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Better Energy Development A/S

Axeltorv 2 F
1609 København V
Business Registration No
37619930

Annual report 2017

The Annual General Meeting adopted the annual report on 14.05.2018

Chairman of the General Meeting

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Name: Rasmus Lildholdt Kjær

Contents

Entity details

Entity
Better Energy Development A/S
Axeltorv 2 F
1609 København V

Central Business Registration No (CVR): 37619930
Registered in: København
Financial year: 01.01.2017 - 31.12.2017

Board of Directors
Michael Vater, chairman
Rasmus Lildholdt Kjær
Mark Augustenborg Ørum
Mikkel Dau Jacobsen

Executive Board
Mikkel Dau Jacobsen, CEO

Auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4
6000 Kolding

Statement by Management on the annual report

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Better Energy Development A/S for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity’s financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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

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

København, 14.05.2018

Executive Board

Mikkel Dau Jacobsen
CEO

Board of Directors

Michael Vater chairman	Rasmus Lildholdt Kjær	Mark Augustenborg Ørum
Mikkel Dau Jacobsen		

Independent auditor's report

To the shareholders of Better Energy Development A/S

Opinion

We have audited the financial statements of Better Energy Development A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary
Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Independent auditor's report

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

Kolding, 14.05.2018

Deloitte
Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

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

Management commentary

Primary activities

The main acitivity of the group is to develop, construct, finance and operate solar parks.

Development in activities and finances

The income statement of the company for 2017 shows a profit of DKK 8.364.363 and at 31 December 2017 the balance sheet of the Company shows equity of DKK 13.027.881.

The Groups goal is to accelerate the world's transition to sustainable energy with innovative solar photo-voltaic solutions.

Events after the balance sheet date

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

Income statement for 2017

	Notes	2017 DKK	2016 DKK
Gross profit	1	**9.740.383**	**27.257.992**
Staff costs	2	(710.742)	(107.194)
Depreciation, amortisation and impairment losses	3	(55.594)	(4.149)
Operating profit/loss		**8.974.047**	**27.146.649**
Income from investments in group enterprises		(288.217)	0
Other financial income	4	1.369.856	6.000
Other financial expenses	5	(647.278)	(180.190)
Profit/loss before tax		**9.408.408**	**26.972.459**
Tax on profit/loss for the year	6	(1.044.045)	(5.933.941)
Profit/loss for the year		**8.364.363**	**21.038.518**
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		7.000.000	0
Extraordinary dividend distributed in the financial year		16.500.000	0
Transferred to reserve for net revaluation according to the equity method		5.478.156	0
Retained earnings		(20.613.793)	21.038.518
		8.364.363	**21.038.518**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Other fixtures and fittings, tools and equipment		254.422	244.764
Property, plant and equipment	7	**254.422**	**244.764**
Investments in group enterprises		9.068.156	0
Fixed asset investments	8	**9.068.156**	**0**
Fixed assets		**9.322.578**	**244.764**
Manufactured goods and goods for resale		2.410.084	213.203
Inventories		**2.410.084**	**213.203**
Trade receivables		770.177	0
Contract work in progress	9	0	0
Receivables from group enterprises		24.526.225	38.293.678
Other receivables		5.670.095	0
Receivables		**30.966.497**	**38.293.678**
Cash		**8.880.616**	**4.470.816**
Current assets		**42.257.197**	**42.977.697**
Assets		**51.579.775**	**43.222.461**

Balance sheet at 31.12.2017

	Notes	2017 DKK	2016 DKK
Contributed capital		500.000	500.000
Unpaid contributed capital		(375.000)	(375.000)
Reserve for net revaluation according to the equity method		5.478.156	0
Reserve for non-paid contributed capital		375.000	375.000
Retained earnings		49.725	20.663.518
Proposed dividend		7.000.000	0
Equity		**13.027.881**	**21.163.518**
Deferred tax	10	12.283	5.933.941
Provisions		**12.283**	**5.933.941**
Trade payables		31.357.405	6.881.027
Payables to group enterprises		0	1.555.151
Joint taxation contribution payable		7.181.922	0
Other payables		284	7.688.824
Current liabilities other than provisions		**38.539.611**	**16.125.002**
Liabilities other than provisions		**38.539.611**	**16.125.002**
Equity and liabilities		**51.579.775**	**43.222.461**
Contingent liabilities	11		
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Statement of changes in equity for 2017

	Contributed capital DKK	Unpaid contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Reserve for non-paid contributed capital DKK
Equity beginning of year	500.000	(375.000)	0	375.000
Extraordinary dividend paid	0	0	0	0
Profit/loss for the year	0	0	5.478.156	0
Equity end of year	**500.000**	**(375.000)**	**5.478.156**	**375.000**

	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	20.663.518	0	0	21.163.518
Extraordinary dividend paid	0	(16.500.000)	0	(16.500.000)
Profit/loss for the year	(20.613.793)	16.500.000	7.000.000	8.364.363
Equity end of year	**49.725**	**0**	**7.000.000**	**13.027.881**

Notes

1. Gross profit

Gross profit includes group badwill by DKK 5.177.856.

	2017 DKK	2016 DKK
2. Staff costs		
Wages and salaries	705.650	106.592
Other social security costs	4.912	568
Other staff costs	180	34
	710.742	**107.194**
Average number of employees	**1**	**1**

	2017 DKK	2016 DKK
3. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	55.594	4.149
	55.594	**4.149**

	2017 DKK	2016 DKK
4. Other financial income		
Financial income arising from group enterprises	1.318.579	0
Other interest income	2.768	0
Exchange rate adjustments	48.508	6.000
Other financial income	1	0
	1.369.856	**6.000**

	2017 DKK	2016 DKK
5. Other financial expenses		
Financial expenses from group enterprises	39.067	0
Other interest expenses	497.499	7
Exchange rate adjustments	10.712	180.183
Other financial expenses	100.000	0
	647.278	**180.190**

Notes

	2017 DKK	2016 DKK
6. Tax on profit/loss for the year		
Current tax	6.966.040	0
Change in deferred tax	(5.921.995)	5.933.941
	1.044.045	**5.933.941**

	Other fixtures and fittings, tools and equipment DKK
7. Property, plant and equipment	
Cost beginning of year	248.913
Additions	65.252
Cost end of year	**314.165**
Depreciation and impairment losses beginning of year	(4.149)
Depreciation for the year	(55.594)
Depreciation and impairment losses end of year	**(59.743)**
Carrying amount end of year	**254.422**

Notes

	Invest-ments in group enterprises DKK
8. Fixed asset investments	
Additions	26.741.045
Disposals	(23.151.045)
Cost end of year	**3.590.000**
Amortisation of goodwill	5.177.856
Share of profit/loss for the year	300.300
Revaluations end of year	**5.478.156**
Carrying amount end of year	**9.068.156**

	Registered in	Corpo-rate form	Equity inte-rest %
Investments in group enterprises comprise:			
Pure Energy Consult ApS	Vejle	ApS	100,0

	2017 DKK	2016 DKK
9. Contract work in progress		
Contract work in progress	0	60.258.410
Progress billings regarding contract work in progress	0	(60.258.410)
	0	**0**

Notes

	2017 DKK	2016 DKK
10. Deferred tax		
Property, plant and equipment	12.283	12.777
Receivables	0	6.046.531
Tax losses carried forward	0	(125.367)
	12.283	**5.933.941**

Changes during the year	
Beginning of year	5.933.941
Recognised in the income statement	(5.921.658)
End of year	**12.283**

11. Contingent liabilities

The company has issued guarantees to the purchaser of solar systems sold in 2017. The guarantees covers technical, legal and financial conditions related to the delivered solar system. The guaranties will mainly expire 24 months after closing of the sale of the project.

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

12. Assets charged and collateral

Cash DKK 2.610 are placed as collateral for banking facilities.

Cash DKK 2.910.733 are placed at accounts with special termination terms.

Collateral provided for group enterprises

The Entity has unlimited guaranteed group enterprises’ (Better Energy Holding ApS) bankdebt. Bank loans of group enterprises amount to DKK 0.

13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Better Energy World A/S, Copenhagen.

Accounting policies

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

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

Consolidated financial statements
Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

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

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

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

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

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

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 rate 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.

Income statement
Gross profit or loss
Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Accounting policies

Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made 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).

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, 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 property, plant and equipment.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

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

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

Accounting policies

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

The Entity is jointly taxed with all Danish subsidiaries. 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
Property, plant and equipment
Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these en-terprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation 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 group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

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

Cost consists of purchase price plus delivery costs.

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

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

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

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

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.

Cash
Cash comprises cash in hand and bank deposits.

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

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

Accounting policies

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

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

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