

Envision Energy (Denmark) ApS

Randersvej 2a, DK-8600 Silkeborg

CVR no. 31 49 25 21

Annual report

for the year 1 January - 31 December 2022

Approved at the Company's annual general meeting on 30 June 2023

Chair of the meeting:



Lars Overgaard

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Envision Energy (Denmark) ApS for the financial year 1 January - 31 December 2022.

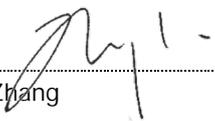
The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Silkeborg, 30 June 2023
Executive Board:



Lei Zhang
CEO

Independent auditor's report

To the shareholders of Envision Energy (Denmark) ApS

Opinion

We have audited the financial statements of Envision Energy (Denmark) ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 as to 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 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 note 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 the Management's review

Management is responsible for the Management's review.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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 the Management's review.

Aarhus, 30 June 2023
EY Godkendt Revisionspartnerselskab
CVR nr. 30 70 02 28



Tom B. Lassen
State Authorised Public Accountant
mne24820



Kim R. Mortensen
State Authorised Public Accountant
mne18513

Management's review

Company details

Name	Envision Energy (Denmark) ApS
Address, Postal code, City	Randersvej 2a, DK-8600 Silkeborg
CVR no.	31 49 25 21
Established	17 June 2008
Registered office	Silkeborg
Financial year	1 January - 31 December
Website	www.envisioncn.com
Telephone	+45 72 44 44 39
Executive Board	Lei Zhang, CEO
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Business review

Envision Energy (Denmark) ApS has been established to accommodate Envision's Global Innovation Centre (GIC), where experienced development engineers with a background from the wind industry are focusing on innovation, technology and product development, and high expertise support to head quarter activities. GIC plays a significant role in supporting the Chinese organization with the development of key components for wind turbines for the Chinese and International markets.

Year 2022 for the GIC has been the year of consolidation of the newly created Incubation Workshop, in terms of organization, projects, procedures and safety, as well as the first handover of technologies developed in 2021. Solutions that were industrialized and handed over to operations in China are the novel drying units for blade infusion (4 industrial grade machine produced), laser layup for faster cycle times (10 systems installed in ENB factories) and the digital monitoring of production line for lean improvements (11 mould lines monitoring launched). The main direction taken by the GIC office in 2021, with main focus on blade manufacturing, has been maintained and reinforced by kicking off new projects, such as the wrinkle scanner, an innovative and low cost solution to inspect undergoing production and provide live feedback to operators of potential product defects, a series of monitoring sensors integrated in the production tooling that would be ultimately be part of the GIC smart manufacturing platform and the start of the development of smart mould gantry crane, a platform that would increase the level of automation in blade production supporting layup, but also other in mould activities, such as quality control. Finally, the digitalization effort started in 2021 had a significant improvement in year 2022, with the introduction of state-of-the-art software development methodologies to ensure fast deployment, easy maintenance and quick upgrade of the systems installed in the factories, from the office in Denmark.

Financial review

The income statement for 2022 shows a profit of DKK 6,280 thousand against a profit of DKK 5,978 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 66,101 thousand.

Management considers the Company's financial performance in the year satisfactory.

Knowledge resources

Envision is aiming to provide the most cost-efficient and high-quality products and solutions in the renewable energy sector, and as such, management is continuously looking into new technology development and research, as well as to recruit key talents from the wind industry.

Events after the balance sheet date

There are no other events after the reporting period to be disclosed.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Revenue	62,056,888	55,205,455
	Other operating income	2,121,906	1,904,517
	Other external expenses	<u>-24,238,450</u>	<u>-20,518,732</u>
	Gross profit	39,940,344	36,591,240
4	Staff costs	-31,908,984	-30,739,366
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	<u>-3,251,524</u>	<u>-2,006,282</u>
	Profit before net financials	4,779,836	3,845,592
5	Financial income	3,619,913	4,127,375
6	Financial expenses	<u>-337,422</u>	<u>-161,962</u>
	Profit before tax	8,062,327	7,811,005
7	Tax for the year	<u>-1,782,639</u>	<u>-1,832,900</u>
	Profit for the year	<u>6,279,688</u>	<u>5,978,105</u>
	Recommended appropriation of profit		
	Retained earnings	<u>6,279,688</u>	<u>5,978,105</u>
		<u>6,279,688</u>	<u>5,978,105</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Fixed assets		
8	Intangible assets		
	Software	859,404	0
	Development projects in progress and prepayments for intangible assets	0	1,237,540
		<u>859,404</u>	<u>1,237,540</u>
9	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	6,674,017	2,588,556
	Leasehold improvements	187,285	1,048,745
	Prepayments for property, plant and equipment	214,069	639,457
		<u>7,075,371</u>	<u>4,276,758</u>
10	Investments		
	Receivables from group entities	0	24,120,430
	Other receivables	1,353,449	1,313,608
		<u>1,353,449</u>	<u>25,434,038</u>
	Total fixed assets	<u>9,288,224</u>	<u>30,948,336</u>
	Non-fixed assets		
	Receivables		
	Receivables from group entities	37,721,679	11,824,835
11	Deferred tax assets	0	1,147,000
	Income taxes receivable	984,924	1,918,000
	Other receivables	1,605,778	611,956
12	Prepayments	1,197,828	1,144,354
		<u>41,510,209</u>	<u>16,646,145</u>
	Cash	<u>27,604,831</u>	<u>23,881,912</u>
	Total non-fixed assets	<u>69,115,040</u>	<u>40,528,057</u>
	TOTAL ASSETS	<u>78,403,264</u>	<u>71,476,393</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
13	Share capital	125,000	125,000
	Retained earnings	65,975,660	59,695,972
	Total equity	<u>66,100,660</u>	<u>59,820,972</u>
	Provisions		
11	Deferred tax	14,447	0
	Total provisions	<u>14,447</u>	<u>0</u>
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Deposits	1,097,925	795,223
		<u>1,097,925</u>	<u>795,223</u>
	Current liabilities other than provisions		
	Trade payables	5,217,901	3,559,764
	Payables to group entities	2,735,517	0
	Other payables	3,236,814	7,300,434
		<u>11,190,232</u>	<u>10,860,198</u>
	Total liabilities other than provisions	<u>12,288,157</u>	<u>11,655,421</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>78,403,264</u></u>	<u><u>71,476,393</u></u>

- 1 Accounting policies
- 2 Recognition and measurement uncertainties
- 3 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2021	125,000	53,717,867	53,842,867
Transfer through appropriation of profit	0	5,978,105	5,978,105
Equity at 1 January 2022	125,000	59,695,972	59,820,972
Transfer through appropriation of profit	0	6,279,688	6,279,688
Equity at 31 December 2022	125,000	65,975,660	66,100,660

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Envision Energy (Denmark) ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

A few accounting items have been reclassified. The comparable figures are restated.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from sale comprises invoicing of development costs and delivery of windturbines to group companies and is recognised in the income statement provided that the time of delivery and transfer of risk have taken place before year end, and that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets and income from subletting of office facilities.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to advertising, administration, premises, operating leases, IT costs, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Acquired intangible assets comprise of software which is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives, corresponding to three years.

Gains or losses on the sale of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Property, plant and equipment in the course of construction and prepayments are measured at cost. Assets are depreciated at the date of use.

Fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any cost directly attributable to the acquisition until the date when the asset is available for use. The cost of own-produced assets comprises direct cost of material, components and sub-suppliers

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

The basis of depreciation, which is calculated at cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Fixtures and fittings, tools and equipment and leasehold improvements: 3-5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Impairment of fixed assets

Every year, intangible assets and property, plant and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, the loss is allocated to the non-current assets on a pro rata basis.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost less write-down for expected losses on bad debts based on a individual assessment. Write-downs are made to the lower of the net realisable value and the carrying amount.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash balances and bank balances.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporation tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are measured at amortised cost which is essentially equivalent to net realisable value.

2 Recognition and measurement uncertainties

The parent company has provided a support letter for the sister company's debt to Envision Energy (Denmark) ApS of DKK 26.7 million, which means that the parent company ensures that the receivable will be paid when due. In addition, the parent company has provided support letter to Envision Energy (Denmark) ApS, which ensures that the parent company will support with the necessary liquidity for budgeted activities for 2023.

3 Events after the balance sheet date

No significant events have occurred after the balance sheet date which affect the assessment of the Company's financial position or the financial statement at 31 December 2022.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2022	2021
4 Staff costs		
Wages/salaries	30,365,112	29,285,820
Pensions	1,472,895	1,379,223
Other social security costs	70,977	74,323
	<u>31,908,984</u>	<u>30,739,366</u>
Average number of full-time employees	<u>23</u>	<u>24</u>
5 Financial income		
Interest receivable, group entities	1,037,309	947,604
Exchange gain	2,295,823	3,134,069
Other financial income	286,781	45,702
	<u>3,619,913</u>	<u>4,127,375</u>
6 Financial expenses		
Other financial expenses	128,091	161,962
Exchange losses	209,331	0
	<u>337,422</u>	<u>161,962</u>
7 Tax for the year		
Estimated tax charge for the year	621,192	0
Deferred tax adjustments in the year	1,161,447	1,832,900
	<u>1,782,639</u>	<u>1,832,900</u>

On account tax payments totalled DKK 1.612.000 (2021: 1,918,000)

DKK	Software	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	5,951,171	1,237,540	7,188,711
Transfer from other accounts	1,237,540	-1,237,540	0
Cost at 31 December 2022	<u>7,188,711</u>	<u>0</u>	<u>7,188,711</u>
Impairment losses and amortisation at 1 January 2022	5,951,171	0	5,951,171
Amortisation in the year	378,136	0	378,136
Impairment losses and amortisation at 31 December 2022	<u>6,329,307</u>	<u>0</u>	<u>6,329,307</u>
Carrying amount at 31 December 2022	<u>859,404</u>	<u>0</u>	<u>859,404</u>

Financial statements 1 January - 31 December

Notes to the financial statements

9 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Prepayments for property, plant and equipment	Total
Cost at 1 January 2022	9,238,917	4,392,179	639,457	14,270,553
Additions in the year	5,457,932	0	214,069	5,672,001
Transfer from other accounts	639,457	0	-639,457	0
Cost at 31 December 2022	15,336,306	4,392,179	214,069	19,942,554
Impairment losses and depreciation at 1 January 2022	6,650,361	3,343,434	0	9,993,795
Depreciation in the year	2,011,928	861,460	0	2,873,388
Impairment losses and depreciation at 31 December 2022	8,662,289	4,204,894	0	12,867,183
Carrying amount at 31 December 2022	6,674,017	187,285	214,069	7,075,371

10 Investments

DKK	Receivables from group entities	Other receivables	Total
Cost at 1 January 2022	24,120,430	1,523,608	25,644,038
Additions in the year	2,567,341	39,841	2,607,182
Reclassified to non fixed assets	-26,687,771	0	-26,687,771
Cost at 31 December 2022	0	1,563,449	1,563,449
Value adjustments at 1 January 2022	0	-210,000	-210,000
Value adjustments at 31 December 2022	0	-210,000	-210,000
Carrying amount at 31 December 2022	0	1,353,449	1,353,449

DKK	2022	2021
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11 Deferred tax

Deferred tax at 1 January	-1,147,000	-2,979,900
Deferred tax adjustments in the year	1,161,447	1,832,900
Deferred tax at 31 December	14,447	-1,147,000

Deferred tax relates to:

Intangible assets	203,516	1,094,607
Property, plant and equipment	-189,069	-697,926
Tax loss	0	-1,543,681
	14,447	-1,147,000

12 Prepayments

Prepayments under assets mainly comprise accrual of expenses relating to subsequent financial years, including insurance policies, software licenses, rent and other prepaid expenses.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Share capital

The Company's share capital comprises 1,250 shares of DKK 100 each.

The Company's share capital has remained DKK 125,000 over the past 5 years.

14 Contractual obligations and contingencies, etc.

Other financial obligations

Rent and lease liabilities (operating leases) total DKK 22.811 thousand (2021: 24,855 thousand) of which DKK 3,673 thousand (2021: 3,226 thousand) falls due within a year.