2021	2020
	£'000	£'000
Profit for the year	2,572	419
Total tax expense	<u>618</u>	<u>118</u>
Profit excluding taxation	<u>3,190</u>	<u>537</u>

Tax using the UK corporation tax rate of 19.00% (2020: 19%)	604	102
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Effects of:

- Expenses not deductible for tax purposes	28	21
- Income not taxable	(3)	-
- Tax rate changes	(11)	(5)
Total tax charge for the period	<u>618</u>	<u>118</u>

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

9. Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Office Fixtures & Fittings	Plant and equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
Balance at 1 January 2021	7,032	35,307	552	1,175	44,066
Additions	-	1,878	36	176	2,090
Additions to ROU assets	-	5	-	-	5
Disposals	-	(20,627)	(50)	(5)	(20,682)
Termination of ROU assets	-	-	-	-	-
Balance at 31 December 2021	7,032	16,563	538	1,346	25,479
Depreciation					
Balance at 1 January 2021	1,688	10,698	463	865	13,714
Charge for the year	90	2,842	32	48	3,012
Charge for the year ROU assets	162	71	-	19	252
Disposals	-	(8,540)	(20)	(5)	(8,565)
Disposal of ROU assets	-	-	-	-	-
Balance at 31 December 2021	1,940	5,071	475	927	8,413
Net book value					
At 1 January 2021	5,344	24,609	89	310	30,352
Balance at 31 December 2021	5,092	11,492	63	419	17,066

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 1.12)

	Freehold Land & Buildings	Motor Vehicles	Plant & Machinery	Total
	£'000	£'000	£'000	£'000
Balance at 1 January 2021	1590	147	52	1,789
Additions to ROU assets	-	5	-	5
Depreciation charge for the year	(162)	(71)	(19)	(252)
Termination of right-of-use asset	-	-	-	-
Balance at 31 December 2021	1,428	81	33	1,542

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2021	2020
	£'000	£'000
2021 - Leases under IFRS 16		
Interest expense on lease liabilities	23	28
Expenses relating to short-term leases	29	204
Expenses relating to leases of low-value assets accounted, excluding short-term leases of low-value assets	7	20
	59	252

EVOBUS (UK) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Notes (continued)

10. Stocks

	2021	2020
	£'000	£'000
New vehicles	11,450	20,862
Used vehicles	2,116	4,459
Vehicle parts and accessories	2,956	3,292
	<u>16,522</u>	<u>28,613</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £33,716,826 (2020: £31,085,253) . The write-down of stocks to net realisable value amounted to £4,481,852 (2020: £6,020,300) .

11. Debtors

	2021	2020
	£'000	£'000
Trade debtors	1,138	1,291
Amounts owed by group undertakings	4,524	7,147
Deferred tax assets (see note 13)	48	56
Corporation tax	425	563
Prepayments and accrued income	138	167
	<u>6,273</u>	<u>9,224</u>

12. Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Bank overdraft	0	2
Trade creditors	107	156
Amounts owed to group undertakings	14,530	25,428
Taxation and social security	1,355	309
Corporation tax	0	0
Accruals and deferred income	3,733	7,400
Contract liabilities	451	326
Lease liabilities - IFRS 16	49	91
	<u>20,225</u>	<u>33,712</u>

Included in group undertakings is a 12 month term loan of £25 million which matured in November 2021 and was fully repaid at this date with an interest accruable per month at a rate of 0.578 percent p.a. Besides the term loan all other amounts owed to group undertakings are repayable on demand and do not attract any interest.

13. Creditors: Amounts falling due after more than one year

	2021	2020
	£'000	£'000
Accruals and deferred income		
Between 1-2 years	2,372	3,228
Between 2-5 years	7,237	3,246
5 years and over	578	15,593
Lease liabilities - IFRS 16	1,333	1,532
	<u>11,520</u>	<u>23,599</u>

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Notes (continued)

14. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	29	-			29	-
Temporary differences	(77)	(56)			(77)	(56)
	<u>(48)</u>	<u>(56)</u>	<u>-</u>	<u>-</u>	<u>(48)</u>	<u>(56)</u>

Movement in deferred tax during the year

	1 January 2021 £'000	Recognised in income £'000	31 December 2021 £'000
Tangible fixed assets	-	29	29
Temporary differences	(56)	(21)	(77)
	<u>(56)</u>	<u>8</u>	<u>(48)</u>

Movement in deferred tax during the prior year

	1 January 2020 £'000	Recognised in income £'000	31 December 2020 £'000
Tangible fixed assets	2	(2)	-
Temporary differences	(42)	(14)	(56)
	<u>(40)</u>	<u>(16)</u>	<u>(56)</u>

15. Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £408,076 (2020: £433,450)

16. Capital and reserves

Share capital

In thousands of shares

On issue at 1 January 2021 and 31 December 2021

Allotted, called up and fully paid

Ordinary shares of £1 each

Ordinary shares	
2021	2020
<u>8,700</u>	<u>8,700</u>
2021	2020
£'000	£'000
<u>8,700</u>	<u>8,700</u>
<u>8,700</u>	<u>8,700</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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Notes (continued)

17. Related parties

All related party transactions disclosed in note 6 at the period end. The Directors follow the Related Party requirements, where quarterly Declarations are made and minuted within the Board Minutes.

18. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of EvoBus GmbH, this change took place in November 2018 with ownership moving from Daimler UK Limited. The ultimate controlling party as of 9 December 2021 is Daimler Truck AG.

The largest group in which the results of the Company are consolidated is that headed by Daimler Truck AG, incorporated in Germany. No other group financial statements include the results of the Company. The consolidated financial statements of these groups are available to the public and may be obtained from Daimler Truck AG, 70546, Stuttgart, Germany.

19. Accounting estimates and judgements

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience, and a verifiable calculation is made on the basis of a probability of default in line with IFRS 9. See note 10 for the net carrying amount of the debtors which is net of associated impairment provision.

The company expect an increase in the impairment of debtors due to the higher risk of customer liquidation due to the COVID 19 pandemic and the affect this has had on businesses globally.

20. Contingent Liabilities

Since the year end, the company is one of several parties that have had a claim made against them by an Irish customer in connection with the previous purchase of buses. Following consultation with external and Internal legal counsel it has been deemed at this point in time that it is unlikely that liability of the company will be established at trial. At this phase of the claim, it is not practical to provide further analysis in these financial statements