

Envision Energy (Denmark) ApS

Randersvej 2a, DK-8600 Silkeborg

CVR no. 31 49 25 21

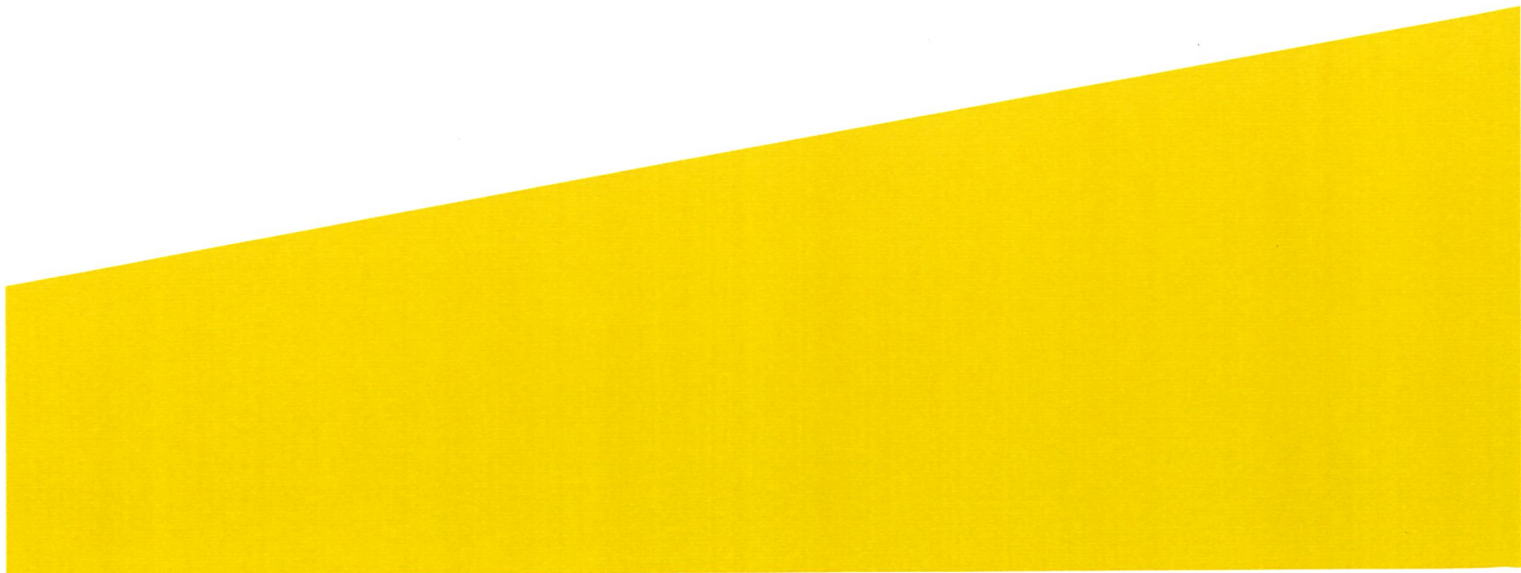
Annual report

for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 28 August 2020

Chairman:

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Envision Energy (Denmark) ApS for the financial year 1 January - 31 December 2019.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

I recommend that the annual report be approved at the annual general meeting.

Silkeborg, 28 August 2020
Executive Board:

Lei Zhang
CEO

A handwritten signature in black ink, appearing to be 'L Zhang', written over a horizontal dotted line.

Independent auditor's report

To the shareholders of Envision Energy (Denmark) ApS

Opinion

We have audited the financial statements of Envision Energy (Denmark) ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of 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 in preparing the financial statements 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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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.

Independent auditor's report

- ▶ 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 in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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 Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 28 August 2020
Ernst & Young
CVR no. 30 70 02 28



Kim R. Mortensen
State Authorised Public Accountant
mne18513



Management's review

Company details

| | |
|----------------------------|--------------------------------------------------------------------------------------------------------------|
| Name | Envision Energy (Denmark) ApS |
| Address, Postal code, City | Randersvej 2a, DK-8600 Silkeborg |
| CVR no. | 31 49 25 21 |
| Established | 17 June 2008 |
| Registered office | Silkeborg |
| Financial year | 1 January - 31 December |
| Website | www.envisioncn.com |
| Telephone | +45 72 44 44 39 |
| Executive Board | Lei Zhang, CEO |
| Auditors | Ernst & Young Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark |

Management's review

Financial highlights

| DKK'000 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------------------------------------|--------|---------|---------|---------|---------|
| Key figures | | | | | |
| Revenue | 83,613 | 142,397 | 115,463 | 155,115 | 100,442 |
| Gross profit | 54,452 | 81,716 | 58,972 | 77,787 | 65,410 |
| Profit before interest and tax (EBITA) | 6,443 | 10,299 | 9,742 | 7,758 | 4,645 |
| Net financials | 1,583 | 1,071 | -4,504 | -652 | 1,986 |
| Profit for the year | 6,190 | 8,854 | 4,057 | 5,642 | 4,948 |
| Fixed assets | 14,683 | 34,760 | 53,625 | 59,727 | 76,579 |
| Non-fixed assets | 57,677 | 57,176 | 29,714 | 31,879 | 53,712 |
| Total assets | 72,360 | 91,936 | 83,339 | 91,606 | 130,291 |
| Investment in property, plant and equipment | -87 | -5,554 | -2,193 | -649 | -21,215 |
| Share capital | 125 | 125 | 125 | 125 | 125 |
| Equity | 50,373 | 44,183 | 35,329 | 31,272 | 25,630 |
| Current liabilities other than provisions | 17,992 | 40,789 | 46,126 | 57,792 | 100,213 |
| Financial ratios | | | | | |
| Operating margin | 7.7% | 7.2% | 8.4% | 5.0% | 4.6% |
| Gross margin | 65.1% | 57.4% | 51.1% | 50.1% | 65.1% |
| Equity ratio | 69.6% | 48.1% | 42.4% | 34.1% | 19.7% |
| Average number of employees | 41 | 45 | 42 | 35 | 30 |

The financial ratios stated in the survey of financial highlights have been calculated as follows:

| | |
|--------------------|--------------------------------------------------------------------------------------------|
| Operating margin | $\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$ |
| Gross margin ratio | $\frac{\text{Gross margin} \times 100}{\text{Revenue}}$ |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |

Management's review

Business review

Envision Energy (Denmark) ApS has been established to accommodate Envision's Global Innovation Centre, where experienced development engineers with a background from the wind industry are focusing on innovation, technology, and product development.

The GIC plays a significant role in supporting the Chinese organisation with the development of key components for wind turbines mainly for the Chinese market.

In 2019 the GIC decommissioned the EN 128 3.6 Technology Demonstrator in Thyborøn, Denmark, which has been in operation since November 2012. Envision is still operating the EN-120 3.0 Prototype in the National Test Centre, Østerild, Denmark, which will be decommissioned in the second half of 2020.

A continued focus was kept on analysing and testing of innovative technologies, whereof some of these has been filled as patent applications on behalf of the affiliated company in China.

The GIC was as well supporting the Chinese affiliate during VIP visits from local Chinese governmental officials and companies within the renewable energy sector.

In 2019 the Horizon 2020 funded project "Ecoswing", which the GIC coordinated, was finalized. The project demonstrated the world's first superconductive, low cost and light-weight wind turbine drivetrain on a large-scale wind turbine.

Financial review

The profit for the year is 6,190 thousand DKK (2018: 8,854 thousand) and is in line with the expectations. The equity at 31 December 2019 totals 50,373 thousand (2018: 44,183 thousand).

Management considers the Company's financial performance in the year satisfactory.

Knowledge resources

Envision is aiming to provide the most cost-efficient and high-quality products and solutions in the renewable energy sector, and as such, management is continuously looking into new technology development and research, as well as to recruit key talents from the wind industry.

Events after the balance sheet date

There are no other events after the reporting period to be disclosed.

Outlook

The total investment in Envision Energy (Denmark) ApS is expected to represent 40 million DKK in 2020, which is a significant decrease from 2019. The management also expects a decrease in revenue due to a lower activity level. The result for 2020 is expected to be lower than 2019. Management does not foresee a significant change in the number of employees in 2020.

The financial outlook is based on a limited magnitude of the coronavirus outbreak and based on Management's current assessment. Giving the current facts and circumstances it is Management's assessment that the Coronavirus will not have significant impact on the financial performance in 2020.

Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2019 | 2018 |
|------|----------------------------------------------------------------------------------------------------|-------------|-------------|
| | Revenue | 83,612,889 | 142,396,827 |
| | Cost of sales | 0 | -3,635,235 |
| 3 | Other operating income | 8,811,947 | 8,725,492 |
| | Other external expenses | -37,972,897 | -65,770,697 |
| | Gross profit | 54,451,939 | 81,716,387 |
| 4 | Staff costs | -34,138,347 | -52,985,771 |
| | Amortisation/depreciation and impairment of intangible assets and property, plant and equipment | -13,870,362 | -18,164,228 |
| | Other operating expenses | -387 | -267,863 |
| | Profit before net financials | 6,442,843 | 10,298,525 |
| 5 | Financial income | 1,838,783 | 1,214,095 |
| 6 | Financial expenses | -255,446 | -142,692 |
| | Profit before tax | 8,026,180 | 11,369,928 |
| 7 | Tax for the year | -1,836,306 | -2,515,626 |
| | Profit for the year | 6,189,874 | 8,854,302 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2019 | 2018 |
|------|--------------------------------------------------|--------------------------|--------------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 8 | Intangible assets | | |
| | Acquired intangible assets | 279,838 | 1,114,060 |
| | | <u>279,838</u> | <u>1,114,060</u> |
| 9 | Property, plant and equipment | | |
| | Wind turbine for testing purposes | 5,272,251 | 16,430,625 |
| | Other fixtures and fittings, tools and equipment | 1,497,621 | 2,434,129 |
| | Leasehold improvements | 2,771,665 | 3,626,289 |
| | | <u>9,541,537</u> | <u>22,491,043</u> |
| 10 | Investments | | |
| | Receivables from group entities | 0 | 6,311,485 |
| | Other receivables | 4,861,609 | 4,843,556 |
| | | <u>4,861,609</u> | <u>11,155,041</u> |
| | Total fixed assets | <u>14,682,984</u> | <u>34,760,144</u> |
| | Non-fixed assets | | |
| | Inventories | | |
| | Finished goods and goods for resale | 1,230,000 | 1,230,000 |
| | | <u>1,230,000</u> | <u>1,230,000</u> |
| | Receivables | | |
| | Receivables from group entities | 22,783,163 | 41,178,481 |
| 13 | Deferred tax assets | 3,841,800 | 2,688,900 |
| | Other receivables | 5,985,840 | 3,283,521 |
| 11 | Prepayments | 541,785 | 759,403 |
| | | <u>33,152,588</u> | <u>47,910,305</u> |
| | Cash | 23,294,660 | 8,035,465 |
| | Total non-fixed assets | <u>57,677,248</u> | <u>57,175,770</u> |
| | TOTAL ASSETS | <u><u>72,360,232</u></u> | <u><u>91,935,914</u></u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2019 | 2018 |
|------|------------------------------------------------|-------------------|-------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 12 | Share capital | 125,000 | 125,000 |
| | Retained earnings | 50,247,904 | 44,058,030 |
| | Total equity | 50,372,904 | 44,183,030 |
| | Provisions | | |
| 14 | Other provisions | 2,500,000 | 6,600,000 |
| | Total provisions | 2,500,000 | 6,600,000 |
| | Liabilities other than provisions | | |
| 15 | Non-current liabilities other than provisions | | |
| | Deposits | 487,715 | 363,647 |
| | Other payables | 1,007,328 | 0 |
| | | 1,495,043 | 363,647 |
| | Current liabilities other than provisions | | |
| | Trade payables | 962,231 | 3,246,112 |
| | Payables to group entities | 5,424,362 | 0 |
| | Income taxes payable | 1,911,206 | 5,688,326 |
| | Other payables | 4,422,235 | 15,309,174 |
| 16 | Deferred income | 5,272,251 | 16,545,625 |
| | | 17,992,285 | 40,789,237 |
| | Total liabilities other than provisions | 19,487,328 | 41,152,884 |
| | TOTAL EQUITY AND LIABILITIES | 72,360,232 | 91,935,914 |

- 1 Accounting policies
- 2 Special items
- 17 Contractual obligations and contingencies, etc.
- 18 Related parties
- 19 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

| Note | DKK | Share capital | Retained earnings | Total |
|------|-----------------------------------------|---------------|-------------------|------------|
| | Equity at 1 January 2018 | 125,000 | 35,203,728 | 35,328,728 |
| 19 | Transfer, see "Appropriation of profit" | 0 | 8,854,302 | 8,854,302 |
| | Equity at 1 January 2019 | 125,000 | 44,058,030 | 44,183,030 |
| 19 | Transfer, see "Appropriation of profit" | 0 | 6,189,874 | 6,189,874 |
| | Equity at 31 December 2019 | 125,000 | 50,247,904 | 50,372,904 |

Financial statements 1 January - 31 December

Cash flow statement

| Note | DKK | 2019 | 2018 |
|------|-------------------------------------------------------|------------|-------------|
| | Profit for the year | 6,189,874 | 8,854,302 |
| 20 | Adjustments | 10,023,718 | 26,071,314 |
| | Cash generated from operations (operating activities) | 16,213,592 | 34,925,616 |
| 21 | Changes in working capital | 3,491,360 | -35,012,608 |
| | Cash generated from operations (operating activities) | 19,704,952 | -86,992 |
| | Interest received, etc. | 1,531,640 | 1,214,095 |
| | Interest paid, etc. | -255,446 | -142,692 |
| | Income taxes paid | -6,766,326 | -2,272,892 |
| | Cash flows from operating activities | 14,214,820 | -1,288,481 |
| | Additions of intangible assets | 0 | -105,684 |
| | Additions of property, plant and equipment | -87,021 | -5,553,805 |
| | Disposals of financial assets | 0 | 270,670 |
| | Repayments received, loans | 0 | 5,821,387 |
| | Cash flows to investing activities | -87,021 | 432,568 |
| | Change in long term liabilities | 1,131,396 | 363,647 |
| | Cash flows from financing activities | 1,131,396 | 363,647 |
| | Net cash flow | 15,259,195 | -492,266 |
| | Cash and cash equivalents at 1 January | 8,035,465 | 8,527,731 |
| 22 | Cash and cash equivalents at 31 December | 23,294,660 | 8,035,465 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Envision Energy (Denmark) ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from sale comprises invoicing of development costs and delivery of windturbines to group companies and is recognised in the income statement provided that the time of delivery and transfer of risk have taken place before year end, and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income and operating expenses

Other operating income comprises items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets, income from the sale of electricity from wind turbines for test purposes, public grants for the development of technology, etc.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to advertising, administration, premises, operating leases, IT costs, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Acquired intangible assets mainly comprise of software which is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives, corresponding to three years.

Development costs and internally developed rights are recognised in the income statement as cost in the year of acquisition.

Gains or losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment in the course of construction and prepayments are measured at cost. Assets are depreciated at the date of use.

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any cost directly attributable to the acquisition until the date when the asset is available for use. The cost of own-produced assets comprises direct cost of material, components and sub-suppliers

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated at cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment: 3-5 years
Wind turbine for testing purposes is depreciated up to and including 2020.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, the loss is allocated to the non-current assets on a pro rata basis.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost less write-down for expected losses on bad debts based on an individual assessment. Write-downs are made to the lower of the net realisable value and the carrying amount.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash balances and bank balances.

Corporation tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash comprise cash in hand and bank deposits.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

| DKK | <u>2019</u> | <u>2018</u> |
|-----------------------------------------------------------------------------|-------------|------------------|
| Income | | |
| Gain on lease incentives regarding rented premises | <u>0</u> | <u>1,933,550</u> |
| | <u>0</u> | <u>1,933,550</u> |
| Special items are recognised in the below items of the financial statements | | |
| Other operating income | <u>0</u> | <u>1,933,550</u> |
| Net profit on special items | <u>0</u> | <u>1,933,550</u> |

3 Other operating income

Other operating income includes income from sales of electricity and other income not related to the primary income.

4 Staff costs

| | | |
|---------------------------------------|-------------------|-------------------|
| Wages/salaries | 31,939,449 | 50,604,334 |
| Pensions | 1,978,024 | 2,039,681 |
| Other social security costs | <u>220,874</u> | <u>341,756</u> |
| | <u>34,138,347</u> | <u>52,985,771</u> |
| Average number of full-time employees | <u>41</u> | <u>45</u> |

The Company did not pay any remuneration to Management during the financial year.

5 Financial income

| | | |
|-------------------------------------|------------------|------------------|
| Interest receivable, group entities | 156,362 | 128,739 |
| Other interest income | 269,326 | 160,420 |
| Exchange gain | <u>1,413,095</u> | <u>924,936</u> |
| | <u>1,838,783</u> | <u>1,214,095</u> |

6 Financial expenses

| | | |
|-------------------------|----------------|----------------|
| Other interest expenses | <u>255,446</u> | <u>142,692</u> |
| | <u>255,446</u> | <u>142,692</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK | 2019 | 2018 |
|--------------------------------------|------------------|------------------|
| 7 Tax for the year | | |
| Estimated tax charge for the year | 2,989,206 | 6,684,326 |
| Deferred tax adjustments in the year | -1,152,900 | -4,168,700 |
| | <u>1,836,306</u> | <u>2,515,626</u> |

On account tax payments totalled DKK 1,078,000 for 2019 and payment of DKK 5,688,326 for 2018.

8 Intangible assets

| DKK | Acquired intangible assets |
|--------------------------------------------------------|-------------------------------|
| Cost at 1 January 2019 | 5,951,171 |
| Cost at 31 December 2019 | <u>5,951,171</u> |
| Impairment losses and amortisation at 1 January 2019 | 4,837,111 |
| Amortisation in the year | 834,222 |
| Impairment losses and amortisation at 31 December 2019 | <u>5,671,333</u> |
| Carrying amount at 31 December 2019 | <u>279,838</u> |

9 Property, plant and equipment

| DKK | Wind turbine for testing purposes | Other fixtures and fittings, tools and equipment | Leasehold improvements | Total |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------------------------|---------------------------|-------------------|
| Cost at 1 January 2019 | 146,368,623 | 6,681,302 | 4,385,343 | 157,435,268 |
| Additions in the year | 0 | 80,185 | 6,836 | 87,021 |
| Disposals in the year | -104,158,689 | -273,508 | 0 | -104,432,197 |
| Cost at 31 December 2019 | <u>42,209,934</u> | <u>6,487,979</u> | <u>4,392,179</u> | <u>53,090,092</u> |
| Impairment losses and depreciation at 1 January 2019 | 129,937,998 | 4,247,173 | 759,054 | 134,944,225 |
| Impairment losses in the year | 4,150,000 | 0 | 0 | 4,150,000 |
| Depreciation in the year | 7,008,374 | 1,016,306 | 861,460 | 8,886,140 |
| Reversal of depreciation of disposals | -104,158,689 | -273,121 | 0 | -104,431,810 |
| Impairment losses and depreciation at 31 December 2019 | <u>36,937,683</u> | <u>4,990,358</u> | <u>1,620,514</u> | <u>43,548,555</u> |
| Carrying amount at 31 December 2019 | <u>5,272,251</u> | <u>1,497,621</u> | <u>2,771,665</u> | <u>9,541,537</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

10 Investments

| DKK | Receivables from group entities | Other receivables | Total |
|-------------------------------------|------------------------------------|----------------------|------------|
| Cost at 1 January 2019 | 6,311,485 | 4,843,556 | 11,155,041 |
| Exchange adjustment | 150,781 | 0 | 150,781 |
| Additions in the year | 156,362 | 71,308 | 227,670 |
| Disposals in the year | -6,618,628 | -53,255 | -6,671,883 |
| Cost at 31 December 2019 | 0 | 4,861,609 | 4,861,609 |
| Carrying amount at 31 December 2019 | 0 | 4,861,609 | 4,861,609 |

11 Prepayments

Prepayments under assets mainly comprise accrual of expenses relating to subsequent financial years, including insurance policies, software licenses and other prepaid expenses.

12 Share capital

The Company's share capital comprises 1,250 shares of DKK 100 each.

The Company's share capital has remained DKK 125,000 over the past 5 years.

| DKK | 2019 | 2018 |
|--------------------------------------|------------|------------|
| 13 Deferred tax | | |
| Deferred tax at 1 January | -2,688,900 | 1,479,800 |
| Deferred tax adjustments in the year | -1,152,900 | -4,168,700 |
| Deferred tax at 31 December | -3,841,800 | -2,688,900 |
| Deferred tax relates to: | | |
| Intangible assets | 61,660 | 245,100 |
| Property, plant and equipment | -3,353,460 | -1,482,000 |
| Provisions | -550,000 | -1,452,000 |
| | -3,841,800 | -2,688,900 |

14 Other provisions

Provisions include costs for wind turbines for testing purposes and these are expected to fall due within 1-5 years.

15 Non-current liabilities other than provisions

| DKK | Total debt at 31/12 2019 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|----------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Deposits | 487,715 | 0 | 487,715 | 487,715 |
| Other payables | 1,007,328 | 0 | 1,007,328 | 0 |
| | 1,495,043 | 0 | 1,495,043 | 487,715 |

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Notes to the financial statements

16 Deferred income

Deferred income comprises payments relating to development costs for wind turbines for testing purposes, which will not be recognised as income until in the subsequent financial years once the recognition criteria are satisfied.

17 Contractual obligations and contingencies, etc.

Other contingent liabilities

Other financial obligations

Rent and lease liabilities (operating leases) total DKK 29,378 thousand (2018: 36,931 thousand) of which DKK 5,691 thousand (2018: 8,174 thousand) falls due within a year.

18 Related parties

Envision Energy (Denmark) ApS' related parties comprise the following:

Parties exercising control

| Related party | Domicile | Basis for control |
|---------------------------------------|-----------|-------------------|
| Envision Energy International Limited | Hong Kong | Owner |

Information about consolidated financial statements

| Parent | Domicile |
|---------------------------------------|-----------|
| Envision Energy International Limited | Hong Kong |

Related party transactions

In 2019, Envision Energy (Denmark) ApS had the following related party transactions:

- ▶ Revenue, 83,613 thousand
- ▶ Financial income, 156 thousand
- ▶ Receivables group entities, 22,783 thousand
- ▶ Payables group entities, 5,424 thousand

| DKK | 2019 | 2018 |
|-------------------------------------|------------------|------------------|
| 19 Appropriation of profit | | |
| Recommended appropriation of profit | 6,189,874 | 8,854,302 |
| Retained earnings | <u>6,189,874</u> | <u>8,854,302</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK | 2019 | 2018 |
|--------------------------------------------------------------|-------------|-------------|
| 20 Adjustments | | |
| Intangible - Amortisation/depreciation and impairment losses | 834,222 | 1,047,962 |
| Amortisation/depreciation and impairment losses | 13,036,140 | 17,116,266 |
| Gain/loss on the sale of non-current assets | 387 | 267,863 |
| Provisions | -4,100,000 | 6,195,000 |
| Financial income | -1,838,783 | -1,214,095 |
| Financial expenses | 255,446 | 142,692 |
| Tax for the year | 1,836,306 | 2,515,626 |
| | 10,023,718 | 26,071,314 |
| 21 Changes in working capital | | |
| Change in inventories | 0 | -1,230,000 |
| Change in receivables | 23,590,018 | -24,034,741 |
| Change in trade and other payables | -20,098,658 | -9,747,867 |
| | 3,491,360 | -35,012,608 |
| 22 Cash and cash equivalents at year-end | | |
| Cash according to the balance sheet | 23,294,660 | 8,035,465 |
| | 23,294,660 | 8,035,465 |