

**HP Capital A/S**  
**Løvelvej 4, 6000 Kolding**

**Company reg. no. 33 07 15 23**

**Annual report**  
**1 August 2018 - 31 July 2019**

The annual report was submitted and approved by the general meeting on the 9 December 2019.

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**Søren From**  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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## **Management's report**

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The board of directors and the managing director have today presented the annual report of HP Capital A/S for the financial year 1 August 2018 to 31 July 2019.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 July 2019 and of the company's results of its activities and cash flows in the financial year 1 August 2018 to 31 July 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Kolding, 6 December 2019

### **Managing Director**

Merete Bech Povlsen

### **Board of directors**

Niels Holch Povlsen

Merete Bech Povlsen

Troels Holch Povlsen

Jessica Rendbæk Holch Povlsen    Roderick P. Kennedy

## **Independent auditor's report**

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### **To the shareholders of HP Capital A/S**

#### **Opinion**

We have audited the annual accounts of HP Capital A/S for the financial year 1 August 2018 to 31 July 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity, cash flow statement and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 July 2019 and of the results of the company's operations and cash flows for the financial year 1 August 2018 to 31 July 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

#### **The management's responsibilities for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the annual accounts**

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## **Independent auditor's report**

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As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

### **Statement on the management's review**

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## **Independent auditor's report**

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In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Brande, 6 December 2019

### **Partner Revision**

State Authorised Public Accountants  
Company reg. no. 15 80 77 76

**Claus Lykke Jensen**

State Authorised Public Accountant  
mne10776

## Company data

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### The company

HP Capital A/S

Løvelvej 4

6000 Kolding

Company reg. no. 33 07 15 23

Established: 23 July 2010

Domicile: Kolding

Financial year: 1 August - 31 July

### Board of directors

Niels Holch Povlsen

Merete Bech Povlsen

Troels Holch Povlsen

Jessica Rendbæk Holch Povlsen

Roderick P. Kennedy

### Managing Director

Merete Bech Povlsen

### Auditors

Partner Revision statsautoriseret revisionsaktieselskab

Torvegade 22

7330 Brande

## Financial highlights

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DKK in thousands.

### Profit and loss account:

	2018/19	2017/18	2016/17	2015/16	2014/15
Results from operating activities	-34	-36	-112	-95	-112
Net financials	12.555	3.038	5.378	-7.533	10.783
Results for the year	12.581	2.740	3.617	-1.255	45.219

### Balance sheet:

Balance sheet sum	454.924	452.302	448.137	467.834	546.211
Equity	454.914	452.292	448.126	467.753	543.760

### Key figures in %:

Solvency ratio	100,0	100,0	100,0	100,0	99,6
Return on equity	2,8	0,6	0,8	-0,2	9,0

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

**Equity share** 
$$\frac{\text{Equity, closing balance} \times 100}{\text{Assets in total, closing balance}}$$

**Return on equity** 
$$\frac{\text{Results for the year} \times 100}{\text{Average equity}}$$



## **Management's review**

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### **The principal activities of the company**

Like previous years, the principal activities consist in investment and related business.

### **Development in activities and financial matters**

The resultat and the financial development of the company is considered satisfactory. The management expects a satisfactory resultat for the year 2019/20.

### **Post financial year events**

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

## **Accounting policies used**

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The annual report for HP Capital A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

### **Changes in the accounting policies used**

The classification of the item "staff cost" has been changed so that certain types of costs that previously have been recognised under staff cost in the future are recognised under the item "other external charges".

The change in classification has no effect on the profit for the year or the balance sheet, neither for the current financial year, nor for the previous financial year. The comparative figures have been adjusted in accordance with the change of classification.

Apart from the above, the annual accounts have been prepared in accordance with the same accounting policies as last year.

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **Translation of foreign currency**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

## **Accounting policies used**

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Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

### **The profit and loss account**

#### **Other external costs**

Other external costs comprise costs for administration of the company.

#### **Net financials**

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

#### **Results from equity investments in group enterprises and associated enterprises**

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual associated enterprises are recognised in the profit and loss account at a proportional share of the associated enterprises' results after tax.

#### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## **Accounting policies used**

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### **The balance sheet**

#### **Financial fixed assets**

##### **Equity investments in group enterprises and associated enterprises**

Equity investments in group enterprises and associated enterprises and associates enterprises, are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

An impairment test of consolidated goodwill is performed in the event of indications of a decrease in value. The impairment test is performed for the activity of the business area to which the goodwill relates. Goodwill is written down to the higher of the value is used, and the net selling price for the activity or business area to which the goodwill relates (recoverable amount) in the event that this one is lower than the carrying amount.

#### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

#### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

#### **Securities and equity investments**

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

## Accounting policies used

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### Equity

#### Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

### Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

### Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

### The cash flow statement

The cash flow statement shows the cash flow of the company for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities, respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

## **Accounting policies used**

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### **Cash flow from operating activities**

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

### **Cash flow from investment activities**

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

### **Cash flow from financing activities**

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

### **Available funds**

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

## Profit and loss account 1 August - 31 July

All amounts in DKK.

Note	2018/19	2017/18
1 Other external costs	-34.352	-36.169
<b>Gross results</b>	<b>-34.352</b>	<b>-36.169</b>
<b>Operating profit</b>	<b>-34.352</b>	<b>-36.169</b>
2 Income from equity investments in group enterprises	13.996.559	1.809.096
3 Income from equity investments in associated enterprises	-1.113.486	0
4 Other financial income	1.168.062	2.001.230
5 Other financial costs	-1.496.482	-771.890
<b>Results before tax</b>	<b>12.520.301</b>	<b>3.002.267</b>
6 Tax on ordinary results	60.657	-262.384
<b>Results from ordinary activities after tax</b>	<b>12.580.958</b>	<b>2.739.883</b>
<b>Results for the year</b>	<b>12.580.958</b>	<b>2.739.883</b>
<b>Proposed distribution of the results:</b>		
Reserves for net revaluation as per the equity method	5.497.251	1.809.096
Allocated to results brought forward	7.083.707	930.787
<b>Distribution in total</b>	<b>12.580.958</b>	<b>2.739.883</b>

## Balance sheet 31 July

All amounts in DKK.

<b>Assets</b>			
<u>Note</u>		<u>2019</u>	<u>2018</u>
<b>Fixed assets</b>			
7	Equity investments in group enterprises	335.457.253	358.010.221
8	Equity investments in associated enterprises	36.339.824	10.863.247
	Financial fixed assets in total	<u>371.797.077</u>	<u>368.873.468</u>
	<b>Fixed assets in total</b>	<b><u>371.797.077</u></b>	<b><u>368.873.468</u></b>
<b>Current assets</b>			
	Amounts owed by group enterprises	55.040.637	68.227.371
	Deferred tax assets	328.405	248.422
	Receivable corporate tax	910.000	1.157.326
	Other debtors	<u>0</u>	<u>315.769</u>
	Debtors in total	<u>56.279.042</u>	<u>69.948.888</u>
	Other securities and equity investments	<u>7.867.018</u>	<u>7.619.740</u>
	Securities in total	<u>7.867.018</u>	<u>7.619.740</u>
	Available funds	<u>18.980.545</u>	<u>5.860.093</u>
	<b>Current assets in total</b>	<b><u>83.126.605</u></b>	<b><u>83.428.721</u></b>
	<b>Assets in total</b>	<b><u>454.923.682</u></b>	<b><u>452.302.189</u></b>



## Balance sheet 31 July

All amounts in DKK.

<b>Equity and liabilities</b>		
<u>Note</u>	<u>2019</u>	<u>2018</u>
<b>Equity</b>		
Contributed capital	10.000.000	10.000.000
Reserves for net revaluation as per the equity method	0	396.848
Results brought forward	444.913.682	441.895.341
<b>Equity in total</b>	<b>454.913.682</b>	<b>452.292.189</b>
<b>Liabilities</b>		
Other debts	10.000	10.000
Short-term liabilities in total	10.000	10.000
<b>Liabilities in total</b>	<b>10.000</b>	<b>10.000</b>
<b>Equity and liabilities in total</b>	<b>454.923.682</b>	<b>452.302.189</b>

**9 Mortgage and securities**

**10 Contingencies**

## Statement of changes in equity

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All amounts in DKK.

	Contributed capital	Reserves for net revaluation as per the equity method	Results brought forward	In total
Equity 1 August 2018	10.000.000	396.848	441.895.341	452.292.189
Share of results	0	5.497.251	7.083.707	12.580.958
Exchange rate adjustments	0	-5.894.099	-4.065.366	-9.959.465
	<b>10.000.000</b>	<b>0</b>	<b>444.913.682</b>	<b>454.913.682</b>

## Cash flow statement 1 August - 31 July

All amounts in DKK.

	2018/19	2017/18
Results for the year	12.580.958	2.739.883
Adjustments	-12.883.073	-1.809.096
Change in working capital	315.769	493.331
Cash flow from operating activities before net financials	13.654	1.424.118
Adjustments for deferred tax	-60.657	262.384
Changes in trade payables	0	-1.001
Cash flow from ordinary activities	-47.003	1.685.501
Corporate tax paid	227.999	-329.305
<b>Cash flow from operating activities</b>	<b>180.996</b>	<b>1.356.196</b>
Purchase of financial fixed assets	0	-10.863.247
<b>Cash flow from investment activities</b>	<b>0</b>	<b>-10.863.247</b>
Loan to group enterprises	13.186.734	-26.155.941
<b>Cash flow from financing activities</b>	<b>13.186.734</b>	<b>-26.155.941</b>
<b>Changes in available funds</b>	<b>13.367.730</b>	<b>-35.662.992</b>
Available funds 1 August	13.479.833	49.142.825
<b>Available funds 31 July</b>	<b>26.847.563</b>	<b>13.479.833</b>
<b>Available funds</b>		
Cash and cash equivalents	18.980.545	5.860.093
Shares inclus as cash and cash equivalents	7.867.018	7.619.740
<b>Available funds 31 July</b>	<b>26.847.563</b>	<b>13.479.833</b>

## Notes

All amounts in DKK.

	2018/19	2017/18
<b>1. Other external costs</b>		
Administration costs	34.352	36.169
	<b>34.352</b>	<b>36.169</b>
<b>2. Income from equity investments in group enterprises</b>		
Income from subsidiary	6.610.737	1.809.096
Gain from subsidiary	7.385.822	0
	<b>13.996.559</b>	<b>1.809.096</b>
<b>3. Income from equity investments in associated enterprises</b>		
Income from associated enterprise	-1.113.486	0
	<b>-1.113.486</b>	<b>0</b>
<b>4. Other financial income</b>		
Interest, banks	26.289	1.817
Interest, bonds	0	348.993
Interest, mortgage deeds	0	347.559
Interest income lending company	893.707	157.919
Exchange differences	247.278	1.144.428
Reimbursement, corporate tax	788	514
	<b>1.168.062</b>	<b>2.001.230</b>
<b>5. Other financial costs</b>		
Other financial costs	1.496.482	771.890
	<b>1.496.482</b>	<b>771.890</b>
<b>6. Tax on ordinary results</b>		
Adjustment for the year of deferred tax	-60.657	262.384
	<b>-60.657</b>	<b>262.384</b>

## Notes

All amounts in DKK.

	2018/19	2017/18
<b>7. Equity investments in group enterprises</b>		
Acquisition sum, opening balance 1 August	357.613.372	357.613.372
Disposals during the year	-14.335.949	0
<b>Cost 31 July</b>	<b>343.277.423</b>	<b>357.613.372</b>
Revaluations, opening balance 1 August	396.849	-2.838.283
Translation by use of the exchange rate valid on balance sheet date	-14.827.756	1.426.036
Results for the year before goodwill amortisation	6.610.737	1.809.096
<b>Revaluation 31 July</b>	<b>-7.820.170</b>	<b>396.849</b>
<b>Book value 31 July</b>	<b>335.457.253</b>	<b>358.010.221</b>
The items include goodwill with an amount of	7.682.912	9.445.624

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at HP Capital A/S
Cokenach Limited, England	100 %	317.324.689	3.238.641	317.324.689
HP Solar Limited, England	100 %	18.132.562	3.372.096	18.132.562
		<b>335.457.251</b>	<b>6.610.737</b>	<b>335.457.251</b>

## Notes

All amounts in DKK.

	31/7 2019	31/7 2018
<b>8. Equity investments in associated enterprises</b>		
Acquisition sum, opening balance 1 August	10.863.247	0
Additions during the year	28.236.866	10.863.247
<b>Cost 31 July</b>	<b>39.100.113</b>	<b>10.863.247</b>
Translation by use of the exchange rate valid on balance sheet date	-1.646.803	0
Results for the year before goodwill amortisation	-1.113.486	0
<b>Revaluation 31 July</b>	<b>-2.760.289</b>	<b>0</b>
<b>Book value 31 July</b>	<b>36.339.824</b>	<b>10.863.247</b>

### The financial highlights for the enterprises according to the latest approved annual reports

	Share of ownership	Equity	Results for the year	Book value at HP Capital A/S
Nietro Ltd., England	50 %	8.563.633	-2.042.240	8.563.633
Cokenach Property Limited, England	60 %	27.776.191	928.754	27.776.191
		<b>36.339.824</b>	<b>-1.113.486</b>	<b>36.339.824</b>

## 9. Mortgage and securities

The company has made a letter of intent to UBS concerning HP Solar Limited.

## 10. Contingencies

### Contingent liabilities

No contingent liabilities exist at the balance sheet date.