Annual Report 2020

5th financial year

Better Energy A/S

Gammel Kongevej 60, 14th floor

1850 Frederiksberg C, Denmark

Business Registration No. 36950676

The annual report was presented and
adopted at the Annual General Meeting
on 28 April 2021

Ho Kei Au
Chair of the Annual General Meeting

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Company information

Company	Better Energy A/S Gammel Kongevej 60, 14th floor 1850 Frederiksberg C, Denmark Business Registration No.: 36950676 Date of formation: 1 July 2015
Board of Directors	Mark Augustenborg Ødum Ho Kei Au Annette Egede Nylander
Executive Board	Rasmus Lildholdt Kjær, Chief Executive Officer
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Egtved Allé 4 6000 Kolding Business Registration No.: 33963556

Management's statement

Today, the Executive Board and the Board of Directors have considered and adopted the annual report of Better Energy A/S for the financial year 1 January 2020 - 31 December 2020.

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 2020 and of the results of the company's operations for the financial year 1 January 2020 - 31 December 2020.

In our opinion, the management's review includes a true and fair account of the matters addressed in the review.

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

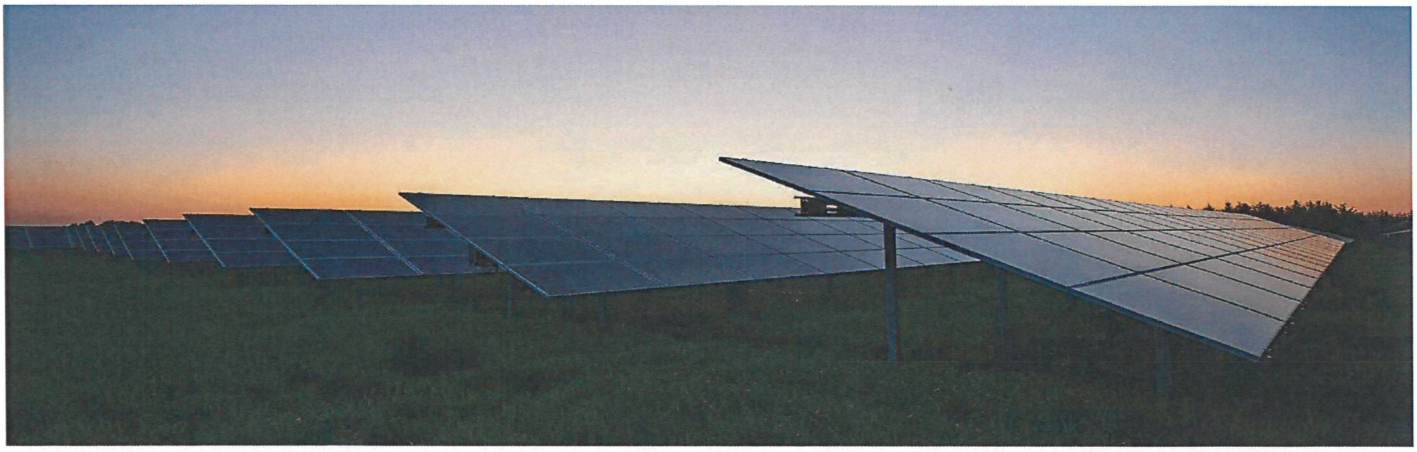
Frederiksberg, 28 April 2021

Executive Board

Rasmus Lildholdt Kjær
Chief Executive Officer

Board of Directors

Mark Augustenborg Ødum Chairman	Ho Kei Au Board member	Annette Egede Nylander Board member



Independent auditor's report

To the shareholders of Better Energy A/S

Opinion
We have audited the financial statements of Better Energy A/S for the financial year 1 January 2020 - 31 December 2020, 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 December 2020 and of the results of its operations for the financial year 1 January 2020 - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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.

Independent auditor's report

* 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 Management's Review
Management is responsible for the Management's Review.

Our opinion on the financial statements does not cover the Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's Review and, in doing so, consider whether the Management's Review is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's Review.

Kolding, 28 April 2021

Deloitte Statsautoriseret
Revisionspartnerselskab
Business Registration No. 33963556

Lars Ørum Nielsen
State Authorised Public Accountant
mne26771

Management's Review

The company's principal activities

Better Energy A/S is a renewable energy company that builds additional green energy capacity. We build and operate renewable power plants that generate clean electricity.

Development in activities and financial matters

Better Energy A/S's income statement of the financial year 1 January 2020 - 31 December 2020 shows a result of DKK 12,523,041, and the balance sheet at 31 December 2020 shows a balance sheet total of DKK 507,029,735 and an equity of DKK 207,760,690.

With effect from 1 January 2020, the company was merged with Better Energy Solutions A/S and Better Energy Asset Management A/S in order to gather all employees in one company, simplify the group structure and the communication to stakeholders. The company is the continuing entity and in connection with the merger, the name was changed from Better Energy Management A/S to Better Energy A/S.

Overall, the merged company continued to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. Core markets were Denmark, Poland and Sweden.

Uncertainty relating to recognition and measurement

We refer to note 13.

Expectations for the future

Looking ahead, Better Energy A/S 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, then scale it, and then integrate it into other parts of the economy.

So far, we have successfully showed that solar power is competitive in Northern Europe as we continue to build large-scale parks on commercial terms without subsidies. We are currently expanding and scaling our solar energy capacity. Our focus is on developing the Danish market for large-scale solar power plants, perform Engineering, Procurement and Construction (EPC) of large-scale solar power plants in all of the groups markets as well as operate the solar parks.

We expect a higher activity level in 2021 compared to 2020, and an increase profit before tax to DKK 60-120 million. However, profit before tax for the year depends on timing related to development stages and construction progress, etc.

Knowledge resources

Better Energy A/S works first-hand with all aspects of a renewable energy plant life cycle – legally, technically and financially. It comes naturally that we create job opportunities for people from diverse backgrounds and disciplines.

In 2020, our organisation developed on all fronts, with outstanding talents joining our development, construction, grid, finance and legal teams. With the formation of our Project Management Office (PMO), Better Energy has matured into a gigawatt scale developer, constructor and operator within each of our core markets.

Risks

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. Through these operations, we are exposed to the variation in currency exchange rates. Our main currency exposure relates to fluctuations between USD, PLN, UAH, EUR, SEK and DKK.

With reference to its currency hedging policy, Better Energy A/S mitigates the risk by strictly controlling and monitoring currency exposure, and exposure is quantified 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 comprise a substantial amount of total solar power plant costs, and cost fluctuations of components and materials used to construct our plants may affect the profitability of the projects.

Other risk factors in the construction phase are issues with components, installation or sudden weather challenges that could result in project delays. Subsequently, delays and budget overruns can lead to loss of permitting and grid connection issues.

Better Energy A/S manages these risks by executing strong project management, and 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.

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

As we grow, we continue to standardise our approach to engineering, procurement and construction, and we endeavour to implement a culture of continuous learning from both our own experience and best industry practice.

IT security
Fraud and malicious cyberattacks may compromise Better Energy A/S's activity and revenue, and attacks could ultimately result in construction delays.

Better Energy A/S has upgraded its 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.

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

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

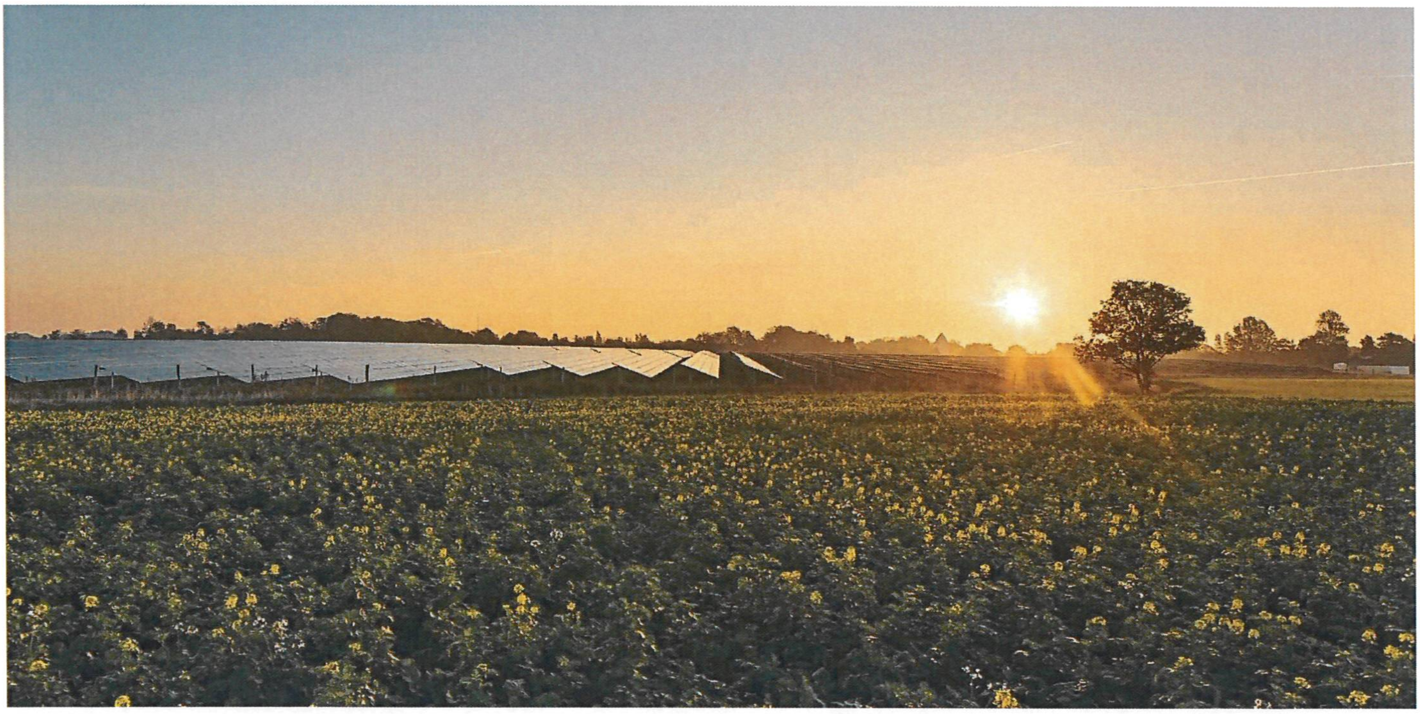
Better Energy Group has created a Compliance Committee, headed by the CLO, in order to manage compliance related matters. With reference to the Compliance Committee, the organisation continues to standardise the processes related to compliance mechanisms.

Environmental issues
Better Energy A/S is part of the reporting presented for the Better Energy Group. Refer to the Consolidated Financial Statements 2020 for Better Energy Holding A/S, Business Registration No.: 31865883.

Management's Review

Research and development activities
Better Energy A/S is part of the reporting presented for the Better Energy Group. Refer to the Consolidated Financial Statements 2020 for Better Energy Holding A/S, Business Registration No.: 31865883.

Post financial year events
After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.



Key figures and financial ratios

The development in the company's key figures and financial ratios can be described as follows:

Numbers appear in thousands

	2020	2019	2018	2017	2015/16
Gross profit	71,059	89,574	104,637	81,235	11,063
Operating profit	20,384	61,971	82,152	74,763	10,908
Net financials	-1,672	3,130	688	-94	136
Profit	12,523	56,846	82,152	58,167	8,542
Total assets	507,030	459,743	320,596	111,146	13,550
Investment in property, plant and equipment	12,431	5,576	5,885	3,440	0
Total equity	207,761	193,785	136,534	67,079	9,042
Return on equity (ROE) (%)	6	34	80	147	94
Equity ratio (%)	41	42	43	60	67

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

Return on equity (%):
(Profit x 100) / Average equity

Equity ratio (%):
(Total equity x 100) / Total assets

With effect from 1 January 2020 the company has merged with Better Energy Solutions A/S and Better Energy Asset Management A/S. The comparative figures have been changed to reflect this.

Income statement

	Note	2020 DKK	2019 DKK
Gross profit	1	**71,058,697**	**89,574,186**
Administrative expenses	1	-50,674,202	-27,603,482
Operating profit		**20,384,495**	**61,970,704**
Income from investments in group enterprises and associates		-53,768	6,091,641
Financial income	2	7,341,612	13,756,288
Financial expenses	3	-9,013,312	-10,626,450
Profit from ordinary activities before tax		**18,659,027**	**71,192,183**
Tax on profit for the year	4	-6,135,986	-14,346,048
Profit		**12,523,041**	**56,846,135**

Balance sheet as of 31 December

	Note	2020 DKK	2019 DKK
Assets			
Completed development projects	5	375,837	0
Acquired intangible assets	6	700,591	351,595
Development projects in progress		0	1,518,620
Intangible assets		**1,076,428**	**1,870,215**
Land and buildings	7	8,369,778	8,466,139
Fixtures, fittings, tools and equipment	8	4,309,367	3,909,543
Leasehold improvements	9	143,064	138,938
Property, plant and equipment		**12,822,209**	**12,514,620**
Investments in group enterprises	10, 11	2,275,539	2,476,402
Other long-term investments		8,138,609	0
Deposits, investments		985,265	1,290,173
Investments		**11,399,413**	**3,766,575**
Fixed assets		**25,298,050**	**18,151,410**
Raw materials and consumables		3,471,817	67,826,649
Work in progress		20,970,975	18,488,907
Inventories	12	**24,442,792**	**86,315,556**
Trade receivables		13,759,423	36,139,166
Contract work in progress	13	256,701,596	189,165,615
Receivables from group enterprises		153,729,596	109,320,513
Receivables from associates		276,270	22,500
Income taxes		0	156,450
Other receivables		1,460,358	3,140,521
Receivables		**425,927,243**	**337,944,765**
Cash		**31,361,650**	**17,331,031**
Current assets		**481,731,685**	**441,591,352**
Assets		**507,029,735**	**459,742,762**

Balance sheet as of 31 December

	Note	2020 DKK	2019 DKK
Equity and liabilities			
Contributed capital		502,000	1,300,000
Reserve for development expenditure		293,153	1,184,523
Reserve for net revaluation according to equity method		1,336,767	0
Retained earnings		205,628,770	191,300,221
Equity		**207,760,690**	**193,784,744**
Deferred tax	14	16,438,729	25,171,484
Provisions		**16,438,729**	**25,171,484**
Mortgage debt		3,188,771	3,469,426
Other payables		5,003,146	515,666
Long-term liabilities other than provisions	15	**8,191,917**	**3,985,092**
Current portion of long-term liabilities other than provisions		216,356	216,356
Bank debt		0	32,127
Contract work in progress		0	11,468,227
Trade payables		53,841,921	113,191,448
Payables to group enterprises		197,615,643	103,189,434
Tax payables		14,020,904	0
Other payables		8,943,575	8,703,850
Short-term liabilities other than provisions		**274,638,399**	**236,801,442**
Liabilities other than provisions		**282,830,316**	**240,786,534**
Equity and liabilities		**507,029,735**	**459,742,762**

Significant events occurring after end of reporting period	16
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Statement of changes in equity

	Contributed capital	Reserve for development expenditure	Reserve for net revaluation according to equity method	Retained earnings	Total
Equity 1 January 2020	500,000			97,690,076	98,190,076
Increase by merger - Better Energy Asset Management A/S	1,000			1,078,195	1,079,195
Increase by merger - Better Energy Solutions A/S	1,000	1,184,523		93,329,950	94,515,473
Adjusted equity 1 January 2020	**502,000**	**1,184,523**	**0**	**192,098,221**	**193,784,744**
Increase of capital				2,000,000	2,000,000
Change of investments through net exchange differences			-547,095		-547,095
Equity transfers to reserves		-891,370	1,937,630	-1,046,260	0
Profit (loss)			-53,768	12,576,809	12,523,041
Equity 31 December 2020	**502,000**	**293,153**	**1,336,767**	**205,628,770**	**207,760,690**

Notes

	2020	2019
1. Staff costs		
Wages and salaries	62,439,614	44,302,191
Pension costs	4,693,871	3,071,143
Other social security costs	588,394	526,636
Other staff costs	1,802,238	1,984,579
	69,524,117	**49,884,549**
Staff costs classified as assets	-8,077,884	-13,831,534
	61,446,233	**36,053,015**
Average number of employees	**72**	**57**
Total remuneration for Board of Directors and Executive Board	7,305,833	7,740,976

	2020	2019
2. Financial income		
Financial income from group enterprises	5,115,946	7,641,376
Other financial income	5,767	511,281
Exchange gains	2,219,899	5,603,631
	7,341,612	**13,756,288**

	2020	2019
3. Financial expenses		
Financial expenses from group enterprises	5,013,475	5,437,743
Other financial expenses	526,299	1,039,417
Exchange losses	3,473,538	4,149,290
	9,013,312	**10,626,450**
Interest capitalised during the year	2,496,275	0

	2020	2019
4. Tax on profit for the year		
Current tax for the year	14,855,412	-156,450
Deferred tax for the year	-8,732,755	14,537,058
Adjustment of tax concerning previous years	13,329	-34,560
	6,135,986	**14,346,048**

	2020	2019
5. Completed development projects		
Transfers from development projects in progress	451,004	0
Cost at the end of the year	**451,004**	**0**
Amortisation for the year	-75,167	0
Impairment losses and amortisation at the end of the year	**-75,167**	**0**
Carrying amount at the end of the year	**375,837**	**0**

	2020	2019
6. Acquired intangible assets		
Cost at the beginning of the year	467,200	0

Notes

Additions for the year	550,614	467,200
Cost at the end of the year	**1,017,814**	**467,200**
Depreciation and amortisation at the beginning of the year	-115,605	0
Amortisation for the year	-201,618	-115,605
Impairment losses and amortisation at the end of the year	**-317,223**	**-115,605**
Carrying amount at the end of the year	**700,591**	**351,595**

7. Land and buildings

	2020	**2019**
Cost at the beginning of the year	8,588,168	4,889,393
Additions for the year	10,261,766	3,698,775
Disposals for the year	-10,200,000	0
Cost at the end of the year	**8,649,934**	**8,588,168**
Depreciation at the beginning of the year	-122,029	-23,492
Depreciation for the year	-158,127	-98,537
Impairment losses and amortisation at the end of the year	**-280,156**	**-122,029**
Carrying amount at the end of the year	**8,369,778**	**8,466,139**

8. Fixtures, fittings, tools and equipment

	2020	**2019**
Cost at the beginning of the year	6,420,667	4,841,430
Additions for the year	2,128,127	1,725,787
Disposals for the year	-50,000	-146,550
Cost at the end of the year	**8,498,794**	**6,420,667**
Depreciation at the beginning of the year	-2,511,124	-1,248,128
Depreciation for the year	-1,725,804	-1,279,009
Reversal of depreciation and impairment losses for disposed assets	47,501	16,013
Impairment losses and amortisation at the end of the year	**-4,189,427**	**-2,511,124**
Carrying amount at the end of the year	**4,309,367**	**3,909,543**

Notes

	2020	2019
9. Leasehold improvements		
Cost at the beginning of the year	377,789	226,220
Additions for the year	41,000	151,569
Cost at the end of the year	**418,789**	**377,789**
Depreciation at the beginning of the year	-238,851	-36,116
Depreciation for the year	-36,874	-202,735
Impairment losses and amortisation at the end of the year	**-275,725**	**-238,851**
Carrying amount at the end of the year	**143,064**	**138,938**

	2020	2019
10. Investments in group enterprises		
Cost at the beginning of the year	538,772	594,752
Additions for the year	10,107,004	38,795,467
Disposals for the year	-9,707,004	-38,851,447
Cost at the end of the year	**938,772**	**538,772**
Revaluations at the beginning of the year	1,937,630	-334,438
Change due to a foreign currency translation adjustment	-547,095	104,915
Revaluations for the year	-53,768	2,069,304
Reversal of revaluations of disposed assets	0	97,849
Revaluations at the end of the year	**1,336,767**	**1,937,630**
Carrying amount at the end of the year	**2,275,539**	**2,476,402**

11. Disclosure of investments in group enterprises and associates

Group enterprises

Name	**Registered office**	**Share held in %**
Better Energy Ukraine LLC	Ukraine	95.00
Selskabet af 01.01.2020 A/S under frivillig likvidation	Denmark	100.00

	2020	2019
12. Inventories		
Inventories are stated as follows:		
Raw materials and consumables	3,471,817	67,826,649
Work in progress	20,970,975	18,488,907
Inventories in total	**24,442,792**	**86,315,556**
Interest capitalised during the year	2,496,275	0

Notes

13. Contract work in progress

	2020	2019
Contract work in progress	256,701,596	177,697,388
Transferred to liabilities other than provisions	0	11,468,227
	256,701,596	**189,165,615**

Key accounting estimates 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 depends on a number of factors and can change in progress of the completion of project.

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

14. Provisions for deferred tax

	2020	2019
Deferred tax at the beginning of the year	25,171,484	10,559,193
Recognised in income statement	-8,732,755	14,538,708
Other adjustments	0	73,583
	16,438,729	**25,171,484**

15. Long-term liabilities other than provisions

	Due after 1 year	Due within 1-5 years	Due after 5 years
Mortgage debt	3,188,771	931,771	2,257,000
Other payables	5,003,146	0	5,003,146
	8,191,917	**931,771**	**7,260,146**

16. Significant events occurring after end of reporting period

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

17. Contingent liabilities

The Better Energy A/S participates in a Danish joint taxation arrangement where the 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 from 2016 to 2020. 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 provides a guarantee of EUR 4.1 million to a governmental financial institution for the bank debt of Ganska SES (released in March 2021).

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

Better Energy A/S has provided construction guarantees amounting to DKK 3.8 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 40.0 million as of 31 December 2020.

18. Collateral and securities

Debt to other credit institutions is secured by way of deposited mortgage deed on properties. The nominal value of the deed is DKK 4.0 million. The carrying amount of mortgaged properties is DKK 8.4 million.

DKK 7.2 million of the cash has been pledged as collateral for grid connections.

19. Ownership

Name and registered office of the parent company preparing consolidated statements for the smallest group: Better Energy Holding A/S, CVR. no. 31865883, Frederiksberg.

20. Liabilities under off-balance sheet leases

	2020	2019
Liabilities under rental or lease agreements, under 1 year	2,460,664	3,327,659
Liabilities under rental or lease agreements, 1-5 years	5,288,441	7,020,850
	7,749,105	**10,348,509**

21. Related parties with controlling interest

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

22. Transactions with related parties

Better Energy Horslunde K/S
Better Energy A/S has by share purchase agreement sold a 75% interest in Better Energy Horslunde K/S to Better Energy Solar Parks A/S (a group enterprise).

Development fees, EPC contracts and administrative services
As part of the ordinary cause of business, Better Energy A/S has received fees of DKK 51.5 million from group enterprises. The fees are related to assistance for development in connection with solar parks.

Further the company has contracted and constructed solar parks in Denmark and Poland at a total value of DKK 656 million in the year for Better Energy Slagelse P/S, Better Energy Gimming P/S, Better Energy Rejstrup P/S, Better Energy Norddjurs P/S, Better Energy Næstved P/S, Better Energy Danish Solar I A/S, Better Energy Solar Park 81 sp.z.o.o and Better Energy Solar Park 82 sp.z.o.o.

Notes

Operational and commercial management
Better Energy A/S has income from operational and commercial management of DKK 3.1 million from group enterprises – mainly operational solar parks.

Better Energy A/S has received fees of DKK 0.1 million from group enterprises for administrative services.

Goods and services
Better Energy A/S has acquired services from Solar Nordic A/S, of DKK 1.1 million.

Shares in Better Energy Holding A/S were purchased from Better Energy Holding A/S and distributed to staff with a value of DKK 4.3 million.

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

Accounting policies

Reporting class
The annual report of Better Energy A/S for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class C (medium).

Referring to section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared.

The accounting policies applied remain unchanged from last year.

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

Reporting currency
The annual report is presented in Danish kroner (DKK).

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.

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.

Business combinations
The uniting-of-interests method is applied on acquisitions of enterprises, mergers, demergers, contributions of assets and exchange of shares, etc. in which the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognized at their carrying amounts, adjusted for any differences in accounting policies. The difference between the considerations agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

Accounting policies

Income statement

Gross profit/loss

The company has decided to aggregate certain items of the income statement in accordance with the provisions of Section 32 of the Danish Financial Statements Act.

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

Revenue

The company uses IFRS 15 for interpretation of the provisions set out in the Danish Financial Statements Act regarding recognition of revenue.

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

- Development
- Engineering
- Infrastructure
- Procurement
- Construction

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

Revenue from performance obligations under 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. The revenue therefore corresponds to the sales price of work performed during the year (the percentage of completion method). 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.

Revenue from services that include asset management is recognised concurrently with the supply of those services. Revenue is measured at the amount the company expects to be entitled to receive excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in the revenue.

Revenue from the sale of services is recognised in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

Administration expenses

Expenses incurred during the year for management and administration are recognised in administration expenses. This includes expenses incurred for the administrative staff, management, offices as well as office expenses and similar expenses and amortisation and impairment of intangible and tangible assets.

Accounting policies

Depreciation, amortisation and impairment of tangible and intangible assets
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Income from investments in group enterprises and associates
The items 'Income from investments in group enterprises and associates' in the income statement include the proportionate share of the profit or loss for the year and amortisation of goodwill on consolidation. Internal profits/losses are eliminated in full for subsidiaries and proportionately for associates.

Financial income
Financial income comprises interest income, including interest income on receivables from group enterprises, amortisation of financial assets, payables and transactions in foreign currencies, fair value adjustments of financial interests as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses
Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, amortisation of financial liabilities, payables and transactions in foreign currencies, fair value adjustments of financial interests as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

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

Balance sheet

Intangible assets

Development projects
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.

Property, plant and equipment
Land and buildings, solar plants, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Accounting policies

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, sub suppliers and labour costs.

Interest expenses on loans for the manufacturing of property, plant and equipment are included in cost if they relate to the manufacturing period. All other financial expenses are recognised in the income statement.

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
Solar plants:	30 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.

Financial fixed assets

Equity investments in group enterprises and associates
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.

Accounting policies

Other long-term investments
Other long-term investments consist of other equity interests, deposits and securities. The securities consist of loans to parties with whom Better Energy has commercial relations.

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

Current assets

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration, management and finance costs. Interest expenses on loans for the manufacturing of inventory are included in cost if they relate to the manufacturing period.

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

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

Impairment of accounts receivables past due is established on individual assessment of receivables.

Contract work in progress
Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the reporting date and total expected income from the work in progress.

Where it is difficult to determine a reliable selling price, the selling price is measured at the lower of costs incurred and the net realisable value.

Work in progress is recognised in the balance sheet under receivables or payables depending on the net value of the selling price less invoicing on account.

Prepayments from customers are recognised under liabilities.

Advertising from promotional costs and costs of negotiating contracts are expensed incurred.

Other receivables
Other receivables comprise non-financial assets, which are measured at cost.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

Accounting policies

Provisions

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carry forwards, 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 legal entity.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognized in the income statement as a financial expense over the term of the loan applying the effective interest method.

Current tax liabilities

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

Other payables

Other payables comprise non-financial liabilities, which are measured at cost.

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Annette Egede Nylander
Bestyrelsesmedlem
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