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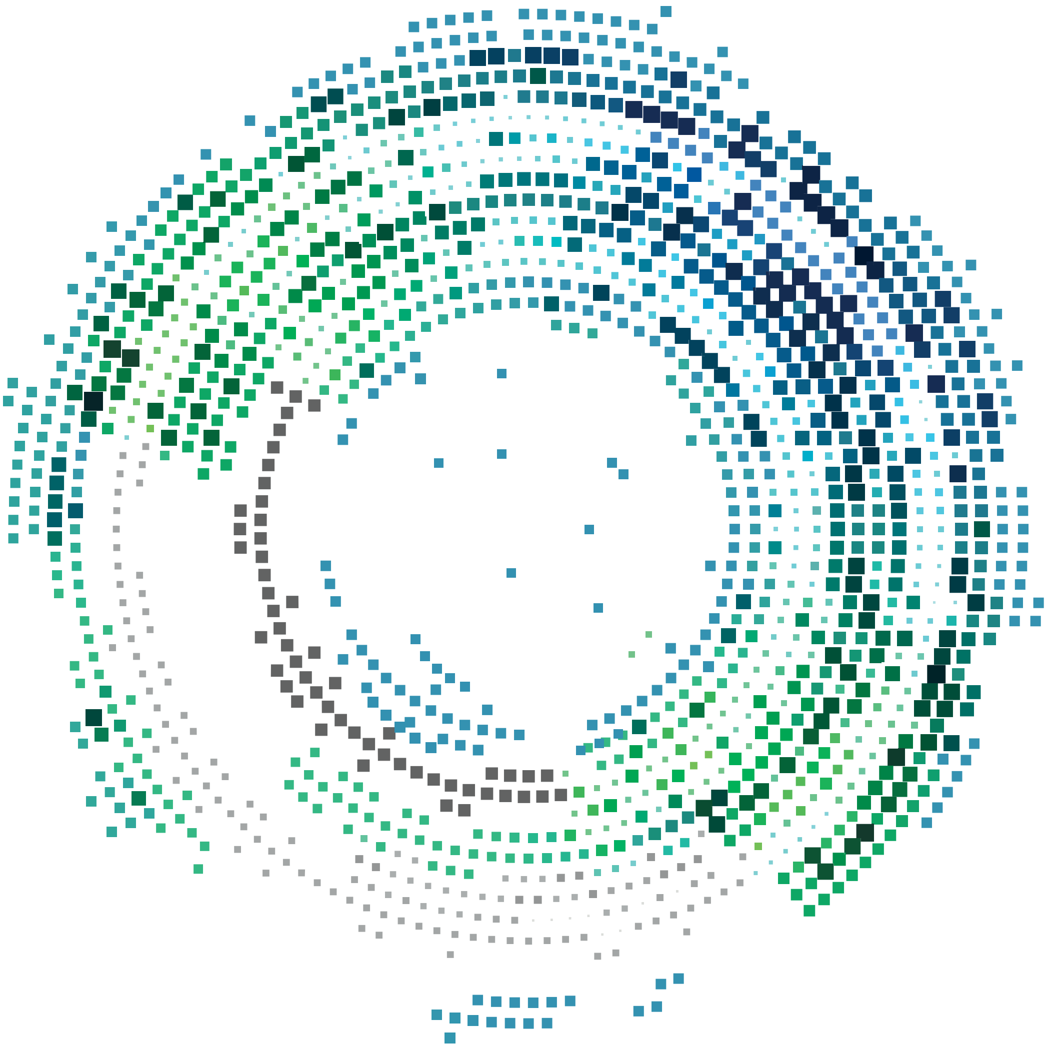

Better Energy Solutions A/S

Fynsgade 2
6400 Sønderborg
CVR No. 32348734

Annual report 2019

The annual general meeting adopted the annual report on 28.04.2020

Ho Kei Au
Chairman of the general meeting

Contents

Entity details

Entity

Better Energy Solutions A/S

Fynsgade 2

6400 Sønderborg

CVR No.: 32348734

Registered office: Sønderborg

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Rasmus Lildholdt Kjær, Chairman of the board
Ho Kei Au, Board member
Annette Egede Nylander, Board member

Executive Board

Mikkel Dau Jacobsen, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management

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 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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, 15.04.2020

Executive Board

Mikkel Dau Jacobsen
Director

Board of Directors

Rasmus Lildholdt Kjær
Chairman of the board

Ho Kei Au
Board member

Annette Egede Nylander
Board member

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 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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:

- 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.

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, 15.04.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

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

Management commentary

Financial highlights

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Key figures					
Gross profit/loss	46,406	83,622	9,669	5,303	5,404
Operating profit/loss	39,622	73,883	5,807	806	255
Net financials	2,923	(867)	(71)	(79)	(193)
Profit/loss for the year	33,211	56,928	4,506	567	38
Total assets	331,388	130,238	14,993	5,838	3,360
Investments in property, plant and equipment	3,992	3,658	2,671	106	259
Equity	94,515	61,305	7,376	2,870	2,303
Ratios					
Return on equity (%)	42.63	165.78	87.96	21.92	1.66
Equity ratio (%)	28.52	47.07	49.20	49.16	68.54

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Total assets

Primary activities

The company's activity comprises to conduct business with engineering, procurement and construction of solar parks and related activities.

Development in activities and finances

The profit after tax for the year amounts to DKK 33,211k. The management considers the results to be satisfactory.

Uncertainty relating to recognition and measurement

We refer to note 11.

Outlook

Looking ahead, we will follow a focused and consistent strategic agenda to help us retain our strong market leadership in the renewable energy sector. Thus, we will continue to pursue our 2019 goals.
In 2020, we will continue to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. Our focus markets will continue to be Denmark and Poland. 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.

This next step in our evolution to a large-scale independent power producer with a long-term view of operational assets will require that we change the focus of our EPC products. Despite high demand, these services will only be offered to selected strategic partners from 2020 and will serve our own pipeline.

We will continue to form partnerships and strengthen relationships with our stakeholders in the critical areas of technology, land, grid, PPAs and capital to ensure effective operations and scale.

We expect our revenue and result for 2020 to remain on approximately the same level as 2019. We will continue to hold onto more power plant assets as part of our growth strategy to build up annual recurring revenues from the sale of electricity from solar power plants.

Particular risks

Funding and liquidity

We are an innovative group in a high-growth stage, and as our group expands internationally, we must continue to raise debt and equity capital for activities and access liquid capital. Sufficient capital and liquidity management ensure a healthy financial foundation and successful business operations.

Strong growth requires additional funding in the form of corporate debt, equity and non-recourse project debt. We would miss or delay market or project opportunities if it does not have access to the right amount of capital on acceptable terms at the right time. Delayed projects result in delayed income from the projects, and this in turn affects cash flow.

To increase our opportunities and reduce risk, we use partner¬ships and strong collaboration to set payment agreements with suppliers and funders.

Capital needs must be met throughout the entire renewable asset life cycle of development, construction and operation. Increasingly, investors are interested in creating new funding collaborations earlier in the project development process. This creates new op¬portunities and added value creation for both parties.
In project finance, any financial capital that is required will be repaid from the revenues of the project. Thus,

project finance requires positive cash flow and increasing the certainty of cash flows is an underlying goal. We mitigate liquidity risk by strictly controlling and monitoring cash flow, improving project technologies and revenue.

The Finance & Strategy business section ensures that we continuously maintain a balance between strategic growth, profitability and liquidity. Finance & Strategy continuously coordinates the composition and timing of financial resources, instruments, products and portfolios to match capital needs. Innovative and integrated capital management mitigates financial risks.

Exchange rates
We operate internationally and imports a number of components that are paid in foreign currencies. We also receive revenues from the sale of electricity generated by solar power plants in which the sale of electricity is in a different currency than the location of the solar plants. Through these operations, we are exposed to the variation in currency exchange rates, which can be both negative and positive.

Interest rates
Large renewable energy projects are capital intensive. The majority of capital raised through project finance is debt, making interest payments a significant expense and an important factor in the cost of renewable energy. We minimise variable rate debt and focus more on fixed interest rates to mitigate interest rate risk.
Debt is often expensive in rapidly developing markets. Partnering with international development funds, our own capital, and equity partners decrease the need for expensive debt.

Human capital risk
We are highly dependent on recruitment and retention of talent. Our operations require specific skills and expertise, and achieving our growth strategy requires people with matching values and mindset. The right organisation is vital to our current and future success. There is a risk that we may have difficulty hiring the required human capital without diluting the level of talent, and a risk that we may not retain our experienced specialists after using resources to develop them.

Intellectual capital resources
We are proud of our accomplishments in the industry, but it is our people who define us and our people who make the difference. We are a group of talented, mission-driven individuals who are eager to collaborate in order to find new pathways and better solutions. Our people fit together like pieces in a puzzle to form the bigger picture. Everyone has a special function, and together we create the difference that makes us so unique.
We look for the best and the brightest, but the key to making an impact is not just having the right skills. Each person who joins us has a unique contribution to make, both personally and professionally.
Not everyone needs to be a bold entrepreneur. While growing our operations, we look for talents with functional expertise and capacity to scale.

Getting better as we get bigger
As a high-growth company, we know that our processes of selecting, developing and retaining talent are more critical than ever. Recruitment strategy and clear and consistent onboarding processes, a new health and safety (H&S) organisation, development courses, benefits, expanded healthcare and pension plans were some of the focus areas in 2019. Major IT projects were also kick-started at the end of the year.

We work firsthand with all aspects of a renewable energy plant life cycle – legally, technically and financially. We work with communities, government, industry, financial institutions, investors and businesses. We design, develop, engineer, finance, construct, own and operate renewable energy assets and sell electricity. It comes naturally that we create job opportunities for people from diverse backgrounds and disciplines. For us to be considered industry leaders, we must build our organisation with people who are knowledgeable and well respected in their fields of work.

In 2019, we were joined by many strong industry profiles within land surveying, grid commissioning, mergers and acquisitions, finance, corporate law and commercial development who will help scale up our operations. We continue to welcome international talents and new faces who are diverse in age, gender, culture and educational background.

Environmental performance

Better Energy Solutions A/S is part of the reporting presented for the Better Energy Group. Reference is made to the Consolidated Financial Statements 2019 for Better Energy A/S, CVR-no.: 31865883.

Research and development activities

Better Energy Solutions A/S is part of the reporting presented for the Better Energy Group. Reference is made to the Consolidated Financial Statements 2019 for Better Energy A/S, CVR-no.: 31865883.

Events after the balance sheet date

Please refer to note 1. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		**46,406,364**	**83,622,238**
Administrative expenses		(6,784,770)	(9,738,789)
Operating profit/loss		**39,621,594**	**73,883,449**
Other financial income		8,982,114	16,686
Other financial expenses	4	(6,059,413)	(883,651)
Profit/loss before tax		**42,544,295**	**73,016,484**
Tax on profit/loss for the year	5	(9,333,398)	(16,088,216)
Profit/loss for the year	6	**33,210,897**	**56,928,268**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Development projects in progress	8	1,518,620	0
Intangible assets	7	**1,518,620**	**0**
Land and buildings		8,466,139	4,865,901
Other fixtures and fittings, tools and equipment		1,151,935	1,393,282
Property, plant and equipment	9	**9,618,074**	**6,259,183**
Investments in group enterprises		0	0
Deposits		6,378	6,378
Other financial assets	10	**6,378**	**6,378**
Fixed assets		**11,143,072**	**6,265,561**
Manufactured goods and goods for resale		67,826,649	7,483,415
Inventories		**67,826,649**	**7,483,415**
Trade receivables		18,779,406	6,527,458
Contract work in progress	11	138,146,255	37,078,321
Receivables from group enterprises		78,991,453	65,097,429
Other receivables		89,250	7,768,010
Prepayments	12	169,917	0
Receivables		**236,176,281**	**116,471,218**
Cash		**16,242,399**	**17,403**
Current assets		**320,245,329**	**123,972,036**
Assets		**331,388,401**	**130,237,597**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		400,000	400,000
Reserve for development expenditure		1,184,523	0
Retained earnings		92,930,950	60,904,576
Equity		**94,515,473**	**61,304,576**
Deferred tax	13	17,011,871	8,169,442
Provisions		**17,011,871**	**8,169,442**
Debt to other credit institutions		3,469,426	3,681,335
Other payables		395,321	0
Non-current liabilities other than provisions	14	**3,864,747**	**3,681,335**
Current portion of non-current liabilities other than provisions	14	216,356	208,740
Bank loans		1,983	3,061,107
Prepayments received from customers		0	1,181,706
Contract work in progress	11	14,064,438	0
Trade payables		112,400,910	32,213,268
Payables to group enterprises		86,278,706	9,106,796
Joint taxation contribution payable		599,112	8,321,659
Other payables		2,434,805	2,988,968
Current liabilities other than provisions		**215,996,310**	**57,082,244**
Liabilities other than provisions		**219,861,057**	**60,763,579**
Equity and liabilities		**331,388,401**	**130,237,597**
Events after the balance sheet date	1		
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
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Related parties with controlling interest	18		
Transactions with related parties	19		
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Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	0	60,904,576	61,304,576
Transfer to reserves	0	1,184,523	(1,184,523)	0
Profit/loss for the year	0	0	33,210,897	33,210,897
Equity end of year	**400,000**	**1,184,523**	**92,930,950**	**94,515,473**

Notes

1 Events after the balance sheet date

The Executive Board believes that in the short term, the coronavirus (COVID-19) will not have a material adverse effect on Better Energy Solutions A/S. Initiated solar projects are proceeding according to plan at the time of financial reporting, but it cannot be excluded that certain projects will be delayed in 2020 due to circumstances such as the partial closure of workplaces due to COVID-19.

At present, it is not possible to assess whether COVID-19 will have a negative effect on Better Energy Solutions A/S in the medium term. We are driving the transition to renewable energy sources and the Executive Board is of the opinion that even after COVID-19, there will still be a need for significant investments in the green transition. However, the framework for and the speed of future investments will depend on how much financial damage will be caused to the overall economy by COVID-19. At the time of presentation of the 2019 financial statements, there is considerable uncertainty about the impact of COVID-19.

2 Staff costs

	2019 DKK	**2018 DKK**
Wages and salaries	10,943,230	7,323,056
Pension costs	904,602	0
Other social security costs	165,463	0
Other staff costs	863,303	0
	12,876,598	**7,323,056**
Staff costs classified as assets	(11,088,358)	0
	1,788,240	**7,323,056**

Average number of full-time employees	**19**	**12**

Referring to section 98B (3) of the Danish Financial Statement Act, management remuneration is not shown.

3 Depreciation, amortisation and impairment losses

	2019 DKK	**2018 DKK**
Depreciation of property, plant and equipment	502,350	332,538
Profit/loss from sale of intangible assets and property, plant and equipment	50,537	0
	552,887	**332,538**

4 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	1,675,582	93,092
Other interest expenses	512,898	634,775
Exchange rate adjustments	3,819,080	30,206
Other financial expenses	51,853	125,578
	6,059,413	**883,651**

5 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	599,112	7,989,802
Change in deferred tax	8,766,647	8,098,414
Adjustment concerning previous years	(32,361)	0
	9,333,398	**16,088,216**

6 Proposed distribution of profit and loss

	2019 DKK	2018 DKK
Retained earnings	33,210,897	56,928,268
	33,210,897	**56,928,268**

7 Intangible assets

	Development projects in progress DKK
Additions	1,518,620
Cost end of year	**1,518,620**
Carrying amount end of year	**1,518,620**

8 Development projects

Development projects are related to development of new smart systems on a large scale in real-world conditions.

9 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	4,889,393	2,071,658
Additions	3,698,775	293,003
Disposals	0	(146,550)
Cost end of year	**8,588,168**	**2,218,111**
Depreciation and impairment losses beginning of year	(23,492)	(678,376)
Depreciation for the year	(98,537)	(403,813)
Reversal regarding disposals	0	16,013
Depreciation and impairment losses end of year	**(122,029)**	**(1,066,176)**
Carrying amount end of year	**8,466,139**	**1,151,935**

10 Financial assets

	Investments in group enterprises DKK
Additions	415,000
Disposals	(415,000)
Cost end of year	**0**
Carrying amount end of year	**0**

11 Contract work in progress

	2019 DKK	2018 DKK
Contract work in progress	124,081,817	37,078,321
Transferred to liabilities other than provisions	14,064,438	0
	138,146,255	**37,078,321**

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, carried out by the project management together with the Executive Board on a project by project basis. 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 also recieve advice from external advisors and uses 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 significantly from the expected result.

12 Prepayments

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

13 Deferred tax

	2019 DKK	2018 DKK
Intangible assets	334,096	0
Property, plant and equipment	161,738	103,213
Receivables	16,531,257	8,157,231
Liabilities other than provisions	(15,220)	(15,220)
Other deductible temporary differences	0	(75,782)
Deferred tax	**17,011,871**	**8,169,442**

Changes during the year	2019 DKK
Beginning of year	8,169,442
Recognised in the income statement	8,766,647
Other adjustments	75,782
End of year	**17,011,871**

14 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years 2019 DKK
Debt to other credit institutions	216,356	208,740	3,469,426	2,267,186
Other payables	0	0	395,321	0
	216,356	**208,740**	**3,864,747**	**2,267,186**

15 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	**1,849,680**	**2,220,130**

16 Contingent liabilities

Better Energy Solutions A/S has issued guarantees to the purchaser of solar systems sold in 2018 and 2019. 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.

17 Assets charged and collateral

Debt to other credit insitutions is secured by way of a deposited mortgage deed on properties. The nom. value of the deed is DKK 4,000k. The carrying amount of mortgaged properties is DKK 8,466k.

The entity’s bank has provided construction gurantees in the amount 5,534k DKK as of December 31, 2019.

DKK 3,000k of the cash has been pledged as collateral for grid connections.

Collateral provided for group enterprises

The entity has guaranteed group enterprises’ debt with Proventus Capital Partners IV AB, Proventus Capital Partners IV B AB and Proventus Capital Partners IV C KB. The guarantee amounts to EUR 39.1 million 31.12.2019.

18 Related parties with controlling interest

Better Energy A/S, Frederiksberg own all the shares in the company.

19 Transactions with related parties

Related party transactions in 2019 consist of the below mentioned transactions.

Better Energy Management A/S

As part of the ordinary cause of business, Better Energy Solutions A/S has paid fees of DKK 41.5 million to Better Energy Management A/S. The fees are related to assistance in connection with the construction of solar parks. Better Energy Solutions A/S has paid fees of DKK 3.2 million for administrative services to Better Energy Management A/S.

Financial income and expenses, and balances

Financial income and expenses, and receivables and debt to Group enterprises are disclosed in the income statement and balance sheet.

20 Group relations

Name and registered office of the parent preparing consolidated financial statements for the smallest group: Better Energy A/S, Frederiksberg.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Changes in accounting policies

In previous years the statement of profit or loss was presented on basis of the principle of costs by category. Management have assessed that presentation on basis of function is more relevant in light of the business. Comparative figures are adjusted accordingly. The change to presentation did not have any effect on the result for the year or equity.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

Revenue comprises of divestment of solar systems and power plants and sales of service. Contract works 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 of 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, is recognised as revenue over time from the time an unconditional binding agreement with the customer has 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 divestments of solar plants that are not sold prior to their completion is recognised in the income statement when control over the electricity or the solar plants has been transferred to the buyer being at the point the the electricity or the solar 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.

Key accounting estimate and judgement on recognition and measurement of revenue
Judgement is performed when determining whether a contract for divestment of solar 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 company, i.e. can the specific project or service be redirected to another customer, and the company has an enforceable right to payment throughout the contractual term based on an analyses of the contract wording, legal entitlement and profit estimates.

Production costs
Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary write-down of inventories.

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

Administrative expenses
Administrative expenses comprise expenses incurred for the entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the entity.

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.

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.

The entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

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.

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises 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.

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 cos 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.

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 liability.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

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.

Cash flow statement
Reffering to section 86 (4) of the Danish Company Act, no cash flow statement has been prepared.