

HP Capital A/S
Løvelvej 4, 6000 Kolding

Company reg. no. 33 07 15 23

Annual report
1 August 2020 - 31 July 2021

The annual report was submitted and approved by the general meeting on the 13 December 2021.

Søren From
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

Today, the board of directors and the managing director have presented the annual report of HP Capital A/S for the financial year 1 August 2020 - 31 July 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 July 2021 and of the company's results of activities and cash flows in the financial year 1 August 2020 – 31 July 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Kolding, 13 December 2021

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

To the shareholders of HP Capital A/S

Opinion

We have audited the financial statements of HP Capital A/S for the financial year 1 August 2020 - 31 July 2021, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 July 2021 and of the results of the company's activities and cash flows for the financial year 1 August 2020 - 31 July 2021 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 section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report 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 can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Brande, 13 December 2021

Partner Revision

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

Claus Lykke Jensen

State Authorised Public Accountant
mne10776

Company information

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

DKK in thousands.

Income statement:

	<u>2020/21</u>	<u>2019/20</u>	<u>2018/19</u>	<u>2017/18</u>	<u>2016/17</u>
Gross profit	-123	-75	-34	-36	0
Profit from operating activities	-123	-75	-34	-36	-112
Net financials	10.544	9.011	13.668	3.038	5.378
Net profit or loss for the year	9.320	8.515	13.694	2.740	3.617

Statement of financial position:

Balance sheet total	501.065	469.813	457.684	452.302	448.137
Equity	500.041	469.783	457.674	452.292	448.126

Key figures in %:

Solvency ratio	99,8	100,0	100,0	100,0	100,0
Return on equity	1,9	1,8	3,0	0,6	0,8

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management commentary

The principal activities of the company

The Company's principal activities consist in investment and related business.

Development in activities and financial matters

The gross loss for the year totals DKK -123.000 against DKK -75.000 last year. Income or loss from ordinary activities after tax totals DKK 9.320.000 against DKK 8.515.000 last year. Management considers the net profit or loss for the year satisfactory.

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

The annual report for HP Capital A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Gross loss

Gross loss comprises the external costs.

Other external costs comprise costs incurred for administration.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

Dividend from equity investments in associates is recognised in the financial year in which the dividend is declared.

Accounting policies

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Impairment loss relating to non-current assets

The carrying amount of equity investments in group enterprises og associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Accounting policies

Equity investments in associates

Equity investments in associates are recognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Financial instruments and equity investments

Financial instruments and equity investments recognised under current assets consist of listed shares and bonds which are measured at fair value on the reporting date. Unlisted equity investments are measured at cost. Writedown takes place to the recoverable amount if this value is lower than the carrying amount.

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.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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

Statement of cash flows

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

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Income statement 1 August - 31 July

All amounts in DKK.

Note	2020/21	2019/20
Gross loss	-122.572	-75.434
Income from equity investments in group enterprises	5.415.841	7.117.609
Other financial income from group enterprises	2.157.333	2.085.926
Other financial income	3.031.607	591.762
Other financial costs	-61.189	-784.608
Pre-tax net profit or loss	10.421.020	8.935.255
1 Tax on net profit or loss for the year	-1.101.122	-420.693
Profit or loss from ordinary activities after tax	9.319.898	8.514.562
Net profit or loss for the year	9.319.898	8.514.562
Proposed appropriation of net profit:		
Reserves for net revaluation according to the equity method	5.415.841	7.117.609
Transferred to retained earnings	3.904.057	1.396.953
Total allocations and transfers	9.319.898	8.514.562

Statement of financial position at 31 July

All amounts in DKK.

Assets			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Non-current assets			
2	Equity investments in group enterprises	391.543.844	365.189.285
3	Equity investments in associates	44.272.173	39.100.113
	Total investments	<u>435.816.017</u>	<u>404.289.398</u>
	Total non-current assets	<u>435.816.017</u>	<u>404.289.398</u>
Current assets			
	Receivables from group enterprises	31.801.312	29.643.978
	Income tax receivables	0	328.132
	Total receivables	<u>31.801.312</u>	<u>29.972.110</u>
	Other financial instruments and equity investments	31.610.836	19.643.139
	Total financial instruments	<u>31.610.836</u>	<u>19.643.139</u>
	Cash on hand and demand deposits	<u>1.837.101</u>	<u>15.908.063</u>
	Total current assets	<u>65.249.249</u>	<u>65.523.312</u>
	Total assets	<u>501.065.266</u>	<u>469.812.710</u>

Statement of financial position at 31 July

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2021</u>	<u>2020</u>
Equity			
	Contributed capital	10.000.000	10.000.000
	Reserve for net revaluation according to the equity method	29.246.177	10.711.786
	Retained earnings	460.795.151	449.070.924
	Total equity	<u>500.041.328</u>	<u>469.782.710</u>
Liabilities other than provisions			
	Trade payables	17.000	30.000
	Income tax payable	1.006.938	0
	Total short term liabilities other than provisions	<u>1.023.938</u>	<u>30.000</u>
	Total liabilities other than provisions	<u>1.023.938</u>	<u>30.000</u>
	Total equity and liabilities	<u>501.065.266</u>	<u>469.812.710</u>

5 Disclosures on fair value

4 Mortgage and securities

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq- uity method	Retained earnings	Total
Equity 1 August 2019	10.000.000	0	444.913.682	454.913.682
Correction due to changes in accounting policies	0	0	2.760.289	2.760.289
Adjusted equity 1 August 2019	10.000.000	0	447.673.971	457.673.971
Share of profit or loss	0	7.117.609	1.396.953	8.514.562
Foreign currency translation adjustments	0	3.594.177	0	3.594.177
Equity 1 August 2020	10.000.000	10.711.786	449.070.924	469.782.710
Share of profit or loss	0	5.415.841	3.904.057	9.319.898
Foreign currency translation adjustments	0	20.938.720	0	20.938.720
Movement	0	-7.820.170	7.820.170	0
	10.000.000	29.246.177	460.795.151	500.041.328

Statement of cash flows 1 August - 31 July

All amounts in DKK.

	2020/21	2019/20
Net profit or loss for the year	9.319.898	8.514.562
Adjustments	-9.442.470	-8.589.996
Change in working capital	-2.170.334	25.416.659
Cash flows from operating activities before net financials	-2.292.906	25.341.225
Interest received, etc.	5.111.355	2.389.976
Interest paid, etc.	-61.189	-784.608
Cash flows from ordinary activities	2.757.260	26.946.593
Income tax paid	233.948	489.575
Cash flows from operating activities	2.991.208	27.436.168
Purchase of fixed asset investments	-5.172.060	-19.020.241
Cash flows from investment activities	-5.172.060	-19.020.241
Change in cash and cash equivalents	-2.180.852	8.415.927
Cash and cash equivalents at 1 August	35.551.202	26.847.563
Foreign currency translation adjustments (cash and cash equivalents)	77.587	287.712
Cash and cash equivalents at 31 July	33.447.937	35.551.202
Cash and cash equivalents		
Cash on hand and demand deposits	1.837.101	15.908.063
Shares include cash and cash equivalents	31.610.836	19.643.139
Cash and cash equivalents at 31 July	33.447.937	35.551.202

Notes

All amounts in DKK.

	2020/21	2019/20
1. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	1.101.142	92.288
Adjustment of deferred tax for the year	0	328.405
Adjustment of tax for previous years	-20	0
	1.101.122	420.693
	31/7 2021	31/7 2020
2. Equity investments in group enterprises		
Cost 1 August	362.297.667	343.277.426
Additions during the year	0	19.020.241
Cost 31 July	362.297.667	362.297.667
Revaluations, opening balance 1 August	2.891.618	-7.820.170
Translation at the exchange rate at the balance sheet date	20.938.718	3.594.178
Net profit or loss for the year before amortisation of goodwill	5.415.841	7.117.610
Revaluation 31 July	29.246.177	2.891.618
Carrying amount, 31 July	391.543.844	365.189.285

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, HP Capital A/S
Cokenach Limited, England	100 %	365.542.728	3.165.165	365.542.728
HP Solar Limited, England	100 %	26.001.116	2.250.676	26.001.116
		391.543.844	5.415.841	391.543.844

Notes

All amounts in DKK.

	31/7 2021	31/7 2020
3. Equity investments in associates		
Cost 1 August	39.100.113	39.100.113
Additions during the year	5.172.060	0
Cost 31 July	44.272.173	39.100.113
Carrying amount, 31 July	44.272.173	39.100.113

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity	Results for the year	Carrying amount, HP Capital A/S
Nietro Ltd., England	50 %	4.993.633	5.053.930	10.863.247
Cokenach Property Limited, England	60 %	60.376.952	746.098	33.408.926
		65.370.585	5.800.028	44.272.173

4. Mortgage and securities

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

5. Disclosures on fair value

	Listed shares	Listed bonds
Fair value at 31 July	15.667.304	15.943.532
Change in fair value of the year recognised in the statement of financial activity	310.670	1.306.340

6. Contingencies

Contingent liabilities

No contingent liabilities exist at the balance sheet date.