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BDO Statsautoriseret revisionsaktieselskab  
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CVR no. 20 22 26 70

**GERMAN PELLETS DENMARK APS**  
**BAKKEDRAGET 7, HOLMGÅRD, 8990 FÅRUP**  
**ANNUAL REPORT**  
**1 JANUARY - 31 DECEMBER 2018**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 26 June 2019**

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**Philipp Hübler**

*The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.*

**CVR NO. 33 26 76 22**

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**COMPANY DETAILS**

<b>Company</b>	German Pellets Denmark ApS Bakkevej 7 Holmgård 8990 Fårup  CVR No.: 33 26 76 22 Established: 17 November 2010 Registered Office: Fårup Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Philipp Hübler, chairman Michael Hessing Steffen Hildebrandt
<b>Board of Executives</b>	Philipp Hübler
<b>Auditor</b>	BDO Statsautoriseret revisionsaktieselskab Kystvejen 29 8000 Aarhus C
<b>Bank</b>	Sydbank A/S Storegade 18 6200 Aabenraa

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

*Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of German Pellets Denmark ApS for the financial year 1 January - 31 December 2018.*

*The Annual Report is presented in accordance with the Danish Financial Statements Act.*

*In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018.*

*The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.*

*We recommend the Annual Report be approved at the Annual General Meeting.*

Fårup, 26 June 2019

Board of Executives

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Philipp Hübler

Board of Directors

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Philipp Hübler  
Chairman

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Michael Hessing

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Steffen Hildebrandt

## INDEPENDENT AUDITOR'S REPORT

*To the Shareholder of German Pellets Denmark ApS*

### **Opinion**

*We have audited the Financial Statements of German Pellets Denmark ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant 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 assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 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 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 requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.*

### **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 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 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 these Financial Statements.*

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

## INDEPENDENT AUDITOR'S REPORT

- *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 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 Management's Review**

*Management is responsible for Management's Review.*

*Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.*

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

Aarhus, 26 June 2019

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Jeanette Staal  
State Authorised Public Accountant  
MNE no. mne18547

## MANAGEMENT'S REVIEW

### ***Principal activities***

*The principal activities comprise sale of wood pellets and related business.*

### ***Development in activities and financial position***

*The company has realized a loss before tax on 513 tkr. The management considers the result to be unsatisfactory.*

*The parent company has issued a letter of Comfort stating that they will secure the operations of the Company with the necessary contributions, whereby the liquidity for the coming financial year is ensured and the annual report can be presented in accordance with going concern.*

### ***Significant events after the end of the financial year***

*No events have occurred after the end of the financial year of material importance for the company's financial position.*

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
GROSS PROFIT.....	1	175.051	576.710
Staff costs.....	2	-611.861	-612.427
<b>OPERATING LOSS.....</b>		<b>-436.810</b>	<b>-35.717</b>
Other financial income.....		6.903	-2.252
Other financial expenses.....		-83.443	-32.591
<b>LOSS BEFORE TAX.....</b>		<b>-513.350</b>	<b>-70.560</b>
Tax on profit/loss for the year.....		0	0
<b>LOSS FOR THE YEAR.....</b>		<b>-513.350</b>	<b>-70.560</b>
<b>PROPOSED DISTRIBUTION OF DIVIDEND</b>			
Retained earnings.....		-513.350	-70.560
<b>TOTAL.....</b>		<b>-513.350</b>	<b>-70.560</b>

**BALANCE SHEET AT 31 DECEMBER**

<b>ASSETS</b>	<b>Note</b>	<b>2018 DKK</b>	<b>2017 DKK</b>
Finished goods and goods for resale.....		140.269	855.560
<b>Inventories.....</b>		<b>140.269</b>	<b>855.560</b>
Trade receivables.....		6.177.964	3.725.718
Other receivables.....		177.644	169.549
<b>Receivables.....</b>		<b>6.355.608</b>	<b>3.895.267</b>
<b>Cash and cash equivalents.....</b>		<b>308.992</b>	<b>461.006</b>
<b>CURRENT ASSETS.....</b>		<b>6.804.869</b>	<b>5.211.833</b>
<b>ASSETS.....</b>		<b>6.804.869</b>	<b>5.211.833</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		80.000	80.000
Retained profit.....		-675.060	-907.094
<b>EQUITY.....</b>	<b>3</b>	<b>-595.060</b>	<b>-827.094</b>
Trade payables.....		2.089.035	802.642
Payables to group enterprises.....		2.901.249	3.055.872
Other liabilities.....		2.409.645	2.180.413
<b>Current liabilities.....</b>		<b>7.399.929</b>	<b>6.038.927</b>
<b>LIABILITIES.....</b>		<b>7.399.929</b>	<b>6.038.927</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>6.804.869</b>	<b>5.211.833</b>
 Contingencies etc.	 4		
Condition for continued operation	5		
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## NOTES

	2018 DKK	2017 DKK	Note
<b>Special items</b>			<b>1</b>
The Company has been released of their debt to the old parent company. This income has been recognised under other operating income in the Income Statement.			
	2018 DKK	2017 DKK	
Debt waiver.....	0	1.067.388	
	<b>0</b>	<b>1.067.388</b>	
<b>Staff costs</b>			<b>2</b>
Average number of employees 1 (2017: 1)			
Wages and salaries.....	605.974	609.871	
Social security costs.....	5.887	2.556	
	<b>611.861</b>	<b>612.427</b>	
<b>Equity</b>			<b>3</b>
	Share capital	Retained profit	Total
Equity at 1 January 2018.....	80.000	-907.094	-827.094
Group contributions.....		745.384	745.384
Proposed distribution of profit.....		-513.350	-513.350
<b>Equity at 31 December 2018.....</b>	<b>80.000</b>	<b>-675.060</b>	<b>-595.060</b>
<b>Contingencies etc.</b>			<b>4</b>
<b>Contingent assets</b>			
The company has tax losses for offsetting in future income. The tax value of the deferred tax asset constitutes 496 tkr. is not recognized in the financial statement.			
<b>Contingent liabilities</b>			
	2018 DKK	2017 DKK	
Lease liabilities (operating leases):			
Total residual lease payment.....	31.000	27.000	
<b>Condition for continued operation</b>			<b>5</b>
The parent company has issued a letter of Comfort stating that they will secure the operations of the Company with the necessary contributions, whereby the liquidity for the coming financial year is ensured and the annual report can be presented in accordance with going concern.			

**NOTES****Note****Consolidated financial statements****6**

The company is included in the consolidated financial statements for Wismar Pellets GmbH, Am Torney 2a, 23970 Wismar, Germany.

## ACCOUNTING POLICIES

*The Annual Report of German Pellets Denmark ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.*

*The Annual Report is prepared consistently with the accounting principles used last year.*

### INCOME STATEMENT

#### **Net revenue**

*Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.*

#### **Other operating income**

*Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible fixed assets.*

#### **Cost of sales**

*Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.*

#### **Other external expenses**

*Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.*

#### **Staff costs**

*Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.*

#### **Financial income and expenses**

*Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.*

#### **Tax**

*The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.*

### BALANCE SHEET

#### **Inventories**

*Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.*

*The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.*

## ACCOUNTING POLICIES

### **Receivables**

*Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.*

### **Tax payable and deferred tax**

*Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.*

*Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.*

*Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.*

*Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.*

### **Liabilities**

*Amortised cost of current liabilities usually corresponds to nominal value.*

### **Foreign currency translation**

*Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.*

*If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.*

*Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.*

*Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.*