

NPP Brazil I K/S

**Gyngemose Parkvej 50
2860 Søborg**

CVR no. 38 45 60 67

Annual report for 2019

(3th Financial year)

Adopted at the annual general
meeting on 9 June 2020

Knud Erik Andersen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of NPP Brazil I K/S for the financial year 1 January - 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Søborg, 9 June 2020

Executive Board

Jens-Peter Zink

Board of Directors

Knud Erik Andersen
chairman

Reik Haahr Müller

Jens-Peter Zink

Independent auditor's report

To the shareholders of NPP Brazil I K/S

Opinion

We have audited the financial statements of NPP Brazil I K/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2019 and of the results of the company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for 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.

Emphasis of matter

The company's equity is negative as at 31 December 2019 and significant losses have incurred in 2020. Reference is made to note 1 where Management explain their confirmation of the going concern assumption.

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

Independent auditor's report

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 judgment and maintain professional skepticism 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 company'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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 management's review.

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

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

Based on the work we have performed, we conclude that 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 management's review.

Copenhagen, 9 June 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised Public Accountant
MNE no. mne32271

Company details

The company

NPP Brazil I K/S
Gyngemose Parkvej 50
2860 Søborg

CVR no.: 38 45 60 67

Reporting period: 1 January - 31 December 2019

Incorporated: 1. March 2017

Domicile: Gladsaxe

Board of Directors

Knud Erik Andersen, chairman
Reik Haahr Müller
Jens-Peter Zink

Executive Board

Jens-Peter Zink

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København

Management's review

Business review

The Company's objective is to develop, construct and finance solar PV projects in the northern states of Brazil.

Financial review

The company's income statement for the year ended 31 December 2019 shows a loss of TEUR 808, and the balance sheet at 31 December 2019 shows negative equity of TEUR 952.

Letter of subordination has been given by the owners of the company for their shareholders loan. On the basis herof, debt repayment terms and available cash the management assess the going concern basis satisfactory at least until the approval of the 2020 annual report. Given the negative equity as at 31 December 2019 and significant loss in 2020, cf. subsequent events, the management and the shareholders will discuss plans to reestablish the equity.

Further, the company's operations depend on a number of conditions but going forward, if any unforeseen circumstances may arise, e.g. Government actions, this may have an impact on revenue and the company's profit as well as the financial position.

Significant events occurring after the end of the financial year

After the end of the financial year, the society is generally affected by the Corona crisis. The company's investment in Brazil is affected by the drop in the value of the currency, BRL. Currently, the value is negatively influenced with approximately TEUR 4.400, which will directly have an impact on the equity.

As explained above, the going concern assumption is still considered appropriate.

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of NPP Brazil I K/S for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2019 is presented in TEUR

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external costs

Other external cost include expenses related to administration, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions, amortisation of mortgage loans.

Accounting policies

Profit/loss from investments in associates

The proportionate share of the profit/loss for the year of associates is recognised in the company's income statement after full elimination of intra-group profits/losses.

Tax

The Company is not an independent taxable entity and therefore no provisions are made for tax on profit/loss for the year and current and dererred tax liabilities are not recognized.

Balance sheet

Investments in associates

Investments in associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method.

Receivables

Receivables are measured at amortised cost.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Non-monetary items are translated at the exchange rates at the date of acquisition or at the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2019</u> TEUR	<u>2018</u> TEUR
Other external cost		-84	-1
Gross profit		-84	-1
Income from investments in associates	2	51	533
Financial income	3	0	626
Financial expenses	4	-775	-634
Profit/loss for the year		-808	524
 Recommended appropriation of profit/loss			
Reserve for net revaluation under the equity method		51	533
Retained earnings		-859	-9
		-808	524

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> TEUR	<u>2018</u> TEUR
Assets			
Investments in associates	5	23.271	12.972
Receivables from associates	6	<u>0</u>	<u>3.250</u>
Fixed asset investments		<u>23.271</u>	<u>16.222</u>
Total non-current assets		<u>23.271</u>	<u>16.222</u>
Receivables from associates		11	0
Other receivables		146	144
Prepayments		<u>6</u>	<u>6</u>
Receivables		<u>163</u>	<u>150</u>
Cash at bank and in hand		<u>106</u>	<u>143</u>
Total current assets		<u>269</u>	<u>293</u>
Total assets		<u><u>23.540</u></u>	<u><u>16.515</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2019</u> TEUR	<u>2018</u> TEUR
Equity and liabilities			
Share capital		4	4
Reserve for net revaluation under the equity method		0	801
Retained earnings		-956	-11
Equity	7	<u>-952</u>	<u>794</u>
Payables to other related parties		1.499	15.719
Payables to shareholders		22.980	0
Total non-current liabilities	8	<u>24.479</u>	<u>15.719</u>
Trade payables		12	1
Other payables		1	1
Total current liabilities		<u>13</u>	<u>2</u>
Total liabilities		<u>24.492</u>	<u>15.721</u>
Total equity and liabilities		<u>23.540</u>	<u>16.515</u>
Uncertainty about the continued operation (going concern)	1		

Statement of changes in equity

	Share capital	Reserve for net revalua- tion under the equity method	Retained earnings	Total
Equity at 1 January 2019	4	801	-11	794
Exchange adj. associated company	0	-938	0	-938
Other equity movements	0	86	-86	0
Net profit/loss for the year	0	51	-859	-808
Equity at 31 December 2019	4	0	-956	-952

Notes

1 Uncertainty about the continued operation (going concern)

Letter of subordination has been given by the owners of the company for their shareholders loan. On the basis herof, debt repayment terms and available cash the management assess the going concern basis satisfactory at least until the approval of the 2020 annual report. Given the negative equity as at 31 December 2019 and significant loss in 2020, cf. subsequent events, the management and the shareholders will discuss plans to reestablish the equity.

	<u>2019</u>	<u>2018</u>
	TEUR	TEUR
2 Income from investments in associates		
Share of profits of associates	51	533
	<u>51</u>	<u>533</u>
3 Financial income		
Financial income, associated entities	0	626
	<u>0</u>	<u>626</u>
4 Financial expenses		
Financial expenses, other related parties	2.201	626
Other financial costs	60	5
Exchange loss	260	3
Capitalised financial expenses	-1.746	0
	<u>775</u>	<u>634</u>

Notes

	<u>2019</u>	<u>2018</u>
	TEUR	TEUR
5 Investments in associates		
Cost at 1 January 2019	12.171	0
Additions for the year	7.936	23.758
Disposals for the year	0	-11.587
Transfers for the year	3.250	0
Cost at 31 December 2019	<u>23.357</u>	<u>12.171</u>
Revaluations at 1 January 2019	801	0
Exchange adjustment	-938	268
Net profit/loss for the year	51	533
Revaluations at 31 December 2019	<u>-86</u>	<u>801</u>
Carrying amount at 31 December 2019	<u><u>23.271</u></u>	<u><u>12.972</u></u>

Investments in associates are specified as follows:

<u>Name</u>	<u>Registered office</u>	<u>Ownership interest</u>
Fundo de investimento em participacoes conjunto Coremas	Brazil	39%

6 Fixed asset investments

	<u>Receivables from associates</u>
Cost at 1 January 2019	3.250
Transfers for the year	-3.250
Carrying amount at 31 December 2019	<u><u>0</u></u>

Notes

7 Equity

The share capital consists of 30.000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

8 Long term debt

	Debt at 1 January 2019	Debt at 31 December 2019	Instalment next year	Debt outstanding after 5 years
Payables to other related parties	15.719	1.499	0	0
Payables to shareholders	0	22.980	0	0
	15.719	24.479	0	0

Loans to shareholders are due in 2025. Loan from other related parties is due with 12 months notice (notice not received).