Mermaid Solar Holding ApS

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

CVR no. 41 02 21 16

Annual report 2022

Approved at the Company's annual general meeting on 22 June 2023

Chair of the meeting:

Niklas Will

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Niklas Will

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 1 January - 31 December 2022.

The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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 2023 should not be audited.

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

Roskilde, 22 June 2023
Executive Board:

Niklas Will	Benjamin Raußmüller

Independent auditor's report on the compilation of financial statements

To the general management of Mermaid Solar Holding ApS

We have compiled the financial statements of Mermaid Solar Holding ApS for the financial year 1 January - 31 December 2022 based on the Company's bookkeeping and other information provided.

The financial statements comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies.

We performed this compilation engagement in accordance with ISRS 4410 *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We have complied with relevant requirements in the Danish Auditors Act and International Ethics Standards Board for Professional Accountants' International Code of Ethics for Professional Accountants (IESBA Code), including principles of integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile the financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether the financial statements are prepared in accordance with the Danish Financial Statements Act.

Aarhus, 22 June 2023
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	1 January - 31 December
Executive Board	Niklas Will Benjamin Raußmüller
Accountant	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 2022 shows a profit of DKK 319 thousand against a profit of DKK 102 last year, and the balance sheet at 31 December 2022 shows a negative equity of DKK 476 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 1 January - 31 December

Income statement

Note	DKK	2022	2021
	Gross loss	-132,565	-351,233
4	Financial income	3,276,965	1,174,100
5	Financial expenses	-3,374,115	-1,239,377
	Profit/loss before tax	-229,715	-416,510
	Tax for the year	548,297	518,378
	Profit for the year	318,582	101,868

	Recommended appropriation of profit		
	Retained earnings	318,582	101,868
		318,582	101,868

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	ASSETS		
	Fixed assets		
6	Investments		
	Investments in group enterprises	58,988	58,988
	Receivables from group enterprises	181,262,716	51,579,080
		181,321,704	51,638,068
	Total fixed assets	181,321,704	51,638,068
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	0	74,678
	Deferred tax assets	0	443,700
	Corporation tax receivable	2,727,797	0
	Other receivables	19,861	466
		2,747,658	518,844
	Cash	52,856	646,400
	Total non-fixed assets	2,800,514	1,165,244
	TOTAL ASSETS	184,122,218	52,803,312

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50,000	50,000
	Retained earnings	-525,717	-844,299
	Total equity	-475,717	-794,299
	Provisions		
	Deferred tax	1,735,800	0
	Total provisions	1,735,800	0
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Payables to group enterprises	182,778,595	53,416,459
		182,778,595	53,416,459
	Current liabilities other than provisions		
	Trade payables	5,113	0
	Payables to group enterprises	72,427	69,082
	Other payables	0	106,570
	Deferred income	6,000	5,500
		83,540	181,152
	Total liabilities other than provisions	182,862,135	53,597,611
	TOTAL EQUITY AND LIABILITIES	184,122,218	52,803,312

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

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2021	50,000	-946,167	-896,167
Transfer through appropriation of profit	0	101,868	101,868
Equity at 1 January 2022	50,000	-844,299	-794,299
Transfer through appropriation of profit	0	318,582	318,582
Equity at 31 December 2022	50,000	-525,717	-475,717

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Mermaid Solar Holding ApS for 2022 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.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

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/loss 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 1 January - 31 December

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 and 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.

Prepayments

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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:

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- 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	2022	2021
4	Financial income		
	Interest receivable, group enterprises	3,282,831	1,174,100
	Other financial income	-5,866	0
		3,276,965	1,174,100
5	Financial expenses		
	Interest expenses, group enterprises	3,364,798	1,233,166
	Other financial expenses	9,317	6,211
		3,374,115	1,239,377

6 Investments

DKK	Investments in group enterprises	Receivables from group enterprises	Total
Cost at 1 January 2022	58,988	51,579,080	51,638,068
Additions	0	129,683,636	129,683,636
Cost at 31 December 2022	58,988	181,262,716	181,321,704
Carrying amount at 31 December 2022	58,988	181,262,716	181,321,704

Financial statements 1 January - 31 December

Notes to the financial statements

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 182.779 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 2022.