

Filmbyen 20  
2650 Hvidovre  
Tlf. 4343 4477  
haamann@haamann.dk · www.haamann.dk

Rustenborgvej 7A  
2800 Kgs. Lyngby

**Haamann**  
statsautoriserede revisorer

**Weifu Holding ApS**

**Emil Neckelmanns Vej 15 A, Fraugde  
5220 Odense SØ**

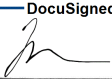
**CVR.no. 40 36 26 81**

**Annual Report 2020**

The Annual Report was presented and adopted at the company's annual general meeting on:

27 May 2021

DocuSigned by:



Jakob Kristensen

Chairman of the General Meeting

## ANNUAL REPORT 2020

### CONTENTS

	<u>Page</u>
Company information	1
Management's statement	2
Independent Auditor's Report	3-5
Financial Highlights	6
Management's review	7-9
Income statement	10
Balance sheet, assets	11
Balance sheet, equity and liabilities	12
Statement of changes in Equity	13
Cash flow statement	14
Notes	15-19
Applied accounting principles	20-26

## COMPANY INFORMATION

### The Company

Weifu Holding ApS  
Emil Neckelmanns Vej 15 A, Fraugde  
5220 Odense SØ  
Denmark

CVR no.:  
40 36 26 81

### Accounting year

1 January - 31 December

### Main Activity

The purpose of the company is to conduct business with product development, manufacturing, sales, trade and investments in the energy sector and the intelligent network or other activity that management considers directly or indirectly related to this purpose.

### Executive Board

Xiaodong Wang

### Auditor

Haamann A/S, State Authorized Public Accountants  
Filmbyen 20  
2650 Hvidovre  
Denmark  
CVR-no. 24 25 69 95

## MANAGEMENT'S STATEMENT

The Executive Board has today considered and adopted the Annual Report for the financial year 1 January - 31 December 2020 for Weifu Holding ApS.

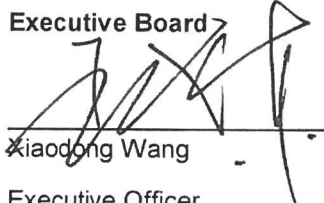
The annual report is presented in accordance with the Danish Financial Statements Act.

I consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cash flow statement, financial position and performance.

Moreover, in my opinion, the management's review includes a fair review of the matters described.

Odense SØ, 27 May 2021

Executive Board



Xiaodong Wang

Executive Officer



## **INDEPENDENT AUDITOR'S REPORT**

### **To the Shareholder of Weifu Holding ApS**

#### **Opinion**

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Weifu Holding ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020, and of the results of the Group and Parent Company operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements**

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent 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 Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 of accounting information taken on the basis of these Consolidated Financial Statements and Parent Company 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:

- Statements and the Parent Company 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Parent Company 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 Group's and the Parent 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 Consolidated Financial Statements and the Parent Company 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 Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Hvidovre, 27 May 2021

Haamann A/S  
State Authorized Public Accountant Firm  
CVR No. 24 25 69 95



Jan Østergaard  
State Authorised Public Accountant  
mne30203

**MANAGEMENT'S REVIEW**

The group's key figures have developed as follows in DKK 1000:

	<u>2020</u>	<u>2019</u>
<b><u>Income statement (DKK '000)</u></b>		
Revenue	27.156	25.065
Gross profit	-4.485	-3.521
Result of primary operation	-26.061	-70.275
Financial costs (interests and exchange rate diff.)	54	124
<b>Net profit or loss for the year after minority interes</b>	<b>-25.890</b>	<b>-70.151</b>
<b><u>Balance sheet (DKK '000)</u></b>		
Balance sheet total	422.274	123.477
Purchase of property plant and equipment	49.181	22.802
<b>Equity</b>	<b>315.950</b>	<b>69.945</b>
<b><u>Employees</u></b>		
Average number of employees	77	43
<b><u>Financial ratios (%)</u></b>		
Gross margin	-16,5	-14,0
Profit ratio (EBIT)	-96,0	-280,4
ROIC	-8,3	-83,9
Return on equity	-13,4	-100,3
Solvency ratio	74,8	56,6

Financial ratios are prepared in compliance with current version of Danish Finance society's "Recommendations & Financial ratios". For definitions, see under accounting policies.

## MANAGEMENT'S REVIEW

Financial Statements of Weifu Holding ApS (the "Company") for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

### Primary activities

As a platform for Weifu Group's overseas mergers and acquisition, international business expansion, overseas investment and financing, domestic and overseas trade collaboration, the Company focuses on the internationalization strategy of Weifu Group, conducting research on overseas resources and related industries; actively seeking the target of overseas merger and acquisition and carrying out preliminary work; enhancing the coordination of trade and investment and financing; and giving full play to the business coordination of parent and subsidiaries.

The Company owns shares in the subsidiary IRD Fuel Cells A/S ("IRD"), Borit NV ("Borit").

IRD develops, produces and sells tailor-made fuel cell and flow battery components. IRD is based on core competencies that cover key fuel cell technologies, which are developed in cooperation with international customers, strategic partners and research groups. IRD is one of the world's leading fuel cell and electrolyser components companies and sells fuel cell, electrolysis and flow battery components worldwide. IRD delivers components for solutions that address climate challenges in the transport sector backup systems and balancing of renewable energy systems. 99% of IRD's customers are based outside Denmark, primarily in Europe, North America and Asia. Its primary activities are located in Odense, Denmark, and it has a subsidiary, IRD Fuel Cells LLC in Albuquerque in New Mexico, USA.

Borit is a leading European fuel cell component manufacturer with a unique, proprietary technology addressing the exponential growth of the fuel cell industry delivers products for automotive and non-automotive markets on a global scale. Borit operates an innovative, one-stop shop with a current focus on metal plates for several fuel cell and electrolyser applications. Based upon its unique process technology, Borit is an award winning and certified 'Factory of the Future' (2018 and 2021).

### Uncertainty relating to recognition or measurement

There is no uncertainties in relation to recognition and measurement.

### Unusual conditions affecting recognition or measurement

All recognitions and measurements taken in the course of 2020 give a true and fair view of the situation and all accounts and are not affected by unusual circumstances.

### Development in finances

Covid-19 affected IRD substantially during 2020. In general, dialogues with existing and potential customers have been positive and encouraging and many dialogues have opened during the year. As prospects are still positive, IRD continues to pursue an expansion plan, however, it is balanced with the development prospects and to the pace of the Covid-19 recovery.

Borit expects to further develop and implement its growth strategy supported by its shareholder. In that development and with the financial support of its principal shareholder, Borit also expects to have access to additional debt financing.

### Outlook

#### IRD:

The development in the hydrogen and fuel cells market within the transport sector as well as within energy storage is considered volatile in this early stage, however, prospects are attractive, which is reflected by among other the price setting of a number of listed shares within the industry. Sustainability lowering carbon footprints with emission free products of fuel cell industry in general and of IRD in particular, has a global appeal and long-term prospects of significant growth appear realistic. Therefore, IRD maintains the focus on developing in attractive key markets, including China, North America and Europe. Based on the global outlook in general and the positive dialogues with existing and potential customers, IRD expects a long-term substantial increase in revenue, meanwhile, it also sees a risk of a revenue trajectory, that might be limited by the pace of Covid-19 recovery, short-term.

**Borit:**

As a leading supplier, Borit is well connected to the fuel cell industry and expects to be in going concern and to meet all its obligations and covenants. Further, it expects to continue its growth strategy. It has however to be recognized that this still is an emerging industry with inherent risks and uncertainties.

Whether actual results, events, performance or achievements will conform to Borit's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors, including but not limited to the followings:

*Assumption*

- Borit successfully implement and execute on its growth strategy and compete effectively in a competitive business environment
- customer purchase commitments

*Risk and uncertainty*

- the ongoing COVID-19 pandemic, including the resulting global economic uncertainty and measures taken in response to the pandemic, could materially impact Borit's business and future results of operations and financial condition
- fluctuating prices or shortages in the supply of commodities
- cybersecurity threats to Borit's information technology infrastructure and systems, and unauthorized attempts to gain access to its proprietary or confidential information; Borit's key suppliers and customers being adversely impacted by global macro-economic conditions beyond the control of the Company
- Borit's dependence on key and highly-skilled personnel to operate its business and its ability to attract and retain qualified personnel and maintain its corporate culture

**Knowledge resources**

IRD's employees are typically specialists within the relevant technologies. Production staff are also well-educated and attend long-term in-house training.

Borit acquired all the IP and patents from Borit Leichtbau-Technik GmbH; the concerned IP and patents are the basis of the technology used by Borit to form metal components. They contain essential IP on Borit Hydrogate (press design/concept and operation).

**Particular risks****IRD:**

IRD continues to be dependent on how the market will develop for its customers' end-users. These again are dependent on the political impact on the market for renewable energy worldwide. In addition, the pace of Covid-19-recovery will continue to reduce business activity in general for some period of time yet.

**Borit:**

specific risks such as (non-exhaustive):

- Commercial risk: Borit is dependent on revenue generated by a certain number of customers. Although Borit does not expect a decrease in activities on the short-term, customers might change their purchases or purchase intentions.
- Financial risk: Borit's bank loans are secured by means of a bank covenant that requires a specific solvency to be respected. As per Dec 31, 2020 there is no breach of the covenant. Borit expects also no breach of the covenant for 2021 but this forward looking statement is subject to specific known or unknown risks and uncertainties.
- Cash-flow: Borit does not expect that it will be confronted with cash shortages on the short and medium term, but this forward looking statement is subject to specific known or unknown risks and uncertainties.
- Financing: Borit expects that its growth strategy will be further financed by its shareholder, but this forward looking statement is subject to specific known or unknown risks and uncertainties.

**Impact on the external environment**

Reporting on the impact on the external environment and prevention and reduction measures is anchored in IRD. IRD's environmental impact is deemed insignificant.

Borit has all environmental permits to operate in place, and is compliant in all respects. Further, Borit wants to maximize the creation of shared value, which means to create returns on investment for shareholders at the same time as ensuring benefits for other stakeholders (Corporate Social Responsibility).

As Borit is active in supplying products for a green and zero-emission future, managing global climate change, it is using green energy (wind and solar locally produced) and is aiming to improve its consumption of water and energy and other commodities continuously. Further, it has several programs in place to foster employee participation and wellbeing.

**Research and development activities**

IRD continues to be deeply involved in research and development to extend useful lives and reduce costs for the next generation of fuel cell components and electrolyzers. This work is carried out in cooperation with customers based on the most recent findings from reputable international universities and other research groups.

IRD's current and potential customers continue to have a strong focus on the development of materials that are friendly for the environment and that improve performance and reduce costs, and often for quantities that by far surpass historical levels. IRD's research and development activities are also supported by public programs in Denmark, EU and USA.

Borit is continuously looking for opportunities to invest in R&D to sustain and improve its competitive position.

**Events after the balance sheet date**

Refer to note 15 for a specification of the subsequent events. It is estimated that subsequent events will not have a material impact on the financial statements.



**INCOME STATEMENT**  
**1 January 2020 - 31 December 2020**

		<b>Group</b>		<b>Parent Company</b>	
		2020	2019	2020	2019
	Note	DKK	TDKK	DKK	TDKK
Net revenue		27.155.902	25.065	0	0
Cost of sales		-21.360.747	-17.578	0	0
Other operating income		95.047	0	0	0
Other external expenses		-10.374.895	-11.008	-88.954	-39
<b>Gross profit or loss</b>		-4.484.693	-3.521	-88.954	-39
Employee expense	1	-15.655.888	-14.675	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-5.920.053	-52.079	0	-49.851
<b>Result of primary operation (EBIT)</b>		-26.060.634	-70.275	-88.954	-49.890
Income from investments in subsidiaries		0	0	-18.829.389	-13.372
Financial income	3	1.228.689	974	113.339	0
Financial expenses		-1.174.976	-850	0	0
<b>Result before tax</b>		-26.006.921	-70.151	-18.805.004	-63.262
Tax on profit or loss for the year	4	116.949	0	0	0
<b>Net profit or loss for the year</b>		-25.889.972	-70.151	-18.805.004	-63.262
<b>Proposed distribution of profit</b>	5				



**BALANCE SHEET 31 December 2020****ASSETS**

		Group		Parent Company	
	Note	2020 DKK	2019 TDKK	2020 DKK	2019 TDKK
<b>Fixed assets</b>					
<b>Intangible assets</b>	6				
Completed development projects		336.157	0	0	0
Acquired concessions, patents, licenses, trademarks and similar rights		37.699.862	1.607	0	0
Goodwill		235.729.186	0	0	0
<b>Total intangible assets</b>		273.765.205	1.607	0	0
<b>Property, plant and equipment</b>	7				
Property, plant and equipment in progress		8.946.268	6.774	0	0
Plant and machinery		52.976.581	11.817	0	0
Other fixtures and fittings, tools and equipment		1.754.456	169	0	0
Leasehold improvements		2.010.985	2.131	0	0
<b>Total property, plant and equipment</b>		65.688.290	20.891	0	0
<b>Financial fixed assets</b>	8				
Investments in subsidiaries		0	0	346.827.934	46.144
Deposits		1.095.149	823	0	0
<b>Total financial fixed assets</b>		1.095.149	823	346.827.934	46.144
<b>Total fixed assets</b>		340.548.644	23.321	346.827.934	46.144
<b>Current assets</b>					
<b>Inventories</b>					
Raw materials and consumables		15.700.313	12.488	0	0
Finished goods and goods for resale		5.925.806	2.059	0	0
<b>Total inventories</b>		21.626.119	14.547	0	0
<b>Receivables</b>					
Trade receivables		10.776.861	3.119	0	0
Receivables from group enterprises		0	67.855	13.167.473	29.040
Other receivables		15.177.077	13.776	1.060.106	0
Prepayments		1.718.316	108	0	0
Corporation tax receivables		1.312.126	0	0	0
<b>Total receivables</b>		28.984.380	84.858	14.227.579	29.040
<b>Cash and cash equivalents</b>		31.115.201	751	568.626	50
<b>Total current assets</b>		81.725.700	100.156	14.796.205	29.090
<b>Total assets</b>		422.274.344	123.477	361.624.139	75.234

**BALANCE SHEET 31 December 2020****EQUITY AND LIABILITIES**

		Group		Parent Company	
	Note	2020 DKK	2019 TDKK	2020 DKK	2019 TDKK
<b>Equity</b>					
Share capital	9	380.000	370	380.000	370
Retained earnings		315.569.796	45.804	315.569.796	45.804
Minority share of equity	10	0	23.771	0	0
<b>Equity</b>		<b>315.949.796</b>	<b>69.945</b>	<b>315.949.796</b>	<b>46.174</b>
<b>Provisions</b>					
Deferred tax		9.612.824	0	0	0
<b>Total liabilities</b>		<b>9.612.824</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Liabilities other than provisions</b>					
<b>Long-term liabilities</b>					
Provisions for investments in group enterprises	11	2.301.936	2.964	0	0
Long-term debt to credit institutions		2.827.973	0	0	0
Long-term lease commitments		5.629.535	0	0	0
<b>Total long-term liabilities</b>		<b>10.759.444</b>	<b>2.964</b>	<b>0</b>	<b>0</b>
<b>Short-term liabilities</b>					
Short-term debt to credit institutions	11	3.032.794	0	0	0
Short-term lease commitments		3.067.005	0	0	0
Prepayments received from customers		18.003.525	11.576	0	0
Trade payables		4.919.721	5.809	64.343	20
Payables to group enterprises		45.610.000	29.040	45.610.000	29.040
Debt through mergers and business combinations		5.000.000	0	0	0
Other payables		5.975.769	4.143	0	0
Deferred income		343.466	0	0	0
<b>Total short-term liabilities</b>		<b>85.952.280</b>	<b>50.568</b>	<b>45.674.343</b>	<b>29.060</b>
<b>Total liabilities</b>		<b>106.324.548</b>	<b>53.532</b>	<b>45.674.343</b>	<b>29.060</b>
<b>Total equity and liabilities</b>		<b>422.274.344</b>	<b>123.477</b>	<b>361.624.139</b>	<b>75.234</b>
Contingencies	12				
Mortgagings and collateral	13				
Related parties disclosures	14				
Events occurring after the end of the financial year	15				

**STATEMENT OF CHANGES IN EQUITY**
**Group:**

	Share capital	Retained earnings	Minority share of equity	Total
Equity at beginning of period	370.000	45.804.307	23.771.100	69.945.407
Cash capital increase	10.000	318.019.600		318.029.600
Adjustment for buying minority interest in subsidiary		-28.923.868	-16.686.132	-45.610.000
Exchange rate adjustments		-525.239		-525.239
Net profit/loss for the year		-18.805.004	-7.084.968	-25.889.972
Equity at end of period	380.000	315.569.796	0	315.949.796

**Parent Company:**

	Share capital	Retained earnings	Minority share of equity	Total
Equity at beginning of period	370.000	45.804.307		46.174.307
Cash capital increase	10.000	318.019.600		318.029.600
Adjustment for buying minority interest in subsidiary		-28.923.868		-28.923.868
Exchange rate adjustments		-525.239		-525.239
Net profit/loss for the year		-18.805.004		-18.805.004
Equity at end of period	380.000	315.569.796	0	315.949.796

**CASH FLOW STATEMENT**
**Group:**

	<u>Note</u>	<u>2020 TDKK</u>	<u>2019 TDKK</u>
Annual result		-25.890	-70.151
Adjustments	16	-30.675	35.852
Working capital changes	17	-11.348	-10.022
<b>Cash flow from operations before financials</b>		-67.913	-44.321
<b>Cash flow from operations</b>		-68.027	-44.321
Investments in intangible fixed assets		-274.169	-1.924
Investments in tangible fixed assets		-49.181	-22.802
Investments in financial fixed assets		-272	-823
<b>Cash flow from investing activities</b>		-323.622	-25.549
Borrowing:			
Repayments of long-term liabilities		-4.491	0
Raising of long-term debt		19.049	0
Raising of short-term debt		5.000	0
The capital owners:			
Capital increase		318.030	109.436
Change of intercompany accounts		84.425	-38.815
<b>Cash flow from financing activities</b>		422.013	70.621
Change in cash		30.364	751
Cash at 1 January 2020		751	0
<b>Cash at 31 December 2020</b>		31.115	751

## NOTES

	Group		Parent Company	
	2020	2019	2020	2019
	DKK	TDKK	DKK	TDKK
1. <u>Employee expenses</u>				
Wages and salaries	22.921.778	19.157	0	0
Pensions	1.633.398	1.443	0	0
Social security costs	725.830	433	0	0
Other staff expenses	416.017	607	0	0
	25.697.023	21.640	0	0
Transfer to development projects	-10.041.135	-6.966	0	0
	15.655.888	14.674	0	0
Average number of employees	77	43	0	0
2. <u>Depreciation</u>				
Completed development projects	28.472	0	0	0
Acquired concessions, patents, licenses, trademarks	968.657	317	0	0
Goodwill	986.315	0	0	0
Property, plant and equipment in progress	0	0	0	0
Plant and machinery	2.580.650	801	0	0
Other fixtures and fittings, tools and equipment	1.190.198	1.063	0	0
Leasehold improvements	165.761	47	0	0
	5.920.053	2.228	0	0
3. <u>Net financials</u>				
Group enterprises	0	0	0	0
Other financial income	1.228.689	270	113.339	0
	1.228.689	270	113.339	0
4. <u>Tax on profit or loss for the year</u>				
Tax on profit or loss for the year	-3.016	0	0	0
Adjustment of deferred tax	-113.933	0	0	0
	-116.949	0	0	0
5. <u>Proposed distribution of profit</u>				
	Parent Company			
	2020	2019		
	DKK	TDKK		
Retained earnings	-18.805.004	-7.084.968		
Proposed dividend	0	0		
Profit (loss)	-18.805.004	-7.084.968		

**NOTES**
**6. Intangible assets**
**Group:**

	Completed development projects	Acquired concessions, patents, licenses, trademarks and similar rights	Goodwill
Cost at 1 January 2020	0	1.924.447	49.850.590
Additions	364.629	37.061.215	236.715.501
Cost at 31 December 2020	364.629	38.985.662	286.566.091
Depreciation at 1 January 2020	0	317.143	49.850.590
Depreciation for the year	28.472	968.657	986.315
Depreciation at 31 December 2020	28.472	1.285.800	50.836.905
Carrying amount at 31 December 2020	336.157	37.699.862	235.729.186

**7. Property, plant and equipment**
**Group:**

	Property, plant and equipment in progress	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements
Cost at 1 January 2020	6.774.296	12.618.263	215.936	3.194.285
Additions	2.171.972	43.710.547	1.815.178	1.006.045
Cost at 31 December 2020	8.946.268	56.328.810	2.031.114	4.200.330
Depreciation at 1 January 2020	0	800.984	47.256	1.062.788
Depreciation for the year	0	2.551.245	229.402	1.126.557
Depreciation at 31 December 2020	0	3.352.229	276.658	2.189.345
Carrying amount at 31 December 2020	8.946.268	52.976.581	1.754.456	2.010.985

**NOTES****8. Financial fixed assets****Group:**

	<u>Deposits</u>
Cost at 1 January 2020	822.959
Additions	272.190
Cost at 31 December 2020	<u>1.095.149</u>
Carrying amount at 31 December 2020	<u>1.095.149</u>

**Parent Company:**

	<u>Investments in subsidiaries</u>
Cost at 1 January 2020	59.515.500
Additions	348.962.686
Disposals	<u>0</u>
Cost at 31 December 2020	<u>408.478.186</u>
Revaluation and write-downs at 1 January 2020	-13.371.600
Adjustment for buying minority interest in subsidiary, 34%	-28.923.868
Exchange rate adjustments	-525.395
Net profit/loss for the year	-17.843.074
Depreciation of group goodwill	<u>-986.315</u>
Revaluation and write-downs at 31 December 2020	<u>-61.650.252</u>
Investments 31 December 2020	<u>346.827.934</u>

Financial and operating data of the companies as of 31 December 2020:

	<u>The result for the year</u>	<u>Equity</u>	<u>Equity interest</u>	<u>Investments in subsidiaries</u>
IRD Fuel Cells A/S, Odense, Denmark	-16.928.554	45.901.322	100%	45.901.322
Borit NV, Geel, Belgium	<u>-914.520</u>	<u>65.197.426</u>	<u>100%</u>	<u>65.197.426</u>
Recognized at 31 December 2020				<u>111.098.748</u>
Group goodwill				236.715.501
Depreciation of group goodwill				<u>-986.315</u>
				<u>346.827.934</u>

## NOTES

### 9. Equity

#### Parent company:

The share capital consists of shares of DKK 1 or multiples thereof.

In 2020, the share capital was increased by DKK 10,000 through cash contribution.

### 10. Minority interests

#### Group:

	2020 DKK	2019 TDKK
<b>Minority interests</b>		
Minority interests 1 January 2020	23.771.100	0
Initial minority interest	0	2.153
Exchange rate adjustment	0	83
Capital increase	0	28.424
Share of profit/loss for the year	-7.084.968	-6.889
Adjustment gaining 100% share	-16.686.132	0
Minority interests 31 December 2020	0	23.771

### 11. Long-term liabilities

#### Group:

	01.01.2020 Total payables TDKK	31.12.2020 Total payables DKK	Repayment next year DKK	Outstanding payables after 5 years DKK
Provisions for investments in group enterprises	2.964	2.301.936	0	0
Long-term debt to credit institutions	0	5.860.767	3.032.794	0
Long-term lease commitments	0	8.696.540	3.067.005	0
	2.964	16.859.243	6.099.799	0

### 12. Contingencies

#### Group:

The Group's obligations to the landlords of the premises is corresponding to max. t.DKK 4,804.

#### Parent company:

The Company is part of a joint taxation. The Company shall be liable jointly and severally with the subsidiary IRD Fuel Cell A/S for the Danish corporate taxes and withholding taxes on dividends, interests and royalties within the joint taxation group. Possible later corrections to the joint taxable income or withholding taxes on dividends, interest and royalties may lead to the obligation of the company to be a larger amount.

### 13. Mortgages and collateral

#### Group:

Pledge of the business is corresponding to max. t. DKK 373.

Pledge of the business assets is corresponding to max. t. DKK 16,390.

### 14. Related parties

The following shareholders are registered in the company's register of shareholders as owner of minimum 5% of the votes or minimum 5 % of the share capital:

Wuxi Weifu High-technology Group Co., Ltd.



## NOTES

### 15. Events occurring after the end of the financial year

The implications of COVID-19 with many governments across the world deciding to "close down their countries" have had great impact on the global economy.

In consequence, the assessments of impairment indications are based on the future cash flows expected by Management at 31 December 2020, which may differ from the cash flows expected by Management at the time of adoption of the Annual Report, see comments in outlook for the future in Management's Review.

COVID-19 has caused a decline in the Company's revenue. The reason for this is that the Company's customers have postponed a number of existing orders. Management is monitoring developments closely. It is, however, too early yet to give an opinion as to whether and, if so, to what extent COVID-19 will impact revenue and earnings in 2021. Naturally, Management will make an effort to recapture any lost revenue later in the year.

At this time, it is not possible to calculate the size of the negative COVID-19 impact.

Despite the mentioned implications of COVID-19, Management still considers the cash resources reasonable.

Management has not subsequently noted any material changes in the valuation of assets and liabilities.

	Group	
	2020	2019
	TDKK	TDKK
16. <u>Cash flow statment - adjustments</u>		
Exchange rate adjustments, subsidiaries	476	0
Provisions	-662	2.964
Capital adjustments acquisitions and minority interest	-36.409	30.660
Depreciation for the year	5.920	2.228
	<u>-30.675</u>	<u>35.852</u>
17. <u>Cash flow statment - change in working capital</u>		
Changes in inventory	-7.079	-14.547
Changes in receivables	-5.553	-5.427
Changes in liabilities	1.284	9.952
	<u>-11.348</u>	<u>-10.022</u>

## ACCOUNTING POLICIES

The Annual Report of Weifu Holding ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C.

The accounting policies remain unchanged compared to previous years.

The Financial Statements for 2020 are presented in DKK.

### Consolidated Financial Statements

The Consolidated Financial Statements include Weifu Holding ApS (Parent Company) and the enterprises in which Weifu Holding ApS directly or indirectly owns more than 50% of the voting rights or otherwise has the capacity to exercise or actually exercises a controlling influence (subsidiaries).

### Principles of consolidation

The Consolidated Financial Statements are based on the financial statements of the Parent Company (Weifu Holding ApS) and the subsidiaries and are prepared by combining uniform accounting items and subsequently eliminating intra-group income and expenses, shareholdings, intra-group balances and dividends as well as realized and unrealized profits and losses in transactions between the consolidated enterprises. The Consolidated Financial Statements are based on financial statements prepared by applying the Group's accounting policies.

Investments in subsidiaries are eliminated by the proportionate share of the subsidiaries' net assets at time of acquisition at fair value.

### Minority interest

The subsidiaries' accounting items are fully recognized in the Consolidated Financial Statements. Minority interests' proportionate share of results and net assets are presented as separate items under the profit and loss account and under equity.

### Recognition and measurement

Income is recognised in the income statement as and when it is earned, including recognition of value adjustments of financial assets and liabilities. All costs, including depreciation, amortisation and write-downs are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

The initial recognition measures assets and liabilities at cost. Subsequently, assets and liabilities are measured as described in the following for each item.

Certain financial assets and liabilities are measured at amortised cost, recognising a constant effective interest over the term. Amortised cost is stated at initial cost less any deductions and with addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

The recognition and measurement takes into account predictable losses and risks arising before the year-end reporting and which prove or disprove matters that existed at the balance sheet date.

## **ACCOUNTING POLICIES**

### **Translation policies**

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### **Net turnover**

Net turnover from sale of merchandise and finished goods is recognised in the income statement if delivery and risk transfer to purchaser has taken place before the end of the year and if the revenue can be reliably measured and are expected to be received. Net revenue is recognised exclusive of VAT, duties and less

### **Cost of sales**

The cost of manufactured, finished goods and work in progress covers the cost of direct wages/salaries and depreciations. Trading companies recognize the cost of goods sold, whereas manufacturing companies recognize production costs corresponding to annual sales. Factory overhead expenses cover indirect materials, wages and salaries as well as maintenance of and depreciation of the machinery, rent and lease and depreciation of the plant and machinery factory buildings and equipment used in the production process as well as expenses for factory administration and management.

Production costs also include development costs that do not meet the criteria for capitalization and depreciation on capitalized development costs.

Depreciation related to expected losses on ongoing projects in progress are also recognized.

### **Other external expenses**

Administrative expenses include costs incurred during the year for the management and administration of the group, including costs relating to administrative staff, management, office premises, office expenses, etc. and depreciation.

### **Other operating income and expenses**

Other operating income and expenses include accounting items of a secondary nature relative to the primary activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Financial income and costs**

Financial income and costs are recognised in the income statement by the amounts that relate to the financial year. These items comprise interest income and expenses, the financial portion of finance lease payments, realized and unrealized capital gains and losses on securities, payables and transactions in

## ACCOUNTING POLICIES

### Tax on the annual result

Tax for the year, which consists of current tax for the year and adjustments to deferred tax, is recognized in the statement of income by the portion attributable to the profit for the year and recognized directly on equity by the portion attributable to entries recognized directly in equity.

### Joint taxation

The Company is part of the group's joint taxation and the Danish Tax Prepayment Scheme. The current Danish corporation tax is allocated proportionally among the companies, whether the income is positive or

The value of a tax loss in one company is reimbursed by the other companies to the extent they can exploit the tax loss.

Full allocation with a refund concerning tax losses are recognised in the income statement under income tax and is referred as 'Joint taxation contribution'.

Payable and receivable Joint taxation contributions are recognised in the balance sheet under receivables from / or payables to group enterprises.

Joint taxation contributions payable are recognised in the administration entity's balance sheet under current liabilities.

## BALANCE SHEET

### Intangible assets

Cost of development include salaries and depreciation directly or indirectly attributable to the Company's development activities and fulfilling the criteria for recognition.

Capitalised development costs are measured at cost less accumulated amortisation or at a lower recoverable amount. A materiality amount at TDKK. 700 is adopted so that only development projects with an expected total cost in excess of this limit is activated.

Capitalised development costs are depreciated on a straight-line basis using the estimated useful lives of the assets. The amortisation period is usually 5 years, and does not to exceed 20 years.

Straight-line depreciation is made on the basis of the following estimated useful lives and residual values of

	Useful life:	Residual value:
Software and website	5 years	0%

Patents, licenses and trademarks are measured at cost less accumulated depreciation. Patents are depreciated over the remaining patent period, licenses and trademarks are amortized over the term of the agreement, but no more than 5 years.

Acquired goodwill is measured at cost less accumulated depreciation. Goodwill is amortized on a straight-line basis over the useful life, which is estimated at 7 years.

In determining the depreciation period beyond 5 years, account has been taken of the exclusive right of the company to negotiate the products in question for 7 years.

Gains or losses on disposal of intangible assets are determined as the difference between the selling prices less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under write-offs.

## ACCOUNTING POLICIES

### Property, plant and equipment

Properties are measured at cost plus appreciation to estimated sales value less accumulated depreciation and impairment losses.

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The basis of depreciation are measured at cost plus revaluations and less accumulated depreciation and write downs after the end of useful life. Land is not depreciated.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

Depreciation is computed using the straight-line method over the following estimated useful lives of the individual assets and their residual values:

	Useful life:	Residual value:
Leasehold improvements	10 years	0%
Plant and machinery	8 years	0-20%
Other fixtures and fittings, tools and equipment	3-8 years	0%

Assets acquired at less than DKK 14,100 per item are recognised in the Profit & loss account in the Parent Company in the year of acquisition.

Gains or losses on disposal of property, plant and equipment are determined as the difference between the selling prices less selling costs and the carrying amount at the time of sale. Gains or losses are recognised in the income statement under 'other operating income' or 'other operating expenses.'

### Lease contracts

Leases for property, plant and equipment under which the company assumes substantially all risks and rewards incidental to ownership (finance leases) are recognised as assets in the balance sheet. On initial recognition, the assets are measured at calculated cost corresponding to fair value or (if lower) at the present value of future lease payments. In the calculation of the present value, the internal interest rate of the lease is used as the discount rate or an approximate value of this rate. Assets held under finance leases are depreciated like any other property, plant and equipment.

The capitalised residual lease commitment is recognised in the balance sheet as a payable, and the interest element of the lease payment is recognised in the income statement over the life of the lease.

All other leases are regarded as operating leases. Rental payments made under operating leases and other leases are recognised in the income statement over the life of the lease. The company's total commitments under operating leases and other leases are disclosed under contingencies etc.

### Financial fixed assets

Investments in subsidiaries are measured at the proportionate share of the equity value of the enterprise calculated in accordance with the Parent Company's accounting policies minus or plus unrealised

Investments in the subsidiary with a negative equity value are measured at DKK 0, and any receivables from the enterprise are written down if the receivables are uncollectible. If the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the remaining amount is

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity.

Deposits are recognised in the balance sheet at cost.

## ACCOUNTING POLICIES

### Impairment of assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-downs are made to the coverable amount if this is lower than the carrying amount.

### Inventories

Where the net realisable value is lower than cost, inventories are written down to this lower value. The cost of consumables comprises the purchase price plus delivery costs.

The cost covers the acquisition price with addition of transportation costs.

The cost of manufactured, finished goods and work in progress covers the cost of raw materials, consumables, direct wages/salaries and factory overhead expenses. Factory overhead expenses cover indirect materials, wages and salaries as well as maintenance of and depreciation of the machinery, factory buildings and equipment used in the production process as well as expenses for factory administration and management and capitalised development cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected sales prices.

### Receivables

Receivables are recognised in the balance sheet at amortised cost, which normally corresponds to nominal value. The value is reduced by provision for estimated bad debts.

### Prepayments

Prepayments are recognised under assets comprise costs incurred relating to subsequent financial years.

### Tax payable and deferred tax

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

Deferred tax is measured under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities. Where, for example in respect of shares, the determination of the tax base can be made using alternative taxation rules, deferred tax is measured based on the planned use of the asset or the settlement of the liability.

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

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

## ACCOUNTING POLICIES

### Liabilities other than provisions

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs. In subsequent periods, financial liabilities are measured at amortized cost equal to the capitalized value using the effective interest rate, the difference between the proceeds and the redemption value is recognized in the income statement over the loan period.

Mortgage debt is measured at amortised cost which for bond loans is equal to nominal value.

Other liabilities are measured at amortised cost equal to nominal value.

## CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year distributed on operating, investing and financing activities for the year, changes in cash and cash equivalents for the year and cash and cash equivalents at the beginning and end of the year.

### Cash flow from operating activities

Cash flows from operating activities are determined as the net profit for the year adjusted for non-cash operating items, changes in working capital and income tax paid.

### Cash flow from investing activities

Cash flows from investing activities include payments related to the acquisition and sale of enterprises and activities and the purchase and sale of intangible assets, property, plant and equipment and investments.

### Cash flow from financing activities

Cash flows from financing activities include changes in the size or composition of share capital and costs incidental thereto and raising of loans, repayments on interest-bearing debt and distribution of dividends to

### Cash and cash equivalents

Cash and cash equivalents include cash.

## Financial Highlights

Explanation of financial ratios

Gross margin ratio:

$$\frac{\text{Gross result} \times 100}{\text{Net turnover}}$$

Profit margin ratio:

$$\frac{\text{Result of primary operations} \times 100}{\text{Net turnover}}$$

Operative assets:

Total assets less available funds, other interest bearing assets  
and capital shares in associates

Rate of return:

$$\frac{\text{Result of primary operations} \times 100}{\text{Average operative assets}}$$

Equity ratio:

$$\frac{\text{Equity less minority interests, closing balance} \times 100}{\text{Total liabilities, closing balance}}$$

## ACCOUNTING POLICIES

Result for analysis purposes:

Ordinary result after tax with deduction  
of minority interests' share of same

Return on equity:

Result for analyses purposes x 100  
Average equity exclusive of minority interests