# BETTER ENERGY

ANNUAL REPORT 2020

# MESSAGE FROM THE CHAIR

## SOLAR IS 'THE NEW KING OF ELECTRICITY'

The International Energy Agency declared in October that solar is the new king of electricity. Solar is now solidly competitive against other sources of energy production in most countries. The grid parity of solar power has been achieved much sooner than expected.

Thanks to smart engineers, entrepreneurs and companies like those in the Better Energy Group (Better Energy) that have put all their efforts into producing solar power more efficiently, the cost of energy has fallen solidly and well ahead of estimated curves. This new insight and capacity should be deployed swiftly across the world to reverse the seriously negative effects of climate change.

In Better Energy, we are driven by the vision of creating a healthy, safe and sustainable future by supplying renewable energy at scale and at market prices. We are here to make an impact that matters for the environment and for the lives of people, and we intend to channel all our efforts into solidly ramping up our production of renewable energy. Our pipeline of solar parks has grown strongly over the past years and now totals 6 GW at the end of 2020. This pipeline will be put into production over the coming years in Denmark, Poland and Sweden.

Better Energy's business model is well designed to put the best practice of solar power into production in close partnerships with governments, municipalities, grid operators, landowners, utilities and the financial sector. Solid growth has been achieved along with strong key figures.

Our dedicated and talented people are the most important assets in Better Energy, and we will need even more talented and purpose-driven colleagues to achieve our ambitious targets in the coming years.

On behalf of the Board of Directors, I would like to offer my thanks to all employees and management for their commitment and hard work and to all our stakeholders for their continued support. We are truly committed to showing that the world can be powered by green energy.

**Christian Motzfeldt**
Chair of the Board of Directors

# LETTER FROM THE CEO

## SCALING UP RENEWABLE PRODUCTION

The year 2020 was an unusual year in many ways. COVID-19 changed the way we worked and undoubtedly left a mark on most people's lives. Despite the COVID-19 pandemic and lockdowns, the renewable energy sector proved itself to be very resilient. More than 100 GW solar and approximately 65 GW wind capacity was added globally in 2020.

Fossil-based carbon emissions dropped 7% due to the COVID-19 pandemic. Nevertheless, this effect was largely undetectable at a global scale as lower fossil-derived emissions were offset by weaker land-based carbon sinks. The increase in atmospheric carbon concentrations in 2020 was about the same as in 2019.

These facts only make our work more important and inspire us to work harder. Our climate targets are not easily achieved. Yet we have the consolation that through an integrated value chain designed to deliver the greatest amount of green energy at the lowest possible cost, it is possible to accelerate and scale up renewable energy capacity. This is the impact we intend to achieve.

## RESULTS IN 2020

Despite the COVID-19 pandemic, we remained fully operational and continued to grow as expected in 2020. We increased our revenue to DKK 1,066 million and achieved an operating profit of DKK 149 million. Our profit before tax amounts to DKK 32 million, which is satisfactory for the year and should be seen in light of the fact that through our ownership interests in our solar parks, we give up part of our short-term profit and instead achieve long-term recurring revenues from the sale of green energy.

We completed our transformation from a project developer and solar park constructor to a true, integrated, renewable energy company. This is a transformation we initiated back in 2019, changing our focus from the divestment of solar parks to the sale of green energy.

Our strategic direction benefits us today. We have an increased capability to optimally adapt our green energy solutions to the needs of companies and other major consumers of energy. Today, we are a renewable energy company designed to create new green energy and be a key driver in the green transition.

In 2020, we added five new large-scale solar parks with a total capacity of 154 MW to our Danish portfolio of operational solar parks, delivering green energy to global bioscience company Chr. Hansen and multinational technology company Google. We initiated the construction of a 207 MW solar park that from 2021 will deliver green energy to international fashion company Bestseller, Danish retail business Normal and online supermarket Nemlig.com. In 2020, we also signed a new power purchase agreement with global pharmaceutical company Lundbeck, which will supply them with green energy in 2022.

We strengthened our presence in Poland through initiating the construction of two large-scale solar parks with a capacity of 60 MW, and we constructed our first solar park in Sweden with a capacity of 12 MW. We increased our project pipeline to more than 6 GW of solar energy capacity that will be deployed in the coming years in Denmark, Poland and Sweden.

Our financial position and capital base were strengthened through several new partnerships throughout the year. Financial predictability has an independent value and is a key driver for continued growth, as it is a capital-intensive endeavour to develop and build solar parks that have a lifespan of three decades.

In 2020, we entered a 50/50 partnership with Danish pension fund Industriens Pension, which gives us financial strength to further scale up our activities. The partnership entails a total investment of close to DKK 4 billion in a portfolio of solar parks. Some of these parks were built in 2020, and the rest will be built within the next two years.

We entered a partnership with Nykredit, a Danish financial mutual, and secured cost-competitive and long-term mortgage loans for our solar parks. This was the first time in Denmark that solar parks were financed by the classic Danish mortgage model.

We also strengthened our partnerships with the Danish Green Investment Fund and Swedish investment company Proventus Capital Partners. Together with the France-based private equity and infrastructure investor Omnes Capital, who acquired a minority shareholding interest in Better Energy in 2019, these partnerships will help finance and accelerate our growth.

Continuing our focus on biodiversity, we entered a partnership with biodiversity specialists at the Danish company Habitats. Together, we developed landscaping plans for solar parks that are specifically designed to incorporate areas of rich, wild, diverse nature. The new initiative for greater biodiversity was first introduced as a pilot project in 2020. Rolled out on a larger scale, these new project-level landscaping schemes will significantly improve conditions for biodiversity in the Danish landscape.

We also announced a new pilot project that will demonstrate how future solar parks can be used to remove artificially drained lowlands from agricultural production and restore these areas to wetlands. This will allow a double effect on $CO_2$ reductions by producing green energy and restoring carbon-rich lowland areas to wetlands. According to the Danish Council on Climate Change, the restoration of wetlands has the second largest carbon reduction potential in Denmark this decade, only surpassed by the introduction of 1.5 million electric vehicles.

During 2020, we continued our strategic focus on finding land where solar parks can provide additional environmental benefits.

The quality of groundwater has been compromised in many places. A mass screening found pesticides in 77.2% of Danish groundwater tests, according to the Danish Society for Nature Conservation. Together with Danish municipalities and municipal waterworks, we helped form local plans that prioritised the location of solar parks on local groundwater interests. We help local municipalities reach their climate targets while also protecting the groundwater from fertilisers and pesticides.

We do not just want to take responsibility for providing additional green energy. We want to go above and beyond the standards of the industry. We take full responsibility for the land we use and seek to improve the environmental quality of our parks. Using solar parks to improve conditions for nature and biodiversity, restoring wetlands and protecting groundwater create obvious synergies. Hopefully, our initiatives and experiences will pave the way for a more holistic approach to climate, nature and people. We believe this approach must be integral to all solutions in order to create a better future.

## LOOKING AHEAD

In 2021, we will continue scaling up renewable energy production. We are starting the year with approximately 450 MW solar energy capacity in construction phases.

We will continue to prioritise depth over breadth and focus on Northern Europe and the Nord Pool power markets. We will continue to advance our integrated value chain and solar energy technology to reduce costs and increase scale. We will continue with



**If you want to go fast, go alone.
If you want to go far, go together.**

our partnership approach and close cooperation with municipalities, local communities, suppliers, power purchasers, financial institutions and grid operators. All our stakeholders will play a major role in developing and scaling up renewable energy production. Together we make change happen.

Together with all our stakeholders, and especially with the visionary sustainable companies choosing to purchase additional subsidy-free green energy, we have been making subsidy-free solar energy possible in Denmark and Northern Europe faster than anyone expected. We introduced the first subsidy-free solar parks in 2019 and connected them to the grid in 2020. After having received decades of support through subsidies, renewable energy is now cheaper than fossil energy. Now, we are looking ahead to scaling up subsidy-free renewable production.

Entering green power purchase agreements that ensure additionality no longer requires paying a premium on electricity bills. It is now simply a question of ensuring predictability, which enables us to finance and construct new solar parks. Sustainable companies can make a world of difference by ensuring that their energy consumption is matched by additional new renewable capacity. In 2021, we will continue our focus on forming partnerships with visionary companies who choose to purchase additional subsidy-free green energy.

## WE ARE PURPOSE DRIVEN

From the very beginning, our business has had a purpose. We want to lead the way and find solutions that benefit climate, nature and people. From day one, our approach has been to create new green energy by focusing on making solar parks commercially viable, scalable and easily integrable. Going forward, renewable energy will need to be significantly scaled up and integrated in transport, heating and hard-to-abate sectors to reach our climate targets.

A proverb says *If you want to go fast, go alone. If you want to go far, go together.* Better Energy would not be going anywhere without everyone who has joined us. This past year has been unlike any other, but with your dedication, we have reached many incredible milestones together. Your team spirit is a true inspiration.

Thank you for your hard work and commitment. I am so proud to be part of this fantastic team. Together we make an impact that matters!

**Rasmus Lildholdt Kjær**
Chief Executive Officer



# TABLE OF CONTENTS


**Impact that matters** **10**
Manifesto 12
Values 16
Key figures 18
Financial highlights 19

**Our business** **20**
Our business 22
Stakeholder platform 26

**Governance** **28**
Governance

**People** **34**
Our people matter 36
Interview 38

**Trends** **40**
Trends

**Performance & outlook** **46**
Activities in 2020 48
Financial performance 54
Looking back, moving ahead 58

**Risk management** **60**
Risk management

**Corporate social responsibility** **68**
Corporate social responsibility

**Assurance statements** **78**
Statement by the Executive Board & the Board of Directors 80
Statement by the Chair of the Annual General Meeting 81
Independent Auditor's Report 82

**Financial statements** **86**
Consolidated financial statements 88
Parent Company financial statements 150

# IMPACT THAT MATTERS

**IMPACT THAT MATTERS**
OUR BUSINESS
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 01

# 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.

## PERCEPTION IS REALITY

We shape our reality – we shape our world. We control our future. We write our own stories. If we believe in something, we can make it happen. Every moment begins with a decision to see things differently. A choice to make things better.

## REAL CHANGE IS POSSIBLE

Tomorrow does not have to be like today. Real change is possible when we change the way we work. The world needs novel, intelligent solutions and better working models to ensure a healthy, safe and clean planet. People must believe that real change is possible. The only thing that makes sense is making the world a better place.

## VISION: BE ENGINEERS OF A SUSTAINABLE FUTURE

We are driven by the vision of a healthy, safe and sustainable future. We know that sustainable development is not possible without cleaner, renewable sources of power. Advancing renewable energy will promote economic growth, create new jobs, improve the lives of people, reduce climate change and protect the environment.

Our business has a purpose beyond just making money. We want our work to create something larger than ourselves. We want to lead the way and show others how to shape our energy future in a way that benefits society. And we need to make sure that people are moving ahead. We want to actively contribute to the development of new energy solutions. We will be active, not passive, in the process of global change.

## MISSION: BE DRIVERS OF A RENEWABLE ENERGY REVOLUTION

We want to power up the world with unlimited and affordable green energy. We want to improve the lives of people and the environment with power that is clean, reliable, safe and sustainable. Renewable energy has enormous potential to transform how electricity is generated and to improve millions of lives. Green energy sources can help meet the rapidly growing energy demand and the need to expand access to energy.

Time is short. We cannot continue along our current path. We must engineer new ways to make renewable energy efficient and affordable.

- **Explore new directions, markets, financial structures, technologies**
  We all must do the impossible and connect the dots in new ways. We can drive the renewable energy industry forward if we find new ways to strengthen market policy, mobilise funds and challenge technology.

- **Advance the deployment of renewable energy as rapidly as possible**
  We want to change the way the world thinks about a clean energy future. We want to promote the widespread and sustainable use of renewable energy. Global policymakers, innovators, investors and consumers are facing unprecedented choices, and we want to shape the choices they make.

- **Deliver renewable energy at the lowest possible cost**
  Cost reductions will open new markets for rapid growth and drive the adoption of renewable energy. We want renewable energy to be the least expensive energy option. We work to make green energy competitive without government support and we work to drive developments that will make large-scale integration of green energy possible.

## STRATEGY: BE IMPACT THAT MATTERS

We want to make a positive measurable difference that lasts for generations. Our ultimate goal is to repower countries and empower their people. 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 away from energy technologies and dependencies that cause problems towards solutions that solve them. Better energy means a better future.

- **Solar energy**
  Solar is the most scalable and versatile renewable energy technology that exists today. We want to focus on the reliable, free, endless resources of the sun to change the way our markets are powered.

- **Vertical integration**
  Working together in the value chain enables us to scale up with efficiency, quality, innovation and lowest cost of energy.

- **Depth over breadth**
  We want to stay and improve, not cut and run. We want to achieve impact that matters. We firmly establish ourselves in markets where we can play a pivotal role and create long-term change.



**GUIDING PRINCIPLES:**

- **'Better and better': We will constantly challenge the status quo, push boundaries and create new possibilities.**

  We question best practices, also the ones that we have created. We foster an optimisation culture – constantly striving to make our designs, systems and decisions as perfect, functional and effective as possible. We create new choices and a new energy reality

- **We will grow our business with opportunities that offer the greatest business potential in areas where we can make the greatest impact.**

  A reliable and affordable source of energy contributes to both economic development and improved human welfare. We focus our resources on those areas where our efforts deliver both financial returns and human benefits.

- **We will be disruptive, dynamic, agile, and always willing to explore and respond to change.**

  What makes us successful today might not tomorrow. In a complex and volatile environment, we must learn new skills, adapt and grow. Our potential to learn and change, not our credentials, will be the real key to our future success.

# VALUES

## ENTREPRENEURIAL SPIRIT

We go first. We challenge norms and conventions. We work to stay lean, agile and able to recognise new opportunities.

## DETERMINATION

We go the distance. We are determined to find the right solutions. Turning a vision into a viable business means moving forward, even in the face of challenges.

## EXCELLENCE

We outperform. We are driven to excel. We set the bar high and constantly challenge ourselves.

## PROFITABILITY

We create value. We invent new business models that produce value for society and for future generations. We manage risk and capitalise on opportunity.

## INTEGRITY

We tell it like it is. We set high professional standards and act responsibly. We can be trusted to deliver quality and reliability.

## ACCOUNTABILITY

We deliver. We take action and hold ourselves accountable for results. We are dedicated.

## RESILIENCE

We are organised for change. Resilience means strength with flexibility. We work to create sustainable, long-term value for all stakeholders.

## RESPECT

We value differences. We welcome people with new perspectives. We foster creativity, flexibility, innovation and sense of ownership.

# KEY FIGURES

**102**
Employees

**99**
Established power plants

**1,066** DKK million
Revenue

**6,017** MW
Project pipeline

**201** DKK million
Gross profit

**486** MW
Established solar capacity

**382** DKK million
Equity

# FINANCIAL HIGHLIGHTS

| Key figures DKK ’000 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Revenue | 1,066,053 | 527,545 | 424,422 | 342,017 | 31,320 |
| Gross profit | 200,575 | 48,805 | 127,136 | 99,691 | 16,332 |
| Operating profit | 149,229 | 15,756 | 101,439 | 89,907 | 6,373 |
| Income from investments in associates | -102,504 | 9,862 | -16,347 | -502 | 10,652 |
| Net financials | -15,010 | -3,280 | -1,654 | 1,821 | 620 |
| Profit for the year | 19,694 | 20,697 | 64,972 | 77,539 | 15,987 |
| **Balance sheet** | | | | | |
| Balance sheet total | 884,063 | 884,848 | 365,524 | 221,148 | 49,110 |
| Inventories | 337,590 | 216,674 | 31,246 | 29,478 | 0 |
| Equity | 381,865 | 370,493 | 128,126 | 86,646 | 24,760 |
| **Ratios** | | | | | |
| Gross profit margin | 19% | 9% | 30% | 29% | 52% |
| Profit margin | 2% | 4% | 15% | 23% | 51% |
| Return on equity | 5% | 8% | 60% | 139% | 96% |
| Solvency ratio | 43% | 42% | 35% | 39% | 50% |

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

# OUR BUSINESS

IMPACT THAT MATTERS
**OUR BUSINESS**
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 02

# OUR BUSINESS

## PURPOSE

Better Energy was founded with the purpose of accelerating the transition to renewable energy sources. Our vision is to improve the lives of people and the environment with power that is clean, reliable, safe and sustainable.

## WHAT WE DO

Better Energy is a renewable energy company that builds additional green energy capacity. We build, own and operate renewable power plants that generate clean electricity. Individual businesses can purchase clean power directly from Better Energy through power purchase agreements (PPAs).


## NEW DRIVERS OF THE GREEN TRANSITION

The transition to renewable energy sources can only be achieved through electrification and by adding new, additional and inexpensive renewable energy to our energy system. Renewable electricity is the lifeblood of the transition.

Until recently, most renewable energy generation has been supported by government subsidies and support schemes. However, in many places, new solar power installations are cheaper than fossil alternatives and are in no need of government support.

As a result, the energy industry is undergoing a profound change from being subsidy driven to market driven. We are entering a new subsidy-free era in which the growth of renewables is being driven by market forces.

Corporate demand for renewable electricity can have the effect of additionality because companies can directly help new parks get built through power purchase agreements. New affordable green energy is now available for companies to purchase and PPAs with additionality constitute a critical tool in adding more renewable electricity to the grid and phasing out fossil fuels in our energy system. Companies need to make a change – and make a choice – to make a difference.

## LEADING BY EXAMPLE

Companies choosing to buy power from us enable us to build renewable power plants that add new green energy to the European energy mix. Guided by our mission statement, we aim to accelerate the transition to renewable energy as rapidly as possible and at the lowest cost possible.

We want to lead the way and show others how to shape our energy future in a way that phases out fossil fuels and benefits biodiversity and ecosystems. We want to make an impact that matters.

## INTEGRATED VALUE CHAIN

Our business model and operations are structured to deliver on our purpose. Better Energy's integrated value chain seamlessly blends each phase of development and construction, including selection of land, grid, local support, power purchase agreements and finance.

We take a lean and industrial approach to renewable energy deployment. Our business model is highly scalable and enables us to deliver a continuous stream of large-scale projects in several countries in one end-to-end process.

Vertical integration enables us to optimise work processes, reduce costs and create more value for stakeholders in all aspects of the value chain. We have the freedom and flexibility to innovate and apply new technology and efficiencies immediately in our solar parks.

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

# STAKEHOLDER PLATFORM

### SIX ELEMENTS

Delivering large-scale solar projects in a subsidy-free environment requires detailed knowledge and dedicated partners. We have identified six essential elements that are necessary for us to deliver impact: technology, land, grid, power purchase agreements (PPAs), capital and people.

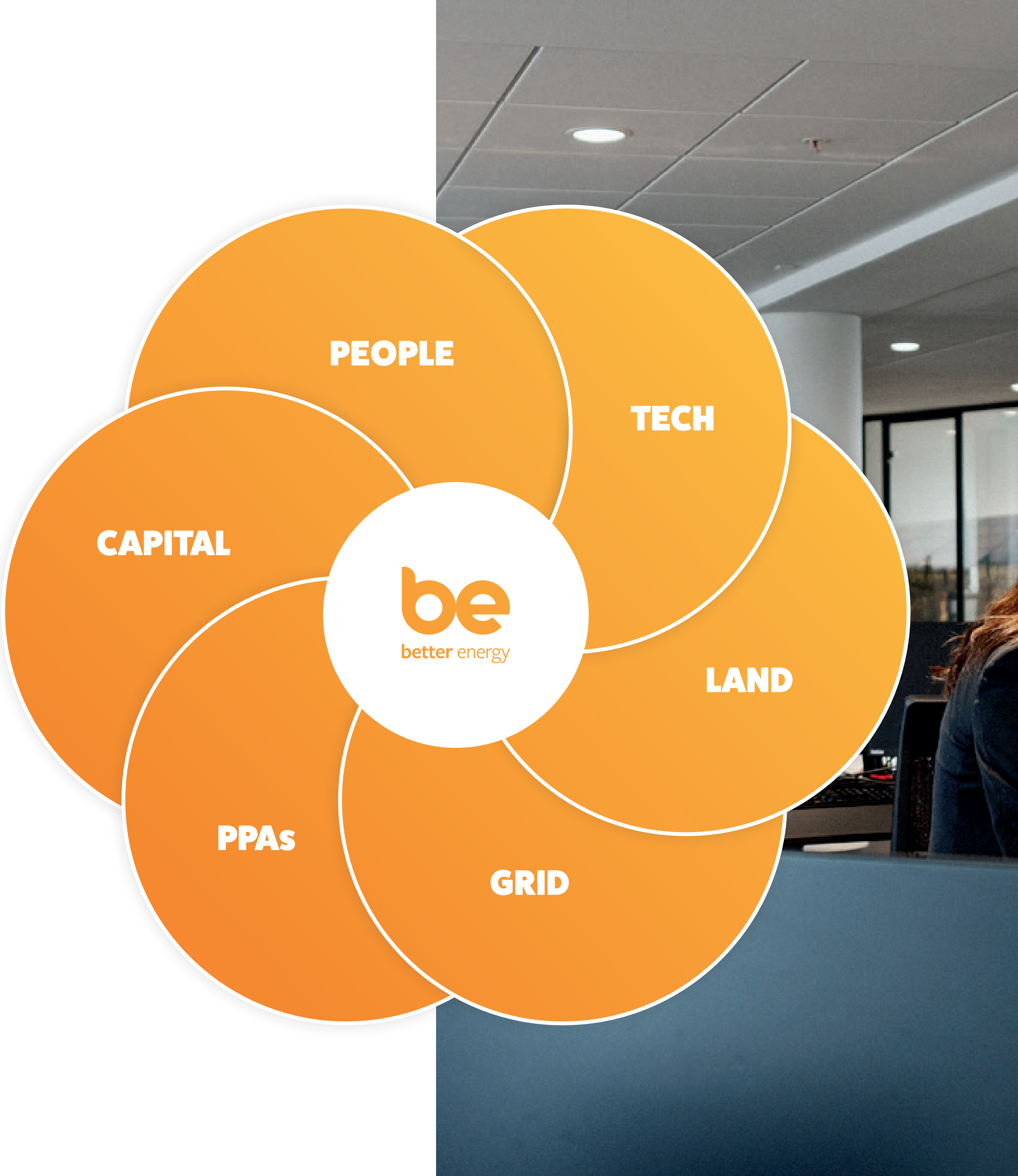
We work to form partnerships and positive relationships with our stakeholders in all critical areas to ensure effective operations and to accelerate the large-scale transformation of our energy system.

### TECHNOLOGY

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. Partnerships and good relationships with key suppliers in the industry ensure high quality, delivery security, access to capacity and the latest technologies.

### LAND

The continued increase in renewable energy capacity can only be achieved with local support. Securing local support is fundamental to solar park project development.





To address local concerns and secure local support, we set up community meetings early on in each project. We do our utmost to share information, address concerns and accommodate local ideas wherever it is possible. Genuine interest in protecting soil and groundwater, improving biodiversity, and including neighbours in an honest and transparent process from start to finish help us achieve local support.

## GRID

The electricity grid is essential for delivering green electricity from our solar power plants to consumers. Development and integration of power plants must go hand in hand with the development, technical upgrade, extension and modernisation of electricity grids.

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 along with realistic evaluations of resources and timing to ensure grid connection of our solar power plants.

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 central to utilise grid capacity optimally.

## POWER PURCHASE AGREEMENTS

After decades of being supported by governments, a significant part of the green transition could soon be entirely driven by market demand alone. Going forward, our ability to sell new green energy to companies and other large consumers through power purchase agreements (PPAs) will drive the green transition.

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

## CAPITAL

As we scale up operations and transform into an independent power producer, we continue to seek opportunities to optimise our capital structure. Corporate finance is important to the execution of our corporate strategy. We have a clearly defined development roadmap, and we closely align business, financial and investor plans to optimise returns and fund our growth.

## PEOPLE

Progress is never a straight line, and real progress depends on real people. Better Energy is a group of talented, mission-driven individuals who are eager to accelerate the green transition. We all have a responsibility to avert climate change. A sustainable energy future can only be realised if dedicated people in government, municipalities, local communities, companies in all sectors, financial institutions, NGOs and international organisations work together. Mitigating global warming is obviously a global task, but it starts with concrete and local action.

# GOVERNANCE

IMPACT THAT MATTERS
OUR BUSINESS
**GOVERNANCE**
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 03

**CHRISTIAN MOTZFELDT**

CHAIR OF THE BOARD OF DIRECTORS

# GOVERNANCE

The purpose of corporate governance is to support value creation and accountable management, thus strengthening long-term competitiveness. Better Energy's corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications.

Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

## BOARD OF DIRECTORS

The Board of Directors consists of Chair Christian Motzfeldt and Board members Michael Pollan, Mark Augustenborg Ødum, Mikkel Dau Jacobsen, Michael Vater, Annette Egede Nylander and Rasmus Lildholdt Kjær. The Board of Directors includes two independent, non-executive directors: former Chief Executive Officer of the Danish Growth Fund, Christian Motzfeldt, and Michael Pollan from Omnes Capital.

On behalf of the shareholders, the Board of Directors is responsible for the overall and strategic management of the company. The Board of Directors ensures a proper organisation of Better Energy's activities and ensures that Better Energy is managed properly. The Board of Directors also ensures accountability and the availability of adequate financial resources.

The Board of Directors convenes for five ordinary Board meetings every year. In addition, the Board of Directors convenes extraordinary meetings when the Chair considers it necessary or when requested by a Board member, by the Executive Board or by Better Energy's auditor. The main topics of the Board of Directors' activities are scheduled in an annual wheel to ensure pertinent planning throughout the year.

The agenda for each Board meeting is prepared by the Chair upon consultation with the Chief Executive Officer. To ensure and facilitate, among other things, an effective process for preparation of and follow-up on Board meetings, the Chair of the Board of Directors and the Chief Executive Officer meet once a month.

## EXECUTIVE BOARD

The Executive Board consists of Chief Executive Officer Rasmus Lildholdt Kjær (registered director), Chief Financial Officer Annette Nylander (registered director), Chief Legal Officer Ho Kei Au (registered director), Chief Operating Officer Kevin Wilkinson and Chief Technology Officer Mikkel Dau Jacobsen. The Chief Executive Officer is responsible for the day-to-day management of the company. The other members of the Executive Board are responsible within their own areas of responsibility.

**RASMUS LILDHOLDT KJÆR**

BOARD MEMBER

**ANNETTE EGEDE NYLANDER**

BOARD MEMBER

**MARK AUGUSTENBORG ØDUM**

BOARD MEMBER

**MIKKEL DAU JACOBSEN**

BOARD MEMBER

**MICHAEL VATER**

BOARD MEMBER

**MICHAEL POLLAN**

BOARD MEMBER

Together with the Board of Directors, the Executive Board ensures that the capital resources and liquidity of the company are always adequate and appropriate considering the financial position and business prospects of Better Energy. The Executive Board further develops and ensures the implementation of corporate strategy with a view to long-term value creation and sustainability.

The Executive Board ensures that the company has an efficient organisational structure with effective lines of communication and reporting, that the necessary dedicated and skilled human resources are always present and that clear instructions on roles and responsibilities are given to all members of the management team.

The Executive Board meets frequently and normally at least twice a month or as requested by the Chief Executive Officer or another member of the Executive Board.

## 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, and it is regularly reviewed and updated as necessary.

## CORPORATE POLICIES

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

## RISK MANAGEMENT AND AUDITS

Risk management and audits are handled by the Board of Directors, the Executive Board and our Finance, Legal and Project Management Office teams. 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 available for download on www.betterenergy.com.

# PEOPLE

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
**PEOPLE**
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 04

# OUR PEOPLE MATTER

### OUR COMMITMENT

Purpose is not just a sentence – it is a commitment. Our business is built on a commitment to bringing new and additional renewable energy into existence. We do so by pioneering an integrated value chain, designed to deliver the greatest amount of green energy at the lowest cost possible.

Our operations are structured to deliver on our purpose, and each phase – from building local support, development and construction to power purchase agreements and finance – is designed to ensure a lean and industrial approach to renewable energy deployment. Our business model is highly scalable and enables us to deliver a continuous stream of large-scale projects in one end-to-end process.

### OUR ULTIMATE ADVANTAGE

Purpose only works if you live it. Our ultimate advantage is our strong group of people who are agile and can adapt to change. Whether we succeed in reaching our targets depends on the people who define us. We look for the best and the brightest, but the key to making an impact is not just having the right skills. Better Energy is a group of talented, mission-driven individuals who are eager to collaborate in order to find new pathways and better solutions.

### A DIVERSE ORGANISATION

Better Energy works firsthand with all aspects of a renewable energy plant life cycle – legally, technically and financially. It comes naturally that we create job opportunities for people from diverse backgrounds and disciplines.

In 2020, our organisation developed on all fronts, with outstanding talents joining our development, construction, grid, finance and legal teams. With the formation of our Project Management Office (PMO), Better Energy has matured into a gigawatt scale developer, constructor and operator within each of our core markets.

We started 2020 with 71 employees and ended the year with 102 employees. Everyone has a special function, and together we create the difference that makes Better Energy so unique.

## INTERVIEW

# CHRISTIAN BACH

### Director of Financial Planning & Analysis

**Why did you choose a job in the energy sector?**

Renewable energy is in every way an industry with a bright future. Solar power in particular. It is only just beginning to reveal its potential as a game-changing industry. Being able to bring affordable, clean energy will influence so many aspects of society.

On a personal level, I really want to be part of this journey and contribute to driving the green transition. The more I learn about the global challenges we face, the more gratifying it feels that every day, I contribute to real change. The green transition will only happen once, so I am grateful to be a part of it.

**Why become a part of Better Energy?**

Well, Better Energy offers an enormous variety of tasks. I am constantly challenged and pushed professionally. And when one works – as we do in Better Energy – with the full value chain all the way from land to green energy, the learning curve is steep.

If you have the drive, abilities and motivation, you are quickly assigned more responsibility. There are many ways to grow in this company and always a surplus of challenging tasks. I have been given opportunities and have been assigned responsibility

"Time is of the essence, with less than 20-30 years to avert the most significant effects of climate change."

faster than what would have been the case in larger, more hierarchical organisations. I now report directly to the Chief Financial Officer and the information I provide, for example, to the Board of Directors' meetings, leads to concrete decisions and influences the direction the company takes.

Better Energy is also a company with a strong sense of purpose and a shared entrepreneurial spirit. People are willing to go the extra mile and are set on raising the bar. Because we know that this is the way we need to go as a society. We are not just hoping for a better world – we want to lead the change. And in my mind, we do.

We walk the talk. For example, when we say that we want to address the biodiversity crisis, we do not simply just post something about it on social media. No, we actually dedicate a substantial amount of resources to biodiversity measures on our sites. We hire biodiversity experts and ensure that our sites have a more regenerative effect on plant and animal life.

**What do you do at Better Energy?**

My team and I are responsible for our short-, medium- and long-term financial scenario planning and analysis on a group level, among other tasks. Constructing large-scale solar PV parks is capital intensive, so financial details are important. My job consists of managing a smaller team providing financial advice and strategic support to the top management in relation to short-, medium-, and long-term liquidity management. That includes determining the optimal mix of assets. It is all about optimising the resources we have at hand and facilitating the most intelligent business decisions.

My job also includes providing advice and data on corporate funding and how we can optimise funding. We need to support the fast growth of our company as well as maintain an overview of all the incoming and outgoing supplies of liquidity to ensure there is enough liquidity to finance the ongoing operations and development of new projects.

**What do you look for in people when you recruit?**

A few things. The person must be able to learn and grow with tasks. The potential to take on more responsibility is key. Of course, you must be talented, but you do not have to be an energy expert. You must show that you want to learn new skills, constantly develop and are willing to be a part of the green transition. Time is of the essence, with less than 20-30 years to avert the most significant effects of climate change. Obviously, we cannot change the whole world, but we can make a significant impact.

**What have been your most challenging tasks in 2020?**

The COVID-19 pandemic certainly left a mark and changed things a bit. This was not a part of the 2020 plan. We have been extremely busy with new projects and we have welcomed many new employees onboard, which has been rather challenging from behind a screen at the home office.

I want all new team members to feel as a part of the team, and I think we have managed very well despite the pandemic.

**How would you describe the culture at BE?**

It is fun to be part of this journey. We are growing rather quickly and often reach milestones or conclude new agreements. This creates an optimistic atmosphere, but it is also very meaningful. Avoiding the worst climate scenarios is undoubtedly one of the key issues right now.

Our culture is also extremely informal and non-hierarchical. There is no real distance to our top management. Even though we have grown a lot lately, we still have an entrepreneurial spirit, and a lot of former students are now employees with a great deal of responsibilities. There is a special vibe. I expect to be around for many years.

# TRENDS

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
PEOPLE
**TRENDS**
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 05

# TRENDS

### RENEWABLES ARE GROWING

In sharp contrast to all other fuels, renewable electricity production grew by almost 7% in 2020, reaching nearly 200 GW in total renewable capacity additions. Despite the challenges emerging from the COVID-19 crisis, the fundamentals of renewable energy expansion have not changed.

Solar PV and onshore wind are already the cheapest energy technologies most places in the world. Overall, renewables are set to account for 95% of the net increase in global power capacity through 2025, according to the International Energy Agency (IEA).

Solar PV is expected to account for almost 60% of total renewable energy expansion in this period. Cost reductions are expected to continue, making utility-scale solar PV the least costly way to add new electricity capacity in most countries.

### HERE COMES THE SUN

Renewable energy has seen drastic price declines over the past decade. Between 2010 and 2019, the decline in the levelised cost of electricity of solar PV was 82%. Wind production has seen comparable declines with 29% for offshore wind and 39% for onshore wind, reports the International Renewable Energy Agency (IRENA).

The agency says that one million USD invested in 2019 could have translated into 1,005 kW solar PV capacity. The same investment would have translated into just 213 kW in 2010. IRENA predicts solar may reach 2,840 GW of installed capacity by 2030, and that figure could well rise to 8,519 GW in 2050. The vast majority of new PV capacity is expected to come from utility-scale solar parks.

### KING OF ELECTRICITY

In all scenarios in World Energy Outlook 2020, renewables grow rapidly, with solar taking center stage. 'I see solar becoming the new king of the world's electricity markets,' said IEA Executive Director Fatih Birol at the launch of the report.

IEA expects the combined share of solar PV and wind in global generation to rise to almost 30% in 2030 from 8% in 2019, with solar PV capacity growing by an average 12% a year. However, in order to reach climate targets, it is not enough that electricity production is fossil free. Electrification in other sectors is needed to bring down carbon emissions. Heat pumps will need to replace natural gas boilers and electric vehicles will need to displace fossil cars.

### POWER-TO-X

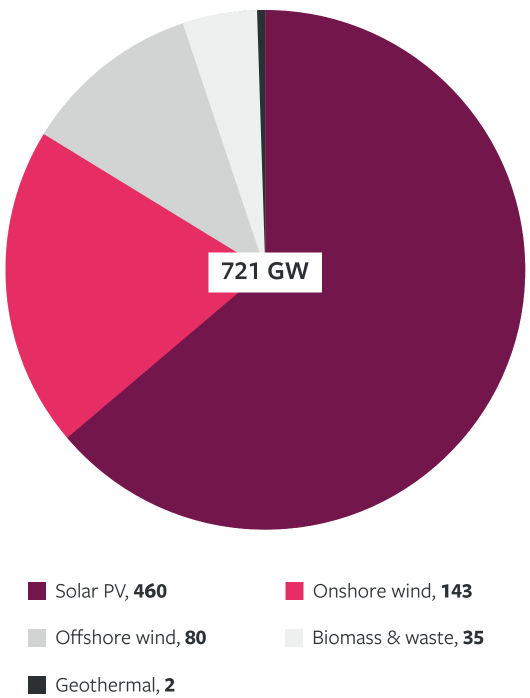
Heavy transport and heavy industry account for nearly one-third of global carbon emissions, a share that is expected to increase significantly in the coming years. Emissions reductions are usually more costly in these so-called harder-to-abate sectors as fossil free technologies are still more expensive than conventional technologies.

A promising solution to this challenge is power-to-X (PtX). PtX is a term for various processes that convert electricity into other energy products such as hydrogen, ammonia or synthetic fuels. Power-to-X can be used to store surplus power from variable renewable energy sources, which cannot otherwise be added to the electricity grid, and thus presents an alternative to curtailment.

PtX is a way of storing and converting renewable energy sources into fuels that can help decarbonise sectors such as steel, shipping and aviation where electricity is not yet a viable alternative.

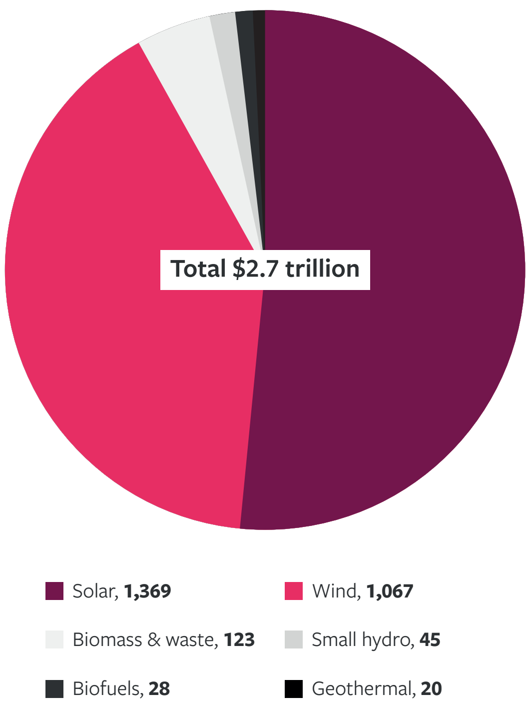
## RENEWABLE POWER ADDITIONS REQUIRED TO MEET GOVERNMENT TARGETS WITH DEADLINES BETWEEN 2020 AND 2030, GW

Source: UNEP, Frankfurt School-UNEP Centre, BloombergsNEF



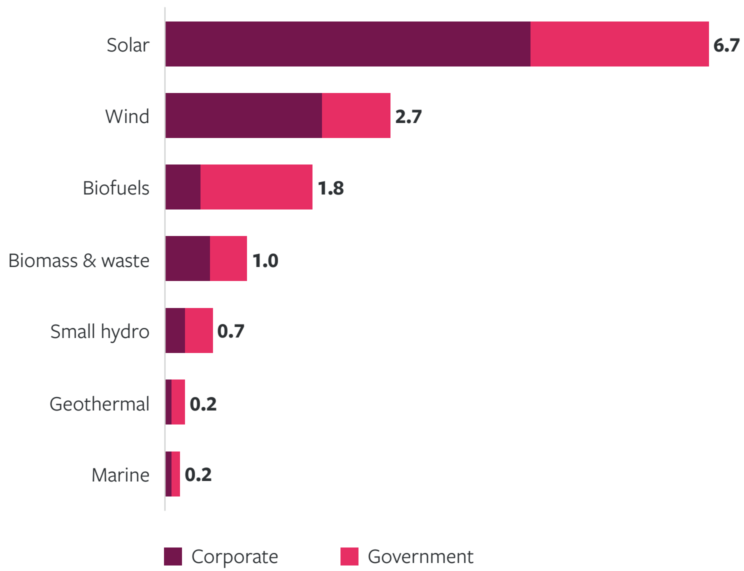

## RENEWABLE ENERGY CAPACITY INVESTMENT OVER DECADE, 2010-2019, $BN

Source: UNEP, Frankfurt School-UNEP Centre, BloombergsNEF




## R&D INVESTMENTS IN RENEWABLE ENERGY BY SECTOR, 2019, $BN

Total values include estimates for undisclosed deals.
Source: UNEP, Frankfurt School-UNEP Centre, BloombergsNEF



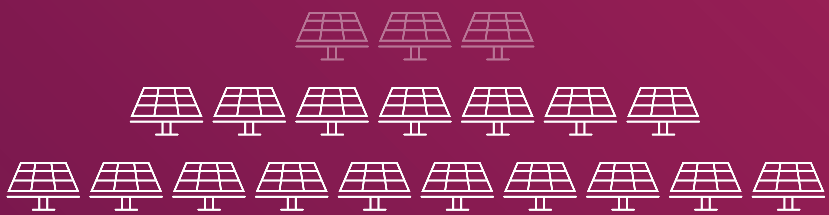
# LESS INVESTMENT = MORE CAPACITY

## USD 1 MILLION INVESTED

### SOLAR PV

2010 2019

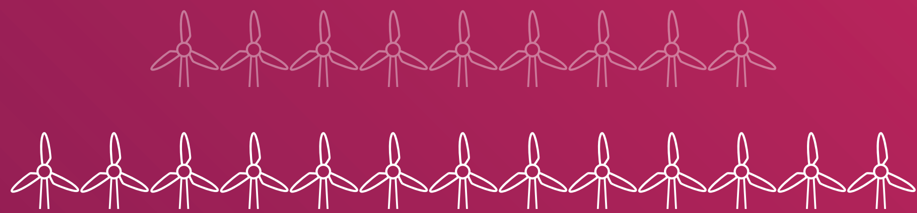
213 kW → 1,005 kW



### ONSHORE WIND

2010 2019

514 kW → 679 kW



> **Solar PV is expected to account for almost 60% of total renewable energy expansion in this period. Cost reductions are expected to continue, making utility-scale solar PV the least costly way to add new electricity capacity in most countries.**

### SOLAR AND STORAGE

Stationary battery storage is gaining popularity in several regions. Combining solar production and battery storage can present a viable method of utilising solar power, particularly in markets with weak electricity grids.

The levelised cost of electricity battery storage has tumbled to nearly half during the last two years, research company BloombergNEF (BNEF) reports. As the cost of battery storage and solar power is set to decrease further, the attractiveness of this hybrid solution will grow and replace fossil alternatives such as gas peakers. Apart from mitigating the risk of curtailment, battery storage might also help provide backup capacity as well as grid support, such as short-duration, high-frequency balancing.

### GROWING POWER GRID

In BNEF New Energy Outlook 2020, grid investments are expected to increase to approximately $14 trillion by 2050. Around 41% of this, or $5.8 trillion, is sustainment capital to replace ageing assets. Around 38% goes to grid reinforcements and 21% to new connections. Together, the latter two categories are growth capital and amount to $8.2 trillion. Total annual investment more than doubles to $636 billion in 2050, from $235 billion today. This is a compound annual growth rate of 3.4%. This rapid increase in investment supports a growing power system.

### SUSTAINABLE FINANCE

Between 2010-2019, solar PV was the largest recipient of finance for new projects, attracting nearly $1.4 trillion, while wind took nearly $1.1 trillion. Biomass and waste-to-energy received $123 billion and geothermal $20 billion.

According to BNEF, the renewable energy targets that 87 governments have set for 2030 would mean the construction of an estimated 721 gigawatts (GW) of new capacity. Solar PV is expected to account for 460 GW, onshore wind 143 GW, offshore wind 80 GW and geothermal 2 GW.

### BIODIVERSITY LOSS IS A LOSS FOR HUMANITY

Nature is declining globally at rates unprecedented in human history. Around one million animal and plant species are now threatened with extinction. The average abundance of native species in most major land-based habitats has fallen by at least 20%, mostly since 1900.

More than 40% of amphibian species, almost 33% of reef forming corals and more than a third of all marine mammals are threatened. Current negative trends in biodiversity and ecosystems will undermine progress towards 80% of the assessed targets of eight Sustainable Development Goals.

# PERFORMANCE & OUTLOOK

# 06

# ACTIVITIES IN 2020

## OVERVIEW

The year 2020 was the year PV solar became the cheapest source of new energy across Europe. Leading players across all sectors sought to support a true green transition by partnering with Better Energy to deliver real additionality to the European energy mix.

Better Energy, an early pioneer of subsidy-free green energy, expedited the development and construction of power plants to help bring our societies closer to the green future we so desperately need. In 2020, our fully integrated value chain, delivering projects through development, construction and operation, worked to deliver solid project results within Denmark, Poland and Sweden.

In 2020, one of our major strengths within development continued to be our structured and industrial approach and focus on large-scale deployment. Our pipeline of development projects expanded to 6.1 GW in 2020, an increase of approximately 30% year on year, ensuring a steady flow of diversified projects for years to come and allowing more and more corporate and financial partners to play their role in the green transition.

In 2020, we started construction on 18 solar PV parks. Within the year, we initiated and built projects in Denmark, Poland and Sweden with a total capacity of 446 MW, finalising and grid connecting 173 MW in 2020. The remaining projects will be finalised and grid connected in 2021.

We completed our strategic goal of becoming an independent power producer (IPP) in 2020 and now have an ownership stake in 190 MW of operational assets. Better Energy's asset management expertise is also applied to each of these projects, always ensuring optimal operational performance. Our rapid transition to an IPP was possible through a strategic mixture of commercial and financial partnerships. As a consequence of our commercial partnerships, Better Energy was able to construct large-scale, subsidy-free solar parks to deliver green energy to industry leading businesses, such as Google and Chr. Hansen, which are motivated to ensure a green future. We initiated the construction of a 207 MW solar park that will deliver green energy to international fashion company Bestseller, Danish retail business Normal and online supermarket Nemlig.com from 2021.

Financial partners played a key role in supporting the tremendous growth of the solar industry in 2020. A new partnership between Better Energy and Nykredit accelerated the green transition by introducing Danish solar parks to the classic Danish mortgage model. The year 2020 was the first time in Denmark that solar parks were financed by mortgage loans, allowing our solar parks to receive long-term loans to be repaid over the lifetime of the assets.

A loan from the Danish Green Investment Fund was obtained in 2020, included within the financing of the Næstved project and the financing of Better Energy's growing portfolio of owned solar parks. The purpose is to bring the financing into play where it



can have the greatest positive effect on Better Energy's work to expand new solar energy capacity. The partnership between the Danish Green Investment Fund and Better Energy is now further strengthened. A significant three-figure million DKK loan will accelerate the expansion of green energy capacity and the displacement of fossil fuels. This loan is also the first from the Danish Green Investment Fund under Denmark's Green Future Fund.

A historic partnership was also struck between Better Energy and Danish pension fund Industriens Pension, providing a huge boost to the deployment of solar parks. The first five solar parks covered by the agreement commenced operation in 2020, while the majority of the parks covered by the agreement are expected to be in operation during the course of 2021 and 2022. The investment is expected to include equity from both parties. It is expected that the total investment of equity and project financing will amount to almost DKK 4 billion. The plan is to build around three-quarters of the solar parks in Denmark, while the remaining parks are to be built in Poland. The total capacity of the solar parks is expected to amount to approximately 1 GW, corresponding to an annual reduction of more than 350,000 tonnes of $CO_2$.

The foundation of our Swedish development team allows us to explore this high potential market and has already yielded a pipeline of opportunities to be developed further in 2021. Our market leading business model in Denmark and Poland translates perfectly into the Swedish market and looks to capture a substantial portion of the rapidly growing Swedish market. Having constructed the 11.8 MW Eken PV project in 2020, the largest

PV installation in Sweden at the time, we are uniquely placed to bring our integrated value chain and subsidy-free solutions to this market.

## DENMARK

Better Energy made an impact on the transition to renewable energy in Denmark in 2020. This was a year characterised by strong partnerships which will make purposeful and meaningful contributions to a greener energy system.

Businesses with a true green agenda set their sights on making real change by choosing to purchase their power needs from solar parks with true additionality. Better Energy and Google shared a vision and desire to make the grid greener, resulting in the construction of three solar PV parks in Denmark with a combined capacity of over 100 MW. An essential part of the agreement was that Google buy new green energy that adds new renewable energy capacity to the same power market where Google's upcoming data centre in Fredericia is located. When companies add the same amount of energy to the market in the same place where they consume it, this is called true additionality. Likewise, our partnership with Chr. Hansen, a global bioscience company, resulted in a long-term power purchase agreement (PPA) which enables them to switch to 100% renewable energy in Denmark. Two brand new solar parks are now operational and will supply Chr. Hansen with green energy. The energy capacity created by the two solar parks corresponds to the average annual energy consumption of almost 33,750 people living in Denmark.

Global pharmaceutical company, Lundbeck, entered a 7-year PPA with Better Energy to ensure 100% renewable electricity consumption. As a result of the agreement, Better Energy will build a new solar park and bring more new renewable electricity into the Danish grid. The solar park will be built in Guldborgsund Municipality in Denmark and is expected to be connected to the electricity grid in 2021. The new solar park will have a capacity of 34 MW and is expected to generate the equivalent of the average annual electricity consumption of 21,250 Danes.

Construction of the largest solar PV park in Northern Europe also began in 2020, enabled through an agreement with Heartland, the parent company of Bestseller. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings, and it will also supply green energy to Danish retail business Normal and online supermarket Nemlig.com.

Since Better Energy's inception, we have been driven to create solar parks which work in harmony with their environment. Our sites are home to thousands of sheep, grazing on our organic land,



pesticide and chemical free, and serve to protect groundwater and soil regeneration for the future. In 2020, we took another great step forward and introduced our biodiversity concept to our Næstved site. Europe's biodiversity is under severe threat from habitat loss, pollution, unsustainable use of land and climate change. Better Energy is developing landscaping plans for solar parks that are specifically designed to incorporate areas of rich and wild nature. Rolled out on a large scale, these new project-level landscaping schemes will significantly improve conditions for biodiversity in the Danish landscape. After a thorough local environmental study, eight distinct biodiversity 'points of impact' were incorporated in the solar park to ensure that nature gets a head start, spreads and thrives over the coming years.

In 2020, Better Energy developed a new type of solar park that can be built on lowlands. These lowlands with carbon-rich soil can then be taken out of agricultural production. Restoring wetlands could bring about significant environmental and regenerative synergies, but it could also prove a highly valuable method to reduce carbon emissions from the agricultural sector. According to the Danish Council on Climate Change, the restoration of wetlands has the second largest carbon reduction potential in Denmark this decade, only surpassed by the introduction of 1.5 million electric vehicles.

Following our strategic focus on improving the biodiversity at our sites, we entered a partnership with Habitats, a Danish biodiversity specialist. This was an important milestone in 2020, as this partnership will support us in the effort to ensure healthier ecosystems at our sites. We also continued our work with local authorities to help form local plans that prioritised placing solar parks on local groundwater interests. This way, we can produce renewable electricity and improve biodiversity while protecting the groundwater at the same time.

During 2020, we increased our pipeline of projects in Denmark to around 4.7 GW of capacity at year end.

## POLAND

The year 2020 was a landmark year for our activity in the Polish PV market, as we broke ground on two large-scale projects, Postomino and Polanow, each with a capacity of 30 MW. Construction was at an advanced stage at the end of the year, with all engineering and procurement work complete and with grid connection and operations scheduled for early 2021. Building on our prior experience of constructing 38 small scale solar parks with a total capacity of 36.4 MW, we made the transition to large-scale construction smoothly and efficiently.

We finalised our portfolio of small-scale projects with the completion of an additional four projects, bringing the total capacity to 40.2 MW.

Our asset management experience in Poland, combining our operations and maintenance services with our commercial management expertise, was proven with performance above



**"Europe's biodiversity is under severe threat from habitat loss, pollution, unsustainable land use and climate change. Better Energy is developing landscaping plans for solar parks that are specifically designed to regenerate rich and wild nature."**

expectations and will be developed further as we move to the operational phase of our large-scale projects. Ending the year with further success, Better Energy was awarded with a contract for difference (CFD) contract for a 28 MW project which will be built, owned and operated by Better Energy. As our first project in the south of Poland, this project also marks further geographic expansion for Better Energy across the country.

Our pipeline of development projects in Poland was expanded to around 1.1 GW in 2020, a year-on-year increase of approximately 33%. Better Energy's commitment to help Poland reduce the reliance on coal is stronger than ever.

### SWEDEN

In 2020, Better Energy supplied our EPC solution to the 11.8 MW Eken solar PV project near the city of Linköping, Sweden. This was an important milestone for Better Energy, marking our entry into the large-scale solar market in Sweden with the largest PV installation in the country at that time. We also developed our own pipeline of development opportunities and expanded our in-house expertise to facilitate a rapid expansion into this market.

### OPERATIONAL ASSETS – OTHER MARKETS

Better Energy remains active in Ukraine, owning the operational Ganska solar PV park together with the Danish Investment Fund for Developing Countries (IFU). This 19 MW asset, constructed by Better Energy in 2018, delivers green energy into the Ukrainian national grid.

Better Energy retains a 9% ownership stake in the operational Valsneset wind farm project in Norway with three Vestas V117 4.2 MW turbines. The wind project had a total production of 41.7 GWh in 2020.

### FUTURE TECHNOLOGY

We strive to optimise our construction projects with the latest technology and have excellent relationships with the industry's most renowned suppliers, always keeping us at the forefront of the industry. A full green transition will require not only the finest solar PV technology but also the highest level of innovation to integrate renewable energy into future grid solutions.

# FINANCIAL PERFORMANCE

## OVERVIEW

Our long-term strategy has been to become an independent power producer supported by annual recurring revenues. These long-term returns are higher than the short-term returns from the divestment of solar parks. Our partnership with Omnes as minority shareholders enabled us to embark on this transformation journey earlier than expected, and it has enabled us to already be able to hold assets on our own books.

Better Energy has transformed into an energy company that owns and operates solar parks. These parks generate electricity that is sold through power purchase agreements (PPAs) or sold directly on the wholesale merchant market, thereby generating annual recurring revenues. The benefits of annual recurring revenues are that over time they increase revenue and reduce costs, stabilise cash flow and increase profits. Investment in solar parks is capital intensive, and transformative business growth requires rigorous planning and liquidity.

Renewable power assets are in great demand. We have received many attractive bids for our solar parks under construction, which documents the market value of the parks. However, the parks must be shown at cost price – not at market value – in the balance sheet, so the true market value is not visible in the financial statements.

During 2020, we entered a partnership with Danish pension fund Industriens Pension, which among other things, entails a 50/50 partnership on parks that already have been built and put into operation. This partnership includes equity from each party as well as long-term project financing, typically in the form of mortgage loans. The partnership is expected to amount to almost DKK 4 billion in equity and project financing. The partnership is part of our build-hold strategy to become an energy company in which revenue is generated on a long-term basis through the sale of green energy.

Five of the Danish solar parks which were connected to the grid in 2020 are covered by the agreement and are part of our revenue for 2020.

Our focus during the past year and in coming years will be on increasing long-term value creation and profitability rather than increasing short-term topline revenues and bottom-line profit.

## INCOME STATEMENT

### Revenue

Consolidated revenue reached DKK 1,066 million in 2020, up from DKK 528 million in 2019. This revenue was generated by divestment of solar parks, contract works, income from asset management and other revenues. In 2020, Better Energy's greatest source of revenue was the divestment of solar parks and contract works. This revenue totalled DKK 1,039 million. Revenue was mainly generated in Denmark with DKK 1,003 million, DKK 45 million in Sweden and DKK 17 million in Poland.

Divestment revenue regarding solar parks amounted to DKK 771 million in Denmark, growing from DKK 157 million, which indicates the future potential of this business area. The divestment revenue is primarily due to the agreement with Industriens Pension and the sale of our five Danish parks, which due to our accounting policy is included with 100% even though we have decided to keep 50% of the five Danish solar parks. Revenue from contract works amounted to DKK 268 million. The contract works generate revenue according to the stage of completion, which potentially leads to income over several years.


Start date
Expected due date
Expected duration (days/hours)
Priority
2020-Must-Win-Battle
DD-MM-YYYY
DD-MM-YYYY
XX days
Tax

### Gross profit

Gross profit increased to DKK 201 million from DKK 49 million in 2019. This increase was mainly due to divestments of solar parks.

### Operating profit

Operating profit increased to DKK 149 million, up from DKK 16 million in 2019, mainly due to an increase in gross profit, again mainly due to the divestment of solar parks.

### Income from investments in associates

Income from investments in associates came to DKK -103 million against DKK 10 million in 2019. This is primarily due to the fact that our share of the five Danish solar parks of which we have chosen to keep 50% is reduced in income from investments in associates due to our accounting policy.

### Financial income/expenses

Net financial income came to DKK -15 million down from DKK -3 million in 2019. The increase in net financial expenses is mainly attributable to the fact that Better Energy incurred additional financing costs due to increased construction activities during the year.

### Tax

Tax on profit amounted to DKK 12 million, compared with DKK 2 million in 2019. The effective tax percentage in 2020 was 38%.

### Balance sheet

Total assets remained at the same level from DKK 885 million from the end of 2019 compared to DKK 884 million at the end of 2020. The level is due to lower investments in land and buildings as well as a lower cash balance offset by increased inventories and increased receivables.

### Equity

At the end of 2020, equity amounted to DKK 382 million compared with DKK 370 million at the end of 2019. This net increase of DKK 12 million was mainly due to the profit for the year and negative exchange rate adjustments.

### Cash flow statement

Cash flows from operating activities came to DKK -71 million in 2020 against DKK -89 million in 2019. This includes a negative change in net working capital of DKK -152 million. Cash flows from operating activities were highly affected by the increased activity level in 2020.

Cash flows from investing activities came to DKK 6 million in 2020 against DKK -18 million in 2019.

Cash flows from financing activities totalled DKK -30 million in 2020 against 501 million in 2019. In 2020, Better Energy received proceeds from borrowings (long-term loans from credit institutions) of DKK 6 million. This was offset by a repayment of a bond which matured of DKK 10 million and instalments on long-term liabilities of DKK 13 million. Furthermore, a bond of DKK 6 million will mature in December 2023. 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 -95 million in 2020 compared with an increase of DKK 394 million in 2019.

## CAPITAL MANAGEMENT

Better Energy constantly monitors liquidity in order to mitigate any shortage of funds. At the end of 2020, the cash balance amounted to DKK 302 million of which DKK 189 million was free cash, DKK 101 million was cash available for use on specific projects and DKK 12 million was cash on accounts with special termination terms.

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.

# LOOKING BACK, MOVING AHEAD

## OUR GOALS FROM 2019

In 2020, our main target was to continue to scale our activities in Northern Europe and the Nord Pool power markets. To accelerate the green transition in these markets, in particular Denmark and Poland, the strategy has been to sustain our focus on entering power purchase agreements (PPAs), enabling further expansion of large-scale solar energy capacity.

Through stronger partnerships with our stakeholders, we continued to further sharpen and advance our integrated business model and reduce cost and increase scalability. Before entering 2020, it was a strategic objective to continue to hold onto more power plant assets as part of our growth strategy. We continued this path, and entered new partnerships in which we started holding our own activities in order to build up future recurring revenues from the sale of electricity from solar parks.

As grid connections and local support are crucial for our business and increase the share of renewable energy, stronger partnerships with local communities and grid operators continued to be a top priority in 2020.

Our expectation for revenue and result for 2020 was more or less the same level as in 2019. This was due to our transformation to become an independent power producer, which consequently means lower results in the short term and better results in the long term.

## REACHED GOALS IN 2020

We continued to build our presence in Northern Europe and the Nord Pool power markets. Our pipeline in Denmark totalled 4.7 GW of capacity at year end. In Poland, our pipeline of projects totalled 1.1 GW, and in Sweden it totalled 168 MW.

Better Energy continued to demonstrate how solar can be scaled up and accelerate the transition to an affordable, low-carbon future. We also cemented our leading role in power purchase agreement products for the renewable energy industry, as exemplified by our PPA with global pharmaceutical company Lundbeck. In 2020, we also completed parks that will supply green energy to Chr. Hansen and Google as planned.

Following our focus on forming strategic partnerships with capital partners, we further developed our partnership with the Danish Green Investment Fund as Better Energy received the first loan from the Danish Green Investment Fund under Denmark's Green Future Fund. We also entered a new partnership with Nykredit and Industriens Pension, a Danish pension fund. Together, we will increase renewable energy production. Our partnership with Industriens Pension is expected to total almost DKK 4 billion in

investment of equity and project financing. Both partnerships will help us accelerate the expansion of green energy and the displacement of fossil fuels.

As we continue to expand our activities, we also improve our ability to increase biodiversity and support healthy ecosystems. During 2020, we entered a partnership with Habitats, a Danish biodiversity specialist, which will help us restore and regenerate nature on our sites. We also developed a new type of solar park that can be built on lowlands in 2020. Our ambition is to demonstrate that future solar parks can be built on restored wetlands and thus reap multiple environmental benefits as well as reduce carbon emissions.

To simplify our corporate group structure, our different activities previously held in subsidiaries were merged into Better Energy A/S (formerly Better Energy Management A/S). Our previous activities and organisation continue, but they are now under the same name. Overall, our activity level continued to increase in 2020. Revenue was doubled and profit for the year was as expected due to our build-hold strategy.

## LOOKING AHEAD TO 2021

Looking ahead, Better Energy will follow the stated course to retain our strong market leadership in the renewable energy sector. Our overall strategy has been to commercialise solar power, then scale it, and then integrate it into other parts of the economy.

So far, we have successfully showed that solar power is competitive in Northern Europe as we continue to build large-scale parks on commercial terms without subsidies. We are currently expanding and scaling our solar energy capacity. Our current focus is on being a large-scale independent power producer with a long-term view of operational assets. The next step will be to integrate the renewable electricity into the wider economy.

We expect a higher activity level in 2021 compared to 2020 with revenue reaching DKK 1.3-1.6 billion. Due to our continued emphasis on investing in the green transition and retaining ownership shares in our own solar parks, we expect profit for the year to reach DKK 50-75 million. However, both revenue and profit for the year depend on timing related to grid connections, etc., and the size of ownership share in our own solar parks. We do not believe that the COVID-19 pandemic will have any material adverse effect on Better Energy's operations in 2021.

## EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 33 in the consolidated financial statements.

# RISK MANAGEMENT

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
**RISK MANAGEMENT**
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 07

# RISK MANAGEMENT

## OUR BUSINESS ENVIRONMENT

We operate in changing and growing 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 long-term value and achieve our strategic targets. 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.

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

## OUR APPROACH

Better Energy takes a proactive approach to risk management across all business areas, and we assess and manage risks on a continuous basis. Our approach to risk management follows a five-step process, drawing on internal expertise, including financial, engineering, legal and compliance specialists.

The five-step process begins with risk identification, and it takes place at business level, project level and operational level.

During the risk assessment stage, severity and likelihood of risks occurring are assessed, and a prioritised list of risks goes through the stages of risk analysis, risk tolerance and risk mitigation. The Board of Directors and Executive Board decide which risks are acceptable to the business and which risks need to be mitigated.

Having a structured way of assessing our risks throughout the organisation allows us to increase awareness. Keeping our main focus on high likelihood and high severity risks makes acceptance and mitigation of risks efficient. Better Energy operates with two


be IMPACT THAT MATTERS

types of risks – one type of business or project risk that can be mitigated through new actions, and another type of risk, which is simply inherent in the business operations of our company. Inherent business risks cannot be fully mitigated, but we have undertaken actions to reduce any potential negative impact.

In the following sections, we describe our six inherent risks identified as high priority.

### POWER PRICE UNCERTAINTY

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. Since not all energy generated by our solar parks is sold under long-term agreements, our revenue is subject to the fluctuating market price of electricity.

Short-term fluctuations in the power trading market are to be expected, and power prices lower than forecasted will directly impact Better Energy's revenue.

To mitigate this risk, we have strengthened our asset management knowledge in power sales and grid balancing. We continue to develop diversified power products, supported by long-term innovation on Power-to-X (PtX), grid support functionality and battery storage, 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.

## 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. Better Energy currently enjoys a low interest environment, but this has the potential to fluctuate over short- and longer-term periods. If interest rates are not in line with power price inflation, capital costs will increase.

To mitigate this risk going forward, long-term fixed interest mortgage bonds will be used for Danish projects. For new projects, Better Energy uses commercial sensitivity analysis as part of the standard project financial modelling where a potential increase in interest rates is taken into account.

## CURRENCY FLUCTUATIONS

We operate internationally and import a number of components that are paid in foreign currencies. There can be a difference in currency between loans, engineering, procurement and construction invoices and sale of electricity generated by solar parks. Through these operations, we are exposed to the variation in currency exchange rates. Our main currency exposure relates to fluctuations between USD, PLN, UAH, EUR, SEK and DKK.

With reference to its currency hedging policy, Better Energy mitigates the risk by strictly controlling and monitoring currency exposure, and exposure is quantified in line with project pipeline development.

## CONSTRUCTION RISK

Construction relies on a wide number of local and international partners, suppliers and stakeholders. Components and materials comprise a substantial amount of total solar power plant costs, and cost fluctuations of components and materials used to construct our plants may affect the profitability of the projects.

Other risk factors in the construction phase are issues with components, installation or sudden weather challenges that could result in project delays. Subsequently, delays and budget overruns can lead to loss of power sales revenue, permitting and grid connection issues.

Better Energy manages these risks by executing strong project management, and we have a proven track record of delivering utility-scale projects on time and with outstanding technical standards. Additionally, forming partnership agreements with major Tier 1 suppliers and service providers allows us to influence price and payment terms.

In relation to issues originating from poor weather conditions, we constantly monitor weather forecasting in the areas where our assets are located to reduce possible impacts. Furthermore, Better Energy engineers its own systems to withstand extreme weather conditions and to increase the lifetime, durability and resilience of our systems.

As we grow, we continue to standardise our approach to engineering, procurement and construction, and we endeavour to implement a culture of continuous learning from both our own experience and best industry practice.

**IT SECURITY**

According to recent cyber threat assessments, Danish Centre for Cyber Security states that the threat level is increasingly high in the energy and utilities sectors as digitisation and dependence on cloud-based solutions increase. It is natural to deduce that cybercrime and attempts of fraud are potential risks to our business.

Our cloud-based solutions for daily business data storage, communication and energy generation control are potential targets of cyberattacks. If our systems are compromised, loss of information and lack of access to information can result in delays.





Moreover, fraud and malicious cyberattacks may also compromise Better Energy's activity and revenue, and attacks could ultimately result in the shutting down of plants.

Better Energy has upgraded its IT hosting provider and developed bespoke in-house solutions to mitigate IT security related risks. We continuously monitor our equipment for security issues by using internal and external IT specialists.

We develop contingency plans for our plants, and we will continue to do so as we build more plants and cover a greater share of the energy consumption with our green solar energy.

### LEGAL COMPLIANCE

Better Energy is subject to rules and regulations derived from law, commercial agreements and financial regulations, amongst others. Compliance to these conditions affects all areas of our business activity.

Failure to comply with various rules and regulations can result in serious fines, penalties and other legal action.

Better Energy has created a Compliance Committee, headed by the CLO, in order to manage compliance related matters. With reference to the Compliance Committee, the organisation continues to standardise the processes related to compliance mechanisms.

# CORPORATE SOCIAL RESPONSIBILITY

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
**CORPORATE SOCIAL RESPONSIBILITY**
ASSURANCE STATEMENTS
FINANCIAL STATEMENTS

# 08

# CORPORATE SOCIAL RESPONSIBILITY

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

## THE FUTURE WE WANT

Better Energy was founded with the purpose of accelerating the green transition with better solutions and mass quantities of affordable clean energy. We are here to improve the lives of people and the environment with power that is clean, reliable, safe and sustainable. We want to lead the way and show others how to shape our energy future in a way that benefits biodiversity and ecosystems.

### Driving systems change

Growing our operations brings additional responsibility and complexity, and it also brings additional opportunities to learn, develop and contribute more effectively. We are in a strong position to drive change and help countries, cities and corporates meet the increasing demand for green energy. Our activities and operations help contribute to a better society and a better future.

### Regeneration

We know that simply doing no harm, maintaining or sustaining our land areas and communities is not enough. The quality of ecosystems is declining rapidly. Nature has been degraded many places and needs a helping hand from us to reverse the decline.

Active steps and added resources are needed to regenerate ecosystems. These steps include increasing local biodiversity, restoring healthy soil and groundwater, forests and wetlands.

### Collective impact

Changing complex systems cannot be achieved by one organisation, business leader or policy maker. We are all a part of the systems we want to change. We do not have to find common ground with other stakeholders because we are already on common ground. Climate change, loss of biodiversity, degradation of the life-supporting functions of ecosystems are all crises we all face in the places and spaces we share.

Collaboration is needed to improve the health and potential of entire systems. We are helping businesses of all sizes deliver climate action in the real world by adding new green energy to our energy systems. We are also helping policymakers and investors make informed decisions on how best to support the transition to renewable energy. Working together, we are redrawing the energy landscape with projects that boost biodiversity, rejuvenate the soil, improve the quality of fresh water in the ground, restore forests and absorb even more $CO_2$ by restoring wetlands.

## OUR BUSINESS

### Purpose: Engineers of a sustainable future

A sustainable world is not possible without clean, renewable sources of power. We work to advance the deployment of renewable energy as rapidly as possible and at the lowest cost possible. We exist to create impact and value for our communities and other stakeholders.

### Business model: Drivers of a renewable energy revolution

Our business model and operations are optimally structured to deliver on our purpose. Better Energy is fully integrated across the value chain from the acquisition of land to the sale of electricity. We design, develop, engineer, finance, build, operate and own renewable power plants that generate clean electricity. This green power is added to the electricity grid and sold directly to commercial and industrial customers through power purchase agreements (PPAs).

The head office of Better Energy is located in Frederiksberg, Denmark, and our core markets are Denmark, Poland and Sweden. We are also active in other Northern European countries. At the end of 2020, we had a total of 102 employees in both full- and part-time positions.

### Strategy: Impact that matters

Our business strategy and CSR strategy are one and the same: Be impact that matters. We focus on large-scale solar energy capacity in Northern European markets where we can make the greatest difference in terms of impact and affordable prices. This means taking a lean and industrial approach to renewable energy deployment. We prioritise depth over breadth and concentrate our efforts where we can achieve impact on a significant scale.

Better Energy is a values-driven company with higher values at the core of our business strategy. Our purpose and vertically integrated business model drive sustainable business growth and deliver positive environmental and social impact. What we do every day makes the world more sustainable.

## POLICIES

### Framework: Manifesto and Code of Conduct

Two high-level policies embody our sustainability approach and govern our efforts: our Manifesto and our Code of Conduct.

Our purpose is written down in our Manifesto. Our Manifesto describes our vision, mission, strategy, guiding principles and values. This policy 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 is integrated in the way we work with all Better Energy employees and with consultants, suppliers, partners and any other third parties acting on behalf of Better Energy.

### 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. We establish ground cover vegetation without the use of pesticides or herbicides to prevent land erosion and protect groundwater. This ground cover often consists of grass that is optimal for the grazing of organic livestock. Since 2014, sheep have been grazing on Better Energy solar park sites, and since 2019, solar grazing has been a permanent part of our solar projects in Denmark.

We actively engage with landowners and the local community through private and town hall meetings to ensure good land governance. We maintain open communication and record any complaints or concerns.

Environmental risks could include negative impacts on nature or waste of materials, resulting in increased operational costs or delays. Impacts such as noise, land disturbance, packaging waste, and wastewater 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. Health and safety managers and our in-house Legal teams guide actions and ensure compliance. In 2020, our Health and Safety Organisation (HSO) conducted an extensive occupational health and safety risk assessment consisting of an online digital survey and physical walk-throughs and on-site assessments. These efforts resulted in an action plan that will run into 2021.

Our environmental goals relate to our solar power plants and our sale of green electricity. These solutions reduce greenhouse gas emissions and make a positive impact on the green transition by adding new capacity to the grid. At the end of 2020, our pipeline of projects amounted to 6 GW.

Project life cycle and biodiversity considerations were brought into focus this past year. Better Energy continued partnerships with technological institutes, universities and specialised consultancies to carry out projects in these areas. Biodiversity and technology research and development projects are part of our environmental goals for 2021.

### Social and employee relations

Communities worldwide are moving towards renewable energy sources. We can help them benefit from this transition by sharing information with landowners and other community members from the very early planning stages of our projects. Few people are familiar with large-scale solar parks and the opportunities they offer. It is natural that communities near solar projects have questions and concerns about possible impacts.

Community engagement practices are a major focus area at Better Energy and the principles we use for community engagement over the life of a solar project is described in our Community Engagement brochure. Securing land and local acceptance are fundamental to project development. Green transition on a significant scale can only be achieved with local support. To address local concerns and 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, accommodate local ideas wherever possible and find the best solutions.

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. Our policy states that 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.

As Better Energy pursues future-fitness, we seek to reduce any negative environmental social impact caused by the goods and services we depend upon, by continuously striving to anticipate, avoid and address issue-specific hotspots in our supply chain. We work to ensure that the goods and services procured from third parties also uphold social standards in terms of fair employment in supply chains. In Better Energy, we have policies and processes in place for procurement which allow us and our employees to anticipate poor working conditions and address concerns that arise about employment terms.

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 2020. We will continue to focus on health and safety training in the future.

Low diversity and discrimination are risks that could damage our reputation and cause difficulties recruiting and retaining talents. Our continuing focus on human resources will ensure fair and consistent hiring practices and procedures across Better Energy.

### 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 priority issue 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 in combination with suppliers and subcontractors. Human rights and fair working conditions are part of our Code of Conduct. We also use third parties to audit suppliers. We did not identify any human rights violations in our supply chain in 2020. We do not expect any human rights violations in the future, but we will continue to prioritise the promotion and protection of human rights.



### Anti-corruption and bribery

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

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.

We also have 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 Better Energy are taken in order to secure the business and values of Better Energy.

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 our continuous work and ongoing focus on policies, directions and training for employees and due diligence of suppliers and partners. Long-term partnerships and local offices in target countries also reduce risk in these areas. We have not identified any breaches of our Anti-Corruption Policy in 2020. We do not foresee any breaches of our policy in the future, but we will continue to prioritise anti-corruption as a focus area going forward.

### Governance
Our purpose and strategy are clear. The corporate governance structure is set up to support the long-term value creation and ensure an accountable management. Our corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications. Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

### SDG
Better Energy supports the United Nations Sustainable Development Goals (SDGs) and we actively support our business partners and customers in achieving their goals. 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
This statement constitutes our reporting 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 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.

## Leadership

We recognise the importance of a diverse and inclusive board and management environment. We continually seek to increase the representation of women in leadership. The founders and majority holders of Better Energy are on the Board of Directors and these owners are men. In 2019, the ownership base was expanded with Omnes Capital that chose a man as their representative on the Board. At the same time, Better Energy appointed a new male chair who was selected for his extensive experience with growth companies and capital markets. Therefore, there is currently one woman on a seven-member board, accounting for approximately 14% of the Board.

The ownership base and the fact that no members are expected to resign from their positions in the near future make it difficult to significantly increase the representation of women in the short term. We will continue to seek representation of women on the Board to reach our target of 40% in 2025.

Our policy is to support the equal distribution of gender in leadership positions. We increasingly experience that positions in almost all departments of our company are attracting a larger percentage of women. We continually seek measures to increase the proportion of women of our management and organisation. We always welcome and appreciate applications from both genders. This applies to all steps of employment – from job descriptions and advertisements to job interviews. In 2020, we strove to ensure that both women and men were considered for interviews for management positions and we will continue to do so. Our Executive Board consists of five members and one of these is a woman, amounting to 20% representation.

In 2020, 47.4% of our new hires were women compared to 38.5% in 2019, which is an increase of 8.9%. The proportion of women in our organisation is 38.4%, an increase of 5.6% from 2019.

## Working towards a Future-Fit Society

In November of 2020, as one of the first companies in the world, Better Energy decided to become a Future-Fit Pioneer. A business that is 'Future-Fit' is one that delivers its purpose in a way that does not cause any harm to the planet or society. That means transforming itself to become environmentally regenerative, socially just and economically inclusive.

As a Future-Fit Pioneer, we are adopting the Future-Fit Business Benchmark to manage and improve our social and environmental performance.

The Future-Fit Business Benchmark is a self-assessment approach which equips companies to manage and improve their social and environmental performance. The benchmark identifies what every organisation must do if we are to reorient our economy in pursuit of a flourishing future for all. By using it, we are aiming to be a truly responsible, resilient and regenerative business.

# ASSURANCE STATEMENTS

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
**ASSURANCE STATEMENTS**
FINANCIAL STATEMENTS

# 09

# 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 Holding A/S, Central Business Registration No. 31865883, for the financial year 1 January - 31 December 2020.

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 Better Energy and the Parent Company's financial position at 31 December 2020 and of the results of Better Energy's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2020.

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

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

Frederiksberg, 25 March 2021

## EXECUTIVE BOARD

Rasmus Lildholdt Kjær
CEO

Annette Egede Nylander
CFO

Ho Kei Au
CLO

## BOARD OF DIRECTORS

Christian Motzfeldt
Chair

Mikkel Dau Jacobsen

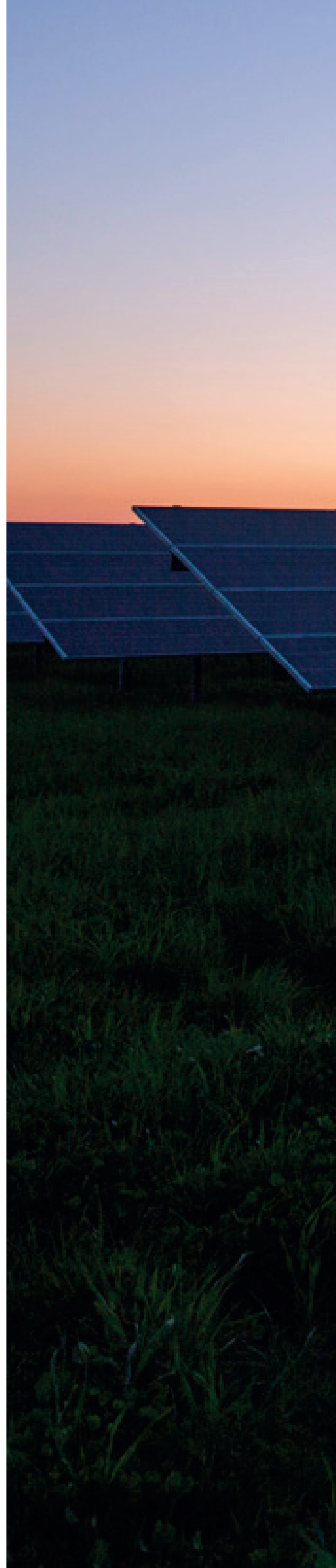
Mark Augustenborg Ødum

Rasmus Lildholdt Kjær

Michael Pollan

Annette Egede Nylander

Michael Vater



**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.

# STATEMENT BY THE CHAIR OF THE ANNUAL GENERAL MEETING

Approved at the Annual General Meeting on 16 April 2021

**Ho Kei Au**
Chair of the Annual General Meeting

# INDEPENDENT AUDITOR'S REPORT

**To the shareholders of Better Energy Holding A/S**

## OPINION

We have audited the consolidated financial statements and the parent financial statements of Better Energy Holding A/S, Central Business Registration No. 31865883, for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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 sufficiently 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, 25 March 2021

**Deloitte**
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Ørum Nielsen
State-Authorised Public Accountant
MNE no 26771

# FINANCIAL STATEMENTS

IMPACT THAT MATTERS
OUR BUSINESS
GOVERNANCE
PEOPLE
TRENDS
PERFORMANCE & OUTLOOK
RISK MANAGEMENT
CORPORATE SOCIAL RESPONSIBILITY
ASSURANCE STATEMENTS
**FINANCIAL STATEMENTS**

# 10

# CONSOLIDATED FINANCIAL STATEMENTS

## Financial statements


| | |
|---|---|
| Income statement | 90 |
| Balance sheet | 91 |
| Cash flow statement | 95 |
| Statement of changes in equity | 97 |


## Notes to financial statements


| | |
|---|---|
| Basis of preparation | 98 |
| Note 1. Revenue | 106 |
| Note 2. Production costs | 108 |
| Note 3. Staff costs | 109 |
| Note 4. Fee to auditors appointed at the general meeting | 110 |
| Note 5. Income from investments in associates | 111 |
| Note 6. Financial income | 112 |
| Note 7. Financial expenses | 113 |
| Note 8. Tax on profit for the year | 114 |
| Note 9. Proposed appropriation of net profit | 115 |
| Note 10. Intangible assets | 116 |
| Note 11. Property, plant and equipment | 117 |
| Note 12. Fixed asset investments | 118 |
| Note 13. Inventories | 120 |
| Note 14. Contract work in progress | 121 |
| Note 15. Deferred tax | 122 |
| Note 16. Other receivables | 124 |
| Note 17. Prepayments | 124 |
| Note 18. Cash | 125 |
| Note 19. Share capital | 125 |
| Note 20. Other provisions | 126 |
| Note 21. Long-term liabilities other than provisions | 127 |
| Note 22. Other payables | 128 |
| Note 23. Deferred income | 129 |
| Note 24. Non-cash corrections to operating profit | 130 |
| Note 25. Working capital changes | 131 |
| Note 26. Acquisitions of subsidiaries | 132 |
| Note 27. Cash and cash equivalents | 133 |
| Note 28. Unrecognised rental and lease commitments | 133 |
| Note 29. Contingent liabilities | 134 |
| Note 30. Asset charges and collateral | 135 |
| Note 31. Related parties | 136 |
| Note 32. List of companies | 137 |
| Note 33. Events after the reporting period | 149 |

# INCOME STATEMENT

For the period 1 January - 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 1 | Revenue | 1,066,053 | 527,545 |
| 2, 3 | Production costs | -865,478 | -478,740 |
| | **Gross profit** | **200,575** | **48,805** |
| 3, 4 | Administrative expenses | -51,346 | -33,049 |
| | **Operating profit** | **149,229** | **15,756** |
| 5 | Income from investments in associates | -102,504 | 9,862 |
| 6 | Financial income | 4,670 | 12,054 |
| 7 | Financial expenses | -19,680 | -15,334 |
| | **Profit before tax** | **31,715** | **22,338** |
| 8 | Tax on profit for the year | -12,021 | -1,641 |
| 9 | **Profit for the year** | **19,694** | **20,697** |

# BALANCE SHEET

## ASSETS

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| | Goodwill | 4,818 | 6,911 |
| | Development cost | 3,670 | 1,546 |
| | Acquired patents and licences | 713 | 413 |
| 10 | **Intangible assets** | **9,201** | **8,870** |
| | Land and buildings | 30,102 | 60,054 |
| | Tools and equipment | 4,398 | 5,066 |
| | Leasehold improvements | 143 | 139 |
| 11 | **Property, plant and equipment** | **34,643** | **65,259** |
| | Investments in associates | 34,119 | 45,749 |
| | Other equity interests | 10,284 | 9,008 |
| | Deposits | 985 | 1,290 |
| | Securities | 3,879 | 1,370 |
| 12 | **Fixed asset investments** | **49,267** | **57,417** |
| | **Fixed assets** | **93,111** | **131,546** |

# BALANCE SHEET

## ASSETS

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 13 | **Inventories** | **337,590** | **216,674** |
| | Trade receivables | 14,955 | 40,815 |
| 14 | Contract work in progress | 31,626 | 69,504 |
| | Receivables from associates | 79,488 | 2,548 |
| | Income taxes | 52 | 4,714 |
| 15 | Deferred tax assets | 1 | 136 |
| 16 | Other receivables | 13,704 | 11,172 |
| 17 | Prepayments | 11,261 | 10,697 |
| | **Receivables** | **151,087** | **139,586** |
| 18 | **Cash** | **302,275** | **397,042** |
| | **Current assets** | **790,952** | **753,302** |
| | **Assets** | **884,063** | **884,848** |

# BALANCE SHEET

## EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 19 | Share capital | 611 | 611 |
| | Retained earnings | 378,266 | 368,496 |
| | **Equity attributable to shareholders of the Parent company** | **378,877** | **369,107** |
| | Minority interests | 2,988 | 1,386 |
| | **Equity** | **381,865** | **370,493** |
| 15 | Deferred tax | 1,689 | 12,291 |
| 20 | Other provisions | 1,625 | 0 |
| | **Provisions** | **3,314** | **12,291** |
| | Bank debt | 65,104 | 45,137 |
| | Bond debt | 6,350 | 16,450 |
| | Debt to credit institutions | 289,610 | 282,272 |
| | Other payables | 5,003 | 0 |
| 21 | **Long-term liabilites other than provisions** | **366,067** | **343,859** |

# BALANCE SHEET

## EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 21 | Current portion of long-term liabilities other than provisions | 5,282 | 3,440 |
| | Other bank debt | 0 | 49 |
| 14 | Contract work in progress | 0 | 11,468 |
| | Trade payables | 56,735 | 120,726 |
| | Payables to associates | 0 | 100 |
| | Income taxes | 19,404 | 0 |
| 22 | Other payables | 12,964 | 21,252 |
| 23 | Deferred income | 38,432 | 1,170 |
| | **Short-term liabilities other than provisions** | **132,817** | **158,205** |
| | **Liabilities other than provisions** | **498,884** | **502,064** |
| | **Equity and liabilities** | **884,063** | **884,848** |

| | |
|---|---|
| 28 | Unrecognised rental and lease commitments |
| 29 | Contingent liabilities |
| 30 | Assets charged and collateral |
| 31 | Related parties |
| 32 | List of companies |
| 33 | Events after the reporting period |

# CASH FLOW STATEMENT

For the period 1 January - 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| | Operating profit | 149,229 | 15,756 |
| 24 | Non-cash corrections to operating profit | -70,044 | 4,785 |
| | Depreciation, amortisation and impairment losses | 13,315 | 4,941 |
| 25 | Working capital changes | -152,110 | -83,868 |
| | Cash flow from operating activities before financial income and expenses | -59,610 | -58,386 |
| | Financial income received | 1,689 | 12,054 |
| | Financial expenses paid | -18,772 | -11,114 |
| | Received dividends from associated companies | 4,841 | 5,371 |
| | Income taxes | 667 | -36,714 |
| | **Cash flows from operating activities** | **-71,185** | **-88,789** |
| | Acquisition etc. of intangible assets | -2,748 | -2,021 |
| | Acquisition etc. of property, plant and equipment | -2,230 | -26,442 |
| | Sale of property, plant and equipment | 10,317 | 80 |
| 26 | Acquisition of subsidiaries | -6,773 | -2,096 |
| | Acquisition etc. of other fixed asset investments | -25 | -1,530 |
| | Sale of other fixed asset investments | 7,428 | 13,701 |
| | **Cash flows from investing activites** | **5,969** | **-18,308** |

# CASH FLOW STATEMENT (CONTINUED)

For the period 1 January - 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| | Proceeds from borrowings | 5,772 | 283,307 |
| | Repayment of bonds | -10,400 | -4,200 |
| | Instalments on long-term liabilites other than provisions | -13,103 | -2,138 |
| | Capital increase | 0 | 224,193 |
| | Purchase of own shares | -11,771 | 0 |
| | Changes in minority interests | 0 | 50 |
| | **Cash flows from financing activities** | **-29,502** | **501,212** |
| | **Increase/decrease in cash and cash equivalents** | **-94,718** | **394,115** |
| | Cash and cash equivalents at 1 January 2020 | 396,993 | 2,878 |
| 27 | **Cash and cash equivalents at 31 December 2020** | **302,275** | **396,993** |

# STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

| DKK '000 | Share capital | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|
| Equity at 1 January 2019 | 500 | 128,075 | 128,575 | -449 | 128,126 |
| Capital increase | 111 | 224,082 | 224,193 | 0 | 224,193 |
| Profit for the year | 0 | 22,041 | 22,041 | -1,344 | 20,697 |
| Purchase of own shares | 0 | -11,773 | -11,773 | 0 | -11,773 |
| Exchange rate adjustments | 0 | 6,071 | 6,071 | 0 | 6,071 |
| Other adjustments | 0 | 0 | 0 | 3,179 | 3,179 |
| **Equity at 31 December 2019** | **611** | **368,496** | **369,107** | **1,386** | **370,493** |
| | | | | | |
| **2020** | | | | | |
| Profit for the year | 0 | 19,364 | 19,364 | 330 | 19,694 |
| Value adjustment of hedging instruments | 0 | -38 | -38 | 0 | -38 |
| Tax of value adjustment of hedging instruments | 0 | 9 | 9 | 0 | 9 |
| Sale of own shares | 0 | 4,267 | 4,267 | 0 | 4,267 |
| Other adjustments | 0 | -4,267 | -4,267 | 0 | -4,267 |
| Disposals in the year | 0 | 0 | 0 | 907 | 907 |
| Exchange rate adjustments | 0 | -9,565 | -9,565 | 365 | -9,200 |
| **Equity at 31 December 2020** | **611** | **378,266** | **378,877** | **2,988** | **381,865** |

# 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 for the consolidated financial statements and parent financial statements remain unchanged compared to the annual report for the year ended 31 December 2019.

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

## 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 Better Energy Group (Group), and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group 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 Group, 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 Holding 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 Holding 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 Group.

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 parks 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 eliminating 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 write-down. 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

### ADMINISTRATIVE EXPENSES

Administrative costs include costs of staff functions, administrative personnel, office costs, rent, lease payments, amortisation, depreciation and impairment of intangible and tangible assets not relating specifically to production costs.

### 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

### 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.

### CURRENT TAX RECEIVABLES AND LIABILITIES

Current tax receivables and liabilities are recognised in the balance sheet as the expected tax income or expense for the year adjusted for tax related to prior years and tax payments on account.

### 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 from 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, interest 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 2016-2020.

Financial highlights are defined and calculated in accordance with the current 'Recommendations & Ratios' 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 Group's operating gearing |
| Profit margin (%) | = | $\frac{\text{Profit for the year x 100}}{\text{Revenue}}$ | The Group's operating profitability |
| Return on equity (%) | = | $\frac{\text{Profit for the year x 100}}{\text{Average equity}}$ | The Group's return on capital invested in the Group by the owners |
| Solvency ratio (%) | = | $\frac{\text{Equity x 100}}{\text{Total assets}}$ | The financial strength of the Group |

# NOTE 1. REVENUE

| DKK '000 | 2020 | 2019 |
|---|---|---|
| **Revenue by activity:** | | |
| Divestment of solar parks | 770,800 | 157,097 |
| Contract works | 268,343 | 354,123 |
| Power sales | 18,505 | 468 |
| Sale from asset mangement | 7,605 | 12,651 |
| Other revenue | 800 | 3,206 |
| **Total revenue** | **1,066,053** | **527,545** |
| **Revenue by country:** | | |
| Revenue in Denmark | 1,002,907 | 304,824 |
| Revenue in Sweden | 44,590 | 2,888 |
| Revenue in Poland | 16,910 | 103,854 |
| Revenue in other countries | 1,646 | 115,979 |
| **Total revenue** | **1,066,053** | **527,545** |

### KEY ACCOUNTING ESTIMATE AND JUDGEMENT ON RECOGNITION AND MEASUREMENT OF REVENUE

Judgement is performed when determining whether a contract for the sale of a solar park 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 goods or services either on their own or together with other resources that are readily available to the customer (i.e. the goods or services are capable of being distinct) and the promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the goods or services 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 has 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 analysis of the contract wording, legal entitlement and profit estimates.

The measurement of contract work in progress is based on the stage of completion method. This takes into account work already performed as well as an estimate of the total costs of the project, including the outcome of changes to the project.

## ACCOUNTING POLICY

Better Energy uses IFRS 15 for interpretation of the provisions set out in the Danish Financial Statements Act regarding recognition of revenue.

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 goods or services on their own separately from other promises in the contract. This will from contract to contract include an assessment of 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 divestment of solar parks that are not sold prior to their completion is recognised in the income statement when control over the electricity or the solar parks has been transferred to the buyer being at the point the electricity or the solar parks are delivered to the customer, and it is probable that the income will be received.

In case a subsidiary that owns a solar park for sale constructed by Better Energy is divested to a third party, a total of 100 % of the revenue and the costs from the divestment are included in the revenue and production costs. After the divestment, if the Group holds a share in the divested company as associate company or other equity interest, a part of the gain is eliminated in income from investments in associates or in net income from equity interests, corresponding to the share which the Group decides to keep.

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Revenue from power sales is recognised in the income statement when delivery is made to the grid operator.

Revenue from asset management is recognised concurrently with the supply of those services and when risk has passed to the buyer.

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

# NOTE 2. PRODUCTION COSTS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Raw materials and consumables used | 168,285 | 214,835 |
| Staff costs (See Note 3.) | 12,040 | 9,414 |
| Depreciations | 8,244 | 145 |
| Other costs | 676,909 | 254,346 |
| **Total production costs** | **865,478** | **478,740** |

## ACCOUNTING POLICY

Production costs consist of costs incurred in generating the revenue for the year. Costs of raw materials, consumables, staff and a proportion of amortisation, depreciation and impairment of intangible and tangible assets used in production as well as operation, administration and management of the production facilities are recognised as production costs.

# NOTE 3. STAFF COSTS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Wages and salaries | 58,173 | 44,223 |
| Pension costs | 4,694 | 3,071 |
| Other social security expenses | 541 | 777 |
| Other staff expenses | 1,850 | 1,527 |
| **Total staff costs** | **65,258** | **49,598** |
| | | |
| Staff costs classified as production costs | 12,040 | 9,414 |
| Staff costs classified as administrative expenses | 29,677 | 16,033 |
| Staff costs classified as assets | 23,541 | 24,151 |
| **Total staff costs** | **65,258** | **49,598** |
| | | |
| **Average number of employees** | **74** | **57** |
| | | |
| Remuneration of management | | |
| **Total remuneration for Board of Directors** | **500** | **0** |
| **Total remuneration for Executive Board** | **5,593** | **6,273** |

Employees in the Better Energy Group, including the Executive Board, have on equal terms in 2020 participated in an employee share programme and have been allotted shares within a framework of up to 10% of the annual remuneration.

## ACCOUNTING POLICY

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

# NOTE 4. FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Audit fee | 1,065 | 746 |
| Other assurance engagements | 60 | 171 |
| Tax advisory services | 2,462 | 169 |
| Non-audit services | 537 | 489 |
| **Total fee to auditors appointed at the general meeting** | **4,124** | **1,575** |

## ACCOUNTING POLICY

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

# NOTE 5. INCOME FROM INVESTMENTS IN ASSOCIATES

| DKK ’000 | 2020 | 2019 |
|---|---|---|
| Income from associates | 4,749 | 9,862 |
| Elimination on internal gains | -107,253 | 0 |
| **Total income from investments in associates** | **-102,504** | **9,862** |

The Group has sold 50% of a subsidiary. Therefore, the subsidiary is reclassified from a subsidiary to an associated company with effect from 1 December. A total of 100% of the revenue and costs from the divestment have been included in revenue and production costs and 50% of the gain is eliminated in income from investments in associates.

## ACCOUNTING POLICY

Income from investment in associates comprises the pro rata share of the individual associate’s profit or loss after pro rata elimination of internal gains or losses.

# NOTE 6. FINANCIAL INCOME

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Other financial income | 208 | 1,459 |
| Associated companies | 273 | 43 |
| Exchange gains | 1,208 | 8,385 |
| Fair value adjustments | 2,981 | 2,167 |
| **Total financial income** | **4,670** | **12,054** |

## ACCOUNTING POLICY

Financial income comprises interest income, amortisation of financial assets, exchange gains on transactions in foreign currencies, fair value adjustments of financial interests as well as tax relief under the Danish Tax Prepayment Scheme etc.

# NOTE 7. FINANCIAL EXPENSES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Other financial expenses | 14,015 | 7,947 |
| Associated companies | 0 | 26 |
| Exchange losses | 5,665 | 7,361 |
| **Total financial expenses** | **19,680** | **15,334** |

## ACCOUNTING POLICY

Financial expenses comprise interest expenses, amortisation of financial liabilities, exchange losses on transactions in foreign currencies, fair value adjustments of financial interests as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

# NOTE 8. TAX ON PROFIT FOR THE YEAR

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Current tax for the year | 21,796 | 197 |
| Deferred tax for the year | -9,925 | 1,421 |
| Adjustment of tax concerning previous years | 824 | -111 |
| Adjustment of deferred tax concerning previous years | -674 | 134 |
| **Total tax on profit for the year** | **12,021** | **1,641** |

## 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.

# NOTE 9. PROPOSED APPROPRIATION OF NET PROFIT

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Minority interests' share of profit/loss of subsidiaries | 330 | -1,344 |
| Retained earnings | 19,364 | 22,041 |
| **Profit for the year** | **19,694** | **20,697** |

# NOTE 10. INTANGIBLE ASSETS

## GOODWILL, DEVELOPMENT COSTS & PATENTS AND LICENCES

| DKK '000 | Goodwill | Development costs | Patents and licences |
|---|---|---|---|
| Cost at 1 January 2020 | 10,543 | 1,546 | 615 |
| Additions for the year | 0 | 2,199 | 549 |
| **Cost at 31 December 2020** | **10,543** | **3,745** | **1,164** |
| Amortisation and impairment losses at 1 January 2020 | 3,632 | 0 | 202 |
| Amortisation for the year | 2,093 | 75 | 249 |
| **Amortisation and impairment losses at 31 December 2020** | **5,725** | **75** | **451** |
| **Carrying amount at 31 December 2020** | **4,818** | **3,670** | **713** |

### ACCOUNTING POLICY

**Goodwill**

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 reliably, the useful life is set to ten years.

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

**Development costs**

Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised in intangible assets, provided the costs can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover the cost of the development costs.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. The costs include wages, and other direct costs relating to the individual development projects.

On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is 3-10 years. The basis of amortisations is reduced by impairment losses.

**Acquired patents and licences**

Acquired patents and licences comprise acquired licences. Licences acquired are measured at cost less accumulated amortisation. Licences are written down to the lower of recoverable amount and carrying amount. The period of amortisation is three years.

# NOTE 11. PROPERTY, PLANT AND EQUIPMENT

| DKK '000 | Land and buildings | Tools & equipment | Leasehold improvements |
|---|---|---|---|
| Cost at 1 January 2020 | 60,176 | 8,078 | 610 |
| Additions for the year | 62 | 2,128 | 40 |
| Transfer to inventory | -20,545 | 0 | 0 |
| Disposals for the year | -9,311 | -1,718 | 0 |
| Exchange rate adjustments | 0 | -56 | 0 |
| **Cost at 31 December 2020** | **30,382** | **8,432** | **650** |
| Depreciation and impairment losses at 1 January 2020 | 122 | 3,012 | 471 |
| Depreciations for the year | 158 | 1,790 | 36 |
| Disposals for the year | 0 | -749 | 0 |
| Exchange rate adjustments | 0 | -19 | 0 |
| **Depreciation and impairment losses at 31 December 2020** | **280** | **4,034** | **507** |
| **Carrying amount at 31 December 2020** | **30,102** | **4,398** | **143** |

## 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, services from subcontractors 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 12. FIXED ASSET INVESTMENTS

## INVESTMENTS IN ASSOCIATES

| DKK '000 | Investments in associates |
|---|---|
| Cost at 1 January 2020 | 47,643 |
| Additions for the year | 53,350 |
| Disposals for the year | -2,583 |
| Exchange adjustments | -10 |
| **Cost at 31 December 2020** | **98,400** |
| Net revaluation at 1 January 2020 | -3,064 |
| Net share of result for the year | -102,504 |
| Exchange adjustments | -9,265 |
| Disposals for the year | -664 |
| Dividends received | -4,841 |
| Elimination of internal gain and losses | 18,980 |
| Value adjustments for the year | -38 |
| **Net revaluation at 31 December 2020** | **-101,396** |
| **Carrying amount at 31 December 2020** | **-2,996** |
| Investments in associates are presented as follows in the balance sheet: | |
| Investments in associates | 34,119 |
| Deferred income | -37,115 |
| **Total investments in associates at 31 December 2020** | **-2,996** |

### ACCOUNTING POLICY

Investments in 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 internal gains and losses.

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

Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent Company has a legal or constructive obligation to cover the liabilities of the relevant enterprise, 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 associates is transferred to reserve for net revaluation according to the equity method under equity.

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

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

# NOTE 12. FIXED ASSET INVESTMENTS

## OTHER EQUITY INTERESTS, DEPOSITS & SECURITIES

| DKK '000 | Other equity interests | Deposits | Securities |
|---|---|---|---|
| Cost at 1 January 2020 | 4,339 | 1,290 | 1,558 |
| Additions for the year | 5,326 | 25 | 2,907 |
| Disposals for the year | -5,054 | -330 | -398 |
| **Cost at 31 December 2020** | **4,611** | **985** | **4,067** |
| | | | |
| Net revaluation at 1 January 2020 | 4,669 | 0 | -188 |
| Value adjustments for the year in the Income Statement | 1,004 | 0 | 0 |
| **Value adjustments at 31 December 2020** | **5,673** | **0** | **-188** |
| | | | |
| **Carrying amount at 31 December 2020** | **10,284** | **985** | **3,879** |

### ACCOUNTING POLICY

#### Other fixed asset investments

Other fixed asset investments consist of other equity interests, deposits and securities. The securities consist of loans to parties with whom Better Energy has commercial relations.

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 13. INVENTORIES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Raw materials and consumables used | 3,472 | 65,180 |
| Work in progress | 246,637 | 121,840 |
| Manufactured goods and goods for resale | 87,481 | 29,654 |
| **Inventories at 31 December** | **337,590** | **216,674** |

## ACCOUNTING POLICY

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

Costs consist of purchase price plus delivery costs. Costs 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, management and finance costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

The total amount of capitalised interests in inventories during the year is DKK 2.6 million.

# NOTE 14. CONTRACT WORK IN PROGRESS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Contract work in progress, liabilities | 0 | -11,468 |
| Selling price of completed work | 31,626 | 69,504 |
| **Net contract work in progress** | **31,626** | **58,036** |

### KEY ACCOUNTING ESTIMATE AND MEASUREMENT OF CONTRACT WORK IN PROGRESS

Measurement of contract work in progress is 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 carried out by the project management together with the Executive Board on a project-by-project basis.

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 also receives advice from external advisors and uses 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 depends on a number of factors and can change in progress of the completion of project.

The actual result can therefore deviate significantly 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.

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 15. DEFERRED TAX

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Deferred tax is incumbent on the following financial statement items: | | |
| Intangible assets | 258 | 65 |
| Property, plant and equipment | 1,878 | 1,272 |
| Investments in associates | -10,592 | -876 |
| Securities | 0 | -41 |
| Contract work in progress | 11,247 | 19,601 |
| Hedging instruments | -8 | 0 |
| Long-term liabilities | -1,095 | -328 |
| Tax loss carryforwards | 0 | -7,538 |
| **Deferred tax at 31 December** | **1,688** | **12,155** |

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

### 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 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 within each jurisdiction or within each entity where applicable.

# NOTE 15. DEFERRED TAX (CONTINUED)

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Net value is recognised in the balance sheet as follows: | | |
| Deferred tax assets | -1 | -136 |
| Deferred tax liabilities | 1,689 | 12,291 |
| **Deferred tax at 31 December** | **1,688** | **12,155** |
| | | |
| Deferred tax at 1 January | 12,155 | 8,664 |
| Adjustment concerning previous years | -674 | 133 |
| Exchange adjustments | 129 | -429 |
| Changes arising from acquisition/divestment of subsidiaries | 11 | 2,366 |
| Recognised in the equity | -8 | 0 |
| Recognised in the income statement | -9,925 | 1,421 |
| **Deferred tax at 31 December** | **1,688** | **12,155** |

# NOTE 16. OTHER RECEIVABLES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Receivable VAT | 13,005 | 5,089 |
| Receivable against project companies | 0 | 5,330 |
| Receivable interests from securities | 0 | 127 |
| Other receivables | 699 | 626 |
| **Other receivables at 31 December** | **13,704** | **11,172** |

### ACCOUNTING POLICY

Other receivables are measured at cost usually corresponding to nominal value, less write-downs for bad and doubtful debts.

# NOTE 17. PREPAYMENTS

Prepayments consist of prepaid expenses related to 2021.

### ACCOUNTING POLICY

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

# NOTE 18. CASH

| DKK ’000 | 2020 | 2019 |
|---|---|---|
| Free cash | 188,866 | 182,276 |
| Cash only available for use on specific projects | 101,336 | 181,540 |
| Cash on accounts with special termination terms | 12,073 | 33,226 |
| **Cash at 31 December** | **302,275** | **397,042** |

## ACCOUNTING POLICY

Cash comprises bank deposits.

Cash only available for use on specific projects comprises unused cash drawn from a credit facility that can be utilised within a short period of time.

Cash on accounts with special termination terms comprises cash placed as collateral for banking facilities.

# NOTE 19. SHARE CAPITAL

The share capital consists of 61,109,800 shares at DKK 0.01.
The shares have not been divided into classes.

| Changes in share capital in the past five years | DKK ’000 |
|---|---|
| Share capital at 1 January 2015 | 500 |
| Capital increase 18 December 2019 | 111 |
| **Share capital at 31 December** | **611** |

# NOTE 20. OTHER PROVISIONS

Other provisions consist of asset retirement obligations.

## ACCOUNTING POLICY

Asset retirement obligations comprise the present value of the estimated expenses related to the retirement of solar parks at the end of their useful life. The provision is determined by discounting expected future cash flows.

# NOTE 21. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Current portion of long-term bank debt | 5,282 | 3,140 |
| Current portion of bond debt | 0 | 300 |
| **Current portion of long-term liabilities other than provisions** | **5,282** | **3,440** |
| Long-term portion of long-term liabilities other than provisions | 366,067 | 343,859 |
| **Long-term debt at 31 December** | **371,349** | **347,299** |
| **Nominal amount of total long-term liabilities other than provisions** | **379,838** | **357,247** |
| Due after more than five years (amortised cost): | | |
| Long-term bank debt | 43,660 | 33,618 |
| Long-term debt to credit institutions | 0 | 292,108 |
| Long-term other payables | 5,003 | 0 |
| **Long-term debt due after more than five years at 31 December** | **48,663** | **325,726** |

## ACCOUNTING POLICY

Long term liabilities are measured at cost, which usually corresponds to nominal value.

# NOTE 22. OTHER PAYABLES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Wages and salaries, personal income taxes, social security costs etc. | 6,033 | 381 |
| Holiday pay obligation | 2,733 | 4,396 |
| VAT and duties | 4,016 | 3,865 |
| Debt to owners | 0 | 11,772 |
| Accrued interest expenses | 167 | 132 |
| Other costs payable | 15 | 706 |
| **Other payables at 31 December** | **12,964** | **21,252** |

## ACCOUNTING POLICY

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

# NOTE 23. DEFERRED INCOME

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Other deferred income | 1,317 | 0 |
| Investments in associates | 37,115 | 1,170 |
| **Deferred income at 31 December** | **38,432** | **1,170** |

Deferred income includes negative values related to investments in associates.
The negative value arises from adjustments of internal profit from sales to associates.

### ACCOUNTING POLICY

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

# NOTE 24. NON-CASH CORRECTIONS TO OPERATING PROFIT

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Adjustment for internal gains | -72,331 | 0 |
| Non-cash corrections to operating profit | 2,287 | 4,785 |
| **Total** | **-70,044** | **4,785** |

# NOTE 25. WORKING CAPITAL CHANGES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Change in inventories | -66,916 | -155,561 |
| Change in receivables | -20,790 | 69,325 |
| Change in payables | -64,404 | 2,368 |
| **Total working capital changes** | **-152,110** | **-83,868** |

# NOTE 26. ACQUISITION OF SUBSIDIARIES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Inventories | 46,635 | 30,081 |
| Trade receivables | 788 | 1,260 |
| Income taxes receivables | 0 | 584 |
| Other receivables | 0 | 54 |
| Prepayments | 26 | 5 |
| Cash | 2,894 | 2,454 |
| Deferred tax liabilities | 0 | -2,366 |
| Other payables | -275 | -161 |
| Minority interests | -3,623 | -3,436 |
| Long-term bank debt | -36,778 | -23,925 |
| **Acquired net assets at market price** | **9,667** | **4,550** |
| Of which cash | -2,894 | -2,454 |
| **Paid purchase price** | **6,773** | **2,096** |

# NOTE 27. CASH AND CASH EQUIVALENTS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Cash | 302,275 | 397,042 |
| Short-term bank debt | 0 | -49 |
| **Cash and cash equivalents at 31 December** | **302,275** | **396,993** |

See Note 18 for a detailed specification of free cash and cash with certain restrictions.

# NOTE 28. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Rental or lease agreements until maturity, under 1 year | 4,189 | 6,142 |
| Rental or lease agreements until maturity, 2-5 years | 24,118 | 22,263 |
| Rental or lease agreements until maturity, over 5 years | 107,779 | 72,708 |
| **Unrecognised rental and lease commitments at 31 December** | **136,086** | **101,113** |

# NOTE 29. CONTINGENT LIABILITIES

The Group has issued guarantees to the purchaser of solar systems sold in the period from 2016 to 2020. The guarantees cover technical, legal and financial conditions related to the delivered solar systems. The guarantees will mainly expire 2-5 years from acceptance/handover of the projects. The EPC guarantees are mainly covered back to back by manufacturer´s guarantees regarding the main components with the exception of components manufactured by the Group.

The Group has engaged in conditional agreements regarding purchase of land and VE bonus for a total of DKK 20.6 million.

One of the Group's banks has issued performance guarantees of DKK 3.8 million.

The Group's banks and financial partners have issued guarantees of DKK 0.8 million to the Danish authorities for future construction.

The Group provides a guarantee of EUR 4.1 million to a governmental financial institution for the bank debt of Ganska SES (released in March 2021).

The Group has provided security for its obligations in relation to the sale of the shares in the Kikkenborg project to HOFOR Wind A/S.

The Group has provided security for payment, dismantling and soil reclamation obligation in the Postomino project.

In addition, the Group is exposed to pay compensation or buy properties located within 200 metres of a Better Energy Solar Park (Danish VE legislation).

The Group is subject to a few ongoing claims. In the opinion of the Executive Board these are not expected to have a negative effect on the financial position of the Group in addition to what is already included in the balance per 31 December 2020.

# NOTE 30. 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 mortgaged properties is DKK 27.7 million.

Better Energy Fårvang Estate A/S, Solpark Nees Estate IVS and Better Energy TS Sønderborg IVS have transferred future rental income to the bank of Better Energy Estate A/S.

Cash totalling DKK 12.1 million is placed as collateral for banking facilities.

# NOTE 31. RELATED PARTIES

### Transactions with related parties

Related party transactions in 2020 consist of the below mentioned transactions.

**Better Energy Komplementar ApS**

Better Energy Ukraine A/S, a wholly owned subsidiary in the Group, has by share purchase agreement purchased 50% of the shares in Better Energy Komplementar ApS.

The sellers were CFL Invest IVS which is owned by Christoffer Fruergaard Larsen (Executive Vice President) and AEBA Holding IVS which is owned by Ho Kei Au (Chief Legal Officer) each with 25%. The selling price was DKK 12,500 for each 25% stake.

**Asset management**

The Group has income from asset management of DKK 2.5 million from Ganska SES LLC, Better Energy Slagelse P/S, Better Energy Gimming P/S, Better Energy Rejstrup P/S, Better Energy Norddjurs P/S, Better Energy Næstved P/S and Better Energy Impact K/S (associates).

**Goods and services**

The Group has acquired services from Solar Nordic A/S, of DKK 1.1 million.

**Fixed assets**

Selskabet af 29.11.2016 A/S a wholly owned subsidiary of the Group, has sold 2 cars to Rasmus Lildholdt Kjær (Chief Executive Officer) and Mark Augustenborg Ødum (Executive Vice President). The selling price for each car was DKK 445,000.

**Dividends from associated companies**

In 2020, the associated company Better Energy Energo P/S paid an ordinary dividend of DKK 4.8 million.

**Balances af of 31 December 2020**

The Group has a receivable of DKK 78.1 million from the associated companies Better Energy Impact K/S and its subsidiaries. In addition, there is a receivable of DKK 1.4 million from the associated company Ganska SES and DKK 0.3 million from RealNordic ApS.

# NOTE 32. LIST OF COMPANIES

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy A/S (former name: Better Energy Management A/S) | Frederiksberg, Denmark | 100% |
| Better Energy Generation A/S | Frederiksberg, Denmark | 100% |
| Better Energy Denmark A/S | Frederiksberg, Denmark | 100% |
| Better Energy UK A/S | Frederiksberg, Denmark | 100% |
| Better Energy Netherlands A/S | Frederiksberg, Denmark | 100% |
| Better Energy Poland A/S | Frederiksberg, Denmark | 88% |
| Better Energy Ukraine A/S | Frederiksberg, Denmark | 100% |
| Better Energy Spain A/S | Frederiksberg, Denmark | 100% |
| Better Energy Solar Park Holding ApS | Frederiksberg, Denmark | 100% |
| Selskabet af 29.11.2016 A/S under frivillig likvidation | Frederiksberg, Denmark | 98% |
| P&B Partner ApS | Frederiksberg, Denmark | 100% |
| Better Energy Solar Parks A/S | Frederiksberg, Denmark | 100% |
| Better Energy Solar Park Nees IVS | Frederiksberg, Denmark | 100% |
| Better Energy Cofoco Solpark ApS | Frederiksberg, Denmark | 51% |
| P&B Partner I ApS | Frederiksberg, Denmark | 100% |
| Better Energy Estate A/S | Frederiksberg, Denmark | 100% |
| Solpark Nees Estate IVS | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Vollerup Estate ApS | Sønderborg, Denmark | 100% |
| Better Energy Fårvang Estate A/S | Frederiksberg, Denmark | 100% |
| Better Energy Infrastructure Lolland ApS | Frederiksberg, Denmark | 100% |
| Better Energy Estate I ApS | Frederiksberg, Denmark | 100% |
| Better Energy Estate II IVS | Frederiksberg, Denmark | 100% |
| Better Energy Sønderbæk Estate IVS | Frederiksberg, Denmark | 100% |
| Selskabet af 22.11.2017 IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Haderup Estate IVS | Frederiksberg, Denmark | 100% |
| BE 85 IVS | Frederiksberg, Denmark | 100% |
| Selskabet af 05.01.2018 IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Søby IVS | Frederiksberg, Denmark | 100% |
| Selskabet af 23.05.2018 ApS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Selskabet af 18.09.2017 IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Selskabet af 02.10.2018 IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Danish Solar I A/S | Frederiksberg, Denmark | 100% |
| Better Energy Vemb Estate IVS | Frederiksberg, Denmark | 100% |
| Better Energy Norway A/S | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Sallinge Lunde Estate IVS | Frederiksberg, Denmark | 100% |
| Better Energy TS Sønderborg IVS | Frederiksberg, Denmark | 100% |
| Selskabet af 19.10.2018 II IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Selskabet af 19.10.2018 I IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Hørby Estate IVS | Frederiksberg, Denmark | 100% |
| Better Energy General Partner ApS | Frederiksberg, Denmark | 100% |
| Better Energy Solar Parks UK IVS | Frederiksberg, Denmark | 100% |
| Better Energy Poland Development A/S | Frederiksberg, Denmark | 88% |
| Better Energy Energo I P/S | Frederiksberg, Denmark | 90% |
| Better Energy Energo II A/S | Frederiksberg, Denmark | 100% |
| Selskabet af 03.01.2018 A/S under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Ukraine LLC | Lviv, Ukraine | 95% |
| P&B Solarparks DK GmbH & Co. KG | Hamburg, Germany | 100% |
| Better Energy Partner DE GmbH | Hamburg, Germany | 100% |
| Better Energy Solar Park 80 Sp.z.o.o | Gdansk, Poland | 88% |
| Better Energy Solar Park 81 Sp.z.o.o | Gdansk, Poland | 88% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Solar Park 82 Sp.z.o.o | Gdansk, Poland | 88% |
| Better Energy Tved Estate IVS | Frederiksberg, Denmark | 100% |
| Selskabet af 02.01.2019 I IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Estate III ApS | Frederiksberg, Denmark | 100% |
| Solpark Nees Entreprise IVS | Frederiksberg, Denmark | 100% |
| Better Energy Poland Estate A/S | Frederiksberg, Denmark | 100% |
| Better Energy Stoholm A/S | Frederiksberg, Denmark | 100% |
| Better Energy Sadlogosz Estate Sp.z.o.o. | Gdansk, Poland | 100% |
| Better Energy Partners A/S | Frederiksberg, Denmark | 100% |
| Better Energy Wagrowiec Sp. z o.o. | Gdansk, Poland | 88% |
| Better Energy Chelmno Sp. z o.o. | Gdansk, Poland | 88% |
| Better Energy Wierzchowo Sp. z o.o | Gdansk, Poland | 88% |
| Better Energy Solar Development Sp. z.o.o. | Gdansk, Poland | 88% |
| Better Energy Kleczew Sp. z.o.o. | Gdansk, Poland | 88% |
| Selskabet af 02.01.2019 II IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Mejls P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ebberup A/S | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Viuf IVS | Frederiksberg, Denmark | 100% |
| Better Energy Rødby IVS | Frederiksberg, Denmark | 100% |
| Better Energy Ådum Estate IVS | Frederiksberg, Denmark | 100% |
| Better Energy Ubby IVS | Frederiksberg, Denmark | 100% |
| Better Energy Navnsø P/S | Frederiksberg, Denmark | 100% |
| Better Energy Nørre Aaby A/S | Frederiksberg, Denmark | 100% |
| Selskabet af 29.03.2019 IVS under frivillig likvidation | Frederiksberg, Denmark | 100% |
| Better Energy Ringkjøbing IVS | Frederiksberg, Denmark | 100% |
| BE 134 IVS | Frederiksberg, Denmark | 100% |
| Better Energy Svendborg A/S | Frederiksberg, Denmark | 100% |
| Better Energy Staurby IVS | Frederiksberg, Denmark | 100% |
| Better Energy Væggerløse P/S | Frederiksberg, Denmark | 100% |
| Better Energy Køng Mose A/S | Frederiksberg, Denmark | 100% |
| Better Energy Radsted ApS | Frederiksberg, Denmark | 100% |
| Better Energy Godsted ApS | Frederiksberg, Denmark | 100% |
| Better Energy Ørslev Estate ApS | Frederiksberg, Denmark | 100% |
| BE 142 ApS | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Hoby ApS | Frederiksberg, Denmark | 100% |
| Better Energy Ærø Estate A/S | Frederiksberg, Denmark | 100% |
| Better Energy Stevning ApS | Frederiksberg, Denmark | 100% |
| BE 146 ApS | Frederiksberg, Denmark | 100% |
| Better Energy Tjørneby ApS | Frederiksberg, Denmark | 100% |
| Better Energy Ringe ApS | Frederiksberg, Denmark | 100% |
| BE 149 ApS | Frederiksberg, Denmark | 100% |
| BE 150 ApS | Frederiksberg, Denmark | 100% |
| BE 151 A/S | Frederiksberg, Denmark | 100% |
| BE 152 A/S | Frederiksberg, Denmark | 100% |
| Better Energy Saltø ApS | Frederiksberg, Denmark | 100% |
| Better Energy Ørsbjerg Estate ApS | Frederiksberg, Denmark | 100% |
| Better Energy Rønnede ApS | Frederiksberg, Denmark | 100% |
| Better Energy Spørring ApS | Frederiksberg, Denmark | 100% |
| Better Energy Frederikshavn ApS | Frederiksberg, Denmark | 100% |
| Better Energy Grænge ApS | Frederiksberg, Denmark | 100% |
| Better Energy Starup ApS | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Egå ApS | Frederiksberg, Denmark | 100% |
| Better Energy Studstrup ApS | Frederiksberg, Denmark | 100% |
| Better Energy Stenderup ApS | Frederiksberg, Denmark | 100% |
| BE 163 ApS | Frederiksberg, Denmark | 100% |
| BE 164 ApS | Frederiksberg, Denmark | 100% |
| BE 165 ApS | Frederiksberg, Denmark | 100% |
| BE 166 ApS | Frederiksberg, Denmark | 100% |
| BE 167 ApS | Frederiksberg, Denmark | 100% |
| BE 168 ApS | Frederiksberg, Denmark | 100% |
| Better Energy Bjerndrup A/S | Frederiksberg, Denmark | 100% |
| BE 170 ApS | Frederiksberg, Denmark | 100% |
| BE 171 ApS | Frederiksberg, Denmark | 100% |
| BE 172 ApS | Frederiksberg, Denmark | 100% |
| BE 173 ApS | Frederiksberg, Denmark | 100% |
| BE 174 ApS | Frederiksberg, Denmark | 100% |
| BE 175 ApS | Frederiksberg, Denmark | 100% |
| BE 176 ApS | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| BE 177 ApS | Frederiksberg, Denmark | 100% |
| BE 178 ApS | Frederiksberg, Denmark | 100% |
| BE 179 ApS | Frederiksberg, Denmark | 100% |
| Better Energy TRIBE ApS | Frederiksberg, Denmark | 100% |
| BE 181 ApS | Frederiksberg, Denmark | 100% |
| Better Energy Komplementar DK ApS | Frederiksberg, Denmark | 100% |
| Better Energy Komplementar DK I ApS | Frederiksberg, Denmark | 100% |
| BE 184 ApS | Frederiksberg, Denmark | 100% |
| BE 185 ApS | Frederiksberg, Denmark | 100% |
| BE 186 ApS | Frederiksberg, Denmark | 100% |
| BE 187 ApS | Frederiksberg, Denmark | 100% |
| BE 188 ApS | Frederiksberg, Denmark | 100% |
| BE 189 ApS | Frederiksberg, Denmark | 100% |
| BE 190 ApS | Frederiksberg, Denmark | 100% |
| BE 191 ApS | Frederiksberg, Denmark | 100% |
| BE 192 ApS | Frederiksberg, Denmark | 100% |
| BE 193 ApS | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| BE 194 ApS | Frederiksberg, Denmark | 100% |
| BE 195 ApS | Frederiksberg, Denmark | 100% |
| BE 196 ApS | Frederiksberg, Denmark | 100% |
| BE 197 ApS | Frederiksberg, Denmark | 100% |
| BE 198 ApS | Frederiksberg, Denmark | 100% |
| BE 199 ApS | Frederiksberg, Denmark | 100% |
| BE 200 ApS | Frederiksberg, Denmark | 100% |
| BE 201 ApS | Frederiksberg, Denmark | 100% |
| BE 202 ApS | Frederiksberg, Denmark | 100% |
| BE 203 ApS | Frederiksberg, Denmark | 100% |
| BE 204 ApS | Frederiksberg, Denmark | 100% |
| BE 205 ApS | Frederiksberg, Denmark | 100% |
| BE 206 ApS | Frederiksberg, Denmark | 100% |
| BE 207 ApS | Frederiksberg, Denmark | 100% |
| BE 211 A/S | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships A/S | Frederiksberg, Denmark | 100% |
| Better Energy Horslunde K/S | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Horslunde Komplementar IVS | Frederiksberg, Denmark | 100% |
| BE 22 P/S | Frederiksberg, Denmark | 100% |
| Better Energy Energo Komplementar ApS | Frederiksberg, Denmark | 100% |
| BE 223 P/S | Frederiksberg, Denmark | 100% |
| BE 224 P/S | Frederiksberg, Denmark | 100% |
| BE 225 P/S | Frederiksberg, Denmark | 100% |
| BE 226 P/S | Frederiksberg, Denmark | 100% |
| BE 227 P/S | Frederiksberg, Denmark | 100% |
| BE 228 P/S | Frederiksberg, Denmark | 100% |
| BE 230 P/S | Frederiksberg, Denmark | 100% |
| BE 231 P/S | Frederiksberg, Denmark | 100% |
| BE 232 P/S | Frederiksberg, Denmark | 100% |
| BE 233 P/S | Frederiksberg, Denmark | 100% |
| BE 234 P/S | Frederiksberg, Denmark | 100% |
| BE 235 P/S | Frederiksberg, Denmark | 100% |
| BE 236 P/S | Frederiksberg, Denmark | 100% |
| BE 237 P/S | Frederiksberg, Denmark | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Solar Park 213 Sp.z.o.o. | Gdansk, Poland | 88% |
| Better Energy Solar Park 214 Sp.z.o.o. | Gdansk, Poland | 88% |
| Better Energy Solar Park 215 Sp.z.o.o. | Gdansk, Poland | 88% |
| Better Energy Solar Park 216 Sp.z.o.o. | Gdansk, Poland | 88% |
| Better Energy Swedish Solar 217 AB | Limhamn, Sweden | 100% |
| Better Energy Swedish Solar 218 AB | Limhamn, Sweden | 100% |
| Better Energy Swedish Solar 219 AB | Limhamn, Sweden | 100% |
| Better Energy Solar Park 220 Sp. z o.o. | Gdansk, Poland | 88% |
| Better Energy Solar Park 221 Sp. z o.o. | Gdansk, Poland | 88% |
| Better Energy Solar Park 222 Sp. z o.o. | Gdansk, Poland | 88% |
| Selskabet af 01.01.2020 A/S under frivillig likvidation | Frederiksberg | 100% |
| Selskabet af 20.12.2017 IVS under likvidation | Frederiksberg | 100% |

# NOTE 32. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Norddjurs P/S | Frederiksberg, Denmark | 50% |
| Better Energy Slagelse P/S | Frederiksberg, Denmark | 50% |
| Better Energy Gimminge P/S | Frederiksberg, Denmark | 50% |
| Better Energy Rejstrup P/S | Frederiksberg, Denmark | 50% |
| Better Energy Næstved P/S | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar II ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar I ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact K/S | Frederiksberg, Denmark | 50% |
| Sandvikenvej Infrastrukturselskab ApS* | Frederiksberg, Denmark | 54% |
| Ganska SES LLC | Zhytomyr, Ukraine | 49% |
| Better Energy Energo P/S | Frederiksberg, Denmark | 49% |
| Solar Nordic A/S | Hedehusene, Denmark | 35% |

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

# NOTE 33. EVENTS AFTER THE REPORTING PERIOD

No events have occured after the balance sheet date to this date, which would influence the evaluation of the annual report.

# PARENT COMPANY FINANCIAL STATEMENTS

## Financial statements


| | |
|---|---|
| Income statement | 152 |
| Balance sheet | 153 |
| Statement of changes in equity | 156 |


## Notes to financial statements


| | |
|---|---|
| Note 1. Staff costs | 157 |
| Note 2. Amortisations | 157 |
| Note 3. Financial income | 157 |
| Note 4. Financial expenses | 158 |
| Note 5. Tax on profit for the year | 158 |
| Note 6. Proposed appropriations of net profit | 159 |
| Note 7. Intangible assets | 160 |
| Note 8. Fixed asset investments | 161 |
| Note 9. Deferred tax | 163 |
| Note 10. Share capital | 164 |
| Note 11. Long-term liabilities other than provisions | 165 |
| Note 12. Other payables | 166 |
| Note 13. Contingent liabilities | 167 |
| Note 14. Assets charged and collateral | 168 |
| Note 15. Related parties | 168 |

# INCOME STATEMENT

For the period 1 January - 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 2 | Administrative expenses | -149 | -307 |
| | **Operating profit** | **-149** | **-307** |
| | Income from investments in subsidiaries | 19,653 | 24,425 |
| 3 | Financial income | 10,354 | 9,590 |
| 4 | Financial expenses | -10,594 | -12,294 |
| | **Profit before tax** | **19,264** | **21,414** |
| 5 | Tax on profit for the year | 100 | 627 |
| 6 | **Profit for the year** | **19,364** | **22,041** |

# BALANCE SHEET

## ASSETS

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| | Acquired patents and licences | 9 | 56 |
| 7 | **Intangible assets** | **9** | **56** |
| | Investments in subsidiaries | 276,498 | 162,052 |
| 8 | **Fixed asset investments** | **276,498** | **162,052** |
| | **Fixed assets** | **276,507** | **162,108** |
| | Receivables from group enterprises | 288,235 | 335,647 |
| | Income taxes | 0 | 4,714 |
| | Joint taxation asset | 39,343 | 1,783 |
| 9 | Deferred tax assets | 594 | 517 |
| | Other receivables | 297 | 637 |
| | **Receivables** | **328,469** | **343,298** |
| | **Cash** | **252,107** | **275,241** |
| | **Current assets** | **580,576** | **618,539** |
| | **Assets** | **857,083** | **780,647** |

# BALANCE SHEET

## EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 10 | Share capital | 611 | 611 |
| | Reserve for net revaluation according to the equity method | 150,112 | 144,320 |
| | Retained earnings | 228,154 | 224,176 |
| | **Equity** | **378,877** | **369,107** |
| | | | |
| | Bond debt | 6,350 | 16,450 |
| | Debt to credit institutions | 290,996 | 283,986 |
| 11 | **Long-term liabilities other than provisions** | **297,346** | **300,436** |

# BALANCE SHEET

## EQUITY AND LIABILITIES (CONTINUED)

At 31 December

| Note | DKK '000 | 2020 | 2019 |
|---|---|---|---|
| 11 | Current portion of long-term liabilities other than provisions | 0 | 300 |
| | Trade payables | 90 | 39 |
| | Payables to group enterprises | 145,609 | 96,668 |
| | Income taxes | 19,137 | 0 |
| | Joint taxation liability | 16,024 | 1,783 |
| 12 | Other payables | 0 | 12,314 |
| | **Short-term liabilities other than provisions** | **180,860** | **111,104** |
| | **Liabilities other than provisions** | **478,206** | **411,540** |
| | **Equity and liabilities** | **857,083** | **780,647** |

| | |
|---|---|
| 1 | Staff costs |
| 13 | Contingent liabilities |
| 14 | Assets charged and collateral |
| 15 | Related parties |

# STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

| DKK '000 | Share capital | Net revaluation, equity method | Retained earnings | Total |
|---|---|---|---|---|
| Equity at 1 January 2019 | 500 | 113,824 | 14,251 | 128,575 |
| Capital increase | 111 | 0 | 224,082 | 224,193 |
| Purchase of own shares | 0 | 0 | -11,773 | -11,773 |
| Profit for the year | 0 | 24,425 | -2,384 | 22,041 |
| Exchange adjustments | 0 | 6,071 | 0 | 6,071 |
| **Equity at 31 December 2019** | **611** | **144,320** | **224,176** | **369,107** |
| **2020** | | | | |
| Profit for the year | 0 | 19,653 | -289 | 19,364 |
| Value adjustments of hedging instruments | 0 | -38 | 0 | -38 |
| Tax of value adjustments of hedging instruments | 0 | 9 | 0 | 9 |
| Sale of own shares | 0 | 0 | 4,267 | 4,267 |
| Other adjustments | 0 | -4,267 | 0 | -4,267 |
| Exchange adjustments | 0 | -9,565 | 0 | -9,565 |
| **Equity at 31 December 2020** | **611** | **150,112** | **228,154** | **378,877** |

During the year, a total of 173,832 treasury shares were allotted to employees as part of a share programme.The total portfolio of treasury shares consists of 518,668 shares at 31 December 2020 (692,500 in 2019), corresponding to 0.8% of the share capital.

## ACCOUNTING POLICY

Acquisition costs, consideration received, and dividends relating to treasury shares, are recognised directly in retained income in equity.

# NOTE 1. STAFF COSTS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| **Average number of employees** | **0** | **0** |

# NOTE 2. AMORTISATIONS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Acquired patents and licences | 47 | 47 |
| **Total amortisations** | **47** | **47** |

See Note 7 for accounting policy.

# NOTE 3. FINANCIAL INCOME

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Interests received from group enterprises | 9,031 | 7,746 |
| Other financial income | 114 | 694 |
| Exchange gains | 1,209 | 1,150 |
| **Total financial income** | **10,354** | **9,590** |

## ACCOUNTING POLICY

Financial income comprises interest income, exchange gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

# NOTE 4. FINANCIAL EXPENSES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Interests paid to group enterprises | 3,494 | 7,412 |
| Other financial expenses | 6,159 | 3,526 |
| Exchange losses | 941 | 1,356 |
| **Total financial expenses** | **10,594** | **12,294** |

### ACCOUNTING POLICY

Financial expenses comprise interest expenses, exchange losses on transactions in foreign currencies, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

# NOTE 5. TAX ON PROFIT FOR THE YEAR

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Current tax for the year | 70 | 0 |
| Deferred tax for the year | -170 | -540 |
| Adjustment of tax concerning previous years | 0 | -87 |
| **Total tax on profit for the year** | **-100** | **-627** |

### 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 Company 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 6. PROPOSED APPROPRIATION OF NET PROFIT

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Transfer to reserve for net revaluation according to the equity method | 19,653 | 24,425 |
| Retained earnings | -289 | -2,384 |
| **Total net profit** | **19,364** | **22,041** |

# NOTE 7. INTANGIBLE ASSETS

| DKK '000 | Licenses and patents |
|---|---|
| Cost at 1 January 2020 | 141 |
| **Cost at 31 December 2020** | **141** |
| Amortisation and impairment losses at 1 January 2020 | 85 |
| Amortisations of the year | 47 |
| **Amortisation and impairment losses at 31 December 2020** | **132** |
| **Carrying amount at 31 December 2020** | **9** |

## ACCOUNTING POLICY

Acquired patents and licences comprise acquired licences. Licences acquired are measured at cost less accumulated amortisation. Licences are written down to the lower of recoverable amount and carrying amount. The period of amortisation is three years.

# NOTE 8. FIXED ASSET INVESTMENTS
## SUBSIDIARIES

| DKK '000 | Subsidiaries |
|---|---|
| Cost at 1 January 2020 | 17,732 |
| Additions for the year | 108,654 |
| **Cost at 31 December 2020** | **126,386** |
| Net revaluation at 1 January 2020 | 144,320 |
| Net share of profit for the year | 19,653 |
| Value adjustments of hedging instruments | -29 |
| Other adjustments | -4,267 |
| Exchange adjustments | -9,565 |
| **Net revaluation at 31 December 2020** | **150,112** |
| **Carrying amount at 31 December 2020** | **276,498** |
| **Carrying amount of goodwill recognised** | **4,817** |

### ACCOUNTING POLICY

Investments in group enterprises 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 internal gains or losses.

Group enterprises 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 relevant enterprise, 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 is transferred to reserve for net revaluation according to the equity method under equity.

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

# NOTE 8. FIXED ASSET INVESTMENTS (CONTINUED)
## SUBSIDIARIES

Investment in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy A/S | Frederiksberg, Denmark | 100% |
| Better Energy Generation A/S | Frederiksberg, Denmark | 100% |
| Better Energy Partners A/S | Frederiksberg, Denmark | 100% |

Second-tier subsidiaries are listed in Note 32 of the consolidated financial statements.

# NOTE 9. DEFERRED TAX

| DKK ’000 | 2020 | 2019 |
|---|---|---|
| Deferred tax is incumbent on the following financial statement items: | | |
| Intangible assets | 2 | 12 |
| Long-term liabilities other than provisions | -596 | -255 |
| Tax loss carryforwards | 0 | -274 |
| **Deferred tax at 31 December** | **-594** | **-517** |
| Net value is recognised in the balance sheet as follows: | | |
| Deferred tax assets | 594 | 517 |
| **Deferred tax at 31 December** | **-594** | **-517** |
| Deferred tax at 1 January | -517 | 23 |
| Adjustment concerning previous years | 93 | 0 |
| Recognised in the income statement | -170 | -540 |
| **Deferred tax at 31 December** | **-594** | **-517** |

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

## 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 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 10. SHARE CAPITAL

The share capital consists of 61,109,800 shares at DKK 0.01.
The shares have not been divided into classes.

| Changes in share capital in the past five years | DKK '000 |
|---|---|
| Share capital at 1 January 2015 | 500 |
| Capital increased 18 December 2019 | 111 |
| **Share capital at 31 December 2020** | **611** |

# NOTE 11. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Current portion of bond debt | 0 | 300 |
| **Current portion of long-term liabilities other than provisions** | **0** | **300** |
| Long-term portion of long-term liabilities other than provisions | 297,346 | 300,436 |
| **Long-term debt at 31 December** | **297,346** | **300,736** |
| **Nominal amount of total long-term liabilities other than provisions** | **303,922** | **308,859** |
| Due after more than five years (amortised cost): | | |
| **Long-term debt to credit institutions** | **0** | **292,108** |

## ACCOUNTING POLICY

Long term liabilities are measured at cost, which corresponds to nominal value.

# NOTE 12. OTHER PAYABLES

| DKK '000 | 2020 | 2019 |
|---|---|---|
| Other costs payable | 0 | 542 |
| Debt to owners | 0 | 11,772 |
| **Other payables at 31 December** | **0** | **12,314** |

## ACCOUNTING POLICY

Other payables are measured at amortised cost, which corresponds to nominal value.

# NOTE 13. CONTINGENT LIABILITIES

According to the joint taxation provisions of the Danish Corporation Tax Act, Better Energy Holding 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 Holding A/S has issued a parent guarantee for Better Energy A/S´s obligations in relation to the Heartland project. The guarantee cover technical, legal and financial conditions related to the delivered solar system.

Better Energy Holding A/S has provided security for the obligations of Better Energy A/S in relation to the sale of the shares in the Kikkenborg project to HOFOR Wind A/S.

Better Energy Holding A/S has provided security for the obligations of Better Energy A/S in relation to the sale of the shares in the Vollerup and Nees II projects to Nordic Solar Energy A/S.

Better Energy Holding A/S has provided security for the obligations of Better Energy Poland A/S in relation to the sale of the shares in the NSE 10 MW and NSE 30 MW projects to Nordic Solar Energy A/S and NS Global I ApS, respectively.

Better Energy Holding A/S provides a guarantee of EUR 4.1 million to a governmental financial institution for the bank debt of Ganska SES (released in March 2021).

Better Energy Holding A/S provides a guarantee of EUR 2.0 million to a supplier for the debt of Better Energy A/S.

# NOTE 14. ASSETS CHARGED AND COLLATERAL

Debt to credit institutions is secured by capital interest in subsidiaries with a carrying amount of DKK 276.5 million.

# NOTE 15. RELATED PARTIES

**Balances as of 31 December 2020**
Other receivables include a receivable of DKK 0.3 million from RealNordic ApS which is jointly owned by Rasmus Lildholdt Kjær (Chief Executive Officer), Mark Augustenborg Ødum (Executive Vice President), Michael Vater (Executive Vice President), and Mikkel Dau Jacobsen (Executive Vice President) through their respective holding companies.

Receivables and debt to Group enterprises are disclosed in the balance sheet.

# LIST OF ABBREVIATIONS & DEFINITIONS

| | |
|---|---|
| **Better Energy** | Better Energy Group |
| **Board** | Board of Directors |
| **CFD** | contract for difference |
| **CSR** | corporate social responsibility |
| **EPC** | engineering, procurement and construction |
| **ESG** | environmental, social and governance |
| **GW** | gigawatt |
| **GWh** | gigawatt hours |
| **HSO** | Health and Safety Organisation |
| **IPP** | independent power producer |
| **MW** | megawatt |
| **MWh** | megawatt hours |
| **MWp** | megawatt peak |
| **NGO** | non-governmental organisation |
| **Parent Company** | Better Energy Holding A/S, CVR No. 31865883 |
| **PMO** | Project Management Office |
| **PPA** | power purchase agreement |
| **PtX** | power-to-X |
| **PV** | photovoltaic |
| **R&D** | research and development |
| **SDG** | Sustainable Development Goals |
| **TW** | terawatt |

# COMPANY INFORMATION

**Company**
Better Energy Holding A/S
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Christian Motzfeldt, Chair
Mark Augustenborg Ødum
Rasmus Lildholdt Kjær
Annette Egede Nylander
Mikkel Dau Jacobsen
Michael Vater
Michael Pollan

**Executive Board**
Rasmus Lildholdt Kjær (registered director)
Annette Egede Nylander (registered director)
Ho Kei Au (registered director)
Kevin Wilkinson
Mikkel Dau Jacobsen

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

# ENGINEERS OF A SUSTAINABLE FUTURE