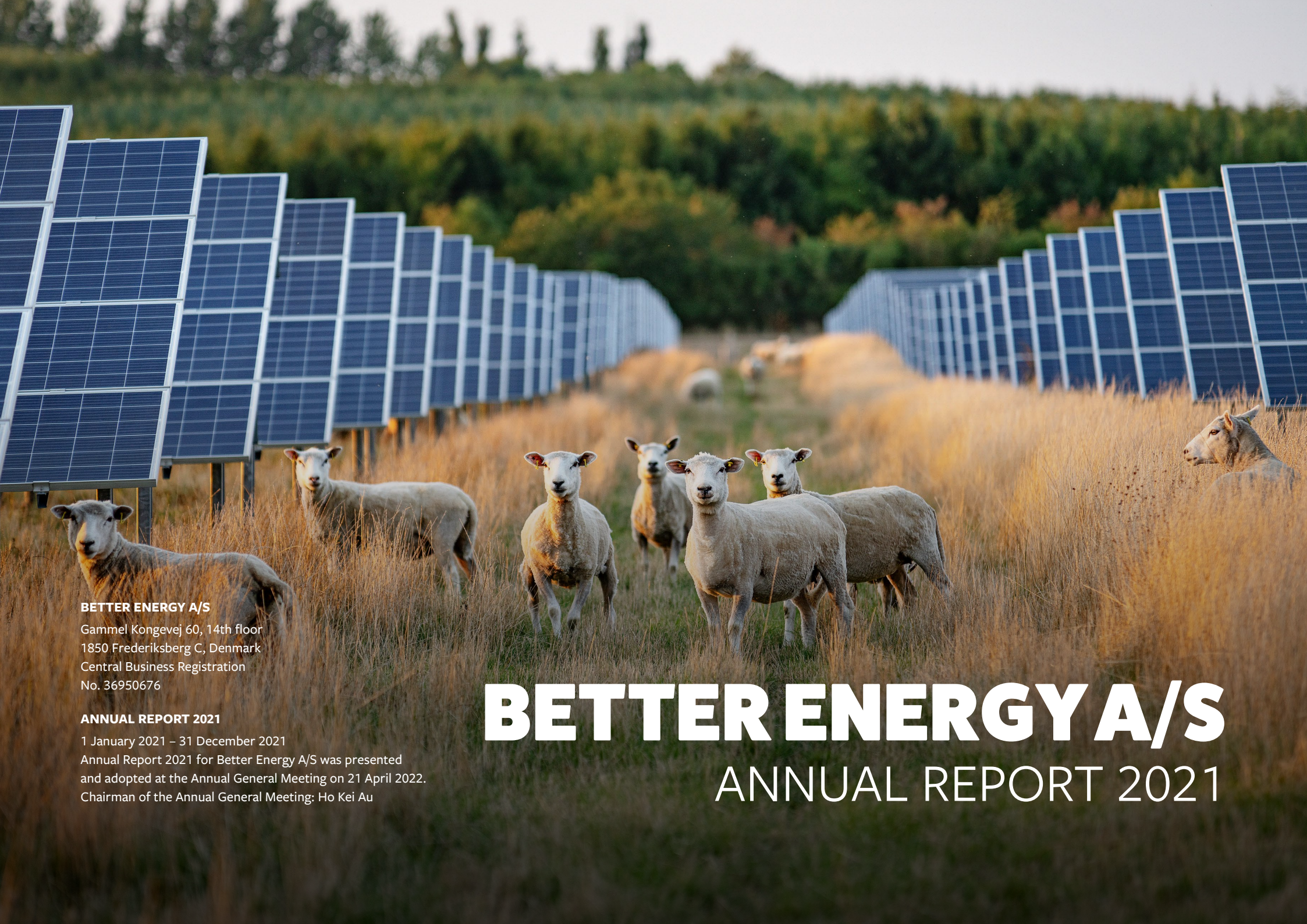

BETTER ENERGY A/S
Gammel Kongevej 60, 14th floor
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Central Business Registration
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ANNUAL REPORT 2021
1 January 2021 – 31 December 2021
Annual Report 2021 for Better Energy A/S was presented and adopted at the Annual General Meeting on 21 April 2022.
Chairman of the Annual General Meeting: Ho Kei Au

BETTER ENERGY A/S
ANNUAL REPORT 2021

LETTER FROM THE CEO

SCALING UP EFFORTS

The impact of global warming is becoming alarmingly apparent. Glaciers and coral reefs are disappearing before our eyes and all-time heat records are becoming an uncomfortable new normal.

The COVID-19 pandemic has clearly demonstrated that governments can act swiftly and boldly when needed. Unfortunately, recovery packages have primarily focused on existing industries rather than new, renewable investments which could have accelerated climate action. The climate conference in Glasgow, COP26, unfortunately also fell short of delivering on the climate action we need. Consequently, large-scale action from private companies and innovative organisations has rarely been more urgent.

Our climate targets are not easily achieved and currently, we are not on the right trajectory. One important consolation is that a broad range of cleaner products, such as heat pumps, are becoming increasingly available. Renewable energy production is also gaining ground and displacing fossil fuels. Better Energy A/S (Better Energy) is part of the integrated value chain of the Better Energy Holding A/S group (Better Energy Group). This integrated value chain is designed to deliver the greatest amount of green energy at the lowest possible cost. The global need for more renewable energy is massive, and we are positioned to accelerate and scale up additional renewable energy capacity.

RESULTS IN 2021

This year marked several milestones for Better Energy. For the first time, we provided the largest share of renewable capacity on land in Denmark. We also connected the largest solar park in Northern Europe to the transmission grid and constructed a total capacity of 450 MW of renewable energy.

We continued to have a strategic focus on maximising our positive impact and performance through rigorous project development

and asset management. We do not merely want to take responsibility for building additional green energy capacity. We want to go above and beyond the standards of the industry. Our goal is to accelerate a low-carbon transition and protect and regenerate nature at the same time.

In 2021, we continued our close collaboration with biodiversity specialist Habitats. With careful research and planning, we can develop solar park sites that help restore and conserve nature, increase biodiversity and support healthy ecosystems.

Every single Better Energy solar project is developed and planned to meet the needs and criteria of a specific site. We have selected three priority areas where we can have the most impact on regeneration: boosting biodiversity, protecting groundwater and restoring wetlands.

One example can be found in Svendborg, Denmark, where the location of our solar park was chosen together with local authorities as a way to protect the groundwater. Our park is kept free from fertilisers and pesticides. This example demonstrates that it is possible to move beyond trying to sustain damaged ecosystems and start working to restore and regenerate them instead.

Better Energy is a Future-Fit Business. The Future-Fit Business Benchmark uses a methodology that reflects our thoughts and ambitions for leaving a positive mark where we can. In our opinion, Future-Fit allows us to define the world we want and identify the steps we need to take to create it. Instead of simply building on past experiences or comparing progress with last year's developments, we believe that it is more responsible and intellectually honest to think the other way around. We can increase the pace of progress by imagining better ways of doing things and by mobilising the resources needed to make them happen. Future-Fit helps us facilitate this process.

Through 2021, we also increased our revenue to DKK 1,315 million and achieved an operating profit of DKK 68 million.

LOOKING AHEAD

From day one, we have had a clear idea of where we are going. The first challenge was making renewable energy production commercially viable without relying on government subsidies. A few years ago, we demonstrated that subsidy-free solar energy was possible in Denmark and Northern Europe faster than anyone expected. The next step was to make our activities scalable and finally integrate our business into other areas where we could make an impact.

Going forward, renewable energy will need to be scaled up significantly and integrated in transport, heating and hard-to-abate sectors if we want to reach our climate targets.

A key trend we are likely to see in Europe in the near future is that rising electricity demand will outpace new electricity supply. New data centres, electric vehicles, heat pumps, electrolysers and many other new forms of electricity demand are likely to outpace new electricity production. If true, this leaves us with a couple of questions: where is the electricity supposed to come from and how long will fossil fuels continue to drive up energy prices? To make matters worse, the Russian invasion of Ukraine has yet again demonstrated the vulnerability of being dependent on fossil fuel imports. The invasion has aggravated the security of supply situation and driven energy prices to unprecedented levels. We will do our part to scale up renewable capacity and accelerate the transition to a clean energy future. Renewables are the solution to both the climate crisis and the energy crisis.

WE ARE PURPOSE DRIVEN

From the very beginning, our business has had a purpose. We want to lead the way and find solutions that benefit people and our planet. Our cause is, in a great measure, the cause of all humankind. Every day, we make a difference – and every day, we have to decide what kind of difference we want to make.

Better Energy disrupted the energy industry and led the way with large-scale solar. Bringing together the right people, technology and insights, we engineered our own systems to make solar power more commercially attractive, scalable and integrable. Better Energy was founded with the purpose of driving the transition to renewable energy sources. As we reach our milestones and write down our stories, we will continue to explore new opportunities. We will continue to lead the way and find solutions that benefit nature and people.

This past year has been unlike any other and we have reached significant milestones together. Thank you to the entire Better Energy team for your hard work and commitment. I am so proud to be part of this fantastic team. Together, we can do much more than what we otherwise could do individually. Together, we make an impact that matters!

Rasmus Lildholdt Kjær
Chief Executive Officer

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IMPACT THAT MATTERS

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OUR BUSINESS

PURPOSE

Better Energy was founded to accelerate the transition to renewable energy sources. Our vision is to improve people's lives by producing affordable renewable energy while benefitting ecosystems and biodiversity.

WHAT WE DO

Better Energy is a renewable energy company that builds additional green energy capacity. We develop, build, operate and maintain solar parks that generate clean electricity. We work to create impact and value for our communities and other stakeholders.

LAND

THOUSANDS OF HECTARES LAND

DEVELOPMENT

- Market research & analysis
- Land acquisition or leasing
- Licences, permits & approvals
- Yield & production assessment
- Business & financial structuring

THOUSANDS OF MWp SOLAR CAPACITY

CONSTRUCTION

- Technical design & system
- Manufacturing & procurement
- Logistics & supply management
- Construction management
- Grid connection & commissioning

MILLIONS OF MWh GREEN ENERGY

OPERATION

- Commercial management
- Operations & maintenance
- Stakeholder management
- Controlling & reporting

GREEN ENERGY

DRIVING THE GREEN TRANSITION

The transition to renewable energy sources can only be achieved through electrification and by adding new, additional and inexpensive renewable energy to our energy system. Renewable electricity is the lifeblood of the transition.

Until recently, most renewable energy generation was supported by government subsidies and support schemes. However, in most places, new solar power installations are cheaper than fossil fuel-driven alternatives and do not need government support. As a result, the energy industry is undergoing a profound change from being subsidy driven to market driven.

LEADING BY EXAMPLE

We build renewable power plants that add new green energy to the European energy mix. Guided by our mission statement, we aim to accelerate the transition to renewable energy as rapidly as possible and at the lowest cost possible.

We want to lead the way and show others how to shape our energy future so that we can phase out fossil fuels and benefit biodiversity and ecosystems.

Through our partnership with Habitats, a biodiversity consultancy, we continue to refine our work to improve biodiversity. We have started to document the regenerative effect of solar parks. If we can regenerate land and biodiversity, we will.

SCALABLE BUSINESS MODEL

Our business model and operations are structured to deliver on our purpose. We are part of the integrated value chain of the Better Energy Group. This value chain enables a smooth transition through each phase of development and construction, including selection of land, grid, local support and finance.

We take a lean and industrial approach to renewable energy deployment. Our business model is highly scalable and enables us to engineer and construct a continuous stream of large-scale projects in several countries in one end-to-end process. Close cooperation enables us to optimise work processes, reduce costs and create more value for stakeholders across all aspects of the value chain. We have the freedom and flexibility to innovate and apply new technologies and efficiencies immediately in our solar parks.

Our vision, solutions and scalable business model drive the transition towards a clean energy economy.

FINANCIAL HIGHLIGHTS

Key figures DKK '000	2021	2020	2019	2018	2017
Income statement					
Revenue	1,314,643	981,364	515,986	418,540	325,081
Gross profit	114,035	56,443	83,918	97,778	82,738
EBITDA	70,643	22,569	63,400	83,078	74,981
Operating profit	67,534	20,384	61,971	82,152	74,763
Net financials	-247	-1,671	3,130	688	-94
Profit for the year	48,119	12,523	56,846	81,648	58,167
Balance sheet					
Balance sheet total	923,971	507,030	459,743	320,596	111,146
Investment in property, plant and equipment	5,108	12,431	5,576	5,885	3,440
Equity	256,183	207,761	193,785	136,534	67,079
Ratios					
Gross profit margin	9%	6%	16%	23%	25%
EBITDA margin	5%	2%	12%	20%	23%
Profit margin	4%	1%	11%	20%	18%
Return on equity	21%	6%	34%	80%	147%
Solvency ratio	28%	41%	42%	43%	60%

Financial highlights are defined and calculated in accordance with the current version of '*Recommendations & Ratios*' issued by CFA Society Denmark. Please see the *Financial Highlights* section in the *Basis of preparation* for definitions of financial ratios.

GOVERNANCE


IMPACT THAT MATTERS
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02

GOVERNANCE

Better Energy's corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications.

Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

BOARD OF DIRECTORS

The Board of Directors consists of Chair Mark Augustenborg Ødum and Board members Ho Kei Au and Annette Egede Nylander.

On behalf of the shareholders, the Board of Directors is responsible for the overall and strategic management of the company. All major decisions concerning investments, partnerships, risk management and operational matters are taken by the Board of Directors. The Board of Directors also monitors progress related to sustainability and financial targets.

EXECUTIVE BOARD

The Executive Board consists of Chief Executive Officer Rasmus Lildholdt Kjær. The Chief Executive Officer is responsible for the day-to-day management of the company.

Together with the Board of Directors, the Executive Board ensures that the capital resources and liquidity of the company are always adequate and appropriate considering Better Energy's financial position and business prospects. The Executive Board also ensures corporate strategy gets implemented looking towards long-term value creation and sustainability.

The Executive Board ensures that the company has an efficient organisational structure with effective lines of communication and reporting, that the necessary dedicated and skilled human resources are always present and that clear instructions on roles and responsibilities are given to all members of the management team.

CORPORATE CULTURE

Better Energy is a values-driven company. Ethics and integrity are embedded in our Manifesto and Code of Conduct. Our Manifesto describes our vision, mission, strategy, guiding principles and values – the foundation of our business. The Code of Conduct provides policy statements outlining how we conduct our business and is regularly reviewed and updated as necessary.

CORPORATE POLICIES

In addition to our Manifesto and Code of Conduct, the Board of Directors and Executive Board have adopted a set of policies and procedures to govern our business. Policies and procedures outline the rule of conduct for our company and instructions for making decisions.

RISK MANAGEMENT AND AUDITS

Risk management and audits are handled by the Board of Directors, the Executive Board and our Finance, Legal and Project Management Office teams. They identify and manage risks and ensure financial integrity, transparency and accountability in line with efficiency and effectiveness.

DISCLOSURE AND COMMUNICATIONS

This annual report is available for download on datacvr.virk.dk.

RASMUS LILDHOLDT KJÆR
CHIEF EXECUTIVE OFFICER

MARK AUGUSTENBORG ØDUM
CHAIR OF THE BOARD OF DIRECTORS

HO KEI AU
BOARD MEMBER

ANNETTE EGEDE NYLANDER
BOARD MEMBER

PEOPLE

03

OUR PEOPLE MATTER

OUR COMMITMENT

Purpose is not just a word – it is a commitment. Our business is built on the commitment to bring additional renewable energy into existence. We do so by pioneering a scalable business model, designed to deliver the greatest amount of green energy at the lowest cost possible.

Our operations are structured to deliver on our purpose and each phase – from building local support, development and construction to finance and asset management – is designed to ensure a lean and industrial approach to renewable energy deployment. Our business model is highly scalable and enables us to develop and construct a continuous stream of large-scale projects in one end-to-end process.

OUR ULTIMATE ADVANTAGE

Purpose only works if you live by it. Our ultimate advantage is our strong group of people who are agile and can adapt to change. Whether we succeed in reaching our targets depends on the people who define us. We look for the best and the brightest – but the key to making an impact is not just having the right skills. Better Energy is composed of a group of talented, dedicated, mission-driven individuals who are eager to collaborate to find new pathways and better solutions.

DRIVERS OF A RENEWABLE ENERGY REVOLUTION

We work firsthand with all aspects of a renewable energy plant life cycle – legally, technically and financially. That requires people from different backgrounds and disciplines, so our job opportunities invite and prioritise diversity.

In 2021, our organisation developed on all fronts, with outstanding talents joining our development, construction, grid, finance and legal teams. With our Project Management Office, Better Energy has matured into a gigawatt scale developer, constructor and operator within each of our core markets.

Our head office is located in Frederiksberg, Denmark and our core markets are Denmark, Poland and Sweden. At the end of 2021, we had a total of 141 employees in both full- and part-time positions.

TRENDS

04

TRENDS

GREEN SHOOTS

Close to 290 gigawatts (GW) of new renewable power were commissioned in 2021. This is 3% more than what we saw during 2020's already exceptional growth. This is also despite global supply chain disruptions and temporary market movements driven by the COVID-19 pandemic. According to the International Energy Agency (IEA), solar power alone accounted for more than half of all renewable power expansion in 2021, followed by wind and hydropower. Higher energy prices also improve wind and solar's competitiveness. During 2021, we observed that fixed-price renewable power purchase agreements served as hedges against higher spot prices for fossil fuels. The IEA expects the annual average renewable capacity additions to reach 305 GW – 58% higher than the figure for the last five years.

ELECTRIFYING HEAVY TRANSPORT AND INDUSTRY

Emission reductions are usually more costly in the so-called hard-to-abate sectors because fossil fuel-free technologies are still more expensive than conventional technologies. Power-to-X (PtX) is a term for various processes that convert electricity into other energy products such as hydrogen, ammonia or synthetic fuels. Power-to-X can be used to store surplus power from renewable energy sources which cannot otherwise be efficiently added to the electricity grid.

By October 2021, the electrolyser project pipeline had reached over 260 GW globally. The IEA estimates that this could bring an additional 475 GW of wind and solar PV capacity, one-third of total installed variable renewables today, dedicated mostly to green hydrogen production. The majority of planned projects consider hybrid wind, solar PV and battery storage plants for hydrogen production.

Europe has the most significant electrolysis and associated renewable capacity planned globally – mostly from offshore wind and solar PV. This is driven by the European Union's green hydrogen targets and associated funding, with the goal of scaling up production to decarbonise hard-to-abate sectors. With excellent wind and solar resource availability, Australia has the second largest pipeline after Europe. The country aims to export green hydrogen and ammonia.

MORE POWER-TO-POWER GRIDS

Global grid-connected electricity demand is likely to grow by 2.5% annually over the next 30 years. World transmission lines will increase from just over six million circuit-kilometres today to almost 12 million by 2050, according to DNV. Distribution lines will more than double throughout this period, reaching about 180 million circuit-kilometres globally. Although total grid investments have been hovering at around $250 billion and 300 billion per year in the past decade, post-COVID recovery and renewable power expansion will ensure a steady increase in grid investments until the 2030s. We will reach levels of $400-500 billion per year, according to DNV Energy Transition Outlook 2021.

INVESTMENTS REQUIRED

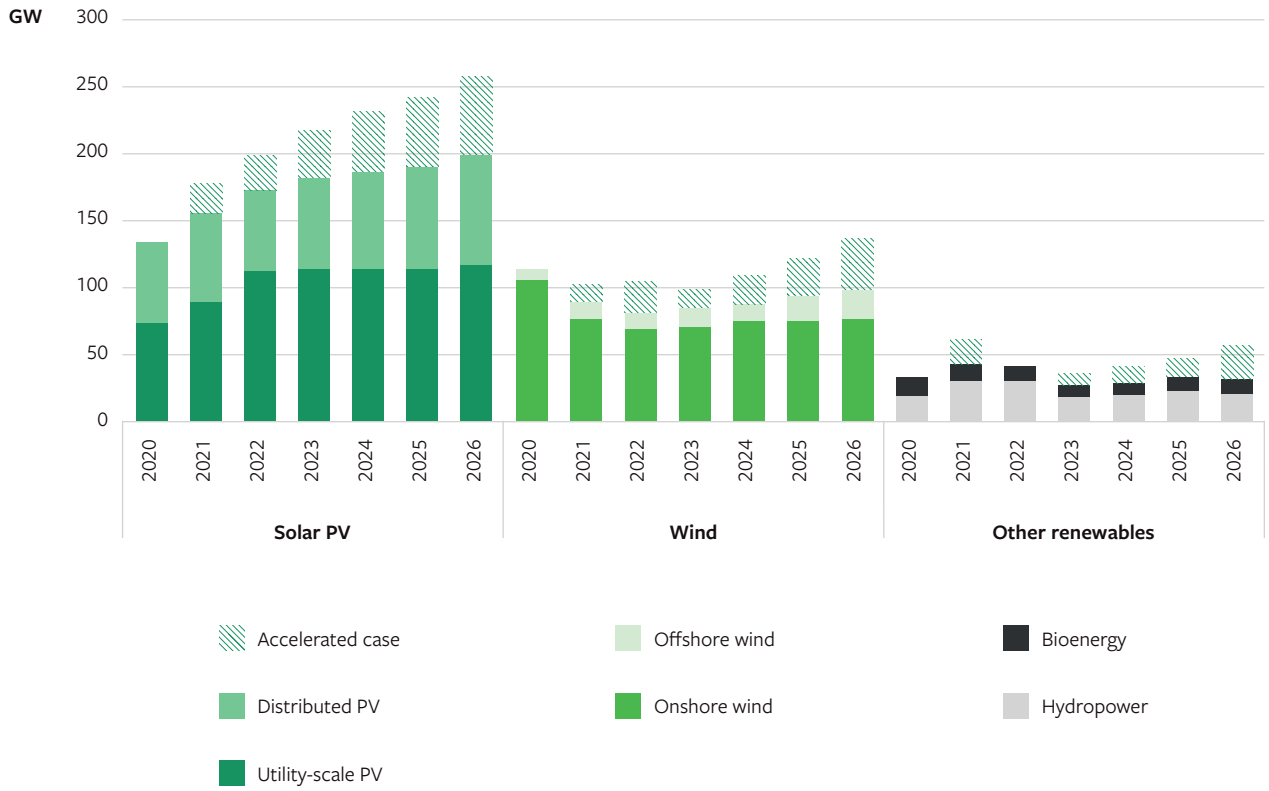
The energy transition requires large investments in energy infrastructure. Capital flows need to be redirected from fossil fuels towards clean power and other climate solutions. BloombergNEF estimates an investment need of between $92 trillion and $173 trillion over the next three decades in energy supply and infrastructure. To achieve this, annual investment will need to more than double – from around $1.7 trillion per year to between $3.1 trillion and $5.8 trillion per year on average over the next three decades.

FROM BEST PRACTICE TO NECESSARY PRACTICE

Biodiversity loss is accelerating. The global rate of species extinction today is orders of magnitude higher than the average rate over the past 10 million years. The average abundance of native species in most major land-based habitats has fallen by at least 20%, according to the United Nations. This challenge requires that we not only seek out the best practises available but also ask ourselves how we can do our part in helping overcome this challenge.

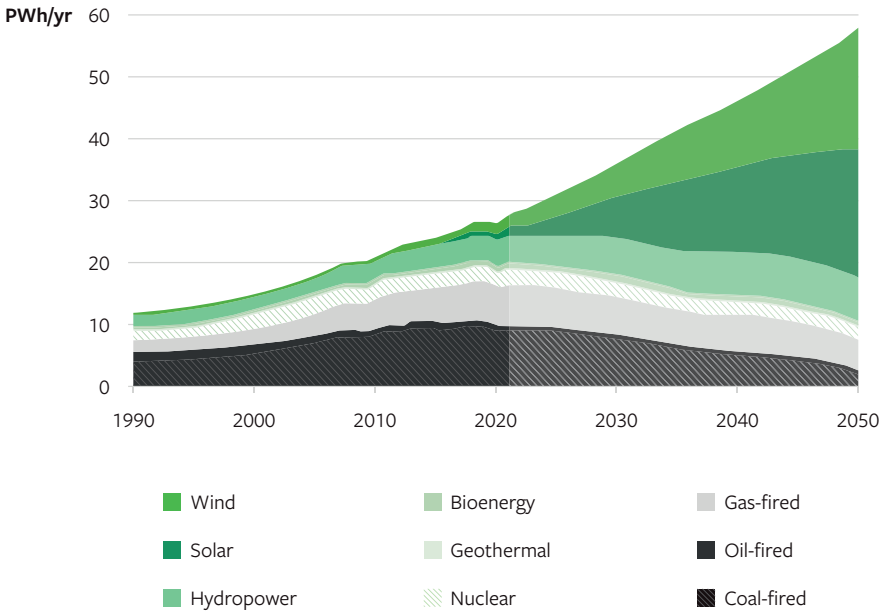
ANNUAL CAPACITY ADDITIONS OF SOLAR PV, WIND AND OTHER RENEWABLES, MAIN AND ACCELERATED CASES 2020-2026

Source: International Energy Agency (IEA)



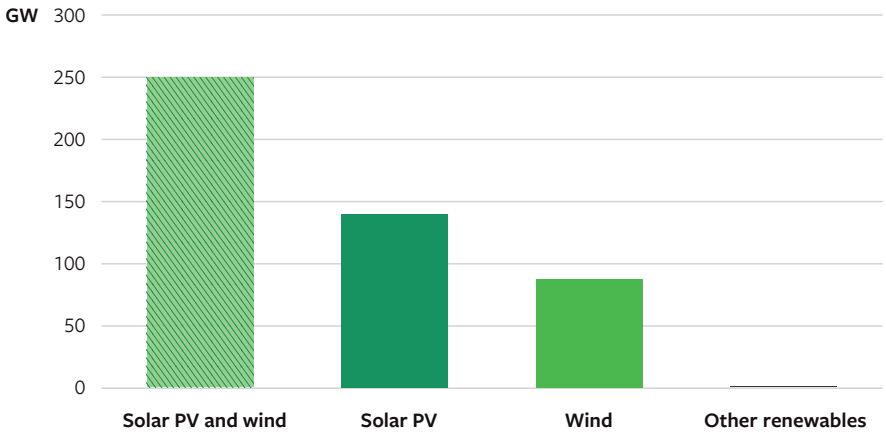
WORLD GRID-CONNECTED ELECTRICITY GENERATION BY POWER STATION TYPE

Source: DNV Energy Transition Outlook 2021



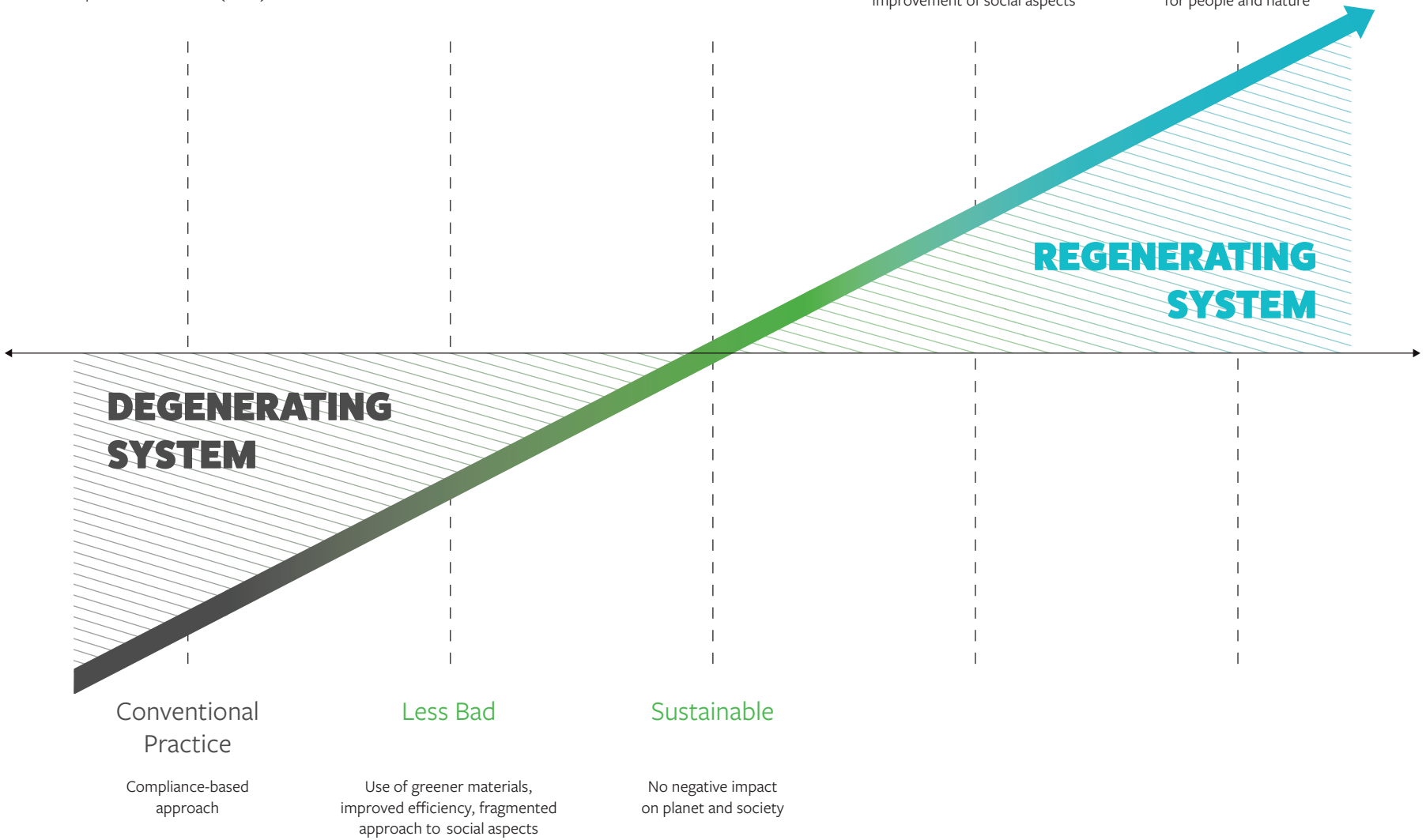
ADDITIONAL RENEWABLE CAPACITY ACCORDING TO PLANNED AND ANNOUNCED GREEN HYDROGEN PROJECTS

Source: IEA analysis based on IEA (2021), Hydrogen Projects Database



FROM BEST PRACTICE TO NECESSARY PRACTICE

Source: Adapted from Bill Reed (2007)



PERFORMANCE & OUTLOOK

05

ACTIVITIES IN 2021

OVERVIEW

In 2021, solar power cemented its position as the cheapest source of new renewable energy across Europe and began to scale.

We reached several milestones. Better Energy provided the largest share of renewable capacity on land in Denmark in 2021 and finished the first two large-scale solar parks in Poland. What is more, Better Energy constructed a total of 450 MW subsidy-free renewable power.

Despite global supply chain disruptions, our scalable business model continued to deliver solid results and our structured and industrial approach to large-scale deployment proved robust. Our pipeline of development projects expanded to 6.6 GW, ensuring a steady flow of diversified projects for years to come.

During 2021, we constructed eight solar parks with a total capacity of 450 MW. Better Energy's asset management expertise is applied to each of these projects.

To make an impact that matters, we are working towards future-fitness. A Future-Fit Society is environmentally restorative, socially just and economically inclusive. The Future-Fit Business Benchmark helps us imagine better ways of doing things and be open and transparent about our impacts.

DENMARK

Better Energy made significant contributions to the green transition in 2021. We added the largest solar park in Northern Europe to the transmission grid. We also added the largest share of renewable energy capacity on land.

As our production capacity increases, so does our ability to regenerate the natural environment and counter threats from habitat loss, pollution, unsustainable use of land and climate change. The larger the area we manage, the greater the impact we can make. One example of this can be found in Svendborg. In Svendborg Municipality, solar parks' protective capabilities over groundwater played a central role in the choice of location.

As Svendborg Municipality points out in the local zoning plan: 'Solar parks protect groundwater health because the sites are taken from agricultural production, laid out with grass and kept free from fertilisers and pesticides.' We are dedicated to ensuring these valuable synergies when choosing solar park sites. Since Better Energy's inception, we have been driven to create solar parks that work in harmony with the environment.

Our sites are home to thousands of sheep grazing on our organic land. They are pesticide and chemical free and serve to protect groundwater and soil regeneration for the future.

Better Energy is developing landscaping plans for solar parks that are specifically designed to incorporate areas of rich and wild nature. The initial data suggests that this makes it possible to significantly improve the natural quality of the land. By using the Biological Diversity Protocol, Habitats, a biodiversity consultancy, estimates that the share of biodiversity increases from point zero before the construction of the solar park to about 20% after construction, approximately 25% after five years and at best up to 60% over 30 years.

During 2021, we increased our pipeline of projects in Denmark to around 4.7 GW of capacity by year end.

POLAND

In 2021, we constructed two large-scale projects, Postomino and Polanow, each with a capacity of 30 MW. Our asset management in Poland – combining our operations and maintenance services with our commercial management expertise – was validated with performance above expectations and will be further developed as we work on new, large-scale projects.

During 2021, we increased our pipeline of projects in Poland to around 1.3 GW of capacity by year end. Better Energy's commitment to help Poland reduce its reliance on coal is stronger than ever.

SWEDEN

The opportunities in Sweden continue to grow. During 2021, the pipeline of projects in Sweden increased to around 0.6 GW of capacity by year end.

OTHER MARKETS

Better Energy operates and maintains a solar PV park in Ukraine which was constructed by Better Energy in 2018. The system is currently operational, but there is some uncertainty as to what the future will bring for the solar park. The Executive Board does not believe that the war in Ukraine will have any material adverse effect on Better Energy's operations in 2022.

FUTURE TECHNOLOGY

We strive to optimise our construction projects with the latest technology and have excellent relationships with the industry's most renowned suppliers, always keeping us at the forefront of the industry. A full green transition will require not only competitive renewable energy but also the highest level of innovation to integrate renewable energy into future grid solutions.

FINANCIAL PERFORMANCE

OVERVIEW

At Better Energy A/S we strive to be the leading developer and constructor of solar parks in Northern Europe in order to support the Better Energy Group's long-term strategy to become an independent power producer supported by annual recurring revenues.

In the annual report for 2021, we show the income statement by nature, as this better reflects our business. In the 2020 annual report, we specified the income statement by function.

INCOME STATEMENT

Revenue

Revenue reached DKK 1,315 million in 2021, up from DKK 981 million in 2020. This revenue was generated by development and construction of solar parks and income from asset management. In 2021, Better Energy's greatest source of revenue was from development and divestment of solar parks which amounted to DKK 1,303 million. Revenue from asset management amounted to DKK 12 million. Revenue was mainly generated in Denmark with DKK 1,243 million and DKK 71 million in Poland.

Gross profit

Gross profit increased significantly to DKK 114 million from DKK 56 million in 2020. This increase was mainly due to construction of solar parks, which was offset by increased direct costs driven by increases in steel prices and costs for solar panels, inverters and logistics, due to temporary market movements caused by the COVID-19 pandemic.

Operating profit

Operating profit increased to DKK 68 million, up from DKK 20 million in 2020, mainly due to an increase in gross profit and partly offset by increased staff costs as the organisation is scaling up for the coming years.

Financial income/expenses

Net financial income came to DKK 0 million up from DKK -2 million in 2020. The decrease in net financial expenses is mainly attributable to increased interest income from loans to group companies.

Tax

Tax on profit amounted to DKK 20 million, compared with DKK 6 million in 2020, mainly due to the increased operating profit. The effective tax rate in 2021 was 29%.

Balance sheet

Total assets increased significantly to DKK 924 million at the end of 2021 compared to DKK 507 million at the end of 2020. The increase in assets is mainly due to an increase in receivables from group enterprises and increased cash balances at the end of the year offset by lower contract works in progress. The increase in receivables from group enterprises is due to invoicing of several projects at the end of December. The increase in bank balances is due to divestment of solar parks at the end of the year.

Equity

At the end of 2021, equity amounted to DKK 256 million compared with DKK 208 million at the end of 2020. This net increase of DKK 48 million was mainly due to the profit for the year.

LOOKING BACK, MOVING AHEAD

OUR GOALS FROM 2020

The main focus in 2021 was to strengthen our activities in Northern Europe in order to develop our pipeline and ensure continued growth. Through stronger partnerships with our stakeholders, we continued to sharpen and advance our scalable business model, which is likely to benefit us in the long run and in new markets.

Before entering 2021, it was a strategic objective to continue to build our pipeline and ensure certainty regarding grid connection. As grid connections and local support are crucial for our success, strong partnerships with local communities and grid operators continued to be a top priority in 2021.

We expected a higher activity level in 2021 and an increase in profit before tax to 60-120 million.

REACHED GOALS IN 2021

During 2021, our pipeline of future projects increased to 6.6 GW at year end. We continued to demonstrate how solar power can be scaled up and accelerate the green transition to an affordable, low-carbon future. One example of this can be found in Denmark, where we installed the largest share of renewable energy on land. In 2021, we constructed a total of 450 MW renewable energy.

LOOKING AHEAD TO 2022

Looking ahead, Better Energy will follow the stated course to retain our strong market leadership in the renewable energy sector. Our overall strategy has been to commercialise solar power, scale it, and then integrate it into other parts of the economy.

So far, we have successfully shown that solar power is competitive in Northern Europe as we continue to build large-scale parks on commercial terms without subsidies. In 2022, we expect to build new solar parks in Denmark and Poland equal to more than 500 MW.

Our focus is on developing large-scale solar parks that also benefit ecosystems and biodiversity for the Danish market. We will continue to scale up our engineering, procurement and construction (EPC) of large-scale solar parks in all of the Better Energy Group's markets and increase solar park assets under our operation. We expect a higher activity level in 2022 compared to 2021 with revenue reaching DKK 2.0-2.5 billion. We expect profit for the year to reach DKK 95-125 million.

However, both revenue and profit for the year depend on circumstances such as timing related to grid connections. We do not believe that the COVID-19 pandemic, war in Ukraine or disruptions in supply chains will have any material adverse effect on Better Energy's operations in 2022.

EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 24 in the financial statements.

RISK MANAGEMENT

06

RISK MANAGEMENT

OUR BUSINESS ENVIRONMENT

We operate in changing and growing energy markets. Balancing risk and opportunity is critical to business growth and success.

Risks are defined as factors that impact our ability to create long-term value and achieve our strategic targets. Some risks are relevant on a corporate level, while others apply to certain phases of project life cycles.

We view risk management as a method to avoid risks or minimise their potential impacts while proactively seeking opportunities that can bring us competitive advantages. To identify risks and opportunities, we look beyond our own operations and try to include stakeholders' concerns and the market environments in which we operate. This approach helps us develop a broader view of the issues affecting our company and our ability to create value.

OUR APPROACH

Better Energy takes a proactive approach to risk management across all business areas and we assess and manage risks on a continuous basis. Our approach to risk management follows a five-step process, drawing on internal expertise including financial, engineering, legal and compliance specialists. The five-step process begins with risk identification and takes place at business, project and operational levels.

During the risk assessment stage, we assess the severity and likelihood of risks occurring. A prioritised list of risks goes through risk analysis, risk tolerance and risk mitigation. The Board of Directors and Executive Board decide which risks are acceptable to the business and which risks need to be mitigated.

Having a structured way of assessing our risks throughout the organisation enables us to increase awareness around them. Keeping our main focus on high likelihood and high severity risks makes acceptance and mitigation efficient. Better Energy operates with two types of risks: one type of business or project risk that can be mitigated through new actions – and another type of risk that is inherent to the business operations of our company. Inherent business risks cannot be fully mitigated, but we have undertaken actions to reduce their potential negative impacts.

In the following sections, we describe our six inherent risks identified as high priority.

POWER PRICE UNCERTAINTY

The energy generated by the solar parks we develop and build is eventually sold to companies through power purchase agreements and traded on the merchant market. Short-term fluctuations in the power trading market are to be expected and can indirectly impact Better Energy. There is uncertainty when forecasting in feasibility studies. Fluctuating power prices can affect expected project earnings and selling price determination, which could affect demand, investment and financing. Geographic diversification across different markets reduces the negative impact of price variations.

INTEREST RATES

The construction of large renewable energy projects is capital intensive. Corporate funding and guarantee lines make interest payments a significant expense and an important factor in the cost of renewable energy projects. In general, Better Energy has enjoyed a low interest environment, but this has the potential to rise in response to global events, which might have an impact on our earnings.

CURRENCY FLUCTUATIONS

We operate internationally and import a number of components that are paid in foreign currencies. There can be a difference in currency between loans, engineering, procurement and construction invoices. Within these operations, currency exchange rates may vary. Our main currency exposure relates to fluctuations between USD, PLN, EUR, SEK and DKK.

Based on our currency hedging policy, Better Energy mitigates this risk by strictly controlling and monitoring currency exposure. We quantify exposure in line with project pipeline development.

CONSTRUCTION RISK

Construction relies on a wide number of local and international partners, suppliers and stakeholders. Components and materials make up a substantial portion of total solar power plant costs. With that in mind, cost fluctuations for components and materials we use to construct our plants may affect the profitability of the projects.

Other risk factors in the construction phase are issues with components and installation, or sudden weather challenges that could result in project delays. Delays and budget overruns can lead to a loss of power sales revenue, permitting and grid connection issues as well as a decrease in our gross profit.

Better Energy manages these risks with strong project management. We have a proven track record of delivering utility-scale projects on time and with outstanding technical standards. Additionally, forming partnership agreements with major Tier 1 suppliers and service providers allows us to influence price and payment terms.

When it comes to issues originating from poor weather conditions, we constantly monitor weather forecasting in the areas where our assets are located to reduce possible impacts. Better Energy engineers its own systems to withstand extreme weather conditions and increase the lifetime, durability and resilience of our systems.

As we grow, we continue to standardise our approach to engineering, procurement and construction. We try to implement a culture of continuous learning based on our own experience and best industry practice.

IT SECURITY

According to recent cyber threat assessments, the Danish Centre for Cyber Security states that the threat level is increasingly high in the energy and utilities sectors as digitisation and dependence on cloud-based solutions increase. Hence, cybercrime and fraud attempts are potential risks to our business.

Our cloud-based solutions for daily business data storage, communication and energy generation control are potential cyberattack targets. If our systems are compromised, a loss of information and a lack of access to information can result in delays.

Fraud and malicious cyberattacks may also compromise Better Energy's activity and revenue. Attacks could ultimately result in us being forced to shut down plants.

At Better Energy, we have upgraded our IT hosting provider and developed bespoke in-house solutions to mitigate IT security-related risks. We continuously monitor our equipment for security issues by using internal and external IT specialists.

We develop contingency plans for our plants and will continue to do so as we build more plants and cover a greater share of energy consumption with our green solar energy.

LEGAL COMPLIANCE

Better Energy is subject to rules and regulations derived from law, commercial agreements and financial regulations, amongst others. Compliance with these conditions affects all areas of our business.

Failure to comply with various rules and regulations can result in serious fines, penalties and other legal actions.

We have created a Compliance Committee, headed by the Chief Legal Officer, to manage compliance-related matters. With reference to the Compliance Committee, the organisation continues to standardise the compliance mechanisms process.

Regulatory risks are identified by the Regulatory & Compliance team in the Legal department through ongoing risk assessments, regulatory horizon scanning, proactive monitoring and project participation. Identified regulatory risks are handled and documented through well-established compliance processes and integrated into each business unit, facilitated through ongoing group-wide risk assessments and monthly Compliance Committee meetings. Risks are reported to the Board of Directors and the Executive Board.

SUSTAINABILITY & REGENERATION

07

SUSTAINABILITY AND REGENERATION

This section constitutes our reporting in accordance with §99a, §99b and §99d of The Danish Financial Statements Act.

THE FUTURE WE WANT

Better Energy was founded to accelerate the green transition with better solutions and mass quantities of affordable clean energy. We are here to improve people's lives and the environment with power that is clean, reliable, safe and sustainable. We want to lead the way and show others how to shape our energy future to benefit biodiversity and ecosystems.

Driving systems change

Growing our operations brings additional responsibility, complexity and opportunities to learn, develop and contribute more effectively. We are in a strong position to drive change and help countries, cities and companies meet the increasing demand for green energy. Our activities and operations help contribute to a better society and future.

Regeneration

We know that simply doing no harm, maintaining or sustaining our land areas and communities is not good enough. Ecosystem quality is declining rapidly. In many places, nature has been degraded and needs us to help reverse its decline. We need to take active steps and add resources to regenerate ecosystems. These steps include increasing local biodiversity and restoring healthy soil, groundwater, forests and wetlands.

Collective impact

A single organisation, business leader or policy maker cannot change complex systems. We all have a role to play in the systems we want to change.

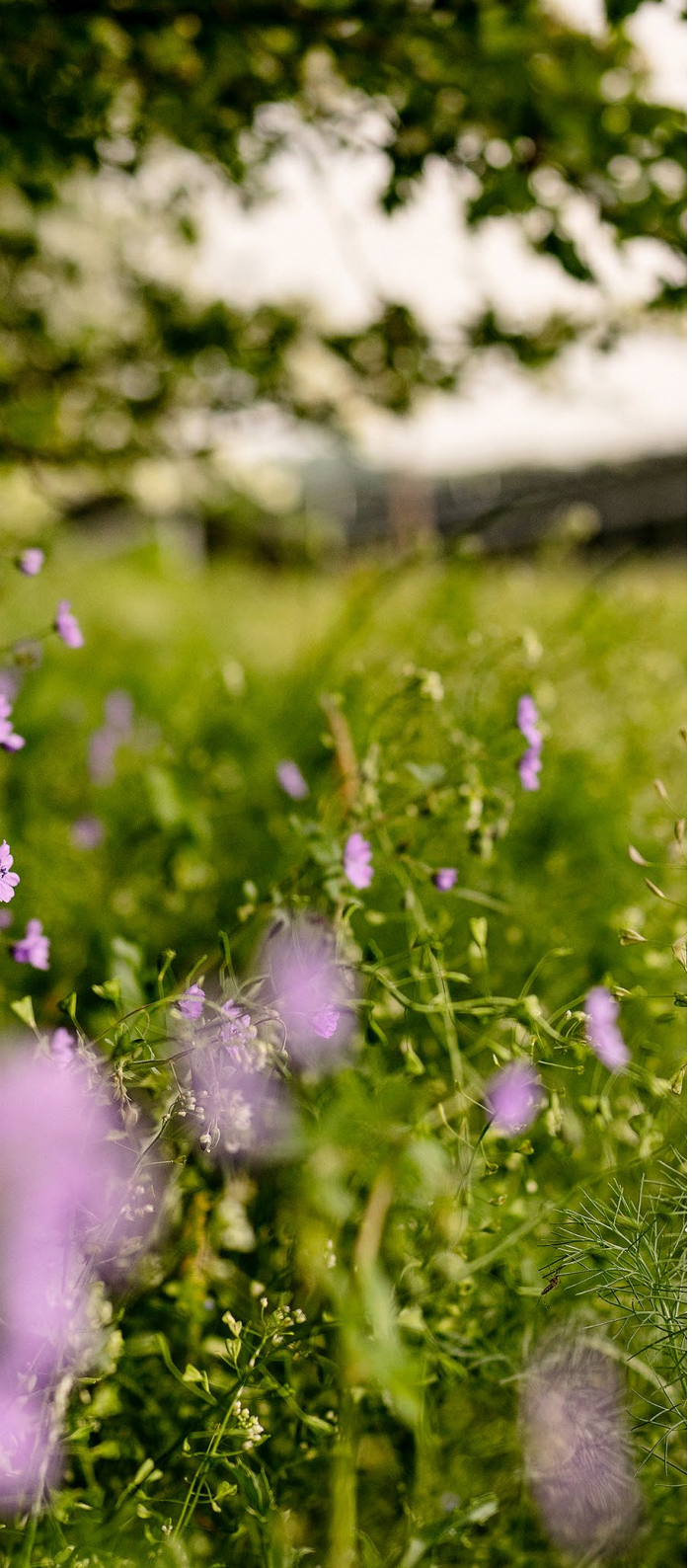
We do not have to find common ground with other stakeholders; it is already there. Climate change, loss of biodiversity and ecosystem degradation are all crises we all face in the places and spaces we share.

We are helping policy makers, financial institutions and businesses of all sizes deliver climate action in the real world by adding new green energy to our energy systems. We all need to step up with the will and resources to achieve our goals.

OUR BUSINESS

Purpose: Engineers of a sustainable future

A sustainable world is not possible without clean, renewable sources of power. We work to advance renewable energy



deployment as rapidly as possible and at the lowest possible cost. We exist to create impact and value for our communities and other stakeholders.

Business model: Drivers of a renewable energy revolution

Our business model and operations are optimally structured to deliver on our purpose. We are part of the Better Energy Group integrated value chain, which ensures that knowledge is shared and projects move smoothly from one phase to the next throughout their life cycles. We design, develop, engineer, finance, build and operate solar parks that generate clean electricity.

Better Energy's head office is located in Frederiksberg, Denmark and our focus markets are Denmark, Poland and Sweden. We are also active in other Northern European countries. At the end of 2021, we had a total of 141 employees in both full- and part-time positions.

Strategy: Impact that matters

We focus on large-scale solar energy capacity in Northern European markets where we can make the greatest difference in terms of impact and affordable prices.

This means taking a lean and industrial approach to renewable energy deployment. We prioritise depth over breadth and concentrate our efforts where we can achieve impact on a significant scale. Our purpose and scalable business model drive sustainable business growth and deliver positive environmental and social impact.

POLICIES

Framework: Manifesto and Code of Conduct

Better Energy is a values-driven company. Our approach to management and day-to-day business operations are guided by our Manifesto, Code of Conduct and commitment to becoming Future-Fit.

Our Manifesto describes our vision, mission, strategy, guiding principles and values. This policy forms the foundation of our business and the basis for proper conduct and respect for all individuals.

Our Code of Conduct builds on these ideas and values. It outlines a framework of policy statements and standards ensuring consistency across our business. Our Code of Conduct is integrated into the way we work at Better Energy and how we work with consultants, suppliers, partners and any other third parties acting on behalf of our company. The Code of Conduct is currently undergoing review to ensure it continues to meet the needs of the organisation and our commitments.

Environment

Land management and biodiversity are elements of our environmental policy. Better Energy works to promote and protect local flora and fauna when establishing facilities. We also support the welfare of animals associated with our facilities.

Our formal policy statement on the environment is part of our Code of Conduct. As a minimum, our suppliers must follow local and international legislations and regulations with respect to environmental protection – including recycling as much as possible.

The potential negative impacts from solar park construction and operation are minor. Impacts such as noise, land disturbance, packaging waste and wastewater can occur during the construction phase. However, there are no hazardous emissions. We integrate our installations into the natural surroundings and only remove vegetation when necessary. To minimise impact, we restore land and infrastructure and establish conservation areas.

Our environmental goals relate to our solar parks and pursuit of future-fitness. Renewable energy solutions reduce greenhouse gas emissions and positively impact the green transition by adding new capacity to the grid. At the end of 2021, our project pipeline had a capacity of 6.6 GW. Adding new renewables to the energy system needs to go hand in hand with environmental initiatives.

In 2022, we will research relevant regeneration efforts and ways to scale up our initiatives across all our countries of operation.

At the end of 2021, the Better Energy Group managed 6,700 hectares of land. This number will only increase. Going forward, we will focus on further developing our approach as well as meaningful metrics to align with Future-Fit and our ability to demonstrate our positive impact.

Community relations

Communities worldwide are moving towards renewable energy sources. This is fundamental if the renewable energy transition is to become a reality. We can help communities benefit from this transition by sharing information with landowners and other community members from the very early planning stages of our projects. We depend on the goodwill, health and resilience of the communities in which we operate, and we must ensure our presence does not undermine this.

At its core, community engagement is about being a good neighbour. We want to reduce carbon emissions, protect and enhance plant and animal life and provide other opportunities for mutual benefit (like recreational areas). Our goal is to ensure our community engagement is Future-Fit. In 2022, we will assess our processes and procedures and compare them to the Future-Fit criteria. If we find gaps, we need to mitigate them.

Few people are familiar with large-scale solar parks and the opportunities they offer. It makes sense that communities near solar projects have questions and concerns about their possible impact. We need to make sure that we address these questions and concerns effectively, continuously and transparently. Concerns most often relate to aesthetics and the impact on property value; dialogue helps us clarify some of these worries. Being part of the green transition and contributing to improving biodiversity are some of the benefits of engaging with us.

Securing land and local acceptance are fundamental to project development. A green transition on a significant scale can only be achieved with local support. To address local concerns and secure local support, we set up community meetings very early in the development process. For example, we facilitate town hall meetings and have individual discussions with potential neighbours. We want to listen and learn. We do our utmost to share information, address concerns, accommodate local ideas and find the best solutions.

Employee relations

Offering Future-Fit employment terms and paying proper wages are obvious fundamentals of proper business practice. We subscribe to the ILO Conventions and the UN Guiding Principles of Human Rights. Employees who work reasonable hours, feel secure in their jobs and are afforded adequate time off are more likely to thrive physically, emotionally and mentally – in and outside of work.

Due to the nature of our business, health and safety always have been and continue to be high-focus areas. Safeguarding employee health is part of our daily operations. We cover physical safety in the workplace, mental well-being, physical activity, access to healthy food and a smoke-free environment.

Our health and safety managers and in-house legal teams guide our actions and ensure compliance. Health and safety risk areas could be injuries at Better Energy sites or offices. We mitigate these risks by enforcing strict health and safety procedures and training both off and on site. A health and safety plan is prepared for all projects as standard procedure.

In 2021, we experienced zero work-related fatalities or work-related accidents with absence. One work-related accident with absence was recorded for a contractor at one of our sites.

We have had a small number of minor accidents and near-miss incidents, all of which have been logged in a learning catalogue and categorised according to potential severity. Following each event, we defined mitigating actions and documented learnings to increase knowledge and improve processes.

To maintain focus on ensuring a healthy and safe working environment, we further invested in improving processes, procedures and awareness in 2021. We are continuing this in 2022 – because we can always improve and do better. We are developing an internal learning platform, BE Academy. Here, all employees will be offered courses about mental well-being, physical health and collaborative culture alongside more specific courses related to electricity, safety and site management for onsite employees.

Diversity and inclusion

At Better Energy, we work closely with all aspects of a renewable energy plant life cycle – legally, technically and financially. So, it is natural that we create job opportunities for people from diverse backgrounds and disciplines. Moreover, we maintain a focus on human resources to ensure fair and consistent hiring practices and procedures across Better Energy.

We value difference and welcome people with new perspectives. Diversity is fundamental to our business' strength and ability to make an impact. Our Code of Conduct includes statements on diversity and inclusion that support equal opportunity. We look for the most qualified and relevant individuals who share our entrepreneurial spirit, drive and commitment – regardless of age, gender or ethnic background.

Respect for human rights

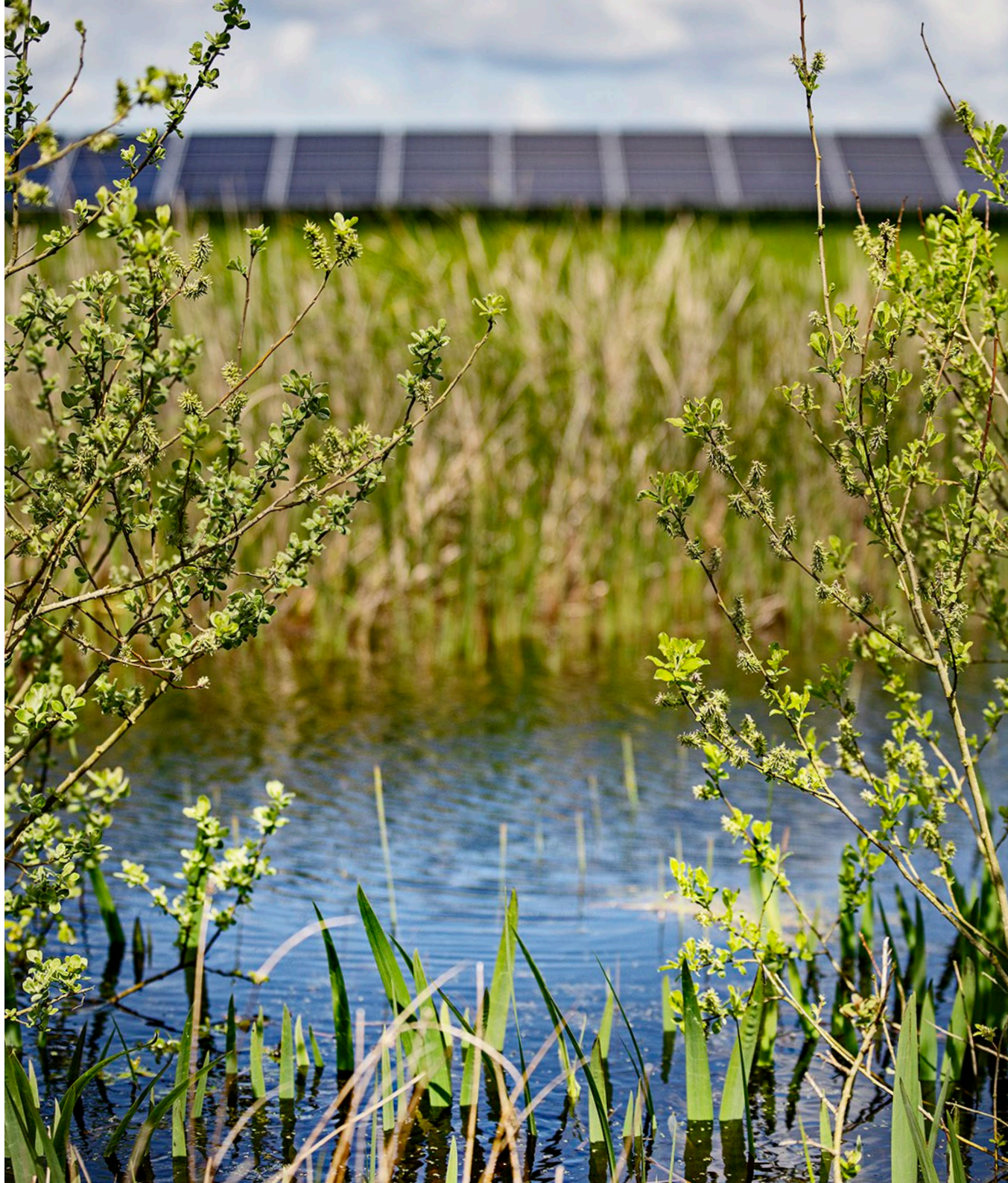
Our policy statement on human rights is included in our Code of Conduct. We respect and promote human rights and expect our suppliers to do the same.

Human and labour rights are priority issues in project development and construction. Installation teams work intensively in different countries for relatively short periods of time – which could lead to human rights issues. Risks could include inadequate health and safety measures at the project site, a lack of training, unclear employment terms and conditions and poor wages. Better Energy uses its own engineering, construction and procurement teams in combination with suppliers and subcontractors. Human rights and fair working conditions are part of our Code of Conduct. We also use third parties to audit suppliers. Better Energy has onsite managers; part of their responsibility is to ensure procedures and protocols are diligently followed. Through daily engagement and monitoring, these site managers develop a solid sense of worker well-being at the construction site. If problems arise, the site managers will handle the issue at hand, escalate and mitigate actions according to plan.

We have policies and procedures in place for procurement which allow us to anticipate poor working conditions and address concerns about employment terms. To create Future-Fit awareness among our suppliers, we invited key suppliers to a day of engagement in 2021. The purpose of the day was to share our expectations and listen to any concerns the suppliers might have in connection with Future-Fit becoming a requirement for collaboration. It was very positively received. We have had follow-up conversations with several suppliers – keen to understand more about how this can support them and add value when they engage with their key stakeholders.

In 2020 and 2021, we did not identify any human rights violations in our supply chain. We do not expect any human rights violations in the future, but will continue to prioritise promoting, monitoring and protecting human rights.

Through our commitment to Future-Fit and the UN Global Compact, we will assess our Code of Conduct, policies,



procedures and processes in 2022 to identify potential gaps. If we find gaps, we will develop mitigating action plans to ensure quick closure.

Anti-corruption and bribery

A Future-Fit Business actively seeks to anticipate, avoid and address ethical breaches that may arise as a result of its activities.

We have an anti-corruption policy statement in our Code of Conduct. In addition to this, we have a separate Anti-Corruption Policy. This policy covers gifts, facilitation payments, political and charitable contributions and how to go about raising concerns.

Our policy outlines how Better Energy is committed to conducting business in an ethical and honest way. Within that same vein, we have a zero-tolerance policy for bribery and corruption. Better Energy commits to upholding all laws regarding antibribery and corruption in all the jurisdictions in which we operate.

Moreover, we have a Fraud Procedure and a Signature Rules and Management Procedure. These are in place to prevent cybercrime and digital fraud and to ensure that all decisions in Better Energy are taken to secure our business and uphold our values.

Corruption, bribery, fraud and breach of laws could arise in our supply chain and our relationships with authorities and other third parties. This could result in penalties. We mitigate these risks with our ongoing dialogue with our partners and we focus on the right policies, directions and training for employees as well as due diligence of our suppliers and partners. Our long-term partnerships and close cooperations in our core countries of operation also help us reduce risk in these areas.

In 2021, we did not identify any breaches of our Anti-Corruption Policy. Our goal is to meet the Future-Fit criteria. To ensure this, we will complete a gap assessment. If we identify any gaps, we will develop a mitigating action plan. We do not expect to see any policy breaches in the future. We will continue to prioritise anti-corruption going forward.

Governance

Our purpose and strategy are clear. Our corporate governance structure is set up to support the long-term value creation and ensure an accountable management. Our corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications. Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

UN Sustainable Development Goals

Better Energy aligns with the United Nations Sustainable Development Goals (SDGs) and we actively support our business partners and customers in achieving them. Our core business of renewable energy impacts many of the 17 SDGs. However, through our business operations, we directly impact SDG 6 Clean water and sanitation, 7 Affordable and clean energy, 11 Sustainable cities and communities, 13 Climate action, 15 Life on land and 17 Partnerships. For a high-level assessment of our potential impacts and how they link to the SDGs, see our group Statement of Progress in the Better Energy ESG Report. To further prove our commitment and support to the global agenda, the Better Energy Group has joined the UN Global Compact and will be disclosing accordingly in connection with our 2022 report.

GENDER DISTRIBUTION

We want to increase diversity and continue to ensure that people feel included. We recognise the importance of a diverse and inclusive board and management environment. We continually seek to increase the representation of women in leadership. Our policy is to support equal gender distribution in leadership positions. We increasingly experience that positions in almost all departments of our company attract a large percentage of women. We continually seek measures to increase the proportion of women among our management and organisation. When interviewing for management positions, we strive to ensure a diverse pool of eligible candidates. In the coming years, we will be seeking ways to integrate regenerative leadership practices.

There is currently one woman on a three-member board, which makes the Board 33% gender-diverse. There are no plans to expand the Board at this time. We will review our goal next year.

DATA ETHICS

Regarding §99d and data ethics of the Danish Financial Statements Act, Better Energy currently does not utilise the data processes in scope for this requirement as a part of our core business model. Better Energy has recently started using personality tests conducted by external providers for recruitment purposes. In this process, we are overseeing the data ethics of our providers and based on that will provide an internal data ethics policy on the use of personality tests in Better Energy.

ASSURANCE STATEMENTS

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STATEMENT BY THE EXECUTIVE BOARD & THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today considered and approved the annual report of Better Energy A/S, Central Business Registration No. 36950676, for the financial year 1 January – 31 December 2021.

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 assets, liabilities and financial position of Better Energy A/S at 31 December 2021 and of the results of the company's operations for the financial year 1 January – 31 December 2021.

We believe that the management commentary contains a true and fair account of the matters addressed in the review.

We recommend the annual report be adopted at the Annual General Meeting.

Frederiksberg, 21 April 2022

EXECUTIVE BOARD

Rasmus Lildholdt Kjær
CEO

BOARD OF DIRECTORS

Mark Augustenborg Ødum
Chair

Ho Kei Au

Annette Egede Nylander

FORWARD-LOOKING STATEMENTS

This annual report contains information related to future events. These statements are not guarantees of future performance.

Forward-looking statements necessarily involve risk and uncertainty as they relate to future circumstances that are outside of our control. These factors could cause actual results to differ materially from our expectations.

As such, readers are cautioned not to place undue reliance on these forward-looking statements and Better Energy disclaims any intention and assumes no obligation to update or revise any forward-looking statement.

STATEMENT BY THE CHAIR OF THE ANNUAL GENERAL MEETING

Approved at the Annual General Meeting on 21 April 2022

Ho Kei Au
Chair of the Annual General Meeting

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Better Energy A/S

OPINION

We have audited the financial statements of Better Energy A/S, Central Business Registration No. 36950676, for the financial year 01.01.2021 - 31.12.2021, 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 31.12.2021, and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 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 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. 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.

THE 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, 21 April 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Ørum Nielsen
State-Authorised Public Accountant
MNE no 26771

FINANCIAL STATEMENTS

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FINANCIAL STATEMENTS

Financial statements

Notes to financial statements

INCOME STATEMENT

For the period 1 January - 31 December

Note	DKK '000	2021	2020
1	Revenue	1,314,643	981,364
2	Direct costs	-1,176,290	-910,305
3, 4	Other external expenses	-24,318	-14,616
	Gross profit	**114,035**	**56,443**
5	Staff costs	-43,392	-33,874
	EBITDA	**70,643**	**22,569**
	Depreciation and amortisation	-3,109	-2,185
	Operating profit	**67,534**	**20,384**
	Income from investments in subsidiaries	790	-54
6	Financial income	10,568	7,342
7	Financial expenses	-10,815	-9,013
	Profit before tax	**68,077**	**18,659**
8	Tax on profit for the year	-19,958	-6,136
9	**Profit for the year**	**48,119**	**12,523**

BALANCE SHEET

ASSETS

At 31 December

Note	DKK '000	2021	2020
	Completed development projects	226	376
	Acquired intangible assets	704	701
	Acquired patents and licences	8,211	0
10	**Intangible assets**	**9,141**	**1,077**
	Land and buildings	11,394	8,370
	Fixtures, fittings, tools and equipment	3,804	4,309
	Leasehold improvements	103	143
11	**Property, plant and equipment**	**15,301**	**12,822**
	Investments in subsidiaries	2,950	2,276
	Other equity interests	0	5,327
	Deposits	894	985
	Securities	3,989	2,812
12	**Fixed asset investments**	**7,833**	**11,400**
	Fixed assets	**32,275**	**25,299**

BALANCE SHEET

ASSETS

At 31 December

Note	DKK '000	2021	2020
13	**Inventories**	**24,371**	**24,443**
	Trade receivables	25,448	13,759
14	Contract work in progress	101,975	256,702
	Receivables from group enterprises	571,434	153,730
	Receivables from associated companies	2,346	276
	Other receivables	4,689	1,459
	Receivables	**705,892**	**425,926**
15	**Cash**	**161,433**	**31,362**
	Current assets	**891,696**	**481,731**
	Assets	**923,971**	**507,030**

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK '000	2021	2020
16	Share capital	502	502
	Reserve for development expenditure	6,581	293
	Reserve for net revaluation according to the equity method	2,430	1,337
	Retained earnings	246,670	205,629
	Equity	**256,183**	**207,761**
17	Deferred tax	19,158	16,439
	Provisions	**19,158**	**16,439**
	Mortgage debt	3,021	3,189
	Other payables	5,137	5,003
18	**Long-term liabilities other than provisions**	**8,158**	**8,192**

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK '000	2021	2020
18	Current portion of long-term liabilities other than provisions	235	216
	Bank debt	51	0
14	Contract work in progress	22,964	0
	Trade payables	90,672	53,841
	Payables to group enterprises	336,051	197,616
	Tax payables	32,345	14,021
	Other payables	158,154	8,944
	Short-term liabilities other than provisions	**640,472**	**274,638**
	Liabilities other than provisions	**648,630**	**282,830**
	Equity and liabilities	**923,971**	**507,030**

19	Unrecognised rental and lease commitments
20	Contingent liabilities
21	Assets charged and collateral
22	Related parties
23	Related parties with controlling interest
24	Events after the reporting period

STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

DKK '000	Share capital	Reserve for development expenditure	Net revaluation	Retained earnings	Total
Equity at 1 January 2020	500	0	0	97,690	98,190
Increase by merger - Better Energy Asset Management A/S	1	0	0	1,078	1,079
Increase by merger - Better Energy Solutions A/S	1	1,185	0	93,330	94,516
Adjusted equity 1 January 2020	**502**	**1,185**	**0**	**192,098**	**193,785**
Increase of capital	0	0	0	2,000	2,000
Exchange adjustments	0	0	-547	0	-547
Other adjustments	0	-892	1,938	-1,046	0
Profit for the year	0	0	-54	12,577	12,523
Equity at 31 December 2020	**502**	**293**	**1,337**	**205,629**	**207,761**
2021					
Exchange adjustments	0	0	303	0	303
Other adjustments	0	6,288	0	-6,288	0
Profit for the year	0	0	790	47,329	48,119
Equity at 31 December 2021	**502**	**6,581**	**2,430**	**246,670**	**256,183**

BASIS OF PREPARATION

REPORTING CLASS

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

In the annual report for 2021, the income statement is presented by nature, as this better reflects our business. In the 2020 annual report, the income statement was presented by function. Comparative figures are adjusted accordingly. The change to presentation did not have an effect on the result for the year.

In addition to the accounting policies described below, accounting policies for specific financial statement items are described in the notes for the items in the financial statements.

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 company, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the company 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 company, and the value of the liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected 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.

CONSOLIDATED FINANCIAL STATEMENTS

With reference to section 112(1) of the Danish Financial Statements Act, no consolidated financial statement have been prepared because the group enterprises are subsidiaries of a higher-ranking group.

BUSINESS COMBINATIONS AND ACQUISITION OF ASSOCIATES

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. Negative differences in amount (negative goodwill) are recognised in the income statement at the time of the acquisition.

DIVESTMENT OF BUSINESSES AND ASSOCIATES

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

FOREIGN CURRENCY TRANSLATION

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

BALANCE SHEET

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.

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

Current tax receivables and liabilities are recognised in the balance sheet as the expected tax income or expense for the year adjusted for tax related to prior years and tax payments on account.

CASH FLOW STATEMENT

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared because Better Energy A/S is a subsidiary of a higher-ranking group where the company's cash flow is included.

FINANCIAL HIGHLIGHTS

The financial highlights include key figures and ratios for 2017-2021.

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

Ratios		Calculation formula	Calculation formula effect
Gross profit margin (%)	=	Gross profit x 100 / Revenue	The Company's operating gearing
Profit margin (%)	=	Profit for the year x 100 / Revenue	The Company's operating profitability
Return on equity (%)	=	Profit for the year x 100 / Average equity	The Company's return on capital invested in the Company by the owners
Solvency ratio (%)	=	Equity x 100 / Total assets	The financial strength of the Company

NOTE 1. REVENUE

DKK '000	2021	2020
Revenue by activity:		
Development and construction of solar parks	1,302,718	975,224
Sale from asset management	11,725	5,779
Other revenue	200	361
Total revenue	**1,314,643**	**981,364**
Revenue by country:		
Revenue in Denmark	1,242,791	707,894
Revenue in Poland	71,331	228,880
Revenue in Sweden	314	44,590
Revenue in other countries	207	0
Total revenue	**1,314,643**	**981,364**

KEY ACCOUNTING ESTIMATE AND JUDGEMENT ON RECOGNITION AND MEASUREMENT OF REVENUE

Judgement is performed when determining whether a contract for the sale of a solar park 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 goods or services either on their own or together with other resources that are readily available to the customer (i.e. the goods or services are capable of being distinct) and the promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the goods or services 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 has 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 analysis of the contract wording, legal entitlement and profit estimates.

The measurement of contract work in progress is based on the stage of completion method. This takes into account work already performed as well as an estimate of the total costs of the project, including the outcome of changes to the project.

ACCOUNTING POLICY

Better Energy A/S uses IFRS 15 for interpretation of the provisions set out in the Danish Financial Statements Act regarding recognition of revenue.

Revenue from development of solar parks is recognised based on accomplishment of a series of milestones that each represent a performance obligation for the company. The customer obtains control and benefits from the milestones as they are reached.

Contract works for solar systems and solar parks are divided in separate performance obligations to the extent that they are considered distinct, i.e. the customer can benefit from the goods or services on their own separately from other promises in the contract. This will from contract to contract include an assessment of the following phases, when applicable:

- 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 contract works 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. When the outcome of contract works cannot be estimated reliably, the revenue is recognised only to the extent that costs incurred are likely to be recoverable.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Revenue from asset management is recognised concurrently with the supply of those services and when risk has passed to the buyer.

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

NOTE 2. DIRECT COSTS

DKK '000	2021	2020
Raw materials and consumables used	835,041	593,499
Employee costs (See Note 5.)	38,656	27,572
Other costs	302,593	289,234
Total production costs	**1,176,290**	**910,305**

ACCOUNTING POLICY

Direct costs comprise goods and services as well as a proportionate share of staff costs incurred in the operations in the financial year adjusted for ordinary inventory write-downs.

NOTE 3. OTHER EXTERNAL EXPENSES

ACCOUNTING POLICY

Other external expenses include expenses relating to the company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

NOTE 4. FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

DKK '000	2021	2020
Audit fee	420	420
Other assurance engagements	30	0
Tax advisory services	883	1,014
Non-audit services	82	461
Total fee to auditors appointed at the general meeting	**1,415**	**1,895**

NOTE 5. STAFF COSTS

DKK '000	2021	2020
Wages and salaries	81,112	62,440
Pension costs	6,820	4,694
Other social security expenses	750	588
Other employee expenses	2,796	1,802
Total employee costs	**91,478**	**69,524**
Employee costs classified as direct costs	-38,656	-27,572
Employee costs classified as assets	-9,430	-8,078
Total staff costs	**43,392**	**33,874**
Average number of employees	**107**	**72**
Remuneration of management		
Total remuneration for Board of Directors and Executive Board	**5,974**	**7,306**

Employees in the Better Energy Group including the Executive Board, have on equal terms participated in an employee share programme and have been allotted shares within a framework of up to 10% of the annual remuneration. The value of this share programme is included in the remuneration of the Executive Board.

ACCOUNTING POLICY

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

NOTE 6. FINANCIAL INCOME

DKK '000	2021	2020
Interests received from group enterprises	8,533	5,116
Other financial income	281	6
Exchange gains	1,754	2,220
Total financial income	**10,568**	**7,342**

ACCOUNTING POLICY

Financial income comprises interest income, exchange gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

NOTE 7. FINANCIAL EXPENSES

DKK '000	2021	2020
Interests paid to group enterprises	5,837	5,013
Other financial expenses	2,227	526
Exchange losses	2,751	3,474
Total financial expenses	**10,815**	**9,013**
Interest capitalised during the year	114	0

ACCOUNTING POLICY

Financial expenses comprise interest expenses, amortisation of financial liabilities, exchange losses on transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

NOTE 8. TAX ON PROFIT FOR THE YEAR

DKK '000	2021	2020
Current tax for the year	17,325	14,855
Deferred tax for the year	2,521	-8,732
Adjustment of tax concerning previous years	112	13
Total tax on profit for the year	**19,958**	**6,136**

ACCOUNTING POLICY

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.

NOTE 9. PROPOSED APPROPRIATION OF PROFIT FOR THE YEAR

DKK '000	2021	2020
Transfer to reserve for net revaluation according to the equity method	790	-54
Retained earnings	47,329	12,577
Total profit for the year	**48,119**	**12,523**

NOTE 10. INTANGIBLE ASSETS

DKK '000	Completed development projects	Acquired intangible assets	Development projects in progress
Cost at 1 January 2021	451	1,018	0
Additions for the year	0	381	8,211
Cost at 31 December 2021	**451**	**1,399**	**8,211**
Amortisation and impairment losses at 1 January 2021	75	317	0
Amortisation for the year	150	378	0
Amortisation and impairment losses at 31 December 2021	**225**	**695**	**0**
Carrying amount at 31 December 2021	**226**	**704**	**8,211**

ACCOUNTING POLICY

Development costs

Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised in intangible assets, provided the costs can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover the cost of the development costs.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. The costs include wages, and other direct costs relating to the individual development projects.

On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is 3-10 years. The basis of amortisations is reduced by impairment losses.

Acquired patents and licences

Acquired patents and licences comprise acquired licences. Licences acquired are measured at cost less accumulated amortisation. Licences are written down to the lower of recoverable amount and carrying amount. The period of amortisation is three years.

NOTE 11. PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Tools & equipment	Leasehold improvements
Cost at 1 January 2021	8,650	8,499	419
Additions for the year	3,546	1,562	0
Disposals for the year	0	-633	-226
Cost at 31 December 2021	**12,196**	**9,428**	**193**
Depreciation and impairment losses at 1 January 2021	280	4,189	276
Depreciations for the year	522	2,062	40
Disposal for the year	0	-627	-226
Depreciation and impairment losses at 31 December 2021	**802**	**5,624**	**90**
Carrying amount at 31 December 2021	**11,394**	**3,804**	**103**

ACCOUNTING POLICY

Land and buildings, tools and equipment and leasehold improvements 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.

For group-manufactured assets, cost comprises direct and indirect costs of materials, components, services from subcontractors and labour costs.

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
Tools and equipment	3-8 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. 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.

NOTE 12. FIXED ASSET INVESTMENTS

SUBSIDIARIES

DKK '000	Subsidiaries
Cost at 1 January 2021	939
Additions for the year	0
Disposals for the year	-400
Cost at 31 December 2021	**539**
Net revaluation at 1 January 2021	1,337
Net share of profit for the year	790
Reversal of revaluations of disposed assets	-19
Exchange adjustments	303
Net revaluation at 31 December 2021	**2,411**
Carrying amount at 31 December 2021	**2,950**

ACCOUNTING POLICY

Enterprises in which the company, directly or indirectly, holds more than 50% of the voting rights and exercises controlling influence are regarded as subsidiaries. Enterprises in which the company, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling, influence are regarded as associates.

Investments in subsidiaries and associates 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 plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the company has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

Investments in subsidiaries and associates are written down to the lower of recoverable amount and carrying amount.

The right for selling parties to receive dividends in subsidiaries and associates is measured at fair value and recognised as a part of investments in the subsidiaries/associates. Changes in fair value of selling parties' right to receive dividends are recognised in the income statement.

NOTE 12. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARIES

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Ukraine LLC	Ukraine	95%

NOTE 12. FIXED ASSET INVESTMENTS

OTHER EQUITY INTERESTS, DEPOSITS & SECURITIES

DKK '000	Other equity interests	Deposits	Securities
Cost at 1 January 2021	5,327	985	3,000
Additions for the year	0	34	1,218
Disposals for the year	-5,327	-125	-41
Cost at 31 December 2021	**0**	**894**	**4,177**
Net revaluation at 1 January 2021	0	0	-188
Value adjustments for the year in the Income Statement	0	0	0
Value adjustments at 31 December 2021	**0**	**0**	**-188**
Carrying amount at 31 December 2021	**0**	**894**	**3,989**

ACCOUNTING POLICY

Deposits and securities are measured at amortised cost. Other equity interests are measured at fair value or cost if a fair value cannot be measured reliably.

Deposits are temporary and include deposits for lease premises.

The securities consist of loans to parties with whom Better Energy has commercial relations.

NOTE 13. INVENTORIES

DKK '000	2021	2020
Raw materials and consumables used	4,683	3,472
Work in progress	19,688	20,971
Inventories at 31 December	**24,371**	**24,443**

ACCOUNTING POLICY

Inventories are measured at the lower of cost using the FIFO (first in, first out) method and net realisable value.

Costs consists of purchase price plus delivery costs. Costs 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, management and finance costs.

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

The total amount of capitalised interests in inventories during the year is DKK 114 thousand.

NOTE 14. CONTRACT WORK IN PROGRESS

DKK '000	2021	2020
Selling price of completed work	101,975	256,702
Contract work in progress, liabilities	-22,964	0
Net contract work in progress	**79,011**	**256,702**

KEY ACCOUNTING ESTIMATE AND MEASUREMENT OF CONTRACT WORK IN PROGRESS

Measurement of contract work in progress is 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 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 receives 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 depend 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.

ACCOUNTING POLICY

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.

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.

NOTE 15. CASH

DKK '000	2021	2020
Free cash	97,091	31,362
Cash only available for use on specific projects	64,342	0
Cash at 31 December	**161,433**	**31,362**

ACCOUNTING POLICY

Cash comprises bank deposits.

Cash only available for use on specific projects comprises unused cash drawn from a credit facility that can be utilised within a short period of time.

NOTE 16. SHARE CAPITAL

The share capital consists of 502 shares at DKK 1,000.
The shares have not been divided into classes.

Changes in share capital in the past five years	DKK '000
Share capital at 1 January 2016	500
Capital increase 1 January 2020	2
Share capital at 31 December	**502**

The merger with Better Energy Asset Management A/S and Better Energy Solutions A/S was decided 1 March 2021 with effect from 1 January 2020.

NOTE 17. DEFERRED TAX

DKK '000	2021	2020
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	855	152
Property, plant and equipment	214	155
Contract work in progress	18,302	16,273
Long-term liabilities other than provisions	-213	-141
Deferred tax at 31 December	**19,158**	**16,439**
Net value is recognised in the balance sheet as follows:		
Deferred tax	19,158	16,439
Deferred tax at 31 December	**19,158**	**16,439**
Deferred tax at 1 January	16,439	25,171
Recognised in the income statement	2,719	-8,732
Deferred tax at 31 December	**19,158**	**16,439**

Better Energy A/S expects to use the deferred tax asset in future operations.

ACCOUNTING POLICY

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 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 within each jurisdiction or within each entity where applicable.

NOTE 18. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

DKK '000	2021	2020
Long-term portion of mortgage debt	3,021	3,189
Current portion of bank & mortgage debt	235	216
Total bank & mortgage debt	**3,256**	**3,405**
Long-term portion of other payables	5,137	5,003
Total other payables	**5,137**	**5,003**
Total long-term liabilities	**8,393**	**8,408**
Included in the balance sheet as:		
Long-term portion of long-term liabilities	8,158	8,192
Current portion of total long-term liabilities	235	216
Due after more than five years (amortised cost):		
Long-term mortgage debt	1,999	2,257
Long-term other payables	5,137	5,003
Long-term debt due after more than five years at 31 December	**7,136**	**7,260**

ACCOUNTING POLICY

Long term liabilities are measured at cost less transaction costs incurred.

NOTE 19. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

DKK '000	2021	2020
Rental or lease agreements until maturity, under 1 year	2,640	2,461
Rental or lease agreements until maturity, 2-5 years	3,659	5,288
Unrecognised rental and lease commitments at 31 December	**6,299**	**7,749**

NOTE 20. CONTINGENT LIABILITIES

Better Energy A/S participates in a Danish joint taxation arrangement where Better Energy Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the company 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.

Better Energy A/S has issued guarantees to the purchaser of solar systems sold in the period from 2018 to 2021. The guarantees cover technical, legal and financial conditions related to the delivered solar systems. The guarantees are mainly covered back to back by manufacturer's guarantees, however mounting systems manufactured by group entities are covered with guarantees issued by Better Energy.

Better Energy A/S has issued a guarantee towards a landowner in Poland regarding the Polish project Postomino. The guarantee covers the land lease and dismantling during the lease period (expires in 2048).

Better Energy A/S has provided construction guarantees amounting to DKK 2.0 million as of 31 December 2020.

Better Energy A/S has guaranteed group enterprises' debt to Proventus Capital Partners IV AB, Proventus Capital Partners IV B AB and Proventus Capital Partners IV C KB. The guarantee amounts to EUR 99.9 million as of 31 December 2021.

NOTE 21. ASSETS CHARGED AND COLLATERAL

Debt to other credit institutions is secured by way of a deposited mortgage deed on properties. The nominal value of the deed is DKK 4.0 million. The carrying amount of mortgaged properties is DKK 11.4 million.

DKK 27 million of the cash has been pledged as collateral to a bank.

NOTE 22. RELATED PARTIES

Transactions with related parties

Related party transactions in 2021 consist of the below mentioned transactions.

Development fees, EPC contracts and administrative services

As part of the ordinary cause of business, Better Energy A/S has received fees of DKK 67.0 million from group enterprises. The fees are related to assistance for development in connection with solar parks.

Further the company has contracted solar parks in Denmark and Poland where the total value of engineering and construction so far amounts to DKK 800 million in the year for Better Energy Danish Solar I A/S, Better Energy Nørre Aaby P/S, Better Energy Ebberup P/S, Better Energy Mejls P/S, Better Energy Svendborg P/S, Better Energy Navnsø P/S, Better Energy Bjerndrup P/S, Better Energy Væggerløse P/S, Better Energy Solar Park 80 sp.z.o.o, Better Energy Solar Park 81 sp.z.o.o, Better Energy Solar Park 82 sp.z.o.o, Better Energy Wierzchowo Sp.z.o.o and Better Energy Sadlogosz Estate Sp.z.o.o.

Operational and commercial management

Better Energy A/S has income from operational and commercial management of DKK 6.7 million from group and associated enterprises – mainly operational solar parks.

Better Energy A/S has received fees of DKK 3.6 million from group enterprises for administrative services.

Shares

Shares in Better Energy Holding A/S were purchased from Better Energy Holding A/S and distributed to staff with a value of DKK 4.6 million.

Financial income and expenses, and balances at 31 December 2021

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

NOTE 23. RELATED PARTIES WITH CONTROLLING INTEREST

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

NOTE 24. EVENTS AFTER THE REPORTING PERIOD

The company has an investment in a 95% owned Ukrainian subsidiary with a booked value of DKK 3 million as per 31 December 2021. Currently there has been no direct impact to the subsidiary caused by the war in Ukraine, but there is some uncertainty as to what the future will bring for the solar park. The Executive Board does not believe that the war in Ukraine will have any material adverse effect on the company's operations in 2022.

LIST OF ABBREVIATIONS & DEFINITIONS

Board	Board of Directors
COP26	UN Conference of the Parties summit 26
EPC	engineering, procurement and construction
GW	gigawatt
MW	megawatt
PtX	power-to-X
PV	photovoltaic

COMPANY INFORMATION

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