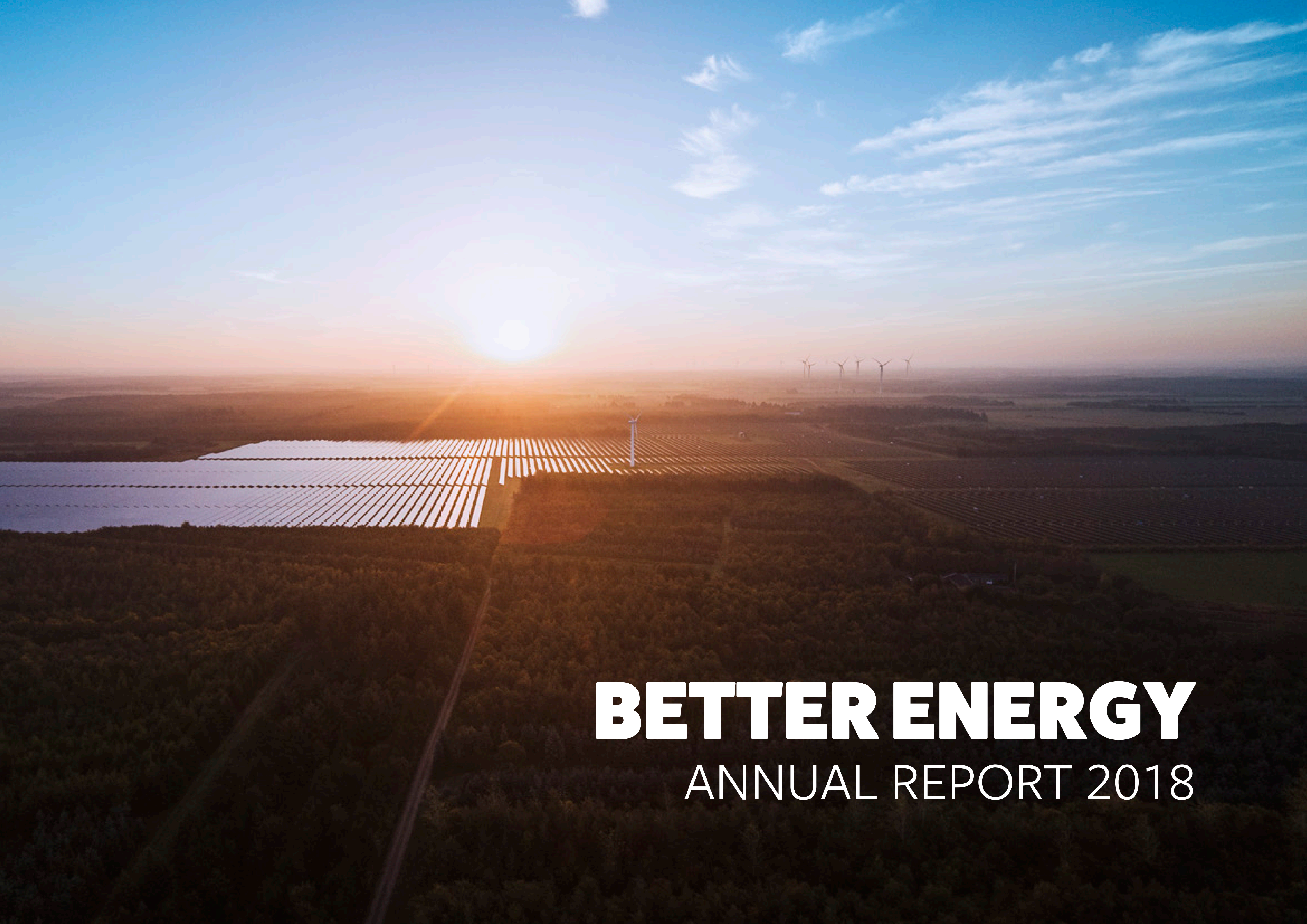


BETTER ENERGY
ANNUAL REPORT 2018

LETTER FROM THE CEO

IMPACT THAT MATTERS

Our world is out of balance. Climate change is the challenge of our generation. And it is a challenge we need to win. We all need to work together for a better climate and a better future. We must be engineers of a sustainable future.

If we believe in something, we can make it happen. We can make a choice to make things better. We all need to work together in the transition to a sustainable energy system. We must be drivers of a renewable energy revolution.

The actions we take now will determine what the world we live in will look like for future generations. Time is of the essence and we all need to act now and at a significant scale. We must be all about making an impact that matters.

RESULTS IN 2018

Throughout 2018, we have grown our company with talented teams of experts and driven individuals within all business areas. We have continued to actively expand our technological edge, our relevance in the industry and our reach into the marketplace.

We had a productive year and achieved positive financial results. Revenue reached DKK 424 million in 2018, up from DKK 342 million in 2017. Operating profit increased to DKK 101 million in 2018, up from DKK 90 million in 2017.

We expanded the geographic spread of our activities and demonstrated the strength of our business model in both mature and developing markets. In addition to Denmark, we established projects in Poland, the Netherlands and Ukraine.

In Denmark, we continued our cooperation with The Danish Green Investment Fund (DGIF) to drive the transition to a sustainable energy system. We developed and constructed two solar power plants with a total capacity of 32 MW. Both solar power plants received financing from DGIF.

We reached a historic milestone in Denmark with the announcement of the first Danish subsidy-free, large-scale solar power plant. This solar power plant was ordered by Heartland (Bestseller's parent company) in 2018 and will be constructed in 2020. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings under a power purchase agreement (PPA).

In Poland, we developed and constructed solar power plants with a total capacity of 10 MW. The solar power plants were divested in 2018. An additional portfolio of 30 MW was ordered as contract works in 2018 and will be constructed in 2019. In the Netherlands, we developed and constructed a 2 MW solar power plant that is part of a development portfolio of 12 MW that will be constructed in 2019.

We initiated a new cooperation with the Danish Investment Fund for Developing Countries (IFU) and the Danish SDG Investment Fund. The Danish SDG Investment Fund is managed by IFU and was set up in 2018 to support the UN Sustainable Development Goals. Its first investment was in a Better Energy solar power plant in Ukraine with a capacity of 19 MW.

We continued driving down the cost of solar energy in 2018 and delivered a positive measurable difference with deployment of new solar energy capacity. At the same time, we built up a large international development pipeline of solar energy projects strong enough to fuel growth for the coming years.

LOOKING FORWARD

In 2019, we will continue the transition of Better Energy to a driver of new renewable energy capacity in Northern Europe and the Nord Pool power markets.

To accelerate the green transition in these markets, we will

- Focus on large-scale solar energy capacity where we can make the greatest difference in terms of impact and affordable prices.
- Further sharpen and advance our integrated business model and solar energy technology to reduce cost and increase scalability for green energy.
- Continue to form partnerships and positive relationships with local municipalities and communities to achieve local benefit and support for our power plants.
- Cooperate even closer with national and local grid operators to develop and utilise grid capacity optimally.
- Welcome corporations who choose to purchase green energy, which will enable us to add more renewable energy to the energy supply.
- Ensure that our capital partners and investors reach the objectives in order to fund the transition to a renewab energy economy.

All our stakeholders will play a major role in the development of a renewable energy economy. If we work together, we can accelerate and drive a renewable energy revolution. Partnerships and positive relationships make an impact that matters.

YOU MAKE IT MATTER

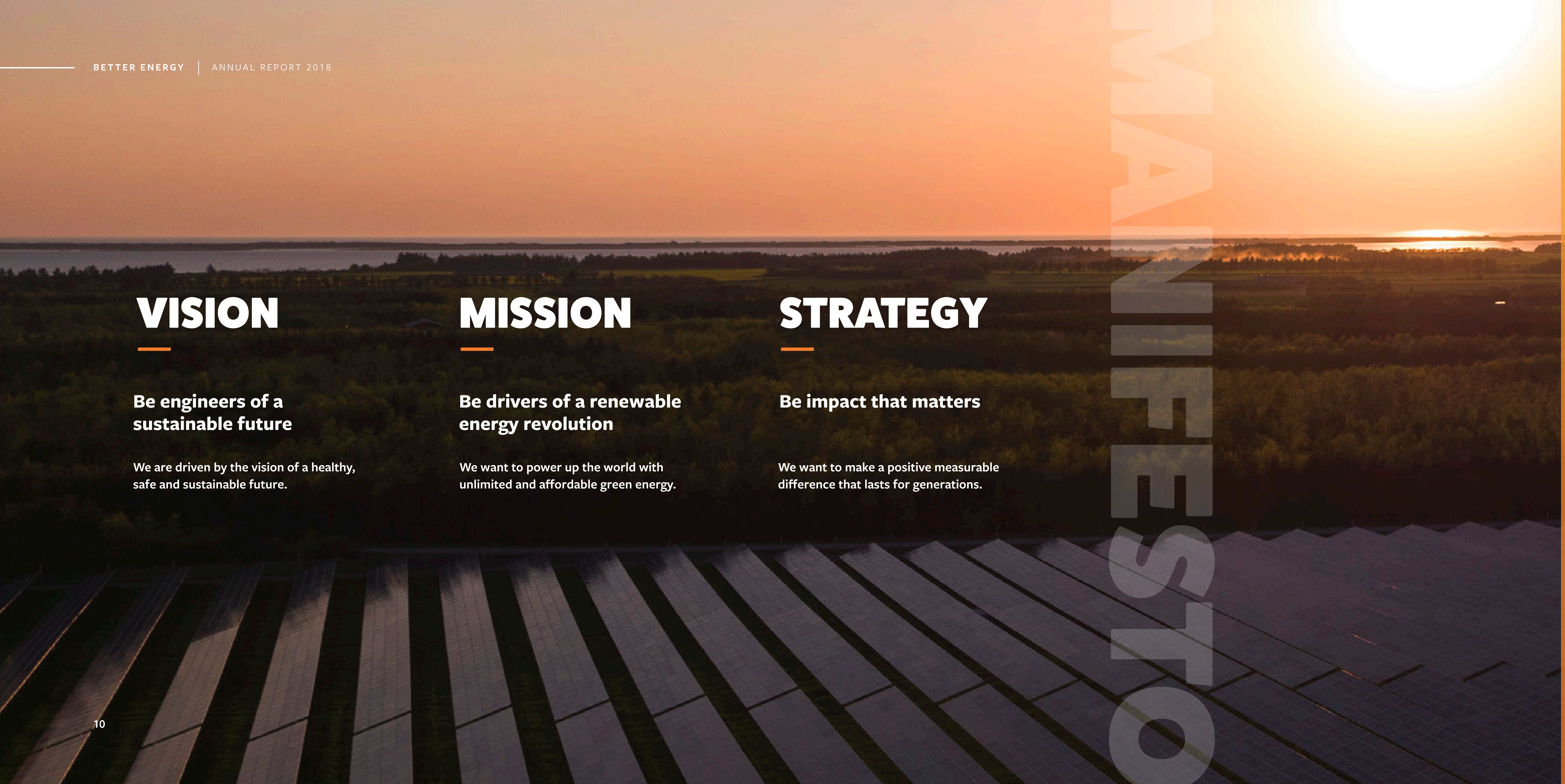
I would like to thank the entire Better Energy team for all the great effort and dedication you have all put into Better Energy this year. You make the difference. You are Better Energy. You are impact that matters!

Rasmus Lildholdt Kjær
Chief Executive Officer

CON-TENTS

01

IMPACT THAT MATTERS



MANIFESTO

VISION

Be engineers of a sustainable future

We are driven by the vision of a healthy, safe and sustainable future.

MISSION

Be drivers of a renewable energy revolution

We want to power up the world with unlimited and affordable green energy.

STRATEGY

Be impact that matters

We want to make a positive measurable difference that lasts for generations.

ENTREPRENEURIAL SPIRIT
RESPECT INTEGRITY
DETERMINATION
RESILIENCE PROFITABILITY
ACCOUNTABILITY
PROFITABILITY RESPECT
ENTREPRENEURIAL SPIRIT
INTEGRITY RESILIENCE
EXCELLENCE

INFOGRAPHICS

Founded in
2012

Active in
8 Countries

Established power plants
50

better energy

Projects under development
1,281 MWp

Established solar systems
229 MWp

Accumulated green power
343 GWh

FINANCIAL HIGHLIGHTS

Key figures DKK '000	2018	2017	2016	2015
Income statement				
Revenue	424,422	342,017	31,320	24,111
Gross profit	118,282	98,754	16,131	8,726
EBITDA	103,619	90,894	6,750	4,852
Operating profit	101,439	89,907	6,373	4,792
Net financials	-1,654	1,821	620	362
Profit for the year	64,972	77,539	15,987	4,077
Balance sheet				
Balance sheet total	365,524	221,148	49,110	19,737
Equity	128,575	86,646	24,760	8,431
Ratios				
Gross margin	28%	29%	52%	36%
EBITDA margin	24%	27%	22%	20%
Profit margin	15%	23%	51%	17%
Return on equity	60%	139%	96%	97%
Solvency ratio	35%	39%	50%	43%

Financial highlights are defined and calculated in accordance with *Recommendations & Ratios 2018* issued by the Danish Society of Financial Analysts. Please see the *Financial Highlights* section in the *Basis of preparation* for definitions of financial ratios.

02

BUSINESS MODEL

SYSTEMS THINKING - POWERFUL INTEGRATION

Better Energy is fully integrated across the value chain delivering a full solution from 'land to energy', including land development, engineering, procurement, construction, operation and green power sales.

Our integrated business model provides us with knowledge and insight into the value chain. By growing knowledge and capabilities within and across business units, we reduce cost and increase scalability. We have a unique overview that enables us to identify exactly what elements add value and impact and to ensure that these elements function.

Better Energy's vision, products and vertically integrated business model drive the transition towards a clean energy economy.

LAND → **DEVELOPMENT** → **CONSTRUCTION** → **OPERATION** → **GREEN ENERGY**

DEVELOPMENT – THOUSANDS OF HECTARES LAND

- Market research & analysis
- Land acquisition or leasing
- Licences, permits & approvals
- Yield & production assessment
- Business & financial structuring

CONSTRUCTION – THOUSANDS OF MWp SOLAR CAPACITY

- Technical design & system
- Manufacturing & procurement
- Logistics & supply management
- Construction management
- Grid connection & commissioning

OPERATION – MILLIONS OF MWh GREEN ENERGY

- Commercial management
- Operations & maintenance
- Power sales & balancing
- Stakeholder management
- Controlling & reporting

> "Better Energy reduces cost and increases scalability of green energy by operating throughout the entire value chain."

FIVE ELEMENTS

FIVE ESSENTIAL ELEMENTS

Delivering affordable, green energy does not come by accident and requires more than just the latest technologies. In 2018, we highlighted five essential elements that are necessary for us to deliver impact: solar systems, land, grid, power purchase agreements (PPAs) and capital.

We work to form partnerships and positive relationships with our stakeholders in all five critical areas to ensure effective operations and scale. In 2018, we expanded and strengthened our capabilities within these five areas to ensure we have the right approach and people in the right places to drive change.

SOLAR SYSTEMS

Our technologically advanced solar energy systems are essential for us to deliver affordable green energy. Our solar system engineering and design is the result of several years of experience and continual development and optimisation.

Better Energy has a rigorous supplier screening model with ongoing quality control in order to ensure the high performance of its systems. Component suppliers are carefully selected, tested and evaluated to ensure optimal performance. Certain components are exclusively produced for Better Energy.

Partnerships and relationships with key suppliers in the industry ensure high quality, better terms, delivery security, access to capacity and the latest technologies. They also provide mutual benefits and opportunities such as increase in innovation, research, development and test of new industry solutions.

LAND

Securing land and local acceptance are fundamental to project development. Green transition on a significant scale can only be achieved with local support. Although public attitudes towards renewable energy are positive, this positivity does not always translate into community support for local projects.

Landowners and neighbours are interested in the impact of solar power plants on their property, infrastructure and the surrounding environment. Similarly, government and municipalities are interested in access to green energy, the potential impacts and local value created by the projects. Specifically, they are interested in local community engagement, support for their sustainability goals and initiatives, and the creation of jobs.

To address local concerns and to secure local support, we set up community meetings very early in the development process. We listen to and work with the community. We do our utmost to share information, address concerns and accommodate local ideas and points of view wherever possible.

Genuine interest in protecting and improving land and an honest process from start to finish help us achieve local benefit and support.

GRID

The electricity grid is essential for delivering green energy from our solar power plants to the consumers. To drive a renewable energy revolution, we must connect our power plants to the grid. Large-scale integration of power plants in electricity grids brings challenges.

Development and integration of power plants must go hand in hand with the development, technical upgrade, extension and modernisation of electricity grids. Our in-house technical specialists enable us to anticipate and respond to the specific grid requirements of each project. Understanding the requirements for designing and properly specifying the equipment is extremely important to utilise grid capacity optimally.

Cooperation with local utilities and grid operators is critical to successful scalability of the green energy supply. Close cooperation allows us to make long-term plans together with realistic evaluations of resources and timing to ensure grid connection of our solar power plants.

POWER PURCHASE AGREEMENTS

Historically, national government support schemes have been the driver of renewable energy projects and the green transition. Our ability to sell competitive green energy directly to large consumers will drive the green transition and eliminate the need for government support in the future.

With an access to affordable green energy and a growing need to improve their green profile, more and more corporations are purchasing clean energy as an integral part of their corporate strategy. But not all green power products are the same. The source of green power determines additionality and thus credibility of 'greenness' in power consumption.

Better Energy power purchase agreements are a way for corporations to access green energy, while also adding new green energy to the grid. For us, it is all about additionality, the fact that new renewable energy capacity gets built and added to the grid.

Power purchase agreements with additionality and corporations who choose to purchase them will play a major role in the development of a renewable energy economy.

CAPITAL

The construction of large-scale solar power plants is capital intensive. We have built a successful record of attracting and raising capital and forging partnerships with international investors and financial institutions.

We optimise capital structure with a combination of equity and project finance. We build financing structures for our solar power plants together with financial partners and investors to ensure that all parties reach their objectives.

We experience a growing tendency for financial partners and investors to focus on additionality and an increased commitment to playing a larger role in adding new renewable energy capacity to the grid.

Financial cooperations and partnerships are essential to fund the transition to a renewable energy economy.

03

GOVERNANCE

PICTURED IN THE PHOTO (left to right):

Michael Vater, Executive Vice President, Sustainable Business & Public Affairs

Mark Augustenborg Ødum, Executive Vice President, Markets & Investors

Rasmus Lildholdt Kjær, Chief Executive Officer

Annette Nylander, Executive Vice President, Capital & Strategy

Mikkel Dau Jacobsen, Executive Vice President, Technology & Solutions

Ho Kei Au, Executive Vice President, Legal & Compliance

Nicolai Faaborg Andresen, Executive Vice President, Product & Sales

CORPORATE GOVERNANCE

The purpose of corporate governance is to support value creation and accountable management, thus strengthening long-term competitiveness. As Better Energy continues to grow, and our activities develop in size and scope, additional corporate governance policies and structures will be implemented.

Better Energy's group legal structure serves as the overall governance framework. In addition, Better Energy's corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications.

BOARD OF DIRECTORS AND EXECUTIVE BOARD

Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board. On behalf of the shareholders, the Board of Directors determines Better Energy's overall strategy and supervises the Executive Board in its decisions and operations. The Board of Directors consists of Mark Augustenborg Ødum, Rasmus Lildholdt Kjær, Annette Nylander, Mikkel Dau Jacobsen and Michael Vater.

The Executive Board consists of Rasmus Lildholdt Kjær, Ho Kei Au and Annette Nylander. The Executive Board is supported by the Executive Management Team which is responsible for daily management, the organisation of the company as well as implementation of strategies.

EXECUTIVE MANAGEMENT TEAM

Success relies on strong leadership. Our talented leadership team is responsible for driving continued business success and sustained value creation. Their broad experience, values and commitment to the green transition ensure continuous innovation. The team brings many years of combined experience both in their respective areas of expertise and the renewable energy industry. They contribute according to their own personal strengths.

Our team has industry expertise in the specialised areas of renewable energy, solar energy technology and procurement, international law and compliance, corporate finance, strategy, finance, investment management, business development and sales.

CORPORATE CULTURE

Better Energy is a values-driven company. Ethics and integrity are embedded in our Manifesto and Code of Conduct. Our Manifesto describes our vision, mission, strategy, guiding principles and values, the foundation of our business. The Code of Conduct provides policy statements on how we conduct our business.

CORPORATE POLICIES

In addition to our Manifesto and our Code of Conduct, the Board has adopted a set of policies and procedures to govern our business. Policies and procedures present the rules of conduct for our company and instructions for making decisions.

RISK MANAGEMENT AND AUDITS

Risk management and audits are dealt with by our Capital & Strategy and Legal & Compliance teams, the Executive Management Team, the Executive Board and the Board of Directors. They identify and manage risks and ensure financial integrity, transparency and accountability in line with efficiency and effectiveness.

DISCLOSURE AND COMMUNICATIONS

This annual report is also published on www.betterenergy.com and available for download. This report includes our corporate social responsibility (CSR) and sustainability reporting.

EXECUTIVE MANAGEMENT TEAM

RASMUS LILDHOLDT KJÆR

CHIEF EXECUTIVE OFFICER

Responsibilities
Rasmus Lildholdt Kjær is responsible for the overall operations and resources of Better Energy and leads the development and execution of strategies.

Special competences
Rasmus has 15 years of experience with business management, international investments, project development, financial structures and asset management.

MARK AUGUSTENBORG ØDUM

EXECUTIVE VICE PRESIDENT
MARKETS & INVESTORS

Responsibilities
Mark Augustenborg Ødum is responsible for Better Energy market analysis, investor relations and project finance.

Special competences
Mark has more than 20 years of international business management experience, with expertise in international partnerships, mergers, acquisitions and divestments.

ANNETTE NYLANDER

EXECUTIVE VICE PRESIDENT
CAPITAL & STRATEGY

Responsibilities
Annette Nylander is responsible for Better Energy group finance, financial partnerships and corporate finance.

Special competences
Annette has more than 12 years of experience in the renewable energy industry and more than 25 years within finance. She excels in capital market solutions, strategy, and in building strategic partnerships.

MIKKEL DAU JACOBSEN

EXECUTIVE VICE PRESIDENT
TECHNOLOGY & SOLUTIONS

Responsibilities
Mikkel Dau Jacobsen is responsible for Better Energy technology and solutions. He provides strategic direction and oversight on technical R&D, engineering, procurement, supplier relations, logistics and construction (EPC).

Special competences
Mikkel has over 17 years of experience with international procurement. Mikkel has strong strategic skills and more than 18 years of experience in project management, business development and negotiation.

MICHAEL VATER

EXECUTIVE VICE PRESIDENT
SUSTAINABLE BUSINESS & PUBLIC AFFAIRS

Responsibilities
Michael Vater works on a strategic level to ensure that Better Energy values, responsibility and our sustainable approach to local value creation are all embedded in our project approach.

Special competences
Michael possesses great technical experience and commercial expertise. He has worked with business development for more than 20 years and brings valuable experience from emerging markets.

NICOLAI FAABORG ANDRESEN

EXECUTIVE VICE PRESIDENT
PRODUCT & SALES

Responsibilities
Nicolai Faaborg Andresen is responsible for the sale of Better Energy solar systems and green power customer solutions.

Special competences
Nicolai has 10 years of experience engineering and delivering customised technical solutions within the solar industry. He is results driven and accountable, with a track record of profitable sales growth.

HO KEI AU

EXECUTIVE VICE PRESIDENT
LEGAL & COMPLIANCE

Responsibilities
Ho Kei Au is responsible for Better Energy's in-house legal counsel and compliance.

Special competences
Ho Kei is a seasoned lawyer with expertise within EPC contracts, power purchase agreements, shareholder agreements, employment contracts, the transfer of equity or assets, due diligence, and negotiation of loan and financing agreements.

04

ORGANISATION

ORGANISATION

Better Energy is an agile company organised towards delivering integrated solutions.

MATRIX STRUCTURE

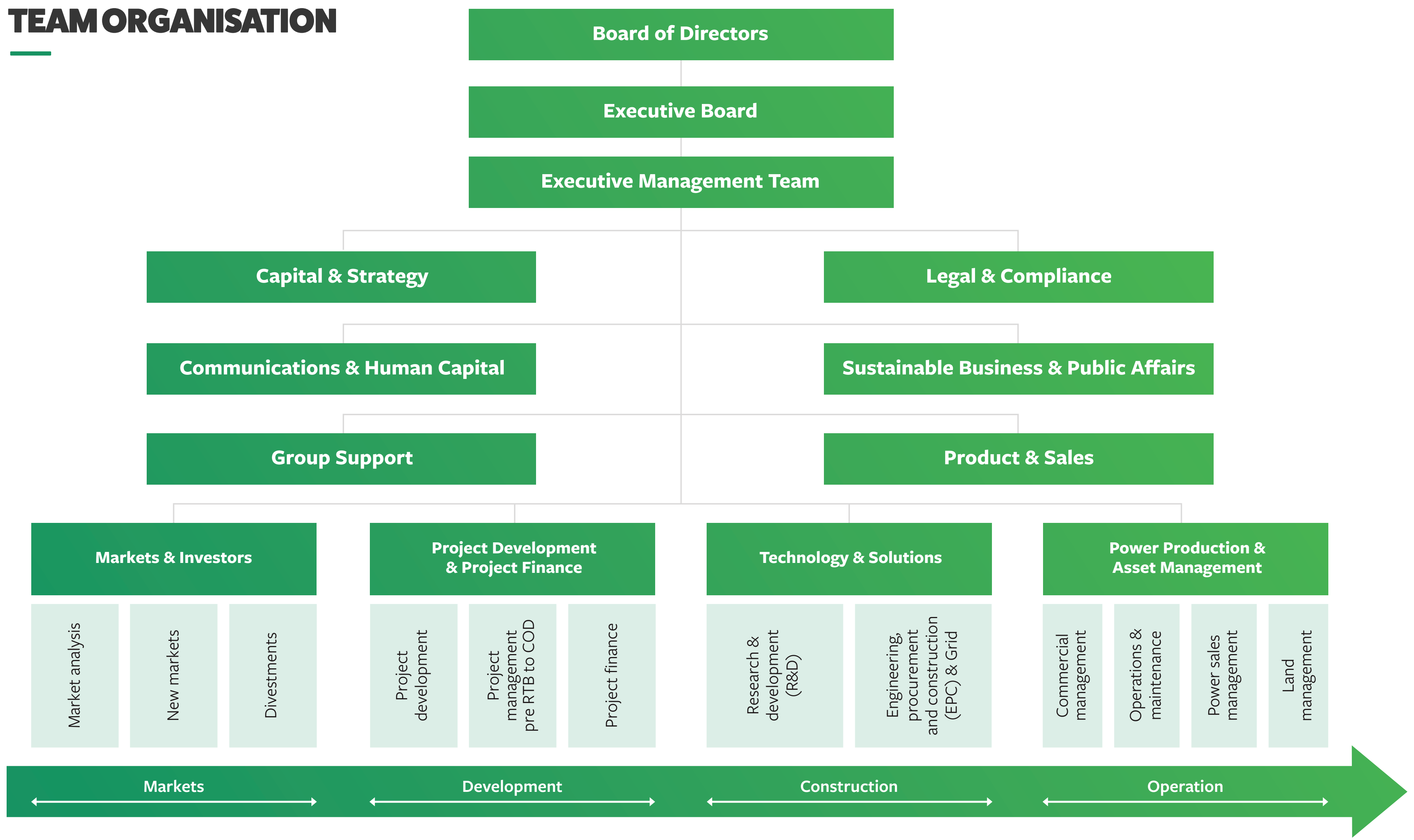
Our matrix structure brings together specialists from the functional areas within the group functions and business sections to work on a project. Individual project members become responsible to two managers: the project manager and the manager from their functional line. Resources can be shared in multiple projects, and multiple projects can be executed at the same time, allowing scalability.

GROUP FUNCTIONS

Better Energy group functions are Legal & Compliance, Capital & Strategy, Communications & Human Capital, Sustainable Business & Public Affairs, Product & Sales and Group Support. These group functions coordinate human and financial resources with strategy and operations. They ensure that our operational resources match our market-specific solutions.

Some members of group functions work with tasks that affect the entire group, whereas others work with the business sections and project organisations. Group functions continuously optimise shared processes, policies and the organisation itself. They drive efficiency, and at the same time, they ensure compliance across the four business sections and project organisations. Group functions assign responsibility for scheduling and cost control while making sure the teams carry out work in the right sequence and according to specifications.

TEAM ORGANISATION



PROJECT ORGANISATION

Steering committee

Project manager

Project development | Project finance | EPC delivery | PPA | Legal & compliance | Financial controlling

Illustration of project organisation

BUSINESS SECTIONS

Better Energy business sections are Markets & Investors, Project Development & Project Finance, Technology & Solutions and Power Production & Asset Management. These business sections reflect the extent of our value chain and cover the full life cycle of solar energy projects from land to energy.

The four business sections develop Better Energy products and associated services. Business sections are responsible for innovation and growth within their respective focus areas. They are aligned and related to achieve maximum performance.

PROJECT ORGANISATION

An effective project management structure is critical to the success of a project and enables us to execute multiple projects at the same time.

Every solar energy project follows a sequence of activities or steps in chronological order. These steps are divided into four different project phases from site development, early stage project development, late stage project development and project construction. Before a project can move to the next project phase, it has to pass a decision gate.

The steering committee is a project's ultimate decision-making body. This committee authorises the start of the project and the progress of the project from one project phase through a decision gate to the next project phase. The steering committee consists primarily of members from the Executive Management Team.

The project manager is responsible for the project on a day-to-day basis and can make decisions that do not impact the overall outcome of the project. The project manager drives the project through the project steps and leads the project organisation which consists of specialists from group functions and business sections.

"Better Energy is an agile company organised towards delivering integrated solutions."

05

OUR COMPANY

GROUP STRUCTURE

In 2018, Better Energy adjusted its legal structure into four key subsidiaries to be aligned with the group's strategic priorities. These four business units are functionally distinct and legally separate.

The four main subsidiaries reflect and manage the value chain of our four solutions: power plants, solar systems, asset management and green power.

This simplified corporate structure improves governance and transparency regarding the performance of key, strategic operations and promotes functional efficiencies. It also increases the flexibility of these business units to focus on specific market needs and to manage and develop distinct products and services.

The primary companies in the Better Energy group (Better Energy) are as follows:

BETTER ENERGY A/S

Better Energy A/S is the Parent Company and holding company for the four main subsidiaries and related companies in Better Energy. The Parent Company owns assets and does not have any active business operations itself. Better Energy A/S operates through the four business units below. These business units are separate organisations within the Parent Company.

BETTER ENERGY MANAGEMENT A/S

Better Energy Management A/S (BEM) is an operating company responsible for delivering Better Energy power plants. Activities include market analysis, project development, project finance and project management. Revenue from this business unit comes from the sale of power plants.

All Better Energy group functions and the business sections Markets & Investors and Project Development & Project Finance are placed in BEM.

BETTER ENERGY SOLUTIONS A/S

Better Energy Solutions A/S (BES) is an operating company responsible for delivering Better Energy solar systems. Activities include engineering and design, procurement and logistics, construction management, grid connection and commissioning. BES is also responsible for technical research and development. Revenue from this business unit comes from sale of Better Energy solar systems.

The business section Technology & Solutions is placed in BES.

BETTER ENERGY ASSET MANAGEMENT A/S

Better Energy Asset Management A/S (BEAM) is an operating company responsible for Better Energy asset management and services for all three Better Energy products: power plants, solar systems and green power. Activities include commercial management, operations and maintenance, power sales management and land management. Revenue from this business unit comes from the sale of services.

The business section Power Production & Asset Management is placed in BEAM.

BETTER ENERGY GENERATION A/S

Better Energy Generation A/S (BEG) is the independent power production business of Better Energy. BEG is a middle holding company for land and independent power production (IPP) projects in several markets.

One or more special purpose vehicles (SPVs) are created for each solar power plant project so that the projects are financially and legally independent. All solar project rights and obligations are held in the SPV.

Green power is the Better Energy product generated by these SPV facilities and sold to off-takers through power purchase agreements (PPAs). Revenue from this business unit comes from the sale of green energy.

Better Energy A/S

Company	Better Energy Management A/S (BEM)	Better Energy Solutions A/S (BES)	Better Energy Asset Management A/S (BEAM)	Better Energy Generation A/S (BEG)
Solution	**Power plants**	**Solar systems**	**Asset management**	**Green power**
Activity	Markets, development and finance	R&D, EPC and grid	O&M, commercial, land and power sales management	Holding land and independent power production (IPP) plants
Revenue	Sale of power plants	Sale of solar systems	Sale of services	Sale of green energy

06

MARKETS

MARKETS

Our ultimate goal is to repower a country and empower its people through clean and affordable energy.

MARKET ENTRY

During 2017 and 2018, Better Energy used a market assessment model to ensure low risk market entry with gradual resource commitment. We focused on markets in which we could become market leader and strongly impact the market's transition towards green energy.

MARKET STRATEGY

Better energy means a better future. Countries need a stable supply of energy as a foundation for growth and prosperity. Access to clean and affordable energy means power for health, education and income.

We want to move our markets from energy technologies and dependencies that cause problems to solutions that solve them. We want to stay and improve, not cut and run. We firmly establish ourselves in markets where we can play a pivotal role and achieve long-term impact that matters.

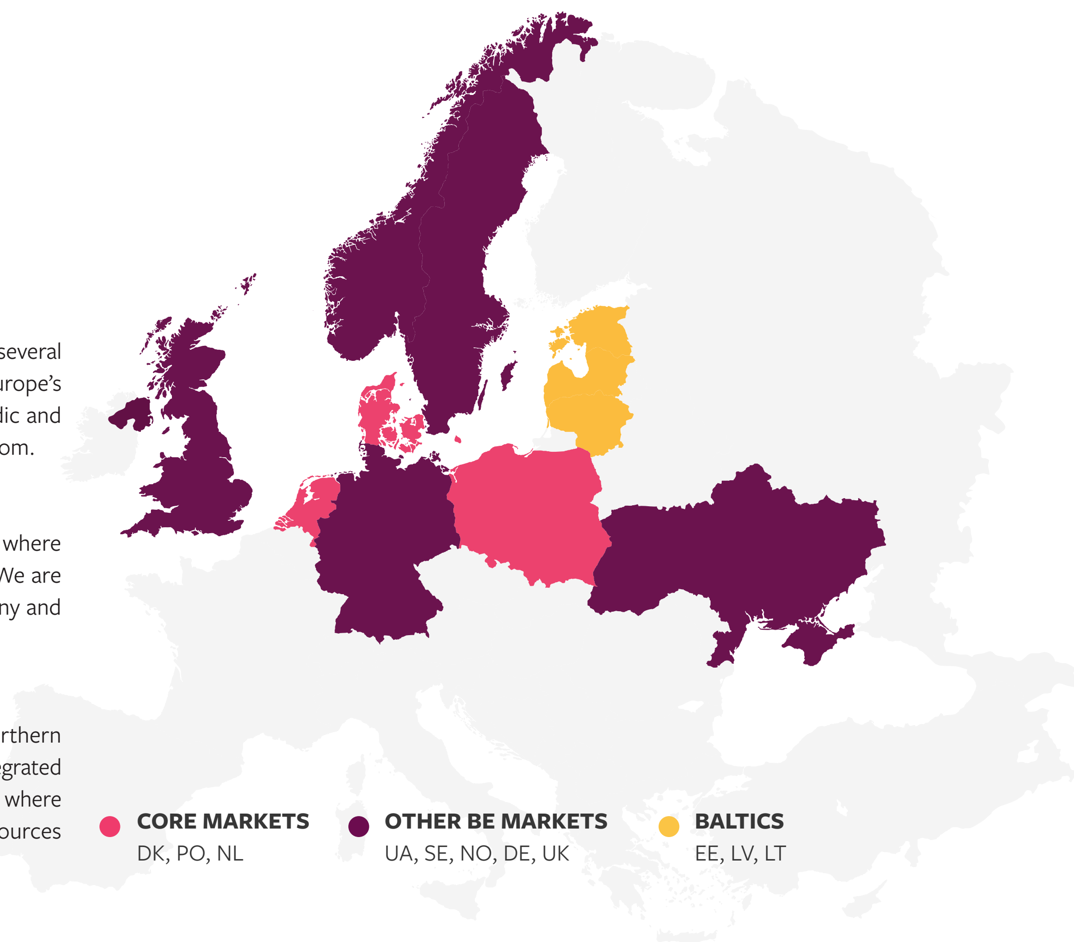
GEOGRAPHIC CONCENTRATION

Our operations have expanded from Denmark to several countries in the Nord Pool region. Nord Pool is Europe's leading power market and operates in the Nordic and Baltic countries, Germany and the United Kingdom.

Our core markets are Denmark, Poland and the Netherlands. These are strong growth markets where we have built up a strong pipeline of projects. We are also active in Ukraine, Sweden, Norway, Germany and the United Kingdom.

NEW MARKETS

We will continue to have a strategic focus on Northern Europe and the Nord Pool markets, where our integrated business model works well. We will concentrate on where we can best utilise our technology, expertise, resources and financial partners.



07

TRENDS

TRENDS

GLOBAL ENERGY DEMAND RISING

Structural megatrends will drive global energy demand significantly going forward. Energy is a critical resource for the expansion of the world's population, economic production and urban areas. According to the International Energy Agency (IEA), the world population is expected to increase over 20% by 2040, and the global economy is expected to grow at an average rate of 3.4% per year from 2017-2040. The global urbanisation rate is projected to rise to 63% in 2040, adding 1.7 billion people to the urban population. Global energy needs are expected to expand by 30% towards 2040.

POSITIVE POLITICAL SENTIMENT

In general, strong political support exists for an energy transition towards renewable energy sources in Europe. The current EU 2020 target is 20%, and the new 2030 target states that renewables should constitute 32% of the final energy consumption. Policies to meet EU targets for renewable energy and energy efficiency will result in strong progress in this region.

SOLAR PV

According to the IEA, solar PV accounted for over 37% of global renewable capacity expansion over 2012-2017, and the share is expected to increase to over 50% in the next six years due to policy support and decrease in LCOE. Solar PV power output is expected to triple from 2018-2023, with 575 GW expected to become operational. Utility-scale projects represent 55% of this growth. The European Union is expected to have the second-largest growth market in this forecast period, ahead of both the United States and India.

PPA

Bloomberg New Energy Finance (BNEF) reports that 13.4 GW worth of clean energy power purchase agreements (PPAs) were signed in 2018 by 121 corporations in 21 different countries, shattering the 6.1 GW record set in 2017 and positioning corporations alongside utilities as the biggest buyers of clean energy in the world.

RE100

The RE100 initiative is creating a new realm of opportunity for the renewable energy industry. The RE100 initiative is run by The Climate Group in partnership with CDP. It now includes over 160 companies from around the world which have committed to 100% renewable electricity. According to BNEF, these RE100 companies need to purchase an additional 190 terawatt-hours of clean electricity by 2030 to meet their targets, which could in turn spur the development of approximately102 GW worth of new wind and solar capacity.

+20%
POPULATION GROWTH

+3.4% p.a.
GDP GROWTH

+63%
URBANISATION BY 2040

08

PERFORMANCE & OUTLOOK

ACTIVITIES IN 2018

OVERVIEW

During 2018, we successfully transitioned from a national leader to an international energy company on Northern European markets. Our focus was on gaining a foothold in new markets outside of Denmark to expand the geographic spread of our project portfolio rather than simply focusing on constructing more capacity. Pilot projects were successfully carried out as proof of concept in Poland, the Netherlands and Ukraine, working projects that have verified the potential of our product solutions and demonstrated the feasibility of our methods.

In 2018, we further bolstered our organisation, aligned our processes, further developed our Better Energy solar systems and sealed partnerships with internationally respected customers, suppliers and financial institutions.

Better Energy continued to build up a large pipeline of land and projects in our core markets of Denmark, Poland and the Netherlands. Securing suitable land is critical as we have entered an era in which renewable energy is being produced at market level on many markets. We are focused not only on securing land but also on securing it in the right way through community engagement.

In 2018, Better Energy completed the development, construction and grid connection of two power plants in Denmark and also completed utility-scale pilot projects in Poland and Ukraine. A 2 MW project was completed in the Netherlands and will be grid connected in 2019. Better Energy ended the year with a total established capacity of 229 MW. Accumulated production of electricity in 2018 from assets under management totalled 343 GWh.

At the end of 2018, our pipeline of projects under development amounted to 1,281 MWp ready to build in the coming years with land rights secured by options. This ensures our partners and investors that we have the means to further scale up our operations in our core countries.

During 2018, we strengthened our development team. We added strategic hires to provide additional support within land surveying, environmental and planning law to accommodate our growth.

In 2018, we expanded and structured the service arm of our group, Power Production & Asset Management, with major services associated with all three of our products: operations & maintenance (O&M), commercial, land and power sales management.

DENMARK

The first two projects completed in 2018 were located in Denmark. A combined total of 32 MW new green energy capacity was brought to the grid from the two plants of Vollerup and Nees, the lowest subsidised plants operating in Denmark to date. This MW capacity was awarded to Better Energy in the 2016 Denmark-Germany cross-border auction for a European record-low premium.

The first 25 MW park was completed in Vollerup on an area of 33 hectares. The second 7 MW project was added to the Nees project of 50 MW which was completed in 2017. Better Energy partially divested both power plants in 2018.

At the end of 2018, a Better Energy power plant for over 125 MW was ordered by Heartland (Bestseller's parent company) to be delivered in 2019-2020. Additionality, the fact that new renewable energy capacity would get built and added to the grid, was an important aspect of the new agreement. This plant is expected to be the first subsidy-free plant built in Denmark and the largest in MW to date in the country. Bestseller will enable the construction of the subsidy-free plant. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings under the PPA.

We experienced a significant increase in the orders for our Better Energy solar system EPC in 2018. We completed over 45 rooftop solar and smaller scale installations. The primary customers were housing organisations, accounting for approximately 50% of revenue. The customer NREP (Nordic Real Estate Partners) ordered rooftop systems to be installed on five Logicenters logistics facilities. The rooftop systems will be installed on nine buildings in five Danish cities in 2019. Over 1 MW will be installed on most of the buildings.

We continued to develop our EcoPark power plant concept in 2018. An EcoPark is a power plant that is specially designed and engineered with dual-land use in mind. The goal is to use the same land area for multiple purposes and productions. For example, a solar plant can be combined with raising livestock and growing crops. Crops that do not use pesticides positively affect biodiversity and protect groundwater. Throughout the summer of 2018, animals were grazed on three Danish solar plant. Sheep grazed at Købelev, and ducks were grazing at Nees and Horslunde.

In addition to developing, engineering and maintaining solar power plants, Better Energy sold future green energy projects directly to commercial and industrial customers through power purchase agreements (PPAs) in 2018.

In a new type of financial partnership with Better Energy, Danish restaurant chain Cofoco became co-owner of a Better Energy solar plant covering six hectares in July 2018. The solar plant is located in Nees and produces more than enough power to cover the energy needs of all Cofoco's restaurants. The partnership is a first of its kind in Denmark.

Better Energy continued its cooperation with the Danish Green Investment Fund in 2018 with project financing for two new plants, a total of approximately DKK 120 million. In 2017, Better Energy had previously secured over DKK 250 million in financing from the Danish Green Investment Fund for four projects in Nees.

After a year of high activity, our pipeline of land under development in Denmark totalled 1,000 hectares, amounting to 870 MW of capacity.

POLAND

In November and December 2018, we constructed and grid connected pilot projects in Poland amounting to 10 MW in Brusy, Kaliska, Brodnica, Mikolajki, Zblewo, Morzeszczyn and Oleszno. All of the projects were divested in 2018.

In Poland, a development portfolio of 30 MW was ordered as contract works in 2018. This portfolio will be constructed in 2019 with Better Energy as the EPC contractor.

Although Poland was a new market for Better Energy in 2018, by the end of the year we had secured 559 hectares of land and built up a substantial pipeline of projects totalling 336 MW.

THE NETHERLANDS

In the Netherlands, a successful 2 MW pilot project was completed for Plaza Foods in Nijmegen in 2018. Project development focus in the Netherlands is on industrial and utility-scale projects. The Dutch industry expects a new installed capacity growth of 2 GW by 2020 and a total of 5 GW installed capacity by 2028.

In 2018, we began developing our first 2 MW floating project in Middenmeer with Dutch multi-utility company ECW. The Netherlands is a market for floating solar because of all the shallow inland waters in the country.

We established working relationships with ING Bank, Triodos Bank and ASN Bank.

We ended the year with over 50 MW under development and we plan to construct 12 MW in 2019.

UKRAINE

Better Energy successfully constructed a 19 MW solar plant in Ukraine. The Ganska pilot project consists of 59,000 modules and is located the southern part of Zhytomyr oblast, east of Berdychiv.

It will start delivering green electricity to the Ukrainian national grid in 2019. The solar plant constructed in Ganska was partially divested to The Danish SDG Development Fund. The fund, which was launched in June 2018, made its first investment in the 19 MW Ganska project. The Danish SDG Investment Fund is a public-private partnership funded by the Danish state, the Danish Investment Fund for Developing Countries (IFU) and several private investors. The Ganska solar power plant received financing from NEFCO (Nordic Environment Finance Corporation).

Better Energy EcoPark ideas were adopted in Ukraine. An EcoPark adapts to what is unique about a particular site, geographic region, and social community. This makes it highly adaptable and attractive to foreign markets. At our Ganska project in Ukraine completed in December 2018, ponds were created for water management and plans have been made to graze sheep and plant blueberries.

By the end of the year, we had secured a development pipeline of 23 MW.

NORWAY

Better Energy also obtained project rights for a wind project in Norway, paving the way for new technology solutions combining wind and solar. Better Energy partially divested the project rights obtained in 2018.

TECHNOLOGY DEVELOPMENT

Our ability to continually develop new technology is key to our ability to achieve impact on a significant scale in the future. We can only remain frontrunners in the industry by continuing to challenge the status quo and push the boundaries of technology.

In 2018, we worked on possible future hybrid energy solutions and storage, combining our expertise in solar systems with other elements such as wind and hydrogen.

In June 2018, Better Energy supplied a solar system for the world's first energy self-sufficient housing complex project located in Vårgårda, Sweden. The solar-hydrogen Vårgårda project is a breakthrough in clean energy and sustainable building – an off-grid housing block powered 100% by sun and hydrogen. When the complex is completed and fully operational, a total of 172 flats in six housing blocks will be capable of operating completely free from external energy sources.

FINANCIAL PERFORMANCE

OVERVIEW

The year 2018 was yet another satisfying and productive year for Better Energy and a year of continuing business development and opportunities. We delivered positive results and built up an even stronger foundation for the future. Our competitiveness provides us with the resources to prioritise and take advantage of the best opportunities to scale up the green transition.

The resources dedicated to advancing our energy technology were well spent. Our systems are outstanding and performing well. We also invested resources in onboarding new talent for our management teams.

We continued to refine our business processes of development, construction and operation, and expanded our value chain. These factors contributed positively to our overall growth, return on invested capital and our strong margins.

Income was positively influenced by substantial gains from divestment of solar plants and contract works. These sales impacted revenue and direct costs, and thus net profit.

The figures for 2018 are a direct add-on to the strong figures for 2017. In 2018, Better Energy purchased the remaining 40% of the shares in AT-Solar ApS and it was renamed to Better Energy Solutions A/S. The company structure is now in place to secure continued growth for the future.

INCOME STATEMENT

Revenue

Consolidated revenue reached DKK 424 million in 2018, up from DKK 342 million in 2017. This revenue was generated by divestment of solar plants, contract works, sale of project rights, income from asset management and other fees. In 2018, Better Energy's greatest source of revenue was the divestment of solar plants and contract works. This revenue totalled DKK 401 million.

Divestment revenue regarding solar power plants amounted to DKK 169 million in Denmark. Poland contributed with DKK 60 million in revenue, and Ukraine contributed with DKK 97 million.

Revenue from contract works amounted to DKK 75 million, growing from DKK 11 million in 2017, which indicates the future potential of this business area. Revenue of DKK 47 million was generated in Denmark, and DKK 28 million in Poland. The contract works generate revenue according to the stage of completion, which potentially leads to income over several years.

Income from asset and land management amounted to DKK 7 million in 2018, which is DKK 3 million higher than in 2017.

EBITDA

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) increased to DKK 104 million from DKK 91 million in 2017. This increase was mainly driven by gains from divestment of solar power plants and contract works.

Operating profit

Operating profit reached DKK 101 million, up from DKK 90 million in 2017 due to a higher EBITDA. This demonstrates that the core business of Better Energy has improved in 2018. Depreciation increased from 1 million in 2017 to DKK 2 million in 2018.

Income from investments in associates

Income from investments in associates came to DKK -16 million against DKK -1 million in 2017. This result is mainly due to the partial sale of the Ukrainian pilot project to IFU and the partial sale of Vollerup, Denmark. Better Energy now holds 48.7% of the Ukrainian project and 49% of the 25 MW solar plant in Vollerup.

Financial income/expenses

Net financial income came to DKK -2 million down from DKK 2 million in 2017. The increase in the net financial expenses is mainly attributable to the fact that Better Energy incurred additional financing costs resulting from increased construction activities during the year.

Tax

Tax on profit amounted to DKK 18 million, compared with DKK 14 million in 2017. The effective tax percentage in 2018 was 22% and affected both positively and negatively by non-taxable and primarily non-deductible transactions from divestment of solar power plants.

BALANCE SHEET

Total assets increased from DKK 221 million at the end of 2017 to DKK 366 million at the end of 2018. This increase is due to a higher activity level and has affected both fixed assets and current assets with increases of DKK 71 million and DKK 73 million, respectively. Furthermore, equity and liabilities increased by DKK 41 million and DKK 103 million, respectively.

> **"The year 2018 was yet another satisfying and productive year for Better Energy and a year of continuing business development and opportunities."**

Equity
At the end of 2018, equity amounted to DKK 128 million compared with DKK 87 million at the end of 2017. This net increase of DKK 41 million was due to the net profit less paid dividend.

CASH FLOW STATEMENT

Cash flows from operating activities came to DKK 51 million in 2018 against DKK 81 million in 2017. This includes a negative change in net working capital of DKK 64 million. Cash flow from operating activities were highly affected by the high activity level in 2018.

Cash flows from investing activities came to DKK -102 million in 2018 against DKK -17 million in 2017.

In 2018, major investments included the following:

- Construction of solar plants
- Purchase of land
- Acquisition of shares

The major disposals in 2018 were:

- Sale of subsidiaries

Cash flows from financing activities totalled DKK -29 million in 2018 against 19 million in 2017. In 2018, Better Energy received proceeds from borrowings (long-term loans from credit institutions) and from issuing bonds. In total, Better Energy has received DKK 45 million from borrowings and bonds. This was offset by the payment of DKK 20 million in dividends to shareholders and on instalments on long-term liabilities. During the year, Better Energy issued a bond of DKK 6 million which will mature in December 2023. Furthermore, a bond of DKK 10 million will mature in December 2022 and a bond of DKK 5 million will mature in December 2019. The Executive Board plans to repay the outstanding amounts with available cash at maturity.

The net decrease of cash and cash equivalents amounted to DKK 80 million in 2018 compared with an increase of DKK 82 million in 2017.

CAPITAL MANAGEMENT

Better Energy constantly monitors liquidity in order to mitigate any shortage of funds. At the end of 2018, the cash balance amounted to DKK 12 million of which DKK 10 million was free cash. The Executive Board and the Board of Directors evaluate that Better Energy has sufficient available cash.

The Board of Directors and the Executive Board are continuously investigating opportunities for corporate finance, equity finance partners, and long-term non-recourse project finance to optimise the capital stack at the lowest cost of capital. The Board of Directors and the Executive Board expect to be able to attract further funding for development opportunities, construction projects and long-term finance.

Better Energy secured a corporate credit facility for approximately DKK 600 million (EUR 80 million) after the balance sheet date to support our growth and scale in the deployment of solar energy capacity in the coming years.

LOOKING BACK, MOVING AHEAD

OUR GOALS FROM 2017

The focus in 2017 was to bring scale to markets. We expected to build depth to increase the pace of the green energy transition in Denmark, the Netherlands, Poland and Ukraine. We were preparing to construct our ready-to-build solar projects in these four markets and to continue our development activities and strengthen our leading role in the Northern European markets.

In addition, we were encouraged to further develop and implement our Better Energy EcoPark concept, combining solar energy production with organic farming and supporting social engagement and biodiversity.

We expected corporate financing for large renewable energy projects to become increasingly important and continue to strengthen in 2018. Corporate and institutional investors were showing interest in partnerships that could bring long-term, stable cash flows and new upsides. Better Energy would continue to build an extensive pipeline of suitable land and bankable projects to support our impact strategy.

REACHED GOALS IN 2018

We reached our goal of constructing our ready-to-build projects in four markets. In 2018, we developed and constructed two solar power plants with a total capacity of 32 MW in Denmark. In Poland, we developed and constructed solar power plants with a total capacity of 10 MW. In the Netherlands, we developed and constructed a 2 MW solar power plant that will be grid connected in 2019, and we also completed a 19 MW project in Ukraine.

We moved forward with our Better Energy EcoPark, grazing animals on solar plants. Living animals add additional considerations for land use and the environment, so development continued with controlled breeding areas and test sites.

We reached a historic milestone in the transition to a sustainable energy system in Denmark with the announcement of the first Danish subsidy-free, large-scale solar power plant. The solar power plant was ordered by Heartland in 2018 and will be constructed in 2020. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings under a power purchase agreement (PPA).

Better Energy also achieved its goal to build up a land and project pipeline in 2018. By the end of the year, our pipeline of projects under development amounted to 1,281 MWp ready to build in the coming years with land rights secured by options. This ensures our partners and investors that we have the means to further scale up our operations in our core countries.

LOOKING AHEAD TO 2019

In 2019, we will continue to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. To accelerate the green transition in these markets, we will focus on large-scale solar energy capacity where we can make the greatest difference in terms of impact and affordable prices.

To reduce cost and increase scalability, we will further sharpen and advance our integrated business model. We will continue to form partnerships and strengthen relationships with our stakeholders in critical areas to ensure effective operations and scale.

We will continue to form partnerships and positive relationships with local municipalities and communities to achieve local benefit and support for our power plants. We plan to cooperate even closer with national and local grid operators to develop and utilise grid capacity optimally.

Commercial and industrial energy consumers are expected to become leading purchasers of clean energy in the future. We will actively encourage organisations to purchase green energy which will enable us to add more renewable energy in the energy supply.

We will also ensure that our capital partners and investors reach their objectives in order to fund the transition to a renewable energy economy.

We expect an increase in activity in 2019 and growth in revenue. Growth in revenue is driven by growth in the deployment of solar energy capacity. We do not expect the same increase in our result/EBITDA as a natural consequence of our work to drive down the price of solar energy.

EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, Better Energy has secured a corporate credit facility for approximately DKK 600 million (EUR 80 million). This facility provides Better Energy with sufficient capital to support our growth and scale in the deployment of solar energy capacity in the coming years.

09

PEOPLE

PEOPLE WITH A PURPOSE

Success in our four business areas – from land to energy – depends on our people. Having the right skills is only a part of it. We look for cultural fit, colleagues who will contribute to the unique culture that makes Better Energy a dynamic, fun, inspiring place to work. We look for individuals who share our entrepreneurial spirit, drive and commitment. Everyone who joins us must be ready to make an impact that matters.

In 2018, we built up our organisation within all functions. We focus on building highly skilled cross functional teams to drive the business across the value chain.

Over the past year, 29 employees joined us. Although this is a large increase in staff, our strategy is to remain a streamlined, lean and flat organisation. Each individual has a purpose and a special function to make an impact.

Operating in diverse markets requires a diverse team of specialists. In 2018, we were joined by international talents with knowledge of the local culture, language and regulations in our target markets. The new faces of Better Energy add diversity in age, gender, culture and educational background. We now speak more than 11 different languages. In 2018, we also increased our share of women in senior positions. A woman was added to our Board of Directors, accounting for 20% of the Board.

INTERVIEW
CHRISTOFFER FRUERGAARD LARSEN

Director, Project Development & Project Finance

HOW DID YOU BECOME A PART OF BETTER ENERGY?

It was May 2015 and I had started on my master's degree in finance and investments. I began as a student assistant working with financial analysis and market analysis. Back then, there weren't so many of us. I had a lot of responsibility and felt more like a regular employee than a student assistant. I was working with financial models, and to some extent, I also do today. My analysis was used in decision making.

That was one of the biggest surprises to me. When I prepared material, it could be used in decision-making processes and as a means for accomplishing real financial objectives. It was not merely a document for internal use.

The final product in Better Energy is not an intangible investment product. The focus is on facilitating the construction of a solar power plant that generates energy. A week into the job and I was completely motivated to join Better Energy.

WHAT HAS YOUR PATH BEEN AT BETTER ENERGY SO FAR?

After 1 1/2 years as a student assistant, I joined Better Energy as a full-time Analyst. It was a natural transition for me. I enjoyed having more time to claim more responsibility and work 100% on driving the development of my own project assignments. I moved on to Transaction Manager after another 18 months, and today I'm responsible for Project Development & Project Finance.

Time has flown by! But when I look back, I see the tremendous development in Better Energy. So many things have happened in a short span of time.

WHY DID YOU CHOOSE TO STAY?

I have always seen the big ambitions of Better Energy and the possibilities for development. I have never felt that I should be somewhere else than Better Energy.

I am happy to be in a workplace where you can participate in different processes in the company. It gives me a better understanding of the different aspects of the business and how they come together. As an employee, I have had a hand in the business development of Better Energy, and I think that is a rare thing to say.

> **"The final product in Better Energy is not an intangible investment product. The focus is on facilitating the construction of a solar power plant that generates energy."**

I think many people dream of being a part of a business adventure where they immerse themselves in something small and then help develop and expand it. It is probably something that I have been seeking and something which I have found in Better Energy. Mostly because of the people who are involved in managing Better Energy, but also because of my own work effort.

When you do well in a larger, more established company, you move up the ranks. This is different in Better Energy. I feel like I am a part of the company.

HOW HAS BETTER ENERGY CHANGED?

Better Energy has always had a flat organisational structure. A lot of work is conducted across departments. This means that individuals get a lot of freedom with responsibility. There are always general guidelines and it is up to the individual to ensure that things are implemented. We have grown a lot as a company, especially in the last year, and this requires more structure. In Better Energy, there is a lot of trust in an individual's ability to assess.

HOW DID THE INDUSTRY AFFECT YOUR DECISION TO JOIN BETTER ENERGY?

Renewable energy is a product that makes sense in every way. Better Energy's work with solar plants has been perfectly timed. In the beginning, we covered a small percentage of the value chain, and our vision has always been to be able to cover the entire value chain. There are unprecedented opportunities for development in this industry, and it's all about expanding Better Energy.

When I started, the industry was dependent on large subsidies. Thus, the industry was driven by governmental support. Today it is different, solar energy runs on market terms and is as competitive as fossil fuels. Until now, the use of fossil fuels was somewhat justified, but that is no longer the case. There are no limitations for green energy. The market for green energy is so big that you can barely comprehend it. There will be a huge demand for green energy, and for Better Energy. It is simply a matter of finding the best ways to stay innovative in our approach.

10

RISK MANAGEMENT

RISK MANAGEMENT

OUR APPROACH

We operate in fast-growing and fast-changing energy markets. Balancing risk and opportunity is critical to business growth and success. There is no business opportunity and success without some degree of risk.

Risks are defined as factors that impact our ability to create value and achieve strategic targets of the group. Some risks are relevant on a group level, while other risks apply to certain phases of project life cycles. Many of these risks are associated with specific projects and isolated in special purpose vehicles. Risk factors can also develop in our favour, for example, market prices, government policy, and demand.

We view risk management as a method for avoiding risks or minimising their impact while proactively seeking opportunities that can bring us competitive advantage and growth. To identify risks and opportunities, we look beyond our own operations to consider the concerns of stakeholders and the market environments in which we operate. This approach helps us to develop a broader view of the issues affecting our company and our ability to create value.

Risks are assessed and managed on an ongoing basis. We determine our risks through a review process, drawing on internal expertise, including financial, engineering, legal and compliance specialists. Our matrix organisation allows us to have a continual overview of our internal capacity.

POLITICAL AND REGULATORY RISK

The renewable energy sector is subject to government regulation. Governmental policies and priorities concerning energy and renewables change according to political and economic conditions and vary during the lifetimes of renewable projects.

The reduction or discontinuation of support mechanisms such as feed-in tariffs or tax incentives may negatively affect predicted cash flows of operating and future projects. Policy risk can include curtailment of electricity generation and changes to prices. These may be both future and retroactive adjustments.

Changes in policy may affect areas such as permitting, net metering, tax law and grid connection, sometimes with retroactive effect, which may cause project delays and reduced performance. Political instability, level of corruption in a country, economic development and uncertainty of legal systems can increase the cost of capital and decrease profitability.

Better Energy mitigates these risks by proactively and constructively engaging with government policymakers, regulators and industry groups to influence changes. In 2018, Better Energy continued to engage with ministries, embassies and trade associations of several countries to share knowledge and advice on transitioning energy systems to deliver cost-competitive green energy on a mass scale. Establishing a local presence in our markets enables us to foster long-term government relations to stay closely updated and to support further development.

Geographical diversification, SPV structures, and long-term PPAs reduce political and market risk. Ensuring that our systems and partnerships are agile improves our ability to quickly adapt to changing market environments.

FINANCIAL RISK

Funding and liquidity

Better Energy is an innovative group in a high-growth stage, and as our group expands internationally, we must continue to raise debt and equity capital for activities and access liquid capital. Sufficient capital and liquidity management ensure a healthy financial foundation and successful business operations.

Strong growth requires additional funding in the form of corporate debt, equity and non-recourse project debt. The group would miss or delay market or project opportunities if it does not have access to the right amount of capital on acceptable terms at the right time. Delayed projects result in delayed income from the projects, and this in turn affects cash flow.

To increase our opportunities and reduce risk, we use partnerships and strong collaboration to set payment agreements with suppliers and funders.

Capital needs must be met throughout the entire renewable asset life cycle of development, construction and operation. Increasingly, investors are interested in creating new funding collaborations earlier in the project development process. This creates new opportunities and added value creation for both parties.

In project finance, any financial capital that is required will be repaid from the revenues of the project. Thus, project finance requires positive cash flow and increasing the certainty of cash flows is an underlying goal. We mitigate liquidity risk by strictly controlling and monitoring cash flow, improving project technologies and revenue.

In 2018, we expanded our Capital & Strategy business section to ensure that Better Energy continuously maintains a balance between strategic growth, profitability and liquidity. Capital & Strategy continuously coordinates the composition and timing of financial resources, instruments, products and portfolios to match capital needs. Innovative and integrated capital management mitigates financial risks.

Exchange rates

Better Energy operates internationally and imports a number of components that are paid in foreign currencies. Through these operations, we are exposed to the variation in currency exchange rates, which can be both negative and positive. In 2018, we expanded our operations in Poland, the Netherlands and Ukraine.

In 2018, we used supplier partnership arrangements to pay into fixed rate accounts for major power plant components. We also utilise SPV structures to minimise foreign currency risk on foreign investments.

Interest rates

Large renewable energy projects are capital intensive. The majority of capital raised through project finance is debt, making interest payments a significant expense and an important factor in the cost of renewable energy. We minimise variable rate debt and use debt instruments such as bonds with fixed interest rates to mitigate interest rate risk.

Debt is often expensive in rapidly developing markets. Partnering with international development funds, our own capital, and equity partners decrease the need for expensive debt.

HUMAN CAPITAL RISK

Better Energy is highly dependent on recruitment and retention of talent. Our operations require specific skills and expertise, and achieving our growth strategy requires people with matching values and mindset. The right organisation is vital to our current and future success. There is a risk that we may have difficulty hiring the required human capital without diluting the level of talent, and a risk that we may not retain our experienced specialists after using resources to develop them.

OPERATIONAL RISK

Renewable energy producing facilities provide a solid foundation for our business activities. Better Energy is responsible for the engineering, development, procurement and construction of most of our projects. Optimal design, quality, testing and professional monitoring prevent many issues that can arise later. Our industry experience combined with our time-tested Better Energy solar system with proven and reliable technology greatly reduce and eliminate many risks during the project development, construction and operation phases.

Development

There are relatively few risks in the development phase. In case access to land is not gained through leases but through land purchases, there will be additional costs involved for the land purchase. The greatest risks are related to approval processes for licences, permits, agreements and grid connection. Our in-house financial, legal and technical teams and management continually assess new opportunities. Only when we are confident that we control downsides and risks at an acceptable level do we commit resources to an opportunity or to entering a market.

We continue to fill up our pipeline with thousands of hectares of available land and many projects that are under development and ready-to-build. A large development pipeline and geographic spread ensures that we have many options to continue our strong growth.

Construction
Components and materials comprise a substantial amount of total solar power plant costs. Cost fluctuations of components and materials used to construct our plants may affect the profitability of the projects, and this could reduce earnings. Forming partnership agreements with major Tier 1 suppliers and service providers allows us to influence price and payment terms.

Negative developments in cost or availability can also provide opportunities to engineer and produce our own components, for example, installation mounts.

Project delays
Project delays can be caused by country-specific licensing, permitting and approval procedures that are lengthy and complex. The number and sequencing of these requirements vary from market to market, and they are subject to changes in regulation. Project delays can potentially increase construction costs, result in the loss of subsidies and decrease the profitability of a project. Better Energy has a proven track record of delivering utility-scale projects on time and with outstanding technical standards. We also have experience negotiating and drafting agreements to mitigate many risks.

We also mitigate these risks through our dialogue with local and national government authorities.

Unexpected and inclement weather conditions can interfere with building progress on site or reduce the production and projected revenue of projects. Combining our experience with constant monitoring and weather forecasting in the areas where our assets are located reduces possible impacts. In addition, Better Energy engineers its own systems to withstand extreme weather conditions and to increase the lifetime, durability and resilience of our systems.

Power connection infrastructure, grid capacity
The timing of grid connection, capacity and strength of the grid, and access to the grid are all risk factors that could cause project delays and reduced revenue. As the growth of intermittent energy sources rapidly increases on the grid, there is also greater risk of overcapacity at certain times and curtailment of production, which could reduce revenue.

Grid connection is generally performed by a third party, so close communication is key to ensuring that grid requirements are met. Delay in grid connection will delay the start of commercial operation and production income.

Our strategy of having a strong local presence in our markets enables us to keep in contact with local utilities and operation managers of distribution networks. Our goal to drive grid development and stable energy supply in emerging countries is also a push towards a modern energy system with fewer risks.

We built up our asset management in 2018 and extended our value chain further with stronger grid balancing capabilities. Storage solutions under development will serve to reduce the risk of curtailment.

Electricity prices
Some of the income from our revenue streams is secured with fixed prices, for example, long-term contracts based on feed-in

tariffs, asset management contracts and power purchase agreements. Other income varies due to the fluctuating market price of electricity. As government subsidies decrease, exposure to the energy trading market will increase. Price variations could negatively affect projected revenues from the sale of electricity.

To mitigate this risk, we have strengthened our asset management knowledge in power sales and grid balancing. Storage solutions are also under development which will enhance our ability to sell electricity at optimal times. Geographic diversification across several different energy trading markets reduces the negative impact of price variations.

Off-taker risk
Green energy is sold by the SPV of a power producing facility directly to energy buyers, or off-takers, under power purchase agreements. These long-term agreements provide a source of crucial revenue for the SPV, but they depend on the creditworthiness of the off-taker. There is a potential risk that the off-taker fails to pay on time or fails to pay the full amount owed. We mitigate off-taker risk by evaluating the off-taker's financial history and business health prior to entering an agreement.

Cybercrime
Forms of cybercrime and attempts of fraud are potential risks to our business. Our IT equipment and systems could be targets of hackers or cybercriminals. We mitigate this risk by the continuous monitoring of our equipment for security issues by internal and external IT specialists. We also implemented a Fraud Procedure in 2018 to ensure that there are no money transfers made from employees to fraudulent sources.

11

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

This section constitutes our reporting in accordance with §99a and §99b of The Danish Financial Statements Act.

DEFINING WHAT SUSTAINABILITY MEANS FOR US

During 2018, we outlined our current sustainability efforts in our value chain – from land to energy – and how sustainability relates to the way we create value. We mapped out the five essential elements of success for our business model and the key internal and external parties involved with these critical elements. We prioritised our efforts. We worked on formalising our practices into new policies and procedures – and expanding the ones we have – to ensure that we work with certain critical principles and priorities across our business.

We are growing fast

We added 29 new employees in 2018 and carried out projects in three new countries: Poland, the Netherlands and Ukraine.

As our company grows, changes and faces new challenges, we need to ensure that our Manifesto continues to be a part of our daily business practices. As more people join us internationally, we need to preserve and continue to support a culture that upholds our ideas and values. We now operate in different countries, cultures and communities, with people from all different walks of life. The right thing to do may not always be obvious, and new policies and procedures become necessary.

How we get there matters

What we do every day makes the world more sustainable. How we do things along the way is just as important as the results we deliver. We enter markets to stay and improve, not cut and run. How we do business matters.

OUR BUSINESS

Purpose: Engineers of a sustainable future

Better Energy was born with the purpose of positive social impact. The idea that there had to be a better, faster way to transition to clean energy. The idea that affordable, clean energy should be available to all. We exist to have a profound effect on communities by advancing the transition towards a clean energy economy. We exist to create impact and value for our communities and other stakeholders.

Business model: Drivers of a renewable energy revolution

Our corporate structure, business model and operations are all aligned with our purpose. Better Energy is a values-driven company with higher values at the core of our business operations. Our head office is located in Copenhagen, Denmark and our core markets are Denmark, Poland and the Netherlands. We are also active in Ukraine, Sweden, Norway, Germany and the United Kingdom. We ended the year with a total of 54 employees, both full- and part-time positions, working to make a difference.

We engineer solutions for a better energy balance. We create value by designing, developing, constructing and maintaining solar systems which produce green energy. The green power generated by large solar power plants can be added to the grid or sold directly to commercial and industrial customers through power purchase agreements. Our four main business solutions are power plants, solar systems, asset management and green power. Better Energy's vision, solutions and vertically integrated business model drive the transition towards a clean energy economy.

Strategy: Impact that matters

We are realistic. We focus on what we do best and where our business model works best. Management met with all our teams in 2018 and encouraged all employees to sharpen their daily focus and only channel their resources into initiatives that create a real impact. We must concentrate our talents on fewer initiatives and on initiatives with potentially greater impact. Depth over breadth. Realistic and relatable. Our CSR strategy and our business strategy are one in the same: *Be impact that matters.*

Network and partner model with stakeholders

In 2018, we highlighted five essential elements that are necessary for us to deliver impact with innovative and intelligent solar power plants: solar systems, land, grid, power purchase agreements and capital. We excel in these five areas, but we do not do it alone. We form partnerships and positive relationships with our stakeholders in all five critical areas to ensure effective operations and scale. We ensure that we manage our partnerships and relationships effectively by using a Network and Partner Model, which we revised in 2018 to match our impact priorities.

STAKEHOLDERS

In 2018, we identified and mapped out our primary stakeholder groups in relation to the critical areas of our business. Stakeholders are groups of people who affect Better Energy or are affected by our operations: landowners, neighbours, municipalities, government, utilities, corporates, financial institutions, professional investors, grid operators, subcontractors and component suppliers.

Dialogue with stakeholders

We work to be proactive and responsive to the needs of our stakeholders. We began documenting our stakeholder engagement and dialogue more formally in 2018. We also began developing a more comprehensive community engagement policy and formal stakeholder engagement procedures. These efforts will continue in 2019.

Stakeholder interests and requirements

We gather information through dialogue that is a part of our business activities and ordinary interactions with our stakeholders. In 2018, we appointed an Executive Vice President of Sustainable Business & Public Affairs who carries out ongoing dialogue with national and local governments together with our project development teams. Our business covers the entire value chain, so we have many different stakeholders with diverse interests and concerns.

Out in the field, landowners and neighbours are interested in the impact of the power plants on their property, infrastructure and the surrounding environment. Similarly, government and municipalities are interested in access to green energy, the potential impacts and local value created by the projects. Specifically, they are interested in the protection of groundwater from pollutants such as pesticides and herbicides, and the usage of unproductive tracts of land in flood zones, the creation of jobs, and local community engagement and support for their sustainability goals and initiatives.

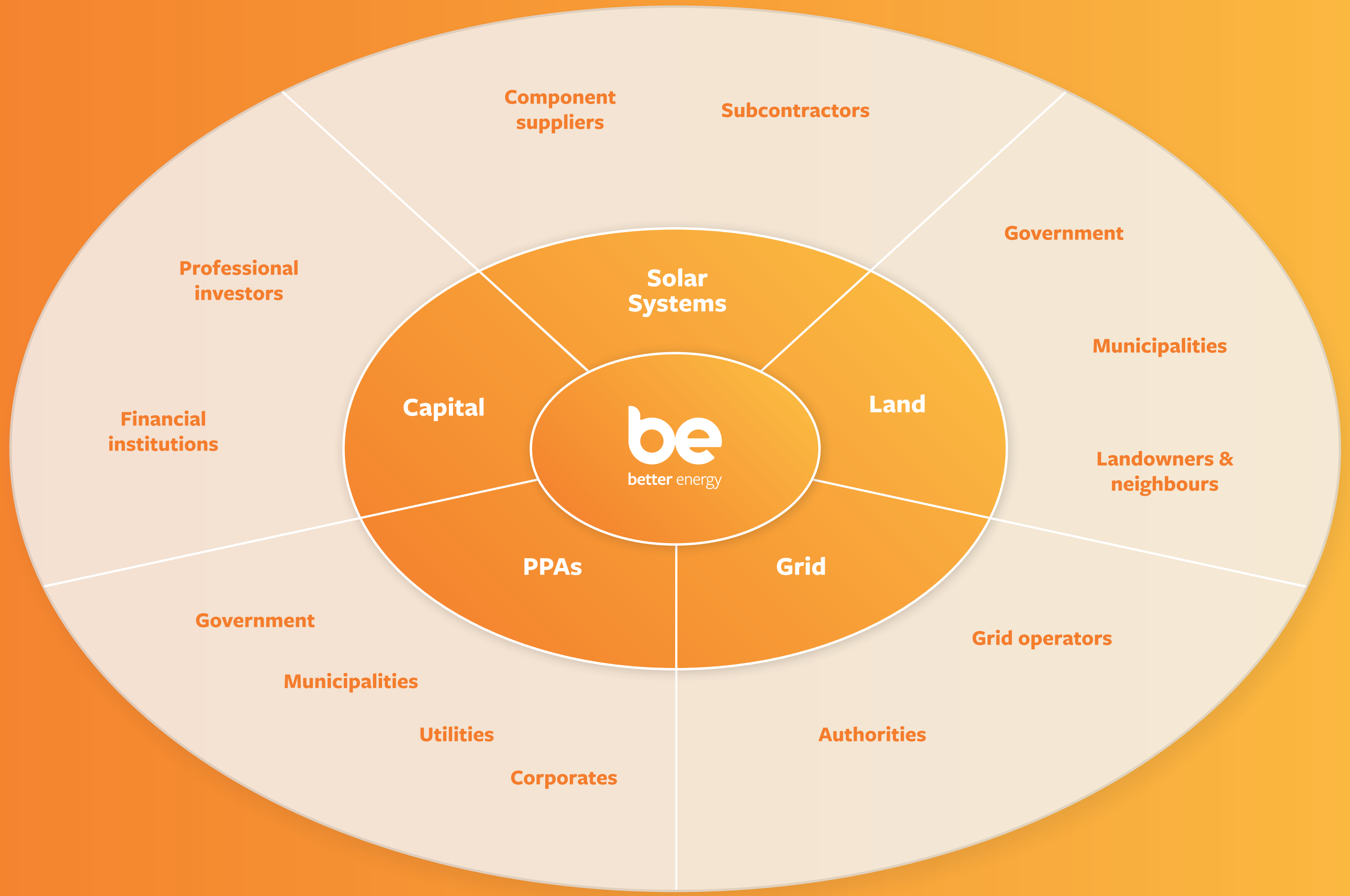
In the corporate sphere, financial institutions and professional investors require that we live up to international standards throughout our business. The International Finance Corporation (IFC) Performance Standards and the Equator Principles are commonly recognised as best practice to manage environmental, social, health and safety impacts. Before providing capital, our financial partners such as IFU and NEFCO conduct meetings and due diligence, and then specify detailed requirements.

Determining priorities

We assess which issues of highest concern for our stakeholders are also issues of high importance for Better Energy achieving its impact strategy. These issues were given the highest priority by our organisation and were the basis for this past year's policy work and action plans. The Code of Conduct is an outline of our group policy statements, including policy statements concerning sustainability. We began developing policies and procedures to support our Code of Conduct framework and priority stakeholder issues from our priority business areas in 2018, and this work will continue in 2019. We are committed to operate in line with the IFC Performance Standards and the Equator Principles.

Governance

Sustainability is anchored in management by the Director, Communications and Human Capital and the EVP, Legal & Compliance. They ensure that our sustainability efforts are embedded throughout our matrix organisation and through our local presence in core markets. The Board of Directors



and management approve policies and procedures as they are developed and review topics as needed. In 2018, we issued a Corporate Governance Policy that defines our governance framework, including CSR considerations.

POLICIES

We began drafting numerous policies and procedures, including a sustainability policy, community engagement policy, and a more detailed environment, health and safety policy in 2018. Environment, social, health and safety (ESHS) managers were appointed in 2018 who will oversee these areas. We will implement this new material together with our revised framework documents in 2019.

Framework: Manifesto and Code of Conduct

Two high-level policies embody our sustainability approach and govern our efforts. Both documents were revised in 2018 and the new versions will be introduced to all employees and business partners in 2019 in print and digital form through workshops and meetings.

Our purpose is written down in our Manifesto. We expanded our Manifesto in 2018 to include our impact strategy. Our Manifesto now describes our vision, mission, strategy, guiding principles and values. This forms the foundation of our business and the basis for proper conduct and respect for all individuals.

Our Code of Conduct is a continuation of these ideas and values. It is a framework of policy statements and standards ensuring consistency across our business. Our Code of Conduct applies to all Better Energy group employees and to consultants, suppliers, sub-contractors, distributors, partners, agents and any other third parties acting in relation to Better Energy. We also expanded and revised our Code of Conduct in 2018 to make it more user friendly and relevant for employees and business partners.

Our new recruitment and onboarding procedures drafted in 2018 ensure that our Manifesto and Code of Conduct are presented to potential and new employees in all countries.

Environment

Our formal policy statement on the environment is part of our Code of Conduct. Our suppliers must as a minimum follow local and international legislation and regulations with respect to environmental protection, including recycling to the greatest possible extent.

Land management and biodiversity are also elements of our environmental policy. Better Energy will work to promote and protect the local flora and fauna when establishing facilities and promote the welfare of animals associated with our facilities. In 2018, we established ground cover vegetation without the use of pesticides or herbicides to prevent land erosion and protect groundwater. Throughout the summer of 2018, ducks and sheep were grazed on three Danish solar plants. At our Ganska project in Ukraine, ponds were created for water management and plans have been made to graze sheep and plant blueberries. We actively engage with landowners and the local community through one-on-one and town hall meetings to ensure good land governance. We maintain open communication and record any complaints or concerns.

Risks could include negative impacts on the environment or waste of materials, resulting in increased operational costs or delays. Impacts such as noise, land disturbance, packaging waste, and waste water can occur during the construction phase. We integrate our installations with the natural surroundings as much as possible and only remove vegetation when necessary for construction. To minimise impacts, we restore land and infrastructure and establish conservation areas. ESHS managers and our in-house Legal & Compliance teams guide actions and ensure compliance. We began formalising our policies and procedures in 2018 in these areas, and our work will continue in 2019.

Our environmental goals relate to our four solutions – solar power plants, solar systems, asset management and green power – that reduce greenhouse gas emissions and make a positive impact on the green transition by adding new capacity to the grid. At the end of 2018, our pipeline of projects under development amounted to 1,281 MWp. Our first goal is to build 1 GW and this large pipeline puts us on track. We also initiated a project to collect environmental data from our own operations, including electricity consumption, CO_2 emissions and waste. We plan to complete the first results in 2019.

Social and employee relations

Policy statements for diversity and inclusion, discrimination and harassment, occupational health and safety, wages, hours and working conditions are all included in our Code of Conduct.

We value differences and we welcome people with new perspectives. Diversity is a key to our business strength and our ability to make an impact. We give employees the freedom to be authentic in a respectful workplace. Our employee handbook (Better Energy Guidelines) includes include relevant everyday work-related information.

Health and safety risk areas could be injuries at Better Energy sites. We mitigate these risks by enforcing strict health and safety guidelines and training both off and on site. A health and safety plan (PSS in Denmark) was prepared for all projects. Health and safety training was carried out on site at all projects and there were no accidents or injuries in 2018. Low diversity and discrimination could damage our reputation and cause difficulties recruiting and retaining talents.

Respect for human rights

Our policy statement on human rights is included in our Code of Conduct. We respect and promote human rights and we expect our suppliers to do the same.

Human and labour rights are a focus area in the development and construction of projects. Installation teams work intensively in different countries for relatively short periods of time, which could lead to human rights issues. Risks could include inadequate health and safety measures at the project site, lack of training, unclear employment terms and conditions and poor wages. Better Energy uses its own engineering, construction and procurement teams and controls human rights issues such as fair working conditions through local Better Energy offices. We also use third parties to audit suppliers. We have not identified any human rights violations in our supply chain in 2018.

Our goal in this area for 2019 is to formalise and implement procedures to ensure human rights, including stakeholder engagement and more detailed and integrated grievance mechanism.

Anti-corruption and bribery

In addition to the anti-corruption policy statement in our Code of Conduct, in 2018 we issued a separate Anti-Corruption Policy. This new policy covers gifts, facilitation payments, political and charitable contributions and how to raise concerns (whistleblowing).

Our policy states that Better Energy is committed to conducting business in an ethical and honest manner and has zero-tolerance for bribery and corrupt activities. Better Energy will constantly uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate.

In 2018, we also issued a Fraud Procedure and a Signature Rules and Management Procedure in order to prevent cybercrime and digital fraud, and to ensure that all decisions in the Better Energy group are taken in order to secure the business and values of Better Energy. The signature procedures were explained to small groups of relevant staff. A simplified cybercrime and digital fraud warning and procedure was sent by e-mail to all employees. The full procedures will be presented with the revised Code of Conduct in 2019.

Risk from corruption, bribery and fraud and breach of laws could arise in our supply chain and our relations with authorities and other third parties, which could result in penalties. We mitigate these risks with clear policies, directions and training for employees and due diligence of suppliers and partners. Long-term partnerships and local offices in core countries also reduce risk in these areas. We have not identified any breaches of our anti-corruption policy in 2018.

SDG

During 2018, we held a workshop and discussed how to incorporate the United Nations Sustainable Development Goals (SDGs) more formally and visibly. We would like to show our support for the goals and we would also like to make it clear for our business partners and customers exactly which ones we actively support. Our core business of renewable energy contributes to progress in many of the 17 SDGs, but through our business operations, we directly impact SDG 7, 11, 13 and 17.

GENDER DISTRIBUTION

Statement on the underrepresented gender at the highest governing body and at other management levels in accordance with §99b of the Danish Financial Statements Act

Diversion and inclusion principles

Our Employee Guidelines and our Code of Conduct include statements on diversity and inclusion that support equal opportunity. Diversity is a key to our business strength and our ability to make an impact. We look for the most qualified and relevant individuals who share our entrepreneurial spirit, drive and commitment – regardless of age, gender or ethnic background.

Highest governing body

In 2018, the Board of Directors decided to seek 40% representation of women on the Board by 2021. In 2018, a woman was added to our Board of Directors, accounting for 20% of the Board.

Other management levels

These management levels include our group Executive Management Team, group function and business section directors and managers. Our policy is to support the equal distribution of gender in leadership positions. We experience that many roles in our industry typically attract more men than women, so we identified specific measures to increase the proportion of women at our other management levels in 2018. We consciously took a more visual approach online, in our corporate communication material and in job postings to attract female candidates. We drafted new recruitment and onboarding procedures to ensure that we welcome and integrate new employees in a positive way.

Women accounted for 14% of our EMT and 21% of our group function and business section management at the end of 2018. Overall, we hired 50% more women in 2018 than in 2017. Our target is to increase the proportion of women at other management levels to 30% by 2021.

12

ASSURANCE STATEMENTS

STATEMENT BY THE EXECUTIVE BOARD & THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today considered and approved the annual report of Better Energy A/S for the financial year 1 January - 31 December 2018.

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

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group and the Parent Company's financial position at 31 December 2018 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2018.

We believe that the management commentary contains a fair review of the development in the Group's and the Parent Company's affairs and conditions referred to therein.

We recommend the annual report be adopted at the Annual General Meeting.

Copenhagen, 1 April 2019

EXECUTIVE BOARD

Rasmus Lildholdt Kjær
CEO

Ho Kei Au

Annette Nylander

BOARD OF DIRECTORS

Mark Augustenborg Ødum
Chairman

Mikkel Dau Jacobsen

Annette Nylander

Rasmus Lildholdt Kjær

Michael Vater

STATEMENT BY THE CHAIRMAN OF THE ANNUAL GENERAL MEETING

Approved at the Annual General Meeting on 1 April 2019

Ho Kei Au
Chairman of the Annual General Meeting

FORWARD-LOOKING STATEMENTS

This annual report contains information related to future events. These statements are not guarantees of future performance.

Forward-looking statements necessarily involve risk and uncertainty as they relate to future circumstances that are outside of our control. These factors could cause actual results to differ materially from our expectations.

As such, readers are cautioned not to place undue reliance on these forward-looking statements and Better Energy disclaims any intention and assumes no obligation to update or revise any forward-looking statement.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Better Energy A/S

OUR OPINION

We have audited the consolidated financial statements and the parent financial statements of Better Energy A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2018 - 31.12.2018 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 re-quirements are further described in the Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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, 1 April 2019

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Ørum Nielsen	Morten Aamand Lund
State-Authorised	State-Authorised
Public Accountant	Public Accountant
MNE no 26771	MNE no 41365

13

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

INCOME STATEMENT

For the period 1 January - 31 December

Note	DKK'000	2018	2017
1	Revenue	424,422	342,017
	Other operating income	0	33
	Direct costs	-293,497	-237,947
2	Other external expenses	-12,643	-5,349
	Gross profit	**118,282**	**98,754**
3	Staff costs	-14,663	-7,860
	EBITDA	**103,619**	**90,894**
4	Depreciation and amortisation	-2,180	-987
	Operating profit	**101,439**	**89,907**
	Income from investments in associates	-16,347	-502
5	Financial income	4,140	4,738
6	Financial expenses	-5,794	-2,917
	Profit before tax	**83,438**	**91,226**
7	Tax on profit for the year	-18,466	-13,687
8	**Profit for the year**	**64,972**	**77,539**

BALANCE SHEET

ASSETS

At 31 December

Note	DKK'000	2018	2017
	Administration agreements	310	388
	Goodwill and goodwill on consolidation	9,005	3,761
	Acquired patents and licenses	103	0
9	**Intangible assets**	**9,418**	**4,149**
	Land and buildings	43,141	20,461
	Tools and equipment	4,765	3,115
	Leasehold improvements	213	78
10	**Property, plant and equipment**	**48,119**	**23,654**
	Investments in associates	34,997	423
	Other equity interests	7,882	5,270
	Deposits	635	467
	Securities	17,846	13,870
11	**Financial fixed assets**	**61,360**	**20,030**
	Fixed assets	**118,897**	**47,833**

BALANCE SHEET

ASSETS

At 31 December

Note	DKK'000	2018	2017
12	**Inventories**	**31,246**	**29,478**
	Trade receivables	124,042	40,544
13	Contract work in progress	49,193	481
	Receivables from associates	23,631	53
	Income taxes	378	59
14	Deferred tax assets	64	2,344
15	Other receivables	5,417	16,939
16	Prepayments	459	259
	Receivables	**203,184**	**60,679**
	Current asset investments	**23**	**23**
17	**Cash**	**12,174**	**83,135**
	Current assets	**246,627**	**173,315**
	Assets	**365,524**	**221,148**

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK'000	2018	2017
18	Share capital	500	500
	Retained earnings	128,075	63,165
	Proposed dividend for the financial year	0	20,000
	Equity attributable to shareholders of the Parent Company	**128,575**	**83,665**
	Minority interests	-449	2,981
	Equity	**128,126**	**86,646**
14	Deferred tax	8,728	0
	Provisions	**8,728**	**0**
	Bank debt	22,375	33,916
	Bond debt	16,450	14,600
19	**Long-term liabilities other than provisions**	**38,825**	**48,516**

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK'000	2018	2017
19	Current portion of long-term liabilities other than provisions	5,629	956
	Other bank debt	9,319	72
	Prepayments received from customers	0	140
	Trade payables	74,360	27,020
	Payables to associates	18	0
	Income taxes	33,034	25,837
20	Other payables	64,864	29,580
21	Deferred income	2,621	2,381
	Short-term liabilities other than provisions	**189,845**	**85,986**
	Liabilities other than provisions	**228,670**	**134,502**
	Equity and liabilities	**365,524**	**221,148**

26	Unrecognised rental and lease commitments
27	Contingent liabilities
28	Assets charged and collateral
29	Related parties
30	List of companies

CASH FLOW STATEMENT

For the period 1 January - 31 December

Note	DKK'000	2018	2017
	Operating profit	101,439	89,907
	Non-cash corrections to operating profit	12,941	-870
	Depreciation, amortisation and impairment losses	2,180	987
22	Working capital changes	-63,737	-9,194
	Cash flow from operating activities before financial income and expenses	**52,823**	**80,830**
	Financial income received	2,142	2,180
	Financial expenses paid	-3,648	-2,700
	Income taxes paid	-579	366
	Cash flows from operating activities	**50,738**	**80,676**
	Acquisition etc. of intangible assets	-6,369	0
	Acquisition etc. of property, plant and equipment	-25,544	-12,839
	Sale of property, plant and equipment	0	96
23	Acquisition of subsidiaries	0	-5,580
24	Sale of subsidiaries	0	8,676
	Acquisition etc. of other fixed asset investments	-71,637	-28,600
	Sale of other fixed asset investments	1,118	20,903
	Cash flows from investing activities	**-102,432**	**-17,344**

CASH FLOW STATEMENT (CONTINUED)

For the period 1 January - 31 December

Note	DKK'000	2018	2017
	Proceeds from borrowings	38,505	25,584
	Proceeds from issue of bonds	6,350	10,100
	Instalments on long-term liabilities other than provisions	-49,873	-458
	Dividend paid	-20,000	-16,500
	Changes in minority interests	-3,496	19
	Cash flows from financing activities	**-28,514**	**18,745**
	Increase/decrease in cash and cash equivalents	**-80,208**	**82,077**
	Cash and cash equivalents at 1 January 2018	83,086	1,009
25	**Cash and cash equivalents at 31 December 2018**	**2,878**	**83,086**

STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

DKK'000	Share capital	Retained earnings	Proposed dividend for the financial year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January 2018	500	63,165	20,000	83,665	2,981	86,646
Change in ownership	0	0	0	0	-822	-822
Ordinary dividend distributed for 2017	0	0	-20,000	-20,000	-3,000	-23,000
Profit for the year	0	64,579	0	64,579	393	64,972
Other adjustments	0	331	0	331	-1	330
Equity at 31 December 2018	**500**	**128,075**	**0**	**128,575**	**-449**	**128,126**

BASIS OF PREPARATION

REPORTING CLASS

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied for these consolidated financial statements and parent financial statements are consistent with those applied last year.

In addition to the accounting policies described below, accounting policies for specific financial statement items are described in the notes for the items.

ADJUSTMENT OF MATERIAL MISSTATEMENT IN THE OPENING BALANCE SHEET

An adjustment has been made of a material classification error in the Group's opening balance sheet. In the opening balance sheet, the solar plant of DKK 21,387k was classified as property, plant and equipment. The solar plant should have been classified as a current asset under inventories as the solar plant was built intended for sale. The adjustment has reduced property, plant and equipment by DKK 21,387k and increased inventories by DKK 21,387k at the beginning of the year.

Furthermore, income and direct costs related to infrastructure companies were in 2017 presented as revenue and direct costs. This has been corrected, and direct costs of DKK 9,684k have been set off against the revenue.

Profit for 2017 has not been affected by the adjustment. The comparative figures for 2017 have been restated.

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 assets 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 liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected 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.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise Better Energy A/S (Parent Company) and the group enterprises (subsidiaries) that are controlled by the Parent Company. Control is achieved by the Parent Company, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Enterprises in which the Parent Company, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

BASIS OF CONSOLIDATION

The consolidated financial statements are prepared on the basis of the financial statements of Better Energy A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the accounting policies of the Better Energy Group (Better Energy).

Financial statement items of not 100% owned subsidiaries are recognised in full in the consolidated financial statements.

Minority interests' proportionate share of profit/loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity. Consideration from transaction of interests in subsidiaries where the Group does not obtain or lose control is recognised directly in the equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

BUSINESS COMBINATIONS AND ACQUISITION OF ASSOCIATES

Newly acquired or newly established businesses are recognised in the consolidated financial statements from the time of acquiring or establishing such businesses.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. Negative differences in amount (negative goodwill) are recognised in the income statement at the time of the acquisition.

The same method of accounting is applied for acquisition of interests in associated companies that are accounted for under the equity method.

DIVESTMENT OF BUSINESSES AND ASSOCIATES

Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Upon sales of solar plants developed in consolidated project entities profit or loss from the sale is presented gross in the income statement as revenue and the related costs. The carrying amount of the associates is reduced by eliminated profit and if the elimination exceeds the carrying amount the amount in excess is presented as deferred income under short-term liabilities.

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 one 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

INCOME STATEMENT

DIRECT COSTS

Direct costs comprise goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

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.

DEPRECIATION AND AMORTISATION

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets 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 intangible assets as well as property, plant and equipment.

INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The items "Income from investments in group enterprises" and "Income from investments in associates" in the income statement include the proportionate share of the profit or loss for the year and amortisation of goodwill on consolidation. Internal profits / losses are eliminated in full for subsidiaries and proportionately for associates.

BALANCE SHEET

RECEIVABLES

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

CURRENT ASSET INVESTMENTS

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

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.

OTHER FINANCIAL LIABILITIES

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

PREPAYMENTS RECEIVED FROM CUSTOMERS

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

CURRENT TAX RECEIVABLES AND LIABILITIES

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

CASH FLOW STATEMENT

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

FINANCIAL HIGHLIGHTS

The financial highlights include key figures and ratios for 2015, 2016, 2017 and 2018 (four years). Better Energy A/S was established in 2014, but the company was not obliged to prepare consolidated financial statements for 2014. In 2016, Better Energy A/S voluntarily prepared consolidated financial statements including comparative figures for 2015. The financial highlights therefore include key figures and ratios for four years and not five years.

Financial highlights are defined and calculated in accordance with *Recommendations & Ratios 2018* issued by the Danish Society of Financial Analysts.

Ratios		Calculation formula	Calculation formula effect
Gross profit margin (%)	=	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$	The entity's operating gearing
EBITDA margin (%)	=	$\frac{\text{EBITDA x 100}}{\text{Revenue}}$	The entity's profitability before depreciation and amortisation
Net profit margin (%)	=	$\frac{\text{Net profit for the year x 100}}{\text{Revenue}}$	The entity's operating profitability
Return on equity (%)	=	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners
Solvency ratio (%)	=	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity

NOTE 1. REVENUE

DKK'000	2018	2017
Revenue by activity:		
Divestment of solar plants	325,504	314,300
Contract works	75,365	10,504
Sale from asset management	7,224	4,149
Other revenue	16,329	13,064
Total revenue	**424,422**	**342,017**
Revenue by country:		
Revenue in Denmark	222,652	340,669
Revenue in Poland	88,187	0
Revenue in Ukraine	97,348	0
Revenue in other countries	16,235	1,348
Total revenue	**424,422**	**342,017**

KEY ACCOUNTING ESTIMATE AND JUDGEMENT ON RECOGNITION AND MEASUREMENT OF REVENUE

Judgement is performed when determining whether a contract for sale of solar plants involves one or more performance obligations. This is based on an assessment of whether each performance obligation is distinct, i.e. whether the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct) and the promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Judgements are made when determining whether a project or service is recognised over time by applying the stage of completion method or at a point in time when control is transferred to the customer. This includes an assessment of whether the project or service have an alternative use to the Group, i.e. can the specific project or service be redirected to another customer, and the Group has an enforceable right to payment throughout the contractual term based on an analyses of the contract wording, legal entitlement and profit estimates.

ACCOUNTING POLICY

Revenue comprises divestment of solar plants, sale of project rights, contracts works, sales of electricity and asset management.

Contract works for solar systems and power plants are divided in separate performance obligations to the extent that they are considered distinct, i.e. the customer can benefit from the good or service on its own separately from other promises in the contract. This will from contract to contract include an assessment for the following phases, when applicable:

- Development
- Engineering
- Infrastructure
- Procurement
- Construction

The total contract price is then allocated on each identified performance obligation based on their relative stand-alone selling price.

Revenue from performance obligations under contract works with a high degree of individual adjustment, i.e. they create an asset with no alternative use, are recognised as revenue over time from the time an unconditional binding agreement with the customer have been obtained and provided that an enforceable right to payment for work performed at any time has been secured. The revenue therefore corresponds to the sales price of work performed during the year (the percentage of completion method). When the outcome of a contract works cannot be estimated reliably, the revenue is recognised only to the extent that costs incurred are likely to be recoverable.

Revenue from sales of electricity and from sales of solar plants that are not sold prior to their completion is recognised in the income statement when control over the electricity or the solar plants has been transferred to the buyer being at the point the electricity or the solar plants are delivered to the customer and it is probably that the income will be received.

Revenue from services that include asset management is recognised concurrently with the supply of those services.

Revenue is measured at the amount the Group expects to be entitled to receive excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in the revenue.

NOTE 2. FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

DKK'000	2018	2017
Audit fee	253	175
Other assurance engagements	23	0
Tax advisory services	50	0
Non-audit services	362	53
Total fee to auditors appointed at the general meeting	**688**	**228**

ACCOUNTING POLICY

According to section 96(3) of the Danish Financial Statements Act audit fee for the Parent Company has not been disclosed.

NOTE 3. STAFF COSTS

DKK'000	2018	2017
Wages and salaries	19,896	11,180
Pension costs	1,585	186
Other social security expenses	250	136
Other staff expenses	1,293	273
Staff costs classified as assets	-8,361	-3,915
Total staff costs	**14,663**	**7,860**
Average number of employees	**35**	**14**
Remuneration of management		
Total remuneration for Board of Directors	**0**	**0**
Total remuneration for Executive Board	**3,080**	**0**

ACCOUNTING POLICY

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

NOTE 4. DEPRECIATION AND AMORTISATION

DKK'000	2018	2017
Amortisation of administration agreements	78	77
Amortisation of goodwill	984	506
Amortisation of patents and licenses	38	0
Depreciation of buildings	23	0
Depreciation of tools and equipment	982	404
Depreciation of leasehold improvements	75	0
Total depreciation and amortisation	**2,180**	**987**

NOTE 5. FINANCIAL INCOME

DKK'000	2018	2017
Other financial income	2,133	2,178
Associated companies	9	0
Exchange gains	1,998	53
Fair value adjustments	0	2,507
Total financial income	**4,140**	**4,738**

ACCOUNTING POLICY

Financial income comprises interest income, including interest income on receivables from group enterprises, transactions in foreign currencies, fair value adjustments of financial interests as well as tax relief under the Danish Tax Prepayment Scheme etc.

NOTE 6. FINANCIAL EXPENSES

DKK'000	2018	2017
Other financial expenses	3,460	2,521
Exchange losses	2,329	396
Fair value adjustments	5	0
Total financial expenses	**5,794**	**2,917**

ACCOUNTING POLICY

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, amortisation of financial liabilities, payables and transactions in foreign currencies, fair value adjustments of financial interests as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

NOTE 7. TAX ON PROFIT FOR THE YEAR

DKK'000	2018	2017
Current tax for the year	7,413	15,830
Deferred tax for the year	11,157	-2,115
Adjustment of tax concerning previous years	-88	-22
Adjustment of deferred tax concerning previous years	-16	-6
Total tax on profit for the year	**18,466**	**13,687**

ACCOUNTING POLICY

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).

NOTE 8. PROPOSED APPROPRIATION OF NET PROFIT

DKK'000	2018	2017
Extraordinary dividend distributed in the financial year	0	13,500
Ordinary dividend for the financial year	0	20,000
Minority interests' share of profit/loss of subsidiaries	393	2,064
Retained earnings	64,579	41,975
Total net profit	**64,972**	**77,539**

NOTE 9. INTANGIBLE ASSETS

DKK'000	Administration agreements	Goodwill	Acquired patents & licenses
Cost at 1 January 2018	620	4,267	0
Additions for the year	0	6,228	141
Cost at 31 December 2018	**620**	**10,495**	**141**
Amortisation and impairment losses at 1 January 2018	232	506	0
Amortisation for the year	78	984	38
Amortisation and impairment losses at 31 December 2018	**310**	**1,490**	**38**
Carrying amount at 31 December	**310**	**9,005**	**103**

ASSESSMENT OF AMORTISATION PERIOD OF GOODWILL

The period of goodwill amortisation is based on Management's experience within the relevant business area and the set plans and budgets for the business area.

ACCOUNTING POLICY

Administration agreements comprise acquired administration agreements. Administration agreements acquired are measured at cost less accumulated amortisation. Administration agreements are written down to the lower of recoverable amount and carrying amount.

The period of amortisation is eight years.

Acquired patents and licenses

Acquired licenses and patents comprise acquired licenses.
Licenses acquired are measured at cost less accumulated amortisation.
Licenses are written down to the lower of recoverable amount and carrying amount.

The period of amortisation is three years.

Goodwill and goodwill on consolidation

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The period of amortisation is usually five years, however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the benefit from the relevant resources. If it is not possible to measure the useful life of goodwill reliable, the useful life is set to ten years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

The period of amortisation is five years.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

DKK'000	Land and buildings	Tools & equipment	Leasehold improvements
Cost at 1 January 2018	20,461	25,047	258
Corrections to 1 January 2018	0	-21,418	0
Additions for the year	22,703	2,632	209
Cost 31 December 2018	**43,164**	**6,261**	**467**
Depreciation and impairment losses at 1 January 2018	0	545	180
Corrections to 1 January 2018	0	-31	0
Depreciations for the year	23	982	74
Depreciation and impairment losses at 31 December 2018	**23**	**1,496**	**254**
Carrying amount at 31 December 2018	**43,141**	**4,765**	**213**

ACCOUNTING POLICY

Land and buildings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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.

For group-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

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:

Buildings	50 years
Tools and equipment	3-8 years
Leasehold improvements	5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. 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.

NOTE 11. FINANCIAL FIXED ASSETS

DKK'000	Investments in associates	Other equity interests
Cost at 1 January 2018	447	2,763
Corrections to 1 January	2,563	0
Additions for the year	62,566	3,471
Cost at 31 December 2018	**65,576**	**6,234**

ACCOUNTING POLICY

Investments in group enterprises and associates

Investments in group enterprises and associates 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.

The accounting policy for acquisition and divestment of associates is described above in the section for consolidated financial statements under basis of preparation.

Group enterprises and associates with negative equity value are measured at DKK 0. Any receivables from these enterprises 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 relvevant entervprise, 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 and associates is transferred to Reserve for net revaluation according to the equity method under equity.

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

The right for selling parties to receive dividends in group enterprises are measured at fair value and recognised as a part of investments in group enterprises. Changes in fair value of selling parties right to receive dividends are recognised in the income statement.

NOTE 11. FINANCIAL FIXED ASSETS (CONTINUED)

DKK'000	Investments in associates	Other equity interests
Net revaluation at 1 January 2018	-24	2,507
Correction to 1 January	-4,942	0
Net share of loss for the year	789	0
Adjustment for internal profit	-17,123	0
Exchange adjustments	-1	0
Value adjustments for the year	-11,898	-859
Transfer	-1	0
Net revaluation at 31 December 2018	**-33,200**	**1,648**
Carrying amount at 31 December 2018	**32,376**	**7,882**

Investments in associates are presented as follows in the balance sheet:	
Investments in associates	34,997
Deferred income	-2,621
Total investments in associates at 31 December 2018	**32,376**

NOTE 11. FINANCIAL FIXED ASSETS (CONTINUED)

DKK'000	Deposits	Securities
Cost at 1 January 2018	467	14,035
Additions for the year	195	5,405
Disposals for the year	-27	-1,091
Cost at 31 December 2018	**635**	**18,349**
Value adjustments at 1 January 2018	0	-165
Exchange adjustments	0	-150
Value adjustments	0	-188
Value adjustments at 31 December 2018	**0**	**-503**
Carrying amount at 31 December 2018	**635**	**17,846**

ACCOUNTING POLICY

Other fixed asset investments

Other fixed asset investments consist of other equity interests, deposits and securities.

Other equity interests are measured at fair value or cost if a fair value cannot be measured reliably. Deposits and securities are measured at amortised cost.

NOTE 12. INVENTORIES

DKK'000	2018	2017
Raw materials and consumables	7,483	1,217
Work in progress	23,763	6,875
Manufactured goods and goods for resale	0	21,386
Inventories at 31 December	**31,246**	**29,478**

INVENTORIES

Inventories are measured at the lower of cost using the FIFO (first in, first out) method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

NOTE 13. CONTRACT WORK IN PROGRESS

DKK'000	2018	2017
Selling price of completed work	**49,193**	**481**

KEY ACCOUNTING ESTIMATE AND MEASUREMENT OF CONTRACT WORK IN PROGRESS

Measurement of contract work in progress are based on stage of completion of the individual projects combined with the knowledge of the remaining completion of the contract, hereunder the outcome of future changes to the project. The evaluation of the state of completion and total economy, hereunder possible changes, is evaluated project by project in cooperation between the executive management and the project management.

The evaluation of future possible changes is based on the knowledge obtained on the single projects and accumulated knowledge from other projects completed by the company. The company is also taking advices from external advisors and use this knowledge in the evaluation of the stage of completion.

Estimates attached to the future development of the projects and the remaining work to be done is depends on a number of factors and can change in progress of the completion of project.

The actual result can therefore deviate significant from the expected result.

ACCOUNTING POLICY

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.

An expected loss is recognised when it is deemed probable that the total contract costs will exceed the total revenue from individual contracts. The expected loss is recognised immediately as a cost and a provision.

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.

NOTE 14. DEFERRED TAX

DKK'000	2018	2017
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	22	-12
Property, plant and equipment	46	-2,252
Investments in associates	-1,616	0
Securities	-41	0
Contract work in progress	10,337	0
Long-term liabilities	-20	-6
Tax loss carryforwards	-64	-74
Deferred tax at 31 December	**8,664**	**-2,344**
Net value is recognised in the balance sheet as follows:		
Deferred tax assets	-64	-2,344
Deferred tax liabilities	8,728	0
Deferred tax at 31 December	**8,664**	**-2,344**
Deferred tax at 1 January	-2,344	934
Adjustment concerning previous years	-16	-6
Exchange adjustments	-133	30
Changes arising from acquisition of subsidiaries	0	-1,187
Recognised in the income statement	11,157	-2,115
Deferred tax at 31 December	**8,664**	**-2,344**

Better Energy expects to use the deferred tax asset in future operation.

ACCOUNTING POLICY

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.

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.

NOTE 15. OTHER RECEIVABLES

DKK'000	2018	2017
Receivable VAT	241	7,341
Receivable against project companies	685	5,789
Receivable interests from securities	1,804	24
Other receivables	2,687	3,785
Other receivables at 31 December	**5,417**	**16,939**

NOTE 16 . PREPAYMENTS

Prepayments consists of prepaid expenses related to 2019.

ACCOUNTING POLICY

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

NOTE 17. CASH

DKK'000	2018	2017
Free cash	10,439	73,187
Cash on accounts with special termination terms	1,735	9,948
Cash at 31 December	**12,174**	**83,135**

Cash comprises bank deposits.

NOTE 18. SHARE CAPITAL

The share capital consists of 50,000,000 shares at DKK 0.01.
The shares have not been divided into classes.

Changes in share capital in the past five financial years:	DKK'000
Share capital at 8 May 2014	500
Share capital at 31 December 2018	**500**

NOTE 19. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

DKK'000	2018	2017
Current portion of long-term bank debt	1,129	956
Current portion of bond debt	4,500	0
Current portion of long-term liabilities other than provisions	**5,629**	**956**
Long-term portion of long-term liabilities other than provisions	38,825	48,516
Long-term debt at 31 December	**44,454**	**49,472**
Nominal amount of total long-term liabilities other than provisions	**44,549**	**49,588**
Due after more than five years (amortised cost):		
Long-term bank debt	17,705	25,145
Long-term debt due after more than five years at 31 December	**17,705**	**25,145**

NOTE 20. OTHER PAYABLES

DKK'000	2018	2017
Wages and salaries, personal income taxes, social security costs etc.	956	523
Holiday pay obligation	2,037	1,279
VAT and duties	42,834	22,481
Payables to owners	14,278	0
Other costs payable	4,757	5,297
Other payables at 31 December	**64,862**	**29,580**

NOTE 21. DEFERRED INCOME

Deferred income consist of negative value of investments in associates that becomes negative because of elimination of profit on transactions with associates.

ACCOUNTING POLICY

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

NOTE 22. WORKING CAPITAL CHANGES

DKK'000	2018	2017
Change in inventories	-1,770	-26,553
Change in receivables	-144,465	-13,206
Change in payables	82,498	30,565
Total working capital changes	**-63,737**	**-9,194**

NOTE 23. ACQUISITION OF SUBSIDIARIES

DKK'000	2018	2017
Goodwill	0	4,267
Land and buildings	0	8,421
Equipment	0	1,206
Associates	0	-10,388
Other equity interests	0	216
Deposits	0	27
Inventories	0	2,955
Trade receivables	0	13,677
Deferred tax assets	0	1,187
Other receivables	0	17,375
Prepayments	0	27
Cash	0	15,652
Trade payables	0	-1,355
Other payables	0	-10,559
Income taxes	0	-6,590
Minority interests	0	-798
Long-term bank debt	0	-8,521
Bank debt	0	-7,642
Acquired net assets at market price	**0**	**19,157**
Negative goodwill	0	-5,567
Purchase price	**0**	**13,590**
Of which cash	0	-15,652
Of which bank debt	0	7,642
Paid purchase price	**0**	**5,580**

NOTE 24. SALE OF SUBSIDIARIES

DKK'000	2018	2017
Securities	0	8,921
Other receivables	0	30
Prepayments	0	3
Cash	0	1,324
Income taxes	0	-278
Sales price	**0**	**10,000**
Of which cash	0	-1,324
Received sales price	**0**	**8,676**

NOTE 25. CASH AND CASH EQUIVALENTS

DKK'000	2018	2017
Cash	12,174	83,135
Securities which mature in less than three months	23	23
Short-term bank debt	-9,319	-72
Cash and cash equivalents at 31 December	**2,878**	**83,086**

NOTE 26. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

DKK'000	2018	2017
Rental or lease agreements until maturity, under 1 year	3,058	975
Rental or lease agreements until maturity, 2-5 years	15,910	1,649
Rental or lease agreements until maturity, over 5 years	55,745	0
Unrecognised rental and lease commitments at 31 December	**74,713**	**2,624**

NOTE 27. CONTINGENT LIABILITIES

Better Energy has issued guarantees to the purchaser of solar systems sold in 2017 and 2018. The guarantees cover technical, legal and financial conditions related to the delivered solar system. The guarantees will mainly expire 24 months after closing of the sale of the project. The guarantees are covered back to back with the exception of products manufactured by Better Energy.

Better Energy has engaged in conditional agreements regarding purchase of land for a total of DKK 30,097k.

One of the Group's banks has issued performance guarantees of DKK 2,996k.

The Group's banks have issued guarantees of DKK 6,335k to the Danish authorities for future construction.

Better Energy provides an unlimited guarantee for Solpark Silkeborg 4 P/S and Solpark Silkeborg 5 P/S's bank debt to a bank connection.

Better Energy provides a guarantee of DKK 30,000k for Solpark Danmark 8 K/S, Solpark Danmark 9 K/S and Solpark Danmark 11 K/S's bank debt to a government investment fund.

Better Energy provides a guarantee of EUR 5,000k for Ganska SES's bank debt to a governmental financial institution.

NOTE 28. ASSETS CHARGED AND COLLATERAL

Bank debt is secured by certain items of equipment and by way of a deposited mortgage deed on properties. The carrying amount of certain items of equipment is DKK 1,154k. The carrying amount of mortgaged properties is DKK 39,563k.

Better Energy Fårvang Estate A/S, Better Energy Vollerup Estate ApS and Solpark Nees Estate IVS has transferred future rental income to Better Energy Estate A/S' bank.

A letter of indemnity worth DKK 500k has been issued to a financial institute to secure bank debt. The letter of indemnity is secured by way of pledge in property, plant and equipment, inventories and trade receivables (company pledge). Carrying amount is DKK 1,213k.

Cash DKK 897k is placed as collateral for banking facilities.

NOTE 29. RELATED PARTIES

Transactions with related parties

All transactions with related parties during the year have been made on market terms.

NOTE 30. LIST OF COMPANIES

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Management A/S	Copenhagen, Denmark	100%
Better Energy Solutions A/S	Copenhagen, Denmark	100%
Better Energy Generation A/S	Copenhagen, Denmark	100%
Better Energy Denmark A/S	Copenhagen, Denmark	100%
Better Energy Infrastructure Lolland ApS	Copenhagen, Denmark	100%
Better Energy Invest A/S	Copenhagen, Denmark	98%
Better Energy Sønderbæk Estate IVS	Copenhagen, Denmark	100%
BE 77 IVS	Copenhagen, Denmark	100%
Better Energy Norddjurs IVS	Copenhagen, Denmark	100%
Better Energy Haderup Estate IVS	Copenhagen, Denmark	100%
BE 83 IVS	Copenhagen, Denmark	100%
Better Energy Holding ApS	Copenhagen, Denmark	100%
Better Energy Estate A/S	Copenhagen, Denmark	100%
P&B Partner ApS	Copenhagen, Denmark	100%
Better Energy Solar Parks A/S	Copenhagen, Denmark	100%
Better Energy Solar Park Nees IVS	Copenhagen, Denmark	100%
Solpark Nees Entreprise IVS	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
P&B Solarparks DK GmbH & Co. KG	Hamburg, Germany	100%
P&B Partner I ApS	Copenhagen, Denmark	100%
Better Energy Partner DK ApS	Copenhagen, Denmark	100%
Solpark Nees Estate IVS	Copenhagen, Denmark	100%
Better Energy Vamdrup Estate IVS	Copenhagen, Denmark	100%
Better Energy Germany A/S	Copenhagen, Denmark	100%
Better Energy Partner DE ApS	Copenhagen, Denmark	100%
Solarpark am Kalkufer GmbH & Co. KG	Hamburg, Germany	100%
Solarpark am Flugplatz GmbH & Co. KG	Hamburg, Germany	100%
Solarpark am Betonwerk GmbH & Co. KG	Hamburg, Germany	100%
Better Energy Solarparks GmbH	Hamburg, Germany	100%
Better Energy Komplementar Hamburg GmbH	Hamburg, Germany	100%
Better Energy Partner Berlin GmbH	Hamburg, Germany	100%
Better Energy Lengenfeld UG	Hamburg, Germany	100%
Better Energy Soltos UG	Hamburg, Germany	100%
Procura Energy Ellrich Komplementär GmbH	Hamburg, Germany	100%
Better Energy Partner ApS	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Procura Rostock Komplementar ApS	Copenhagen, Denmark	100%
Procura Rostock Management GmbH	Hamburg, Germany	100%
Better Energy UK A/S	Copenhagen, Denmark	100%
Better Energy UK Ltd.	Surrey, United Kingdom	100%
Better Energy Partner UK ApS	Copenhagen, Denmark	100%
Better Energy Solar Parks UK IVS	Copenhagen, Denmark	100%
Better Energy Mamhilad K/S	Copenhagen, Denmark	100%
Better Energy Worcester K/S	Copenhagen, Denmark	100%
Better Energy Netherlands A/S	Copenhagen, Denmark	100%
Better Energy Nederland B.V.	Amsterdam, Netherlands	75%
Better Energy Poland A/S	Copenhagen, Denmark	88%
Better Energy Poland Development A/S	Copenhagen, Denmark	88%
Better Energy Solar Park 80 Sp. Zoo.	Gdansk, Poland	88%
Better Energy Solar Park 81 Sp. Zoo.	Gdansk, Poland	88%
Better Energy Solar Park 82 Sp. Zoo.	Gdansk, Poland	88%
Better Energy Ukraine A/S	Copenhagen, Denmark	100%
Better Energy Spain A/S	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Norway A/S	Copenhagen, Denmark	100%
Better Energy Spain Development A/S	Copenhagen, Denmark	100%
Better Energy Energo I P/S	Copenhagen, Denmark	90%
Better Energy Energo II A/S	Copenhagen, Denmark	100%
K SES LLC	Zhytomyr, Ukraine	90%
Better Energy B.V.	Amsterdam, The Netherlands	75%
BE 88 B.V.	Amsterdam, The Netherlands	75%
BE 89 B.V.	Amsterdam, The Netherlands	75%
BE 90 B.V.	Amsterdam, The Netherlands	75%
BE 91 B.V.	Amsterdam, The Netherlands	75%
BE 92 B.V.	Amsterdam, The Netherlands	75%
BE 93 B.V.	Amsterdam, The Netherlands	75%
BE 94 B.V.	Amsterdam, The Netherlands	75%
Better Energy Vastgoed Nederland B.V.	Amsterdam, The Netherlands	75%
BE Lacustris B.V.	Amsterdam, The Netherlands	75%
Little Sun Eindhoven B.V.	Amsterdam, The Netherlands	64%
Better Energy Ukraine LLC	Lviv, Ukraine	95%
Better Energy Asset Management A/S	Copenhagen, Denmark	100%
Better Energy Estate III ApS	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Vollerup Estate ApS	Copenhagen, Denmark	100%
Better Energy Fårvang Estate A/S	Copenhagen, Denmark	100%
Better Energy Estate I ApS	Copenhagen, Denmark	100%
Better Energy Estate II IVS	Copenhagen, Denmark	100%
Better Energy Højslev Estate IVS	Copenhagen, Denmark	100%
BE 85 IVS	Copenhagen, Denmark	100%
Better Energy Hobygaard Estate IVS	Copenhagen, Denmark	100%
Better Energy Slagelse ApS	Copenhagen, Denmark	100%
Better Energy Guldborgsund Estate IVS	Copenhagen, Denmark	100%
Better Energy Gimminge IVS	Copenhagen, Denmark	100%
Better Energy Burkal Estate IVS	Copenhagen, Denmark	100%
Better Energy Danish Solar I IVS	Copenhagen, Denmark	100%
Better Energy Rejstrup IVS	Copenhagen, Denmark	100%
Better Energy Vemb Estate IVS	Copenhagen, Denmark	100%
Better Energy Sallinge Lunde Estate IVS	Copenhagen, Denmark	100%
BE 108 IVS	Copenhagen, Denmark	100%
Better Energy Kikkenborg IVS	Copenhagen, Denmark	100%
Better Energy Liselund Estate IVS	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Djursland Estate IVS	Copenhagen, Denmark	100%
Better Energy Hørby Estate IVS	Copenhagen, Denmark	100%
BE 113 IVS	Copenhagen, Denmark	100%
Better Energy Holstebro Estate III IVS	Copenhagen, Denmark	100%

NOTE 30. LIST OF COMPANIES (CONTINUED)

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Sandvikenvej Infrastrukturselskab ApS*	Copenhagen, Denmark	54%
Better NRGi I K/S	Copenhagen, Denmark	25%
Better NRGi IVS	Copenhagen, Denmark	25%
BE 22 P/S	Copenhagen, Denmark	25%
BE 23 P/S	Copenhagen, Denmark	25%
BE 24 P/S	Copenhagen, Denmark	25%
P&B Solpark Danmark 9 K/S	Copenhagen, Denmark	49%
P&B Solpark Danmark 11 K/S	Copenhagen, Denmark	49%
Better Energy Energo P/S	Copenhagen, Denmark	49%
Ganska SES LLC	Zhytomyr, Ukraine	49%
Better Energy Energo Komplementar ApS	Copenhagen, Denmark	50%

* Sandvikenvej Infrastrukturselskab ApS is considered an associated company because the owners have entered into an agreement that all decisions be made by consensus. The Group does not have control over the decision making.

PARENT COMPANY FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

INCOME STATEMENT

For the period 1 January - 31 December

Note	DKK'000	2018	2017
	Other external expenses	-62	-30
	Gross profit	**-62**	**-30**
2	Amortisation	-38	0
	Operating profit	**-100**	**-30**
	Income from investments in subsidiaries	64,291	75,687
	Income from investments in associates	0	85
3	Financial income	4,597	1,809
4	Financial expenses	-4,304	-2,182
	Profit before tax	**64,484**	**75,369**
5	Tax on profit for the year	95	106
6	**Profit for the year**	**64,579**	**75,475**

BALANCE SHEET

ASSETS

At 31 December

Note	DKK'000	2018	2017
	Acquired patents and licenses	103	0
7	**Intangible assets**	**103**	**0**
	Investments in subsidiaries	130,480	49,831
	Securities	10,423	11,671
8	**Fixed asset investments**	**140,903**	**61,502**
	Fixed assets	**141,006**	**61,502**
	Receivables from group enterprises	204,249	52,821
	Income taxes	7,038	1,534
	Other receivables	1,981	273
	Receivables	**213,268**	**54,628**
	Cash	**1,015**	**23,173**
	Current assets	**214,283**	**77,801**
	Assets	**355,289**	**139,303**

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK'000	2018	2017
9	Share capital	500	500
	Reserve for net revaluation according to the equity method	113,824	49,202
	Retained earnings	14,251	13,963
	Proposed dividend for the financial year	0	20,000
	Equity	**128,575**	**83,665**
10	Deferred tax	23	0
	Provisions	**23**	**0**
	Bond debt	16,450	14,600
11	**Long-term liabilities other than provisions**	**16,450**	**14,600**

BALANCE SHEET

EQUITY AND LIABILITIES (CONTINUED)

At 31 December

Note	DKK'000	2018	2017
11	Current portion of long-term liabilities other than provisions	4,500	0
	Trade payables	25	25
	Payables to group enterprises	174,999	39,171
	Income taxes	25,895	1,567
12	Other payables	4,822	275
	Short-term liabilities other than provisions	**210,241**	**41,038**
	Liabilities other than provisions	**226,691**	**55,638**
	Equity and liabilities	**355,289**	**139,303**
1	Staff costs		
13	Contingent liabilities		
14	Related parties		

STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

DKK'000	Share capital	Net revaluation, equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 January 2018	500	49,202	13,963	20,000	83,665
Ordinary dividend distributed for 2017	0	0	0	-20,000	-20,000
Profit for the year	0	64,291	288	0	64,579
Exchange adjustments	0	5	0	0	5
Other equity movements	0	326	0	0	326
Equity at 31 December 2018	**500**	**113,824**	**14,251**	**0**	**128,575**

NOTE 1. STAFF COSTS

DKK'000	2018	2017
Average number of employees	**0**	**0**

NOTE 2. AMORTISATIONS

DKK'000	2018	2017
Acquired patents and licenses	38	0
Total amortisations	**38**	**0**

NOTE 3. FINANCIAL INCOME

DKK'000	2018	2017
Interest received from group enterprises	3,563	1,082
Other financial income	991	724
Exchange gains	43	3
Total financial income	**4,597**	**1,809**

NOTE 4. FINANCIAL EXPENSES

DKK'000	2018	2017
Interest paid to group enterprises	2,662	1,288
Other financial expenses	1,415	729
Exchange losses	227	165
Total financial expenses	**4,304**	**2,182**

NOTE 5. TAX ON PROFIT FOR THE YEAR

DKK'000	2018	2017
Current tax for the year	20	0
Deferred tax for the year	23	-106
Adjustment of tax concerning previous years	-138	0
Total tax on profit for the year	**-95**	**-106**

NOTE 6. PROPOSED APPROPRIATION OF NET PROFIT

DKK'000	2018	2017
Extraordinary dividend distributed in the financial year	0	13,500
Ordinary dividend for the financial year	0	20,000
Transfer to reserve for net revaluation according to the equity method	64,291	75,772
Retained earnings	288	-33,797
Total net profit	**64,579**	**75,475**

NOTE 7. INTANGIBLE ASSETS

DKK'000	Acquired patents and licenses
Cost at 1 January 2018	0
Additions for the year	141
Cost 31 December 2018	**141**
Amortisation and impairment losses at 1 January 2018	0
Amortisations of the year	38
Amortisation and impairment losses at 31 December 2018	**38**
Carrying amount at 31 December 2018	**103**

NOTE 8. FIXED ASSET INVESTMENTS

DKK'000	Investment in subsidiaries	Securities
Cost at 1 January 2018	629	11,836
Additions for the year	16,028	0
Disposals for the year	0	-1,098
Cost at 31 December 2018	**16,657**	**10,738**
Net revaluation at 1 January 2018	49,202	-165
Net share of profit/loss for the year	79,972	0
Amortisation of goodwill	-174	0
Adjustment for internal profit	-15,507	0
Exchange adjustments	5	-150
Other equity movements	325	0
Net revaluation at 31 December 2018	**113,823**	**-315**
Carrying amount at 31 December 2018	**130,480**	**10,423**
Carrying amount of goodwill recognised	**9,005**	

NOTE 8. FIXED ASSET INVESTMENTS (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Generation A/S	Copenhagen, Denmark	100%
Better Energy Asset Management A/S	Copenhagen, Denmark	100%
Better Energy Management A/S	Copenhagen, Denmark	100%
Better Energy Solutions A/S	Copenhagen, Denmark	100%

Second-tier subsidiaries are listed in Note 29 of the Consolidated Financial Statements.

NOTE 9. SHARE CAPITAL

The share capital consists of 50,000,000 shares at DKK 0.01.
The shares have not been divided into classes.

Changes in share capital in the past five financial years:

Changes in share capital in the past five financial years:	DKK'000
Share capital at 8 May 2014	500
Share capital at 31 December 2018	**500**

NOTE 10. DEFERRED TAX

DKK'000	2018	2017
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	23	0
Deferred tax at 31 December	**23**	**0**
Net value is in the balance sheet as follows:		
Deferred tax assets	0	0
Deferred tax liabilities	23	0
Deferred tax at 31 December	**23**	**0**
Deferred tax at 1 January	0	0
Adjustment concerning previous years	0	0
Recognised in the income statement	23	0
Deferred tax at 31 December	**23**	**0**

NOTE 11. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

DKK'000	2018	2017
Current portion of bond debt	4,500	0
Current portion of long-term liabilities other than provisions	**4,500**	**0**
Long-term portion of long-term liabilities other than provisions	16,450	14,600
Long-term debt at 31 December	**20,950**	**14,600**
Nominal amount of total long-term liabilities other than provisions	**20,500**	**14,600**
Due after more than five years (amortised cost):		
Bond debt	**0**	**0**

NOTE 12. OTHER PAYABLES

DKK'000	2018	2017
Debt to owners	3,000	0
Other cost payable	1,822	275
Other payables at 31 December	**4,822**	**275**

NOTE 13. CONTINGENT LIABILITIES

According to the joint taxation provisions of the Danish Corporation Tax Act, Better Energy A/S is liable for income tax etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax of interests, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the financial statements of the administration company.

Better Energy A/S has provided security for Better Energy Management A/S' obligations in relation to the sale of the majority of the shares to the Danish utility NRGI in the Nees and Horslunde project. The general security is provided as a simple guarantee and is time-barred to 24 months after closing and will expire 21 December 2020, and the security for the condition subsequent and the performance test is provided as an absolute guarantee.

The Parent Company provides an unlimited guarantee for Better Energy Holding ApS's bank to a bank connection.

The Parent Company provides an unlimited guarantee for Solpark Silkeborg 4 P/S and Solpark Silkeborg 5 P/S's bank debt to a bank connection.

The Parent Company provides a guarantee of DKK 30,000k for Solpark Danmark 8 K/S, Solpark Danmark 9 K/S and Solpark Danmark 11 K/S's bank debt to a government investment fund.

The Parant Company provides a guarantee of EUR 5,000k for Ganska SES's bank debt to a governmental financial institution.

The Parent Company provides a guarantee of DKK 2,350k for Better Energy Management A/S's debt to a bank connection.

The Parent Company provides a guarantee of DKK 2,747k for Better Energy Slagelse ApS's debt to a bank connection.

The Parent Company provides a guarantee of DKK 19,000k for Better Energy Estate A/S's debt to a bank connection.

NOTE 14. RELATED PARTIES

Transactions with related parties

All transactions with related parties during the year have been made on market terms.

LIST OF ABBREVIATIONS & DEFINITIONS

Better Energy	Better Energy Group
Board	Board of Directors
COD	commercial operation date
CSR	corporate social responsibility
EBITDA	earnings before interest, taxes, depreciation, and amortisation
EPC	engineering, procurement and construction
ESHS	environment, social, health and safety
GDP	gross domestic product
GW	gigawatt
GWh	gigawatt hours
GWp	gigawatt peak
IPP	independent power producer
LCOE	levelised cost of electricity
MW	megawatt
MWh	megawatt hours
MWp	megawatt peak
O&M	operations & maintenance
Parent Company	Better Energy A/S
PPA	power purchase agreement
PV	photovoltaic
RTB	ready-to-build
SDG	Sustainable Development Goals
SPV	special purpose vehicle

COMPANY INFORMATION

Company
Better Energy A/S
Axeltorv 2 F, 6th floor
1609 Copenhagen V
Denmark
Central Business Registration No: 31865883
Registered in: Copenhagen
Financial year: 01.01.2018 - 31.12.2018

Phone: +45 71 99 02 03
Internet: www.betterenergy.com
E-mail: info@betterenergy.dk

Board of Directors
Mark Augustenborg Ødum, Chairman
Rasmus Lildholdt Kjær
Annette Nylander
Mikkel Dau Jacobsen
Michael Vater

Executive Board
Rasmus Lildholdt Kjær
Ho Kei Au
Annette Nylander

Company auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4, 6000 Kolding
Denmark