NPP Brazil II K/S

Gyngemose Parkvej 50
2860 Søborg

CVR no. 38 45 61 05

Annual report for 2020

(4th Financial year)

Adopted at the annual general
meeting on 22 June 2021

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 II K/S for the financial year 1 January - 31 December 2020.

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

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, 22 June 2021

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 II K/S

Opinion

We have audited the financial statements of NPP Brazil II K/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. 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 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 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 regarding the financial statement

The company´s equity is negative with EUR 9 million and the Company is unable to restore the equity. The Company is primarily financed by the shareholders and the debt, as well as other related party debt, is subordinated in order to ensure the Company´s continued operations at least until the approval of the annual report for 2021. Reference is made to note 1 in the financial statements.

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.

Independent auditor's report

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.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

Independent auditor's report

- 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.

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.

Independent auditor's report

Copenhagen, 22 June 2021

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised Public Accountant
MNE no. mne32271

Company details

The company	NPP Brazil II K/S Gyngemose Parkvej 50 2860 Søborg
	CVR no.: 38 45 61 05
	Reporting period: 1 January - 31 December 2020 Incorporated: 1 marts 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 2020 shows a loss of TEUR 8.346, primarily related to the development in BRL in 2020 (the Company´s investment is made in BRL assets), and the balance sheet at 31 December 2020 shows negative equity of TEUR 9.298.

Letter of subordination has been given by the owners of the company for their shareholders loan, and from other related parties for their 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 2021 annual report.

The company has lost its capital, and the Company is unable to restore the capital. The capital structure will be discussed by the shareholders on the annual general meeting.

Risks

The Company´s investment is made in Solar plants in Brazil and the financial development of the Company is highly depending on the development in BRL, as well as in the Brazilian economic in general.

Significant events occurring after the end of the financial year

The development in BRL in 2021 is more og less unchanged conmpared to 31 December 2020, and has therefore no big impact on the value of the investment.

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 II K/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

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

The annual report for 2020 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 on profit/loss for the year

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

Balance sheet

Investments in associates

Investments in subsidiaries, associates and participating interests are measured at theproportionate share of the net asset value of the entities, calculated on the basis of the group'saccounting policies, plus or less unrealised intra-group gains or losses and plus or less anyremaining value of positive or negative goodwill stated according to the purchase method.Negative goodwill is recognised in the income statement on acquisition. Where the negativegoodwill relates to contingent liabilities having been taken over, the negative goodwill is notrecognised until the contingent liabilities have been settled or no longer exist.

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 deposits at banks.

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 instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘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.

The Company determines a functional currency for each reporting entity. Reporting entities that are special purpose vehicles, established with the limited purpose to hold all activities related to a specific development project, are considered integrated entities in NPP Brazil II. Such special purpose vehicles have the same functional currency as NPP Brazil II. Where entities are not considered integrated entities in NPP Brazil II the functional currency is the currency used in the primary financial environment in which the individual reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions. The functional currency of NPP Brazil II is Euro (EUR), and the financial statements are presented in Euro (EUR). On initial recognition, transactions denominated in foreign currencies are translated into the functional currency at the exchange rate at the transaction date. Foreign currency translation adjustments arising from the settlement of such transactions and the translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit or loss under finance income and finance costs.

Income statement 1 January - 31 December

	Note	2020	2019
		TEUR	TEUR
Revenue		**0**	**0**
Other external cost		-539	-84
Gross profit		**-539**	**-84**
Income from investments in associates	3	-4.760	51
Financial expenses	4	-3.047	-775
Profit/loss for the year		**-8.346**	**-808**

Recommended appropriation of profit/loss

Reserve for net revaluation under the equity method	0	51
Retained earnings	-8.346	-859
	-8.346	**-808**

Balance sheet 31 December

	Note	2020	2019
		TEUR	TEUR
Assets			
Investments in associates	5	19.503	23.271
Fixed asset investments		**19.503**	**23.271**
Total non-current assets		**19.503**	**23.271**
Other receivables		0	146
Prepayments		0	6
Receivables		**0**	**152**
Cash at bank and in hand		**261**	**128**
Total current assets		**261**	**280**
Total assets		**19.764**	**23.551**

Balance sheet 31 December

	Note	2020	2019
		TEUR	TEUR
Equity and liabilities			
Share capital		4	4
Retained earnings		-9.302	-956
Equity	6	**-9.298**	**-952**
Payables to other related parties		1.927	1.510
Payables to shareholders		27.119	22.980
Total non-current liabilities	7	**29.046**	**24.490**
Trade payables		12	12
Other payables		4	1
Total current liabilities		**16**	**13**
Total liabilities		**29.062**	**24.503**
Total equity and liabilities		**19.764**	**23.551**
Uncertainty about the continued operation (going concern)	1		

Statement of changes in equity

	Share capital	Retained earnings	Total
Equity at 1 January 2020	4	-956	-952
Net profit/loss for the year	0	-8.346	-8.346
Equity at 31 December 2020	**4**	**-9.302**	**-9.298**

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, and from other related parties for their 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 2021 annual report.

The company has lost its capital, and the Company is unable to restore the capital. The capital structure will be discussed by the shareholders on the annual general meeting.

	2020	2019
	TEUR	TEUR
2 Staff costs		
Average number of employees	0	0

	2020	2019
	TEUR	TEUR
3 Income from investments in associates		
Share of result of associates	-4.760	51
	-4.760	**51**
4 Financial expenses		
Financial expenses, shareholders and other related parties	3.041	2.201
Other financial costs	2	60
Exchange losses	4	260
Capitalised financial expenses	0	-1.746
	3.047	**775**

Notes

		2020	2019
		TEUR	TEUR
5	**Investments in associates**		
	Cost at 1 January 2020	23.357	12.171
	Additions for the year	992	7.936
	Transfers for the year	0	3.250
	Cost at 31 December 2020	24.349	23.357
	Revaluations at 1 January 2020	-86	801
	Exchange adjustment	0	-938
	Net profit/loss for the year	372	51
	Revaluations for the year, net	-5.132	0
	Revaluations at 31 December 2020	-4.846	-86
	Carrying amount at 31 December 2020	**19.503**	**23.271**

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
Fundo de investimento em participacoes conjuncto Coremas	Brazil	45%

6 Equity

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

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

Notes

7 Long term debt

	Debt at 1 January 2020	Debt at 31 December 2020	Instalment next year	Debt outstanding after 5 years
Payables to other related parties	1.510	1.927	0	0
Payables to shareholders	22.980	27.119	0	0
	24.490	**29.046**	**0**	**0**

The debt has been subordinated other debt, cf. note 1.