

HP Capital A/S
Løvelvej 4, 6000 Kolding

Company reg. no. 33 07 15 23

Annual report
1 August 2019 - 31 July 2020

The annual report was submitted and approved by the general meeting on the 15 December 2020.

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 2019 - 31 July 2020 of HP Capital A/S.

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 2020 and of the company's results of activities and cash flows in the financial year 1 August 2019 – 31 July 2020.

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, 15 December 2020

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 2019 - 31 July 2020, 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 2020 and of the results of the company's activities and cash flows for the financial year 1 August 2019 - 31 July 2020 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 international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 and 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, 15 December 2020

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:

	2019/20	2018/19	2017/18	2016/17	2015/16
Profit from ordinary operating activities	-75	-34	-36	-112	-95
Net financials	9.011	13.668	3.038	5.378	-7.533
Net profit or loss for the year	8.515	13.694	2.740	3.617	-1.255

Statement of financial position:

Balance sheet total	469.813	457.684	452.302	448.137	467.834
Equity	469.783	457.674	452.292	448.126	467.753

Key figures in %:

Solvency ratio	100,0	100,0	100,0	100,0	100,0
Return on equity	1,8	3,0	0,6	0,8	-0,2

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.

There is a change in the accounting policies. It has a positive effect on last years result on 1.113 thous- and DKK. The effect on the equity is 2.760 thousand DKK.

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

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

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 result and the financial development of the company is considered as satisfactory. The management expects a satisfactory result for 2020/21.

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.

Changes in the accounting policies

Equity investments in associated enterprises, are measured at costs. It is a change in the accounting policies, when associates were recognised in the balance sheet at a proportional share under the equity method last year. The change is justified by the fact, that it gives a more true and fair view of the value of the investments share 31/7 2020.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Comparative figures and financial highlights have been adjusted to the changed accounting policies.

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 transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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.

Accounting policies

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Derivatives

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

As regards any derivatives which do not meet the criteria for treatment as hedging instruments, changes in the fair value are recognised in the income statement on a continuing basis.

Income statement

Other external costs

Other external costs comprise costs incurred for administration.

Financial income and expenses

Financial income and expenses 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 income statement with the amounts concerning the financial year.

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.

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 both intangible and tangible assets as well as equity investments in subsidiaries and associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation, respectively.

Accounting policies

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 equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

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

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are 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.

Equity investments in associates

Equity investments in associates are measured at cost. If the recoverable amount is lower than the cost, the latter is impaired to the recoverable amount.

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 as current assets are measured at fair value on the reporting date.

Accounting policies

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 and associates 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 receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting 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.

Statement of cash flows

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

Accounting policies

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 profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

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 comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits less shortterm bank loans and shortterm financial instruments with a term of less than 3 months which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 August - 31 July

All amounts in DKK.

Note	2019/20	2018/19
1 Other external costs	-75.434	-34.352
Gross profit	-75.434	-34.352
Operating profit	-75.434	-34.352
2 Income from equity investments in group enterprises	7.117.609	13.996.559
3 Other financial income from group enterprises	2.085.926	893.707
4 Other financial income	591.762	274.355
5 Other financial costs	-784.608	-1.496.482
Pre-tax net profit or loss	8.935.255	13.633.787
6 Tax on net profit or loss for the year	-420.693	60.657
Profit or loss from ordinary activities after tax	8.514.562	13.694.444
Net profit or loss for the year	8.514.562	13.694.444
Proposed appropriation of net profit:		
Reserves for net revaluation according to the equity method	7.117.609	5.497.251
Transferred to retained earnings	1.396.953	8.197.193
Total allocations and transfers	8.514.562	13.694.444

Statement of financial position at 31 July

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
7	Equity investments in group enterprises	365.189.285	335.457.253
8	Equity investments in associates	39.100.113	39.100.113
	Total investments	<u>404.289.398</u>	<u>374.557.366</u>
	Total non-current assets	<u>404.289.398</u>	<u>374.557.366</u>
Current assets			
	Receivables from group enterprises	29.643.978	55.040.637
	Deferred tax assets	0	328.405
	Income tax receivables	328.132	910.000
	Total receivables	<u>29.972.110</u>	<u>56.279.042</u>
	Other financial instruments and equity investments	19.643.139	7.867.018
	Total financial instruments	<u>19.643.139</u>	<u>7.867.018</u>
	Cash on hand and demand deposits	<u>15.908.063</u>	<u>18.980.545</u>
	Total current assets	<u>65.523.312</u>	<u>83.126.605</u>
	Total assets	<u>469.812.710</u>	<u>457.683.971</u>

Statement of financial position at 31 July

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
Contributed capital		10.000.000	10.000.000
Reserve for net revaluation according to the equity method		10.711.786	0
Retained earnings		449.070.924	447.673.971
Total equity		<u>469.782.710</u>	<u>457.673.971</u>
Liabilities other than provisions			
Other payables		<u>30.000</u>	<u>10.000</u>
Total short term liabilities other than provisions		<u>30.000</u>	<u>10.000</u>
Total liabilities other than provisions		<u>30.000</u>	<u>10.000</u>
Total equity and liabilities		<u>469.812.710</u>	<u>457.683.971</u>

9 Mortgage and securities

10 Contingencies

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserve for net revalua-tion according to the eq- uity method</u>	<u>Retained earnings</u>	<u>Total</u>
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
	10.000.000	10.711.786	449.070.924	469.782.710

Statement of cash flows 1 August - 31 July

All amounts in DKK.

	2019/20	2018/19
Net profit or loss for the year	8.514.562	13.694.444
Adjustments	-7.117.609	-13.996.559
Change in working capital	20.000	315.769
Cash flow from operating activities	1.416.953	13.654
Adjustment for deferred tax	328.406	-60.657
Cash flows from ordinary activities	1.745.359	-47.003
Corporate tax	581.868	227.999
Cash flows from operating activities	2.327.227	180.996
Purchase of fixed asset investments	-19.020.244	0
Loans to group enterprises	25.396.660	13.186.734
Cash flows from investment activities	6.376.416	13.186.734
Change in cash and cash equivalents	8.703.643	13.367.730
Cash and cash equivalents at 1 August	26.847.563	13.479.833
Cash and cash equivalents at 31 July	35.551.206	26.847.563
Cash and cash equivalents		
Cash and cash equivalents	15.908.063	18.980.545
Shares include as cash and cash equivalents	19.643.143	7.867.018
Cash and cash equivalents at 31 July	35.551.206	26.847.563

Notes

All amounts in DKK.

	2019/20	2018/19
1. Other external costs		
Administration costs	75.434	34.352
	75.434	34.352
2. Income from equity investments in group enterprises		
Income from subsidiary	7.117.609	6.610.737
Gain from subsidiary	0	7.385.822
	7.117.609	13.996.559
3. Other financial income from group enterprises		
Currency exchange rate gain from group enterprises	1.514.987	0
Interest income from group enterprises	570.939	893.707
	2.085.926	893.707
4. Other financial income		
Interest, banks	25.769	26.289
Currency exchange rate gain	287.712	247.278
Interest rate, income tax	1.120	788
Realised capital gain on bonds	277.161	0
	591.762	274.355
5. Other financial costs		
Other financial costs	784.608	1.496.482
	784.608	1.496.482
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	92.288	0
Adjustment of deferred tax for the year	328.405	-60.657
	420.693	-60.657

Notes

All amounts in DKK.

	2019/20	2018/19
7. Equity investments in group enterprises		
Cost 1 August	343.277.426	357.613.372
Additions during the year	19.020.241	0
Disposals during the year	0	-14.335.949
Cost 31 July	362.297.667	343.277.423
Revaluations, opening balance 1 August	-7.820.170	396.849
Translation at the exchange rate at the balance sheet date	3.594.178	-14.827.756
Net profit or loss for the year before amortisation of goodwill	7.117.610	6.610.737
Revaluation 31 July	2.891.618	-7.820.170
Carrying amount, 31 July	365.189.285	335.457.253

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 %	342.791.496	2.996.978	342.791.496
HP Solar Limited, England	100 %	22.397.789	4.120.632	22.397.789
		365.189.285	7.117.610	365.189.285

Notes

All amounts in DKK.

	31/7 2020	31/7 2019
8. Equity investments in associates		
Cost 1 August	39.100.113	10.863.247
Additions during the year	0	28.236.866
Cost 31 July	39.100.113	39.100.113
Carrying amount, 31 July	39.100.113	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 %	-57.055	-22.027.545	10.863.247
Cokenach Property Limited, England	60 %	48.158.959	1.238.517	28.236.866
		48.101.904	-20.789.028	39.100.113

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.