Mermaid Solar Holding ApS

c/o Momentum Gruppen A/S Københavnsvej 81, 4000 Roskilde

CVR no. 41 02 21 16

Annual report 2019/20

(As of the establishment of the Company 17 December 2019 - 31 December 2020)

Approved at the Company's annual general meeting on 4 May 2021

Chair of the meeting:

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Niklas Will

Building a better working world

Contents

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Mermaid Solar Holding ApS for the financial year as of the establishment of the Company 17 December 2019 - 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year as of the establishment of the Company 17 December 2019 - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

It is proposed to the annual general meeting that the financial statements for 2020/21 should not be audited.

We recommend that the annual report be approved at the annual general meeting.

Roskilde, 4 May 2021
Executive Board:

Niklas Will	Benjamin Raußmüller

The general meeting has decided that the financial statements for the coming financial year will not be audited.

Independent auditor's report

To the shareholders of Mermaid Solar Holding ApS

Opinion

We have audited the financial statements of Mermaid Solar Holding ApS for the financial year as of the establishment of the Company 17 December 2019 - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year as of the establishment of the company 17 December 2019 - 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

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 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 as to 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 the 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 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 note 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 the 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 during 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 4 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faurschou
State Authorised Public Accountant
mne34502

Management's review

Company details

Name	Mermaid Solar Holding ApS
Address, Postal code, City	c/o Momentum Gruppen A/S Københavnsvej 81, 4000 Roskilde
CVR no.	41 02 21 16
Established	17 December 2019
Registered office	Roskilde
Financial year	17 December 2019 - 31 December 2020
Executive Board	Niklas Will Benjamin Raußmüller
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The entity's purpose is to own shares in companies within the operation of PV plants and, at the discretion of the Management Board, related activities.

Financial review

The income statement for 2019/20 shows a loss of DKK 946 thousand, and the balance sheet at 31 December 2020 shows a negative equity of DKK 896 thousand.

Mangement expects equity to be re-established through future earnings.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements for the period 17 December 2019 - 31 December 2020

Income statement

Note	DKK	2019/20 13 months
	Gross loss	-908,013
4	Financial income	246,903
5	Financial expenses	-285,057
	Profit/loss before tax	-946,167
	Tax for the year	0
	Profit/loss for the year	-946,167
	Recommended appropriation of profit/loss	
	Retained earnings/accumulated loss	-946,167
		-946,167

Financial statements for the period 17 December 2019 - 31 December 2020

Balance sheet

Note	DKK	2019/20
	ASSETS	
	Fixed assets	
6	Investments	
	Investments in group enterprises	58,986
	Receivables from group enterprises	20,374,445
		20,433,431
	Total fixed assets	20,433,431
	Non-fixed assets	
	Receivables from group enterprises	44,645
	Other receivables	1,886
		46,531
	Cash	175,232
	Total non-fixed assets	221,763
	TOTAL ASSETS	20,655,194
	EQUITY AND LIABILITIES	
	Equity	
	Share capital	50,000
	Retained earnings	-946,167
	Total equity	-896,167
	Liabilities other than provisions	
7	Non-current liabilities other than provisions	
	Payables to group entities	21,412,203
		21,412,203
	Current liabilities other than provisions	
	Trade payables	69,513
	Payables to group enterprises	44,645
	Deferred income	25,000
		139,158
		21,551,361
	TOTAL EQUITY AND LIABILITIES	20,655,194

1 Accounting policies
2 Recognition and measurement uncertainties
3 Staff costs
8 Collateral

Financial statements for the period 17 December 2019 - 31 December 2020

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Cash payments concerning formation of enterprise	50,000	0	50,000
Transfer through appropriation of loss	0	-946,167	-946,167
Equity at 31 December 2020	50,000	-946,167	-896,167

Financial statements for the period 17 December 2019 - 31 December 2020

Notes to the financial statements

1 Accounting policies

The annual report of Mermaid Solar Holding ApS for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In accordance with section 110(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Gross loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Financial statements for the period 17 December 2019 - 31 December 2020

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Financial statements for the period 17 December 2019 - 31 December 2020

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements for the period 17 December 2019 - 31 December 2020

Notes to the financial statements

2 Recognition and measurement uncertainties

The projects acquired under the Mermaid Portfolio are currently under development. Hence, the Company enters into the SPVs at a mid-stage development status. Meaning, the project does not yet have all permits etc. in place to be build and operated.

Hence, currently (and until the projects will be built), no revenues whatsoever are expected from the subsidiaries. The development service partner is in the process of completing the development of the PV Projects. However, it is important to mention, that no running costs occur from this. Only once the development partner has achieved and reached a certain pre-defined set of additional project rights, an additional MSP will become due (hence only once additional value us created).

That being said, there is some degree of uncertainty involved regarding the question of how each individual SPV of the portfolio will end out. There are the following alternatives/options for the future of each SPV:

- The SPV reaches RTB Status (all permits etc. are in place, project development was fully successful) and the electricity/PPA prices at this point in time are fit to meet Encavis' IRR expectation: In this case, the project will be build and the SPV will be generating profits.
- The SPV reaches RTB Status (all permits etc. are in place, project development was fully successful), however, at this very moment the electricity/PPA prices are not fit to meet Encavis' IRR expectation: In this case there are 2 options. Either just wait until the electricity prices are again more attractive and hence the project will meet again Encavis' IRR requirement: the project will be build (later) and the SPV will be generating profits. Or, there will be a sale of the fully de-risked project rights. In this case a significant profit from the sale down of the de-risked project rights is expected.
- The SPV does not reach RTB Status (for example because permits etc. are not granted, project development was not successful): In this case The Company needs to write off the previously spent amount for the respective SPV. However, it is important to note a portfolio logic here. Hence, if one or some of the projects will not be successful and the respective amount needs to be written off, on a portfolio level, the other successful projects will be able to compensate for the potential write offs since the overall amount spent for project rights is very limited when compared to the overall CAPEX of such project.

3 Staff costs

The Company has no employees.

	DKK	2019/20 13 months
4	Financial income	
	Interest receivable, group entities	246,903
		246,903
5	Financial expenses	
	Interest expenses, group entities	280,157
	Other financial expenses	4,900
		285,057

Financial statements for the period 17 December 2019 - 31 December 2020

Notes to the financial statements

6 Investments

DKK	Investments in group enterprises	Receivables from group enterprises	Total
Cost at 17 December 2019	0	0	0
Additions	58,986	20,374,445	20,433,431
Cost at 31 December 2020	58,986	20,374,445	20,433,431
Carrying amount at 31 December 2020	58,986	20,374,445	20,433,431

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 21,412 thousand falls due for payment after more than 5 years after the balance sheet date.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.