

Better Energy Solutions A/S

Fynsgade 2
6400 Sønderborg
Business Registration No
32348734

Annual report 2018

The Annual General Meeting adopted the annual report on 26.04.2019

Chairman of the General Meeting

Name: Ho Kei Au

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Entity details

Entity

Better Energy Solutions A/S
Fynsgade 2
6400 Sønderborg

Central Business Registration No (CVR): 32348734

Registered in: Sønderborg

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Rasmus Lildholdt Kjær, chairman
Annette Egede Nylander
Ho Kei Au

Executive Board

Mikkel Dau Jacobsen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Better Energy Solutions A/S for the financial year 01.01.2018 - 31.12.2018.

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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Sønderborg, 26.04.2019

Executive Board

Mikkel Dau Jacobsen
CEO

Board of Directors

Rasmus Lildholdt Kjær
chairman

Annette Egede Nylander

Ho Kei Au

Independent auditor's report

To the shareholders of Better Energy Solutions A/S

Opinion

We have audited the financial statements of Better Energy Solutions A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- 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 Entity'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 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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Kolding, 26.04.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR)
33963556

Lars Ørum Nielsen
State Authorised Public Accountant
Identification No (MNE) mne26771

Morten Aamand Lund
State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Primary activities

The company's activity comprises to conduct business with construction and sale of solar parks, as well as related activities.

Development in activities and finances

The profit after tax for the year amounts to DKK 56.928k. The management considers the results to be satisfactory.

Uncertainty relating to recognition and measurement

We refer to note 6.

Outlook

In 2019, we will continue to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. To accelerate the green transition in these markets, we will focus on large-scale solar energy capacity where we can make the greatest difference in terms of impact and affordable prices.

To reduce cost and increase scalability, we will further sharpen and advance our integrated business model. We will continue to form partnerships and strengthen relationships with our stakeholders in critical areas to ensure effective operations and scale.

We will continue to form partnerships and positive relationships with local municipalities and communities to achieve local benefit and support for our power plants. We plan to cooperate even closer with national and local grid operators to develop and utilise grid capacity optimally.

Commercial and industrial energy consumers are expected to become leading purchasers of clean energy in the future. We will actively encourage organisations to purchase green energy which will enable us to add more renewable energy in the energy supply.

We expect an increase in activity in 2019 and growth in revenue. Growth in revenue is driven by growth in the deployment of solar energy capacity. We do not expect the same increase in our result/ EBITDA as a natural consequence of our work to drive down the price of solar energy.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Revenue		293.803.719	37.053.099
Cost of sales		(209.169.874)	(25.913.864)
Other external expenses		<u>(3.071.310)</u>	<u>(1.469.975)</u>
Gross profit/loss		81.562.535	9.669.260
Staff costs	1	(7.323.056)	(3.775.805)
Depreciation, amortisation and impairment losses	2	<u>(356.030)</u>	<u>(86.723)</u>
Operating profit/loss		73.883.449	5.806.732
Other financial income		16.686	0
Other financial expenses	3	<u>(883.651)</u>	<u>(71.337)</u>
Profit/loss before tax		73.016.484	5.735.395
Tax on profit/loss for the year	4	<u>(16.088.216)</u>	<u>(1.228.993)</u>
Profit/loss for the year		56.928.268	4.506.402
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	3.000.000
Retained earnings		<u>56.928.268</u>	<u>1.506.402</u>
		56.928.268	4.506.402

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Land and buildings		4.865.901	2.174.619
Other fixtures and fittings, tools and equipment		1.393.282	782.214
Property, plant and equipment	5	<u>6.259.183</u>	<u>2.956.833</u>
Deposits		6.378	27.062
Fixed asset investments		<u>6.378</u>	<u>27.062</u>
Fixed assets		<u>6.265.561</u>	<u>2.983.895</u>
Manufactured goods and goods for resale		7.483.415	1.216.675
Inventories		<u>7.483.415</u>	<u>1.216.675</u>
Trade receivables		6.527.458	7.306.953
Contract work in progress	6	37.078.321	271.200
Receivables from group enterprises		65.097.429	0
Other receivables		7.768.010	49.951
Prepayments		0	10.171
Receivables		<u>116.471.218</u>	<u>7.638.275</u>
Cash		<u>17.403</u>	<u>3.154.475</u>
Current assets		<u>123.972.036</u>	<u>12.009.425</u>
Assets		<u>130.237.597</u>	<u>14.993.320</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		400.000	80.000
Retained earnings		60.904.576	4.296.308
Proposed dividend		<u>0</u>	<u>3.000.000</u>
Equity		<u>61.304.576</u>	<u>7.376.308</u>
Deferred tax		<u>8.169.442</u>	<u>71.028</u>
Provisions		<u>8.169.442</u>	<u>71.028</u>
Debt to other credit institutions		3.681.335	0
Payables to group enterprises		0	1.200.000
Other payables		<u>0</u>	<u>800.000</u>
Non-current liabilities other than provisions	7	<u>3.681.335</u>	<u>2.000.000</u>
Current portion of long-term liabilities other than provisions	7	208.740	0
Bank loans		3.061.107	44.354
Prepayments received from customers		1.181.706	0
Trade payables		32.213.268	380.499
Payables to group enterprises		9.106.796	0
Joint taxation contribution payable		8.321.659	979.366
Other payables		2.988.968	4.139.107
Deferred income		<u>0</u>	<u>2.658</u>
Current liabilities other than provisions		<u>57.082.244</u>	<u>5.545.984</u>
Liabilities other than provisions		<u>60.763.579</u>	<u>7.545.984</u>
Equity and liabilities		<u>130.237.597</u>	<u>14.993.320</u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Assets charged and collateral	10		

Statement of changes in equity for 2018

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	80.000	4.296.308	3.000.000	7.376.308
Increase of capital	320.000	(320.000)	0	0
Ordinary dividend paid	0	0	(3.000.000)	(3.000.000)
Profit/loss for the year	0	56.928.268	0	56.928.268
Equity end of year	400.000	60.904.576	0	61.304.576

Notes

	2018	2017
	DKK	DKK
1. Staff costs		
Wages and salaries	6.458.969	3.318.963
Pension costs	558.533	289.428
Other social security costs	62.088	56.064
Other staff costs	243.466	111.350
	7.323.056	3.775.805
Average number of employees	12	7
	2018	2017
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	356.030	120.500
Profit/loss from sale of intangible assets and property, plant and equipment	0	(33.777)
	356.030	86.723
	2018	2017
	DKK	DKK
3. Other financial expenses		
Financial expenses from group enterprises	93.092	0
Other interest expenses	634.775	20.872
Exchange rate adjustments	30.206	0
Other financial expenses	125.578	50.465
	883.651	71.337
	2018	2017
	DKK	DKK
4. Tax on profit/loss for the year		
Current tax	7.989.802	1.257.366
Change in deferred tax	8.098.414	(29.259)
Adjustment concerning previous years	0	886
	16.088.216	1.228.993

Notes

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
5. Property, plant and equipment		
Cost beginning of year	2.174.619	1.128.052
Additions	<u>2.714.774</u>	<u>943.606</u>
Cost end of year	<u>4.889.393</u>	<u>2.071.658</u>
Depreciation and impairment losses beginning of year	0	(345.838)
Depreciation for the year	<u>(23.492)</u>	<u>(332.538)</u>
Depreciation and impairment losses end of year	<u>(23.492)</u>	<u>(678.376)</u>
Carrying amount end of year	<u>4.865.901</u>	<u>1.393.282</u>

6. Contract work in progress

Key accounting estimate and judgement of contract work in progress

Measurement of contract work in progress are based on stage of completion of the individual projects combined with the knowledge of the remaining completion of the contract, hereunder the outcome of future changes to the project. The evaluation of the state of completion and total economy, hereunder possible changes, is evaluated project by project in cooperation between the executive management and the project management.

The evaluation of future possible changes is based on the knowledge obtained on the single projects and accumulated knowledge from other projects completed by the company. The company is also taking advices from external advisors and use this knowledge in the evaluation of the stage of completion. Estimates attached to the future development of the projects and the remaining work to be done is depends on a number of factors and can change in progress of the completion of project.

The actual result can therefore deviate significant from the expected result.

Notes

	Due within 12 months 2018 DKK	Due after more than 12 months 2018 DKK	Outstanding after 5 years DKK
7. Liabilities other than provisions			
Debt to other credit institutions	<u>208.740</u>	<u>3.681.335</u>	<u>2.775.708</u>
	<u>208.740</u>	<u>3.681.335</u>	<u>2.775.708</u>

	2018 DKK	2017 DKK
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>2.220.130</u>	<u>229.042</u>

9. Contingent liabilities

Better Energy Solutions A/S has issued guarantees to the purchaser of solar systems sold in 2017 and 2018. The guarantees cover technical, legal and financial conditions related to the delivered solar system. The guarantees will mainly expire 24 months after closing of the sale of the project. The component guarantees are mainly covered back to back.

The Entity participates in a Danish joint taxation arrangement where Better Energy A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

10. Assets charged and collateral

Debt to other credit institutions is secured by way of a deposited mortgage deed on properties. The carrying amount of mortgaged properties is DKK 4.866k.

The Entity's bank has provided guarantees in the amount 2.996k DKK as of December 31, 2018.

Cash DKK 17k is placed on accounts with special termination terms.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Income statement

Revenue

Revenue comprises of sale of solar systems and power plants and sales of service. Construction contracts for solar systems and power plants are divided in separate performance obligations to the extent that they are considered distinct, i.e. the customer can benefit from the good or service on its own separately from other promises in the contract. This will from contract to contract include an assessment for the following phases, when applicable:

- Development
- Engineering
- Infrastructure
- Procurement
- Construction

The total contract price is then allocated on each identified performance obligation based on their relative stand-alone selling price.

Revenue from performance obligations under construction contracts with a high degree of individual adjustment, i.e. they create an asset with no alternative use, are recognised as revenue over time from the time an unconditional binding agreement with the customer have been obtained and provided that an enforceable right to payment for work performed at any time has been secured. The revenue therefore corresponds to the sales price of work performed during the year (the percentage of completion method). When the outcome of a construction contract cannot be estimated reliably, the revenue is recognised only to the extent that costs incurred are likely to be recoverable.

Revenue from sales of electricity and from sales of solar systems and power plants that are not sold prior to their completion is recognised in the income statement when control over the electricity or the solar systems and power plants has been transferred to the buyer being at the point the the electricity or the solar systems and power plants are delivered to the customer and it is probably that the income will be received.

Revenue from services that include asset management is recognised concurrently with the supply of those services.

Revenue is measured at the amount the company expects to be entitled to receive excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in the revenue.

Accounting policies

Key accounting estimate and judgement on recognition and measurement of revenue

Judgement is performed when determining whether a contract for sale of solar systems and power plants involves one or more performance obligations. This is based on an assessment of whether each performance obligation is distinct, i.e. whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct) and the promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Judgements are made when determining whether a project or service is recognised over time by applying the stage of completion method or at a point in time when control is transferred to the customer. This includes an assessment of whether the project or service have an alternative use to the Group, i.e. can the specific project or service be redirected to another customer, and the Group has an enforceable right to payment throughout the contractual term based on an analyses of the contract wording, legal entitlement and profit estimates.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

Accounting policies

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

An expected loss is recognised when it is deemed probable that the total contract cost will exceed the total revenue from individual contracts. The expected loss is recognised immediately as a cost and a provision.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Accounting policies

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.