



BETTER ENERGY

ANNUAL REPORT 2019

MESSAGE FROM THE CHAIRMAN



STRONGER PARTNERSHIPS FOR GREEN TRANSITION

I am truly honoured to have been appointed chairman of the board at Better Energy A/S and excited to present the annual report. We have made great strides forward in our strategy to transform the company into an independent power producer and bring it to a new and higher level of activity with a much stronger impact on the climate and the environment.

More than ever, there is a call for action on climate change. Sustainability requires significant changes on many fronts, and these changes include switching to renewable energy sources. Business as usual is no longer an option.

We are all responsible for reaching a more sustainable course in our consumption and production: governments, companies and consumers. Change requires political actions as well as decisions made by companies and individuals. Bringing clean energy into more and more communities will play a major role in helping us reach our commitments to mitigate climate change.

The Better Energy Group (Better Energy) is ready to take on major responsibility and assume a key role in the green transition in Europe. Climate action is on the rise, but not at the speed and scale we need. Countries and companies must access proven solutions for how to reduce emissions and how to build a green economy.

The good news among all the bad news on the climate is that Better Energy's best-in-class solutions are able to produce solar power on competitive terms and without subsidies in Northern Europe. Sustainability is now an opportunity, not an obstacle. Better Energy both can and will use all possible resources to rapidly scale up our green solutions on solar energy.

Better Energy will reach out to partners for an accelerated effort: governments, companies, utilities, grid operators, the financial sector, landowners and green technology companies. If we make the right choices now, we will facilitate the transition to a low-carbon economy. Now, more than ever, there is a call for strong decisions and stronger partnerships.

The aspiration of Better Energy is to become the largest supplier of green power in our Northern European region. Acting together, in partnership, we can co-create the future we want for ourselves and for generations to come. The choice is ours.

Christian Motzfeldt

Chairman of the Board of Directors



LETTER FROM THE CEO

NEW SUBSIDY-FREE GREEN ENERGY IS HERE

At Better Energy, we are people who want to make a difference. Our purpose is to accelerate the transition to renewable energy sources. This does not happen by itself. It takes skill, dedication and perseverance, but it is meaningful, and it matters.

The world is in a climate crisis and change is necessary. We must drastically lower our CO₂ emissions by 2030 to avoid a climate disaster. Emissions of greenhouse gases come primarily from the burning of fossil fuels to create energy. The transition to renewable energy sources is therefore crucial for a sustainable future.

The transition to a renewable energy supply can only be achieved by adding new renewable energy to our energy supply. Only by creating and adding new renewable energy can fossil fuels be phased out of the energy system.

Better Energy is a renewable energy company that creates new green energy. This is how we can drive a renewable energy revolution. We have an integrated value chain designed to deliver the greatest amount of green energy at the lowest cost possible.



We have never looked for easy short-term solutions or short-term profit. We have made every effort to succeed with the right long-term solutions and long-term value creation. The past few years, we have worked intensively to be able to deliver new green energy to companies at a price that is attractive and at a scale that is needed.

We have succeeded, and we are entering the second phase in decarbonising our energy system – a market-driven, corporate-driven phase. New subsidy-free green energy is here. It is now possible for companies to buy new green energy that has an effect on the construction of new renewable energy sources.

From a socio-economic point of view, it is a great advantage that new renewable energy sources are driven by those in need of electricity instead of being driven by government support. Market forces must now come into play and drive the construction of new renewable energy sources at the pace and scale needed to mitigate the climate crisis in time.

More and more companies are choosing to take on responsibility for the world's climate challenges and adopting sustainable business models. This is how companies can drive a renewable energy revolution. In the transition to a renewable energy supply, companies can make all the difference in the world by buying new subsidy-free green energy.

RESULTS IN 2019

The year 2019 has been a crucial year for us. Our green solutions became so cost-effective that they can operate and scale without the use of government support.

We are becoming a true renewable energy company with its own fully integrated value chain to supply companies, cities and countries with new subsidy-free green energy. This is our product. It is a green product that our planet needs. Only new subsidy-free green energy can drive the green transition and phase out fossil fuels.

Together with customers such as the international fashion company Bestseller, global bioscience company Chr. Hansen and multinational technology company Google, we have pioneered a new way for companies to buy green energy in Denmark. We have shown that companies can commit to buying green energy and contribute to new, subsidy-free projects being built.

We have continued to prioritise depth over breadth. We have increased our project pipeline to 5 GW of solar projects at different stages of development in Denmark and Poland. We have initiated and built projects in Denmark, Poland, the Netherlands and Ukraine with a total capacity of 269 MW, and we have significantly increased our annual construction capacity for the coming years. We have entered the second phase in decarbonising our

energy system and have 358 MW subsidy-free solar energy capacity contracted and under delivery.

We have strengthened our capital base and financial position with two strategic agreements. At the start of the year, we designed a customised construction credit facility of approximately DKK 600 million (EUR 80 million) together with Swedish Proventus Capital Partners. Later in the year, we entered into a strategic partnership with Omnes Capital, a Paris-based investor in private equity and infrastructure. Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million (EUR 30 million).

As a consequence of our strong financials, it was possible for us in 2019 to evolve from primarily a 'build-sell' strategy, in which revenue is achieved quickly and reinvested in new projects, to a 'build-hold' strategy, in which revenue is generated on a long-term basis through the sale of green energy. This new strength gives us significantly better opportunities to continue our development of new green energy product solutions and optimally adapt them to the needs of companies and other major consumers of electricity.

It has always been our plan to hold onto more solar plants in order to deliver a full green energy solution, but we had planned to make this shift first by 2021. Growth and development in Better Energy have gone significantly faster than we could have expected, and we are now several years ahead of our expected development.

In 2019, we delivered positive results and increased our revenue to DKK 528 million. Our gross profit stands at DKK 49 million. These financial results must be seen in the context of our decision in 2019 to not sell the majority of our solar power plants. Holding the plants creates the same, if not greater, value than selling the plants, but when a project is not sold, the profit is not realised and reflected in our financial statements.

In the short run, this strategic shift results in reduced revenue and profit, as we to a lesser extent sell our solar plants. Conversely, in the long run, we achieve continuous, recurring and higher revenue and results based on the production and sale of green energy.

In 2019, growth continued in Better Energy. Our organisation and teams have grown to 71 people. Our development and construction capacity have grown tremendously. We have never been in a stronger position to deliver affordable green energy.

LOOKING AHEAD

In 2020, we will continue our hard work for the green transition. We will work to supply more businesses with new green energy so that we can build more renewable energy sources. We will focus on our core markets and work closely with our existing and new stakeholders on driving the transition to a green energy supply. Only by working together can we all truly make a difference. We are all a part of the systems we want to change.



In recent years, biodiversity has become a topic of increasing importance. There is an acute biodiversity crisis, which presents a global threat, just as serious as climate change. The green transition must, for many reasons, contain a broad commitment to sustainability.

Consideration for climate, nature and people must be integral to all solutions to create a better future, in line with the holistic UN Sustainable Development Goals. Synergies between CO₂ reduction and biodiversity are an obvious place for us to focus.

The contribution of solar power plants to reduce the use of fossil fuels is a solution that requires land area. With the increasing need for land to support the growth of cities, food production and use of resources, we risk compromising nature in the process. Therefore, the integration of solar plants and biodiversity initiatives is relevant.

Better Energy's solar plants are placed on industrial and agricultural land. Nature has not had optimal conditions here for many years, but a solar plant can help make a change for the better. A solar plant can be used to give nature the peace and time it needs to recover and rejuvenate if the site is designed with that purpose in mind.

Looking ahead to 2020, by designing our solar plants for multi-purpose use, we can create havens where nature can thrive and remain protected.

IMPACT THAT MATTERS

The climate crisis and the green transition are local, national and global issues. They concern us all. They affect us all. And we all have a responsibility to act. Alone we make a difference. Together we make change.

What we do matters in the transition to renewable energy sources. We have set new standards and milestones in the industry again this year. We are a purpose-driven, well-funded, fast-growing company, and our energy can touch millions of lives. None of this is possible without the talent and commitment of our people.

I am proud to be a part of Better Energy and proud to work with so many amazing people. You have chosen to join Better Energy, and your dedication and hard work make a true impact. Thank you for the incredible work you do.

Rasmus Lildholdt Kjær

Chief Executive Officer

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IMPACT THAT MATTERS

IMPACT THAT MATTERS

OUR BUSINESS

GOVERNANCE

PEOPLE

TRENDS

PERFORMANCE & OUTLOOK

RISK MANAGEMENT

CORPORATE SOCIAL RESPONSIBILITY

ASSURANCE STATEMENTS

FINANCIAL STATEMENTS

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.

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.

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.

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.

INFOGRAPHICS

71

Employees

358 MW

Subsidy-free plants
under delivery

80

Established power
plants

528 DKK
MILLION

Revenue

4,997 MW

Project pipeline

49 DKK
MILLION

Gross profit

279 MW

Established solar
capacity

370 DKK
MILLION

Equity

FINANCIAL HIGHLIGHTS

Key figures DKK '000	2019	2018	2017	2016	2015
Income statement					
Revenue	527,545	424,422	342,017	31,320	24,111
Gross profit	48,805	127,136	99,691	16,332	10,816
Operating profit	15,756	101,439	89,907	6,373	4,792
Net financials	-3,280	-1,654	1,821	620	362
Profit for the year	20,697	64,972	77,539	15,987	4,077
Balance sheet					
Balance sheet total	884,848	365,524	221,148	49,110	19,737
Equity	370,493	128,126	86,646	24,760	8,431
Investment in property, plant and equipment	26,442	25,544	34,257	78	1,860
Ratios					
Gross profit margin	9%	30%	29%	52%	45%
Profit margin	4%	15%	23%	51%	17%
Return on equity	8%	60%	139%	96%	97%
Solvency ratio	42%	35%	39%	50%	43%

Financial highlights are defined and calculated in accordance with 'Recommendations & Ratios 2019' 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



02



OUR BUSINESS

PURPOSE

Better Energy was founded with the purpose of accelerating the transition to renewable energy sources with better solutions and mass quantities of affordable clean energy. 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 creates new green energy. We design, develop, engineer, finance, build, operate and own renewable power plants that generate clean electricity. This green power is delivered to local and national electricity grids. Individual businesses can purchase clean power directly from Better Energy through power purchase agreements (PPAs).



“ Better Energy is a renewable energy company that creates new green energy. ”



NEW DRIVERS OF THE GREEN TRANSITION

The transition to renewable energy sources can only be achieved by adding new renewable energy to our energy supply. Only by creating and adding new renewable energy can fossil fuels be phased out of the energy system.

Until now, renewable energy has been helped into the market by government subsidies and support schemes. The granting of this support has had the effect of additionality, the fact that new renewable energy plants have been built and new renewable energy has been added to the energy supply.

The renewable energy industry is now 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 and corporate demand. Companies purchasing electricity through power purchase agreements now have the effect of additionality because they directly help new plants get built.

Government feed-in-tariffs and auctions have promoted the growth of renewables. They have served their purpose well, but they are no longer needed for the green transition to succeed. Instead, we need the market to pursue new green energy. Companies can be drivers of the renewable energy transition – but only if they make the right choice of green power.

Corporate power purchase agreements with additionality are now a critical tool in adding new renewables to the grid and phasing

out fossil fuels in our energy system. New affordable green energy is now available for companies to purchase. Companies need to make a change – and make a choice – to make a difference.

HOW BETTER ENERGY DRIVES THE GREEN TRANSITION

Better Energy is a vital organisation for the realisation of a renewable energy revolution. Companies make an agreement to buy power from us, and their commitment enables us to build renewable power plants that add new green energy to the energy supply.

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 a positive measurable difference that lasts for generations: impact that matters.

INTEGRATED VALUE CHAIN

Our business model and operations are optimally 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, social integration, power purchase agreements and finance.

We take a lean and industrial approach to renewable energy deployment. This approach is designed to be effective within Northern European markets and the wider European region where value can be created. Our business model is highly scalable and enables us to deliver a continuous stream of large-scale projects in several countries in one, seamless, end-to-end process.

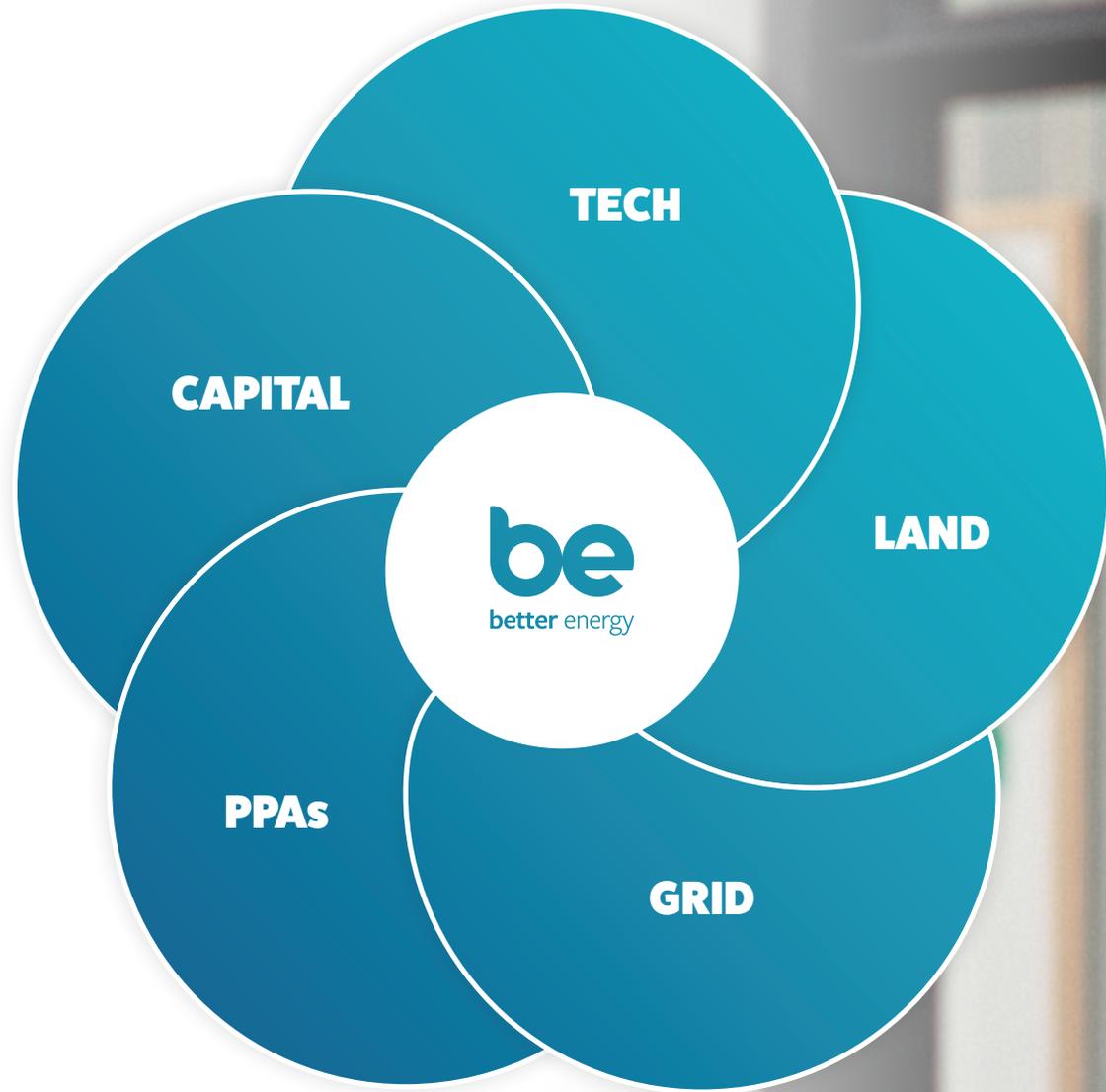
Vertical integration enables Better Energy to optimise work processes, reduce costs and create more value for stakeholders in all aspects of the value chain. We have the freedom and flexibility to innovate and apply new technology and efficiencies immediately in our solar plants.

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

STAKEHOLDER PLATFORM

FIVE ELEMENTS

Delivering commercially scalable energy projects in a subsidy-free environment requires detailed knowledge and collaboration in many areas. We have identified five essential elements that are necessary for us to deliver impact: technology, land, grid, power purchase agreements (PPAs) and capital. We work to form partnerships and positive relationships with our stakeholders in all five critical areas to ensure effective operations and 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 many years of experience and continual development and optimisation.

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







 **FOCUS ON**

TECHNOLOGY

**INTERVIEW WITH LARS THOMSEN,
VICE PRESIDENT, TECHNOLOGY &
SOLUTIONS**

SCALING UP OPERATIONS

The size of solar projects is getting bigger all the time. How has this changed the way you work?

The fundamental way we work with projects hasn't changed. The steps and stages we go through – design, engineering, procurement, construction, grid connection and operation – are the same. Of course, larger projects require more resources and more time.

Although PV plants are getting larger and more complex, our design and modelling tools and plant control software are becoming more advanced. Smart tools help us work smarter and more efficiently, so double the MW doesn't mean double the work.

You have also scaled up the number of projects in the countries where you operate. How do you handle this?

Our business model really hasn't changed. We take a lean and industrial approach to project development and construction. This means we have very streamlined processes and workflows that enable us to manage a continuous flow of projects from concept to completion. Each country has its own pipeline and specialised local teams. We don't process projects differently – we just process more of them.

What are some challenges and benefits to scaling up operations?

We have become a larger player in the industry, and this has certain advantages. Like other businesses, as scale of production increases, average costs fall. This is also true for solar. Larger operations bring economies of scale in purchasing and logistics. We need to plan further ahead when it comes to certain components and technical considerations such as transformer capacity

and grid capacity. Having so many large-scale projects under development in our pipeline requires more collaboration with partners earlier in the process. We are getting invited to the table by leading global companies to talk about innovation and our future plans. So, it turns out the extra planning is both a challenge and a benefit.

How do you scale up quantity without sacrificing quality and innovation?

Executing many large-scale projects in several countries requires rigorous processes and strong collaboration.

Having an integrated value chain enables us to identify and implement improvements on a continual basis. We have teams of experts with decades of experience in-house. Because of our cross-team development, they continually innovate, apply new learnings and fine-tune our technology and processes. This commitment to learning helps us stay agile and helps us improve as we scale.

The shortage of tech talent is making headlines in Europe. How has this affected you as a fast-growing company?

People want to work in an industry they feel good about and an industry they believe is growing. We look for people with that 'Better Energy drive'. Solar is booming and people come to us wanting to make a difference.

So many cleantech companies never make it big. How has Better Energy been successful?

Many cleantech start-ups go wrong because they focus on perfecting a piece of technology. Scaling technology is not about

technology. It's about people. It's about scaling up together to achieve change. Technology is only a tool to reach a goal.

To achieve progress at scale, you need to plan for scale from the very beginning. Then you need a strategy to mobilise resources, a strong business plan and strong partners. That's what we did at Better Energy.

We started with a global vision – mass quantities of affordable green energy to accelerate the green transition – and then figured out what was necessary to achieve this goal. We were forced from day one to think in terms of the whole value chain, the whole development process, not just the components.

What does the future look like in Technology & Solutions?

Technical solutions to many challenges already exist. We are not looking for a new cleantech miracle cure – we don't need miracles to transform our energy system. Our task will be to demonstrate how to put technologies together in new ways in order to integrate more renewables in the grid with storage, decarbonise heavy industry and heavy transport, and improve flexibility and balance of energy systems.

To achieve change on a systems level, we need to think in terms of systems. Technology is a strong first step, but cleantech alone is not the answer. We need to work with the issues, groups and organisations surrounding technology to speed up the green transition.

LAND

Large-scale transformation to renewable energy sources can only be achieved with local support. Securing land and local acceptance are fundamental to project development. To address local concerns and to secure local support, we set up community meetings very early in the development process. We do our utmost to share information, address concerns and accommodate local ideas and points of view wherever possible.

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

“If we are going to find thousands of hectares in the coming years, we need to have the right approach. We start early because selecting a suitable site is an important decision. There are many more factors to consider than most people realise, including physical features of the land, estimated energy yield, environmental factors, land use restrictions, social concerns and electrical grid infrastructure and requirements. Our team is on the road every day, out talking to people and participating in local meetings. We try to make difficult conversations productive and find the best solutions,” explains Anders Nielsen, vice president of Commercial Development at Better Energy.







🔍 FOCUS ON

LAND

GREEN TRANSITION, NATURE AND BIODIVERSITY CAN GO HAND IN HAND

Throughout 2019, Better Energy worked on the development of a solar plant in Holstebro Municipality with a capacity over 200 MW. The solar plant will be one of Europe's largest and is a groundbreaking project in the industry for many reasons, including the carefully planned development process.

In recent years, biodiversity has become a topic of increasing importance. Unfortunately, it has been brought into focus against the backdrop of an acute biodiversity crisis, which presents a global threat, just as serious as climate change.

A commitment to the green transition must, for many reasons, contain a broad commitment to sustainability. Synergies between the holistic UN Sustainable Development Goals are an obvious place to start, for example, between CO₂ reduction and biodiversity. The solar plant in Holstebro is a good example of how this can be done.

SELECTING A SUITABLE LOCATION

"We take the time it takes to develop a project. Local project development entails a rigorous planning process. Our team doesn't skip any steps or try to rush things through. We follow the detailed timelines for local processes and procedures that ensure appropriate local engagement," says Esben Billeskov, vice president of Project Development at Better Energy.

The choice of location in Holstebro was based on a multi-year process. Holstebro Municipality approved a revision of the municipal plan in 2017. The revision set the goal of allocating areas of land for renewable energy sources that would enable electricity generation 50% greater than the electricity consumption in the municipality at that time.

Based on this plan, Better Energy investigated the possibilities of establishing solar power plants in the municipality in 2018. This research resulted in one specific project application for a solar plant east of Bur, which was assessed as a suitable area.

Holstebro Municipality, in continuation of the project application in early 2019, issued a debate proposal to initiate planning for the installation of solar PV modules in the area east of Bur. In the same debate, Holstebro Municipality chose to analyse and identify several more potentially suitable areas for solar projects throughout the municipality so that comprehensive and strategic planning could be realised.

In connection with the debate proposal, Holstebro prepared an official appendix to the municipal plan, local plans and associated environmental assessments for the project east of Bur.

Construction of the solar plant will commence in 2020. The solar project will be completed and produce new green power for the electricity grid in spring of 2021. Due to the size of the system, the solar plant will be the first in Denmark directly connected

to the electricity transmission network. The connection will be made at the Danish public utility (Energinet) transformer station at Idomlund.

NATURE AND BIODIVERSITY

"Environmental considerations can't be an afterthought or a last step. They have to be primary objectives from the beginning and an integral part of the project development process," says Esben Billeskov.

The solar plant will be built on conventionally cultivated agricultural land that will be converted into organic farming.

During construction, permanent grass and herb vegetation cover in the form of organic clover grass will be established, sections of the undeveloped areas will be sown with flower seeds and pesticides will no longer be used on the land area. Thus, in the future, pesticides and herbicides will no longer be washed into the area's vulnerable streams and groundwater during periods of heavy rain, and better living conditions for bees and other pollinating insects will be created.

Part of the designated area is one of only two possible habitats in Denmark for the northern birch mouse, an endangered species. The birch mouse and other animal species will be protected during the construction phase. After the solar plant has been established, the area will serve as a long-term haven, providing wildlife with an expansive habitat with minimal human disturbance.

GRID

The electricity grid is essential for delivering green energy 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 together 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 extremely important to utilise grid capacity optimally.







🔍 FOCUS ON
GRID

“By planning early, we are able to anticipate and understand challenges that may arise in the future and find constructive solutions to them.”

DANISH ENERGINET AND THE GRID OF THE FUTURE

Growing populations and the rising use of electricity are driving the need to upgrade the grid. In Denmark, the public transmission operator Energinet, the state energy infrastructure company, owns and operates the entire Danish transmission system. Grid operators like Energinet are facing more complex operations in the future from new power generation sources, variable renewable sources, new digital technologies, changing consumer needs and consumption patterns, and new opportunities on the European wholesale electricity markets. Future grid stability and reliability requires strong collaboration.

In 2019, Better Energy and Energinet further developed their cooperation. The 200 MW solar plant in Holstebro is an example of a project that requires coordination with transmission network operators. Better Energy has a pipeline of utility-scale plants amounting to over 4,077 MW of capacity in Denmark, making us capable of becoming a leading independent power

producer in Denmark. Careful coordination with our in-house expertise will ensure that our solar power plants get connected to the grid efficiently.

Better Energy's in-house grid team scans sites in the pipeline and starts planning early, identifying any potential grid expansion and upgrades that might be necessary. In addition, they adapt our operations to new regulations and work to increase flexibility in a cost-effective way. This means changes to both solar system operating procedures and electricity market practices such as real-time forecasting, scheduling and grid services. The team also anticipates coming storage and power conversion technologies (power-to-X).

Unlike other power sources, large-scale solar systems can provide grid services, stability and reliability to the national power system 24 hours a day. Grid managers must maintain constant voltage and frequency on the electricity grid without spikes or disturbances. Solar PV with smart controls can help regulate voltage and frequency, ramp up and down gradually in steps, and help balance

supply and demand, adding more reactive power (pushing real power around the system) or absorbing it when there is an excess.

In 2019, Better Energy's grid engineering team designed a new, smart solar plant control station. All future plants will be equipped with this new smart control system, adding value to solar installations by allowing for future revenue streams from the sale of flexibility and grid reliability services.

“Grid connection is not simply ‘plug-and-go’. There are many new factors to take into consideration. To facilitate the widespread adoption of solar in Denmark, we need to strategically and systematically scale up our operations in a smart way,” says Jørgen Heine Rasmussen, director of HV/MV Grid Connections at Better Energy, and explains:

“By planning early, we are able to anticipate and understand challenges that may arise in the future and find constructive solutions to them.”

POWER PURCHASE AGREEMENTS

Historically, national government support schemes have been the driver of renewable energy projects and the green transition. Going forward, our ability to sell new, subsidy-free green energy directly to large consumers through power purchase agreements (PPAs) will drive the green transition. Power purchase agreements with additionality and corporations who choose to purchase them will play a major role in the development of a renewable energy economy.

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

The transition to renewable energy can only be achieved by adding new renewable energy to the energy system. Only by creating and adding new renewable energy can fossil fuels be phased out. Until now, the supply of renewable energy has been driven by government support. The granting of this support has had the effect of additionality, the fact that new renewable energy plants have been built and new renewable energy has been added to the energy supply. Government support has had the effect of adding new renewable energy.

At the same time, the renewable energy supplied through government support has received certificates of origin which have been used by energy suppliers to document the sale of renewable energy to their consumers. However, this sale of renewable energy and certificates of origin has had no effect of additionality. Two parties are simply trading in pre-existing renewable energy. It has had no effect of increasing the supply of new renewable energy.

When consumers buy existing renewable energy for their electricity supply, they just take it away from other consumers, and the net result is the same. New renewable energy is not added, and CO₂ emissions are not reduced. They just use the renewable energy that taxpayers have already paid to add through government support.

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





Q FOCUS ON PPAs

BESTSELLER, GOOGLE AND CHR. HANSEN

In just one year, in 2019, the Danish market completed a remarkable journey from subsidy-driven to market-driven development of renewable energy. Better Energy ushered in a new era of corporate PPAs without subsidies and with true additionality.

Historically, feed-in tariffs and auctions have effectively supported clean energy development in Denmark. Better Energy's milestone PPA agreements in 2019 demonstrated that these support mechanisms are no longer needed to drive the development of renewable energy.

“We are entering the second phase in decarbonising our energy system – a market-driven, corporate-driven phase. Corporate power purchase agreements with additionality are now a crit-

ical tool in adding new renewables to the grid. Bestseller, Chr. Hansen and Google have pioneered a new way for companies to purchase green energy in Denmark. Companies can commit to buying green power and contribute to new, subsidy-free projects being built,” explains Rasmus Lildholdt Kjær, CEO of Better Energy.

Additionality through PPAs will be a driving market force in the coming years. By getting involved before the construction process, companies can contribute to new projects being built and commit to buying all or a percentage of the green power that will be produced under a PPA.

BESTSELLER

A Better Energy solar power plant with a capacity over 125 MW was ordered by Heartland (Bestseller's parent company). The power plant is expected to produce the equivalent of Bestseller's



“ We are entering the second phase in decarbonising our energy system – a market-driven, corporate-driven phase. Corporate power purchase agreements with additionality are now a critical tool in adding new renewables to the grid. ”

global energy consumption for owned and operated buildings under a PPA. On top of this, the PPA will enable the construction of a new, subsidy-free solar plant.

“Through our business and investments, we strive to make a positive contribution to the world around us. The same is true for this exciting project that will help Bestseller transition to a more sustainable reality and propel it towards its vision of becoming climate positive,” explains Heartland CEO Lise Kaae and continues:

“We wanted to have a direct impact on the deployment of new renewable energy, and we wanted to bring about change in a responsible way. In Better Energy we found a shared sensibility to develop projects that fit the community and environmental context.”

GOOGLE

In a new agreement, Better Energy will supply Google with solar energy from three solar plants in Denmark for a total capacity of 100 MW. The solar plants are connected to the same grid where Google will operate its new data centre. The solar plant in Næstved will be a zero-subsidy solar plant.

“A company like Google uses a lot of energy because we help keep the internet running 24 hours a day. But at the same time, we feel a huge responsibility for this happening in the most sustainable way possible,” says Google Denmark’s Country Director Malou Aamund.

Under the agreement, the IT giant will be supplied with electricity produced by the solar plants at a fixed price for ten years.

“Google gains reliable, sustainable sources of energy to power their operations. In addition, the PPA provides Google with a stable and predictable cost of electricity for ten years,” says Peter Munck Søre-Jensen, executive vice president of Power Production & Asset Management at Better Energy, and explains:

“Denmark also benefits from the agreement. By signing a PPA with Better Energy, Google made a long-term commitment to add as much renewable energy as it will use to power its data centre – a solution that adds new, renewable energy to the grid and makes the Danish grid greener.”

CHR. HANSEN

Global bioscience company Chr. Hansen entered into an ambitious, long-term PPA with Better Energy to ensure that all of Chr. Hansen Denmark’s annual electricity usage is covered by renewable energy.

“Creating new energy from renewable sources is key in the transition to a green energy supply. Chr. Hansen came with a strong wish to bring about change. We could offer them a solution with three clear benefits: competitive prices, direct association with specific solar parks and the subsequent creation of new renew-

able energy capacity in Denmark,” explains Better Energy CEO Rasmus Lildholdt Kjær.

“Chr. Hansen’s choice to make a long-term commitment to buy electricity from our two new solar parks in the next 10 years is groundbreaking. It serves as an inspiration to other companies by demonstrating that today it is possible to choose a new green energy supply that makes a true difference and contributes to accelerating the transition to green energy,” says Rasmus Lildholdt Kjær.

“We want to contribute positively to the transition to green energy. That is why we have decided to invest in new solar parks so that our good bacteria and natural colors have a green footprint, both externally with our customers and on our home turf where some of our largest production sites are located,” says Annemarie Meisling, senior director of sustainability, Chr. Hansen.

THE RIGHT CHOICE

Going forward, companies can show leadership and help countries reach climate goals by bringing new renewables online and transforming the grid. Companies can now demonstrate real climate action by sourcing new subsidy-free green power that helps, not hinders, progress towards national climate goals.

Going green today is no longer an obstacle, but an opportunity – a rare chance to radically change the way society is powered.

CAPITAL

Better Energy has been highly successful in securing corporate debt and equity and project finance. As we scale up operations and transform into an independent power producer, we continue to seek opportunities to optimise our capital structure.

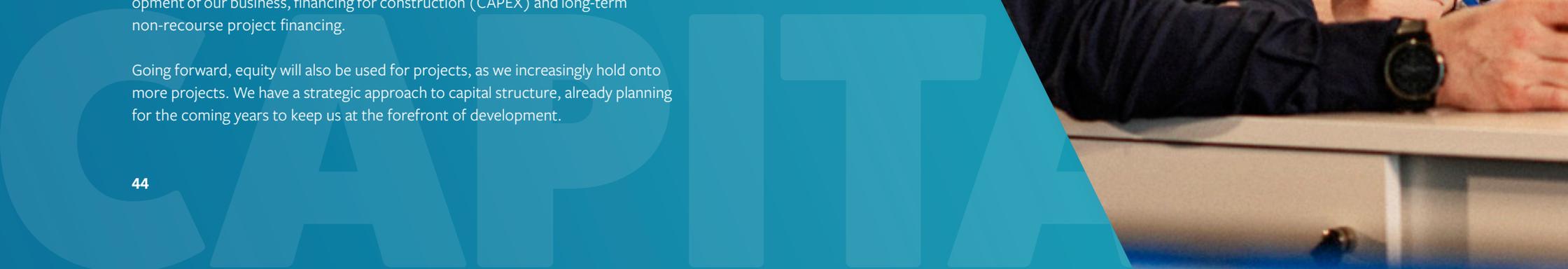
Corporate finance is important to the execution of our corporate strategy. We have a clearly defined development roadmap, and we closely align business, financial, and investor plans to optimise returns and fund our growth. Our capital structure is composed of a series of well thought out and cost-effective options and solutions.

We work with different kinds of financing and ensure the right balance between debt and equity. We always work to optimise our working capital and balance our liquidity for our everyday operations and development of our business, financing for construction (CAPEX) and long-term non-recourse project financing.

Going forward, equity will also be used for projects, as we increasingly hold onto more projects. We have a strategic approach to capital structure, already planning for the coming years to keep us at the forefront of development.

CAPITAL

be
better energy







🔍 FOCUS ON
CAPITAL

HOW AND WHY HAVE WE BEEN SUCCESSFUL?

Society is facing tremendous challenges in the transition to renewable energy sources. Better Energy's goal is to accelerate the deployment of renewables and the transition to a low-carbon energy system. We have the business model. However, to achieve our goal – to truly make a difference – we must scale up our operations to a higher level and at a higher speed.

Significant annual growth in our building capacity is needed for us to be able to pour massive amounts of new green energy into the green transition. When it comes to scaling up operations to make a meaningful difference, money is not just money.

“I get to do what I do best, every day, and what I do has meaning. We work hard to get the lowest cost of capital because we want to get the greatest amount of green energy out to as many consumers as possible. We drive down the cost of green energy to speed up the green transition. We reduce margins, and we select partners who share our passion and ambitions,” explains Chief Financial Officer Annette Egede Nylander.

“The right capital structure must always be there to ensure Better Energy's growth. You can have all the plans in the world, but you won't be successful unless you have the right mix of funding. Many growth companies start too late, when they already need money. We plan ahead. Our job is finding the best mix of financing that fits our company the best. Finding that unique combination – that perfect mix – of financial products that matches our growth strategy every step of the way. That's the key, the challenge and the fun of it.”

CORPORATE FINANCE

We start early and take time to look for financial products that fit our needs and provide flexibility. Better Energy has in-house

legal and financial teams who can handle the negotiation and lengthy due diligence processes of major financial transactions.

Careful financial planning and cash flow management is crucial. We have corporate funding and financial planning and analysis expertise in-house. Our teams create detailed financial models and forecasts of future operations and map out various growth plan scenarios. They provide management with a forecast of cash flows and the effect of keeping projects on our own books compared to divesting projects. We have the competences and the financial models.

“A successful business is a sustainable business. It is a balancing act between debt and equity – a ‘growth equation’. If you are weighed down by expensive, heavy debt, you will use too much capital to service your debt and not enough liquidity to grow and scale your business. Increasing your debt, without increasing capacity to service it, is not sustainable. On the other hand, getting an equity injection from investors to grow your organisation fast without generating satisfactory returns for shareholders, is not sustainable either,” explains Chief Financial Officer Annette Egede Nylander.

In 2019, we secured two milestone financial agreements, achieved a balance between debt and equity and started on the transformation to an independent power producer earlier than expected.

In 2019, Better Energy secured financing from Swedish investment company Proventus Capital Partners worth approximately DKK 600 million. This multi-year credit facility was an intelligently structured capital expenditure (CAPEX) funding to finance costs associated with the construction of Better Energy's large portfolio of solar plants. This credit facility will enable Better Energy to scale up operations and speed up the tempo of the green transition.

“We started off 2019 by innovating an exciting CAPEX solution. Together with Proventus, we developed an incredibly flexible financing solution that is specially planned in steps and tailored

to our construction needs and our strategic growth plan. This financing is designed specifically to enable Better Energy to scale in target markets for several years to come,” explains Chief Financial Officer Annette Egede Nylander.

Enabling the construction of more power plants is only one dimension of scaling up successfully. Our business must grow, but it also must be sustainable in the long term. Our ability to create and sustain value in the long term is essential to our progress – and the progress of the green transition.

Our business must evolve from primarily a ‘build-sell’ strategy, in which revenue is achieved quickly from the sale of power plants and reinvested in new projects, to a ‘build-hold’ strategy, in which revenue is generated on a long-term basis through the sale of generated energy. Better Energy is undergoing a transformation from a project developer to an independent power producer.

Another financing milestone was reached in 2019 with Omnes Capital, a Paris-based investor in private equity and infrastructure. Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million. This visionary corporate funding deal with a new strategic partner will enable Better Energy to expand its long-term ownership portfolio and to speed up its transition towards becoming an independent power producer.

“Omnes understands what we do and what we can do. They have incredible insight and understanding of how to create the greatest value for Better Energy in the long term,” says Chief Financial Officer Annette Egede Nylander, and concludes:

“We have found fantastic strategic partners in Proventus and Omnes. They have the industry knowledge and the passion to work together with us to move society in a greener direction. Today, we are a solid and solvent company that is capable of strong growth.”

GOVERNANCE



OE3

CORPORATE GOVERNANCE

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

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

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

BOARD OF DIRECTORS

On behalf of the shareholders, the Board of Directors helps to set Better Energy's overall strategy and direction, advises and supervises the Executive Board in its decisions and operations. The Board of Directors also ensures accountability and the availability of adequate financial resources.

Better Energy strengthened its Board in 2019 with two strategic appointments: former CEO of the Danish Growth Fund, Christian Motzfeldt, and Michael Pollan from Omnes Capital. Both new members are independent, non-executive directors. The Board of Directors now consists of Christian Motzfeldt, Mark Augustenborg Ødum, Rasmus Lildholdt Kjær, Annette Egede Nylander, Mikkel Dau Jacobsen, Michael Vater and Michael Pollan.

EXECUTIVE BOARD

The Executive Board consists of Rasmus Lildholdt Kjær, Ho Kei Au and Annette Egede Nylander. The Executive Board is responsible for daily management of operations, the realisation of operational and financial objectives, organisation, management of assets and liabilities, accounting and reporting, an internal control system, risk management and compliance. The board further develops and ensures the implementation of corporate strategy with a view to long-term value creation and sustainability.

The Executive Board is supported by the Executive Management Team which is responsible for contributing to the goals, objectives and continual improvement of the group.



PICTURED IN PHOTO

Left to right:
Michael Vater
Michael Pollan
Mikkel Dau Jacobsen
Rasmus Lildholdt Kjær
Annette Egede Nylander
Christian Motzfeldt
Mark Augustenborg Ødum



PICTURED IN PHOTO left to right:

Ho Kei Au
Chief Legal Officer

Kevin Wilkinson
Chief Operations Officer

Annette Egede Nylander
Chief Financial Officer

Christoffer Fruergaard Larsen
Executive Vice President, Project
Development & Project Finance

Mikkel Dau Jacobsen
Executive Vice President,
Technology & Solutions

Rasmus Lildholdt Kjær
Chief Executive Officer

Peter Munck Søre-Jensen
Executive Vice President, Power
Production & Asset Management

Mille Bondo Meyer
Executive Vice President, Human
Resources & Group Support

Mark Augustenborg Ødum
Executive Vice President,
Partnerships

Michelle Laramie Lund
Executive Vice President,
Communications & Sustainability



EXECUTIVE MANAGEMENT TEAM

The Executive Management Team ensures cross-functional collaboration, clear communication, information and knowledge sharing, coordination and prioritisation of activities. All main departments and functions are represented in this team.

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

Our team has industry expertise in the specialised areas of renewable energy, solar energy technology and procurement, interna-

tional law and compliance, finance and corporate finance, strategy, investment management, human resources, sustainability, asset management, business development and power sales.

CORPORATE CULTURE

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

CORPORATE POLICIES

In addition to our Manifesto and our Code of Conduct, the Board has adopted a set of policies and procedures to govern our busi-

ness. 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 our Finance & Strategy, Legal & Compliance and Project Management teams, the Executive Management Team, the Executive Board and the Board of Directors. They identify and manage risks and ensure financial integrity, transparency and accountability in line with efficiency and effectiveness.

DISCLOSURE AND COMMUNICATIONS

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

PEOPLE



04

OUR PEOPLE MAKE THE DIFFERENCE

We are proud of our accomplishments in the industry, but it is our people who define us and our people who make the difference. Better Energy is a group of talented, mission-driven individuals who are eager to collaborate in order to find new pathways and better solutions. The people in Better Energy fit together like pieces in a puzzle to form the bigger picture. Everyone has a special function, and together we create the difference that makes Better Energy so unique.

We look for the best and the brightest, but the key to making an impact is not just having the right skills. Each person who joins us has a unique contribution to make, both personally and professionally.

Not everyone needs to be a bold entrepreneur. While growing our operations, we look for talents with functional expertise and capacity to scale.

GETTING BETTER AS WE GET BIGGER

As a high-growth company, we know that our processes of selecting, developing and retaining talent are more critical than ever. In 2019, we created a new position to support these critical processes and to formalise the human resources department.

Recruitment strategy and clear and consistent onboarding processes, a new health and safety (H&S) organisation, development courses, benefits, expanded

healthcare and pension plans were some of the focus areas in 2019. Major IT projects were also kick-started at the end of the year.

A DIVERSE GROUP

Better Energy works firsthand with all aspects of a renewable energy plant life cycle – legally, technically and financially. We work with communities, government, industry, financial institutions, investors and businesses. We design, develop, engineer, finance, construct, own and operate renewable energy assets and sell electricity. It comes naturally that we create job opportunities for people from diverse backgrounds and disciplines. For us to be considered industry leaders, we must build our organisation with people who are knowledgeable and well respected in their fields of work.

In 2019, we were joined by many strong industry profiles within land surveying, grid commissioning, mergers and acquisitions, finance, corporate law and commercial development who will help scale up our operations. We continue to welcome international talents and new faces who are diverse in age, gender, culture and educational background. We also increased our share of women in high-level management positions with the appointment of two new executive vice presidents for our group Executive Management Team.





INTERVIEW

MEDINE DUVARCI

Sustainability Manager

How did you find Better Energy?

Better Energy had me at hello. I remember the first time I saw Better Energy's website via social media, and it all looked very appealing to me. There was no doubt that this was a values-driven company. I spent a healthy amount of time navigating the site and each element triggered my curiosity. There were so many vivid pictures of solar power plants. I had never been to a solar plant site and I had never thought of solar in the Danish energy supply. But I wanted to, after seeing all the pictures.

How did you become a part of Better Energy?

The career site made me take the plunge to write an unsolicited application. It talked about challenging the present and shaping the future, and I found this to be inspiring. There was a clear call to action, and this spoke to me as a millennial.

I didn't write the application to be hired but to join the journey. I want more out of work than just salary, and I felt like I could learn something from this company and make a difference. It has always been a personal career goal for me to work for companies driven by social values and live out the values with them. I found a great match in Better Energy.



“ We have green energy to completely change the way society is powered. This is not only motivating but also refreshing. ”

How does being millennial have an impact?

I have had a hard time swallowing millennial as a conceptual term for my generation because there is no one-size-fits-all. But there is no denying there are similarities in my circle of acquaintances.

We are not settling for less when we apply for jobs or take on tasks. We want value for all the money that is spent. It is simply not enough to pay off people with lucrative salaries and material goods. We want our job to be our livelihood and our hobby. To make that possible, there must be values – the ties that bind. I think a lot of millennials are driven by their values, and for a values-driven company like Better Energy, there are great matches to find out there in the younger generation.

What do you do at Better Energy?

I work in Communications & Sustainability, where we translate complex information into clear, concise and compelling communications that advance the sustainability cause and climate action. Well, technically, that is what the job description says.

In reality, my job is to mobilise companies to educate the public about where their energy comes from. That is a huge task. They have been misled. Are they really adding new green energy to our power supply? They have no idea – and I had no idea either when I started.

All that we do in Communications & Sustainability is embedded with a call to action so that companies, governments, cities and

individuals can see what a difference they can make by purchasing new green energy and how we can collaborate on building a sustainable future together. We go to great lengths at Better Energy to be innovative in the way we communicate.

Why is this such a huge task?

The green transition is not only a technical task, but also a difficult communication task. It's not a question of whether we can be sustainable, but whether we choose to be.

Tech companies from the past couple of decades wanting to be disruptive have had it easy in many ways. First, with the dot.com internet boom, and then, with the social media apps. They were able to acquire and mobilise users quickly to bring about change.

Cleantech is different. We are trying to transform major, policy regulated industries like energy, heavy manufacturing and transportation. That requires a lot more than social media apps. We need to build relationships inside these industries, understand policy and engage with government, and have the determination to work through the complexity of it all.

How do you make a difference?

Nowadays, big corporates are digging up old concepts out of the bag and grasping at straws to come up with a new concept to support their sustainability schemes. ‘Stakeholder capitalism’ was a popular theory back in the 1950s before it became a buzzword

at Davos in 2019. They are onto something positive, for sure. We're just running out of time.

In the meantime, you have companies like Better Energy who are born social and sustainable. We have green energy to completely change the way society is powered. This is not only motivating but also refreshing. I see my role as pure action. Working for new energy, not a new concept.

We are literally out there sowing seeds for a more sustainable future and putting parties together to accelerate the green transition.

Sowing seeds, literally?

When solar plants are built on land, the soil is free from harmful chemicals for 30+ years. You can sow seeds and build new green habitats that will grow alongside the green energy production. So, we are literally sowing seeds of change. Nature and renewable energy production can go hand in hand. Again, it all comes down to the choices you make.

Which activity is most interesting to you?

I remember when more than 400 sheep were released on one of our solar plant sites. On social media, we wrote: ‘We are hiring sheep.’ This could raise some eyebrows, but to me it was a matter of fact.

We have to stop making gestures and start making progress. And we have to redefine what progress means.

TRENDS



05

TRENDS

GREEN TRANSITION ACCELERATES

Global supplies of renewable electricity are growing faster than expected and could expand by 50% in the next five years, boosted by an increase in solar energy. Renewable energy sources make up 26% of the world's electricity today, but according to the International Energy Agency (IEA), the share of renewables is expected to reach 30% by 2024.

Wind or solar are now the cheapest options across more than two-thirds of the world. Cheap renewable energy technologies and batteries will fundamentally reshape the electricity system. By 2032, there will be more wind and solar electricity in the world than coal-fired electricity, reports Bloomberg New Energy Finance (BNEF). They project that wind and solar will make up almost 50% of world electricity in 2050 – '50 by 50'. We will move from two-thirds fossil fuels in 2018 to two-thirds zero-carbon energy by 2050. Solar sees the most growth, rising from 2% of the world electricity generation today, to 22% in 2050.

SOLAR PV

Between 2010 and 2018, solar module prices dropped 89%, and the decline in the levelised cost of electricity of utility-scale solar PV was 77%. Over the last 15 years, the production volume of

solar PV has increased with a compound annual growth rate (CAGR) of over 40%, which makes the industry one of the fastest growing industries in the world.

The International Renewable Energy Agency (IRENA) predicts solar may reach 2,840 GW of installed capacity by 2030, and that figure could rise to 8,519 GW in 2050. Asia is expected to account for more than half, with approximately 4,837 GW of solar capacity by 2050, followed by North America, with 1,728 GW and Europe, at 891 GW. Businesses and factories are expected to be the largest drivers of new solar power.

EU SOLAR BOOM

The 2020s are set to be a 'solar decade' for the European Union. The EU experienced an increase of over 100% in solar capacity in 2019, according to SolarPower Europe. More new solar capacity was installed than any other power generation technology in 2019. This trend of increased solar installations was recorded across the entire EU, with 26 of the 28 member states installing more solar in 2019 than the year before. By the end of 2019, the EU will have a total of 131.9 GW, which represents a 14% increase over the 115.2 GW operating in 2018.

This makes 2019 the strongest growth year for solar in the EU since 2010. Two factors have influenced this growth: solar is often the cheapest power source in the EU and deadlines are fast approaching for EU member states to meet their binding 2020 targets and the 32% renewables target by 2030. SolarPower Europe projects that by 2040, renewables make up 90% of the electricity mix in Europe, with wind and solar capable of reaching 80% of the mix with the help of batteries.

ELECTRIC VEHICLES (EV)

The global electric vehicle market at USD 39.8 billion in 2018 is projected to reach USD 1.5 trillion by 2025, according to a report from Wintergreen Research. Global EV sales are expected to go from 2.7 million in 2018 up to 11 million units in 2020 and then increase to 97 million vehicles in 2025. Electric mobility is expanding rapidly. The International Energy Agency (IEA) reports that in 2018, the global electric car fleet exceeded 5.1 million, up 2 million, an increase of 63% from the previous year. The People's Republic of China remains the world's largest electric car market (45%), followed by Europe (24%) and the United States (22%). Norway is the global leader in terms of electric car market share (46%). Policies continue to have a major influence on the development of electric mobility.





-89%

**DECREASE IN SOLAR
MODULE PRICES
2010-2018**

2,840^{GW}

**INSTALLED SOLAR
CAPACITY BY 2030**

97^{million}

**ELECTRIC VEHICLES
IN 2025**

+40%

**COMPOUND ANNUAL GROWTH
RATE OF SOLAR PV 2010-2018**

90%

**RENEWABLES IN EU
ELECTRICITY MIX BY 2040**

USD 140^{billion}

**INVESTMENTS IN SOLAR
ENERGY IN 2019**

“ The importance of environmental, social and governance (ESG) issues is growing. In all sectors, consumers and other stakeholders are demanding greater transparency and accountability from businesses on a broad range of issues, including how businesses respond to climate change. ”

POWER-TO-X

Power-to-X (PtX) is a term for various processes that convert electricity into other energy products such as heat, hydrogen, ammonia, etc. or synthetic fuels. Power-to-X energy conversion technologies can be used to store surplus power from variable renewable energy sources such as wind and solar and decarbonise sectors that are still heavily dependent on fossil fuels.

For example, excess renewable energy produced during times of low demand can be converted to hydrogen (power-to-gas) which can be used directly in the transportation industry or stored for later use when demand is high.

As renewable energy grows, power-to-X can convert large quantities of low-cost, low-carbon energy into fuels that can decarbonise other sectors where electricity is not convenient such as steel, shipping and aviation. Power-to-X thus provides sector coupling – a link between the electricity sector and the gas and fuel sectors.

THE RISE OF ESG

The importance of environmental, social and governance (ESG) issues is growing. In all sectors, consumers and other stakeholders are demanding greater transparency and accountability from businesses on a broad range of issues, including how businesses respond to climate change.

Businesses are being motivated by a sense of urgency to act on climate change. Many organisations have set ambitious targets for renewable energy sourcing and carbon footprint reduction. They can demonstrate their commitment to sustainability by enabling more renewable energy to be added to the grid and reducing CO₂ emissions. Going forward, purchasing new renewable energy will be an important way for companies to improve their ESG ratings and their sustainability.

CLIMATE-SMART INVESTMENTS

Massive cost reductions, favourable policies and CO₂ reduction targets are driving climate-smart investments. BNEF reported

in 2019 that electricity demand is set to increase 62%, resulting in global generating capacity almost tripling between 2018 and 2050.

BNEF anticipates that a 12TW (terawatt) expansion of generating capacity will attract approximately USD 13.3 trillion of new investment between now and 2050 – 77% of which will go to renewables. Solar will account for USD 4.2 trillion in investment. In addition to the spending on new clean energy plants, \$840 billion will go to batteries and USD 11.4 trillion to grid expansion. This investment total funds 15,145 GW of new power plants between 2019 and 2050, and 80% of these will be zero carbon. Solar PV sees a fourteen-fold increase and wind a sixfold increase.

For the 9th year in a row, solar power attracted the largest share of new investments in renewable energies. The USD 140 billion investments in solar energy, accounted for 42.5% of all new renewable energy investments.

PERFORMANCE & OUTLOOK



ACTIVITIES IN 2019

OVERVIEW

The renewable energy industry in Europe is undergoing a profound change from being subsidy driven to market driven. For many years, renewable energy has been helped into the market by government subsidies and support schemes. We are entering a new era in which the growth of renewables is being driven by market forces and corporate demand. Corporate power purchase agreements (PPAs) with additionality are now a critical tool in adding new renewables to the grid and decarbonising our energy system.

In 2019, Better Energy played a pioneering role in this revolution by making subsidy-free solar PV possible in Denmark and Northern Europe faster than anyone expected. Better Energy closed several power purchase agreements with high-profile commercial and industrial customers, driving the construction of subsidy-free power plants that will add new renewable energy to the power supply.

The PPA between Better Energy and Google for the 51 MW Næstved solar plant is the first Danish PPA to have a 100% additionality effect – it is a 100% subsidy-free, utility-scale PV plant grid connected in Denmark. The Google PPA is a game changer in the renewable energy transition. Consumers of energy can now drive the transition to renewable energy.

Our long-term strategy of transforming into a large-scale independent power producer was fast-forwarded by two milestone financial agreements in 2019. Better Energy secured financing from Swedish investment company Proventus Capital Partners worth approximately DKK 600 million (EUR 80 million) to finance costs associated with the construction of Better Energy's extensive portfolio of solar plants. In addition, the Paris-based investor in private equity and infrastructure Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million (EUR 30 million). This new strategic partnership

will enable Better Energy to expand its long-term ownership of more power plants and to speed up its transition to become an independent power producer.

As a consequence of these financial partnerships, Better Energy has gained unusual flexibility and freedom to decide whether to sell or hold solar plants according to market conditions and needs. In the past, we have been financially very self-sufficient, recycling funds from our own operations and the sale of power plants into new projects and corporate growth.

Our business is evolving from primarily a 'build-sell' strategy, in which revenue is achieved quickly and reinvested in new projects, to a 'build-hold' strategy, in which revenue is generated on a long-term basis through the sale of generated energy. Owned plants are sources of potential growth that can be converted when needed to boost development and pace of operations.

Better Energy has made significant progress this year in developing and growing our business in our core markets. We have built up capabilities in our value chain that continue to be expanded in other markets. Our focused green growth agenda and diligent execution of projects enables us to retain strong market leadership.

Denmark and Poland are high-potential markets. In December 2019, Denmark announced a new political direction based on ambitious climate goals. Under the agreement, the government strengthened its 2030 target to reduce

emissions by 70% below the 1990 level. Poland is one of the fastest growing solar PV markets in Europe. Poland is heavily reliant on coal, which today supplies about 80% of its power. The country has excellent potential for the development of renewable energy.

A highlight of 2019 was our expansion in Poland, which significantly strengthened our presence in this new core market. Better Energy has demonstrated how solar can be scaled up to transition the country to an affordable, low-carbon future. We have become a market leader with a proven business model and an established Polish team that is continually expanding.

In 2019, we initiated and built projects in Denmark, Poland, the Netherlands and Ukraine for 265 MW. We finalised and grid connected 50 MW of these in 2019. The remaining projects will be finalised and grid connected in 2020. Better Energy ended the year with a total established capacity of 279 MW. Currently, Better Energy has a pipeline of 4,997 MW of solar projects at different stages in Denmark and Poland. We have 358 MW of subsidy-free solar energy capacity contracted and under delivery.

In 2019, we were joined by many strong industry profiles within land surveying, grid commissioning, finance, corporate law and commercial development who will help scale up our operations.

DENMARK

The year 2019 was another record-breaking year in Denmark for Better Energy. Activities significantly increased from 2018 to 2019 and at year end, we had 177 MW under construction at seven locations. All plants will be grid connected and in operation in 2020.

Better Energy closed a number of PPAs with high-profile commercial and industrial customers in 2019. The output of the five largest plants under construction is covered by PPAs.

The multinational technology company Google signed a PPA agreement with Better Energy to purchase solar energy from three solar plants in the municipalities of Gimming, Næstved and Norddjurs for a total capacity of 100 MW. The solar plants will be connected to the same grid where Google will operate its new data centre in Fredericia, Denmark. The 51 MW solar plant in Næstved will be a 100% subsidy-free solar plant.

Global bioscience company Chr. Hansen entered into an ambitious, long-term power purchase agreement with Better Energy. Two brand new solar power plants will be established in Rejstrup and Slagelse through the agreement, and the power purchase enables Chr. Hansen to cover its annual electricity usage in Denmark by renewable energy.

A 20 MW solar plant in Kikkenborg was constructed in 2019 and divested to Greater Copenhagen Utility (HOFOR). The agreement was a crucial step for Copenhagen in meeting its target of

becoming CO₂ neutral by 2025. In addition to delivering green energy to the grid, solar plants can help protect groundwater and biodiversity, and these were important benefits to HOFOR as Denmark's largest supplier of water.

During 2019, Better Energy worked on the development of a solar power plant ordered by Heartland (Bestseller's parent company) to be constructed in 2020-2021. This solar project is expected to have a minimum capacity of 125 MW. Additionally, the fact that new renewable energy capacity would get built and added to the energy mix, was an important aspect of the new agreement. The PPA with Bestseller will enable the construction of the solar plant without state subsidies. The power plant is expected to produce the equivalent of Bestseller's global energy consumption for owned and operated buildings.

Our EcoPark power plant concept has been fully absorbed as standard development practice and it is now a permanent part of all Better Energy solar plant solutions in Denmark. The name 'EcoPark' was phased out in 2019. All our solar plants are specially designed and engineered with dual-land use in mind. Our goal is to use the same land area for multiple purposes and productions. No pesticides or chemicals are used on Better Energy sites, so livestock can be grazed according to organic principles. Land use without pesticides positively affects biodiversity and protects groundwater.

Since 2014, sheep have been grazing on Better Energy solar plant sites. In 2019, Better Energy made solar grazing a perma-

ment part of solar projects in Denmark, optimising vegetation management and eliminating the need for mowing wherever possible. Throughout 2019, sheep grazed on many solar plants, including Nees, Horslunde and Vollerup.

During 2019, we increased our pipeline of projects in Denmark to 4,077 MW of capacity at year end.

POLAND

Better Energy considers Poland to be a focus market. Poland is heavily reliant on coal, but there is a growing interest in solar power. In 2019, Poland nearly quadrupled its installed capacities to 784 MW.

Better Energy has demonstrated how solar can be scaled up to transition the country to an affordable, clean energy future without fossil fuels. Throughout 2019, we built up a leading position on the market with a proven business model and an experienced Polish team.

After the successful construction and grid connection of pilot projects amounting to 10 MW in 2018, Better Energy completed the construction of 28 solar plants amounting to 26.4 MW in 2019. The projects are mainly located in the northwestern region of Poland and all of the projects were sold as contract works in 2018. Another 4 MW were under construction at year's end and will be grid connected in 2020.

At the end of 2019, Better Energy was awarded a total capacity of 48 MW for two large-scale solar projects in the Polish auction. This marks the first time that large-scale solar has made its way into a Polish governmental tender, and Better Energy has been a large contributing factor in this development. These two projects are in late stage development and will be constructed in 2020.

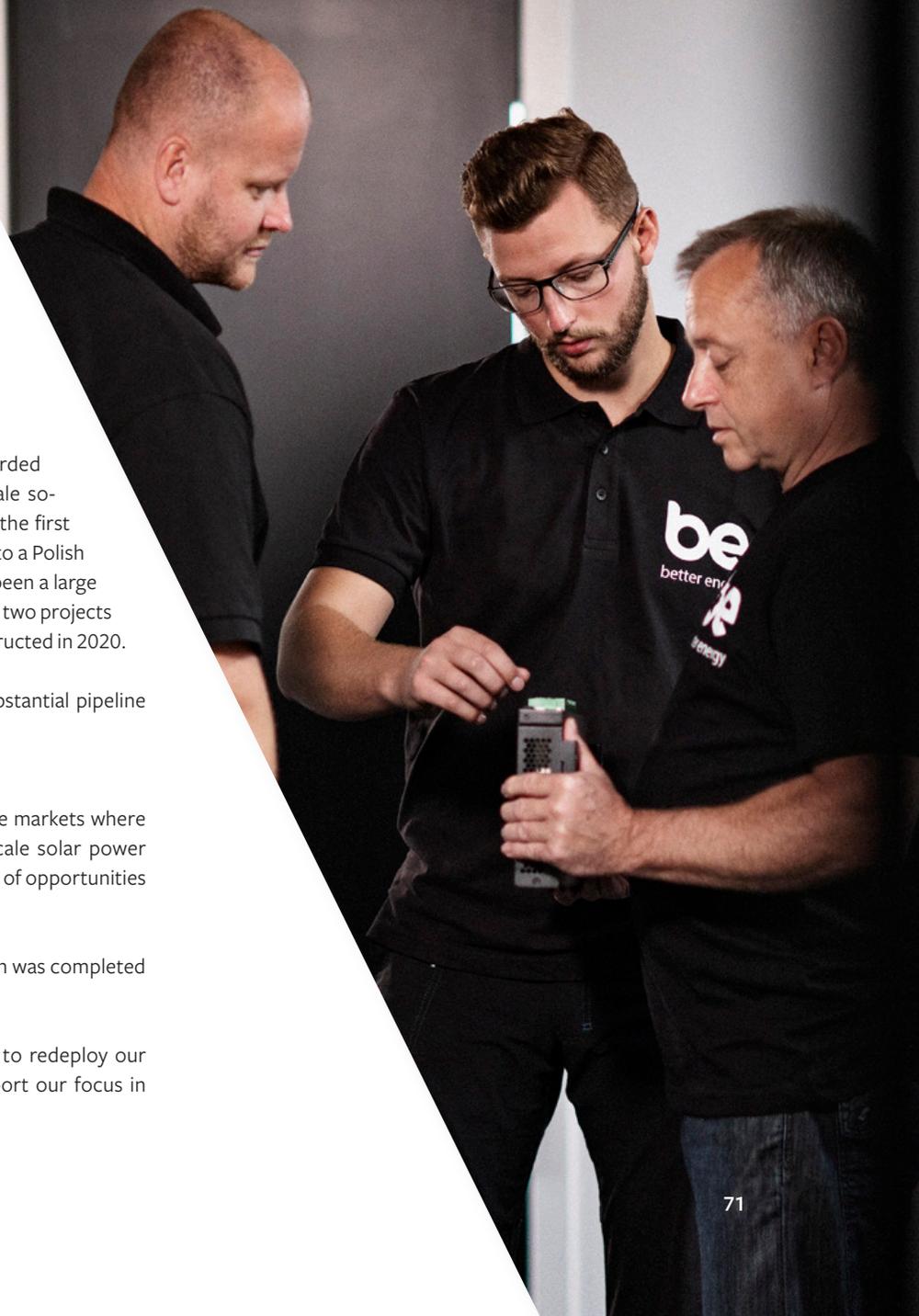
By the end of the year, we had secured a substantial pipeline of projects in Poland totalling 920 MW.

THE NETHERLANDS

Better Energy seeks to make an impact on the markets where we operate with the deployment of large-scale solar power plants. The Netherlands has not been a market of opportunities for large-scale solar.

Our 2 MW project for Plaza Foods in Nijmegen was completed in 2018 and grid connected in 2019.

During 2019, a strategic decision was made to redeploy our resources in the Netherlands mainly to support our focus in the Danish and Polish markets.



UKRAINE

The 19 MW Better Energy solar plant constructed in Ganska in 2018 started to deliver electricity to the Ukrainian national grid in 2019. The Danish SDG Investment Fund made its first investment in Ganska and is co-owner together with Better Energy. The Danish SDG Investment Fund committed DKK 37 million, representing close to one third of the total expected investment.

The Investment Fund for Developing Countries (IFU) is fund manager of the Danish SDG Investment Fund, which provides capital for commercially sustainable projects in developing countries and emerging markets. The Nordic Environment Finance Corporation (NEFCO) supported the investment with a long-term loan.

In 2019, we supplied our EPC solution for a 24 MW solar power plant that was fully constructed and grid connected. The European Bank for Reconstruction and Development (EBRD) supplied the project finance.



“ Innovation is essential to future growth and competitiveness. Continuing innovation is needed to optimise existing installations, further reduce costs and adapt technologies to new roles that will bring added value to solar plants in the future. ”

Better Energy experienced considerable interest in our EPC solution in Ukraine. We continue to evaluate opportunities for further growth in this market.

NORWAY

In 2018, Better Energy sold 90% of the project rights to the wind project Valsneset in Norway. In 2019, the near shore wind project with three Vestas V117 4.2 MW turbines was fully developed, constructed and grid connected. The wind project has an annual estimated production capacity of 44.8 GWh. Better Energy still owns 10% of the project.

TECHNOLOGY DEVELOPMENT

Better Energy solar power plants are constantly being developed in line with market demands and new technology, and suppliers are evaluated on a

continuous basis to secure quality and enhanced performance levels. With the increasing deployment of solar energy, more focus on other technologies is required.

Innovation is essential to future growth and competitiveness. Continuing innovation is needed to optimise existing installations, further reduce costs and adapt technologies to new roles that will bring added value to solar plants in the future. Integrating renewables into the grid will require energy storage and power conversion technologies and new ways of thinking about system design.

In 2019, we took the first steps in planning new R&D facilities where we can further develop, test and demonstrate new smart systems on a large scale and in real-world conditions. Our innovation will continue as the market evolves. Better Energy will maintain its market leading position by offering smart hybrid energy solutions to energy offtakers, grid operators and other relevant stakeholders.

FINANCIAL PERFORMANCE

OVERVIEW

In 2019, two major financial agreements provided Better Energy with sufficient capital and flexibility to kickstart our transformation from a solar project developer into an independent power producer (IPP). Better Energy secured financing from Swedish investment company Proventus Capital Partners worth approximately DKK 600 million (EUR 80 million) to finance costs associated with the construction of Better Energy's extensive portfolio of solar plants. In addition, the Paris-based investor in private equity and infrastructure Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million (EUR 30 million). This new strategic partnership will enable Better Energy to expand its long-term ownership of more power plants and to speed up its transition to become an independent power producer.

As a consequence of these financial partnerships, Better Energy has gained unusual flexibility and freedom to decide whether to sell or hold solar plants according to market conditions and needs. Our solid financial position and increasing ownership of solar plant assets provide us with the freedom and the resources to prioritise and take advantage of the best opportunities to scale up the green transition.

In 2019, Better Energy made a carefully considered, deliberate decision not to divest all our solar plants in construction. Our long-term strategy is 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 plants. As a consequence of this decision, we have chosen not to divest our five Danish parks as contract works in 2019. Better Energy is transforming into an energy company that owns and operates solar plants. These plants 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 plants is capital intensive, and transformative business growth requires rigorous planning and liquidity. The equity investment from Omnes Capital has 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 is now in a highly advantageous position – the fact that Better Energy is able to decide how many of our plants we want to sell and how many we want to keep.

Renewable power assets are in great demand. We have received many attractive bids for our solar plants under construction, which documents the market value of the plants. However, the plants 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.

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. The long-term return from holding solar plants far exceeds the return if we sell the solar plants. Going forward, we will continue to divest plants strategically, though to a lesser extent than in previous years.

In the annual report for 2019, we show the income statement by function as this better reflects our business. In the 2018 annual report, we specified the income statement by nature.





INCOME STATEMENT

Revenue

Consolidated revenue reached DKK 528 million in 2019, up from DKK 424 million in 2018. This revenue was generated by divestment of solar plants, contract works, income from asset management and other revenues. In 2019, Better Energy's greatest source of revenue was the divestment of solar plants and contract works. This revenue totalled DKK 511 million.

Divestment revenue regarding solar power plants amounted to DKK 157 million in Denmark. Revenue from contract works amounted to DKK 354 million, growing from DKK 75 million in 2018, which indicates the future potential of this business area.

The revenue was mainly generated in Denmark with DKK 139 million, DKK 103 million in Poland and DKK 107 million in Ukraine. The contract works generate revenue according to the stage of completion, which potentially leads to income over several years.

Income from asset management amounted to DKK 13 million in 2018, which is DKK 5 million higher than in 2018.

Gross profit

Gross profit decreased to DKK 49 million from DKK 127 million in 2018. This decrease was driven by the strategic decision to become an IPP and thereby not divest the five Danish solar plants under construction.

Operating profit

Operating profit decreased to DKK 16 million, down from DKK 101 million in 2018 mainly due to a lower gross profit, again due to the decision to become an IPP.

Income from investments in associates

Income from investments in associates came to DKK 10 million against DKK -16 million in 2018. This result is mainly due to income from the Ganska project in Ukraine which started to deliver electricity to the Ukrainian national grid in 2019. Ganska is co-owned by the Investment Fund for Developing Countries (IFU) and Better Energy. Better Energy holds 48.7%.

Financial income/expenses

Net financial income came to DKK -3 million down from DKK -2 million in 2018. The increase in the net financial expenses is mainly attributable to the fact that Better Energy incurred additional financing costs due to increased construction activities during the year. This effect was partly offset by fair value adjustment of a minority share investment.

Tax

Tax on profit amounted to DKK 2 million, compared with DKK 18 million in 2018. The effective tax percentage in 2019 was 7% and affected positively by non-taxable transactions from divestment of solar power plants as well as income from investments in associates.

Balance sheet

Total assets increased from DKK 366 million at the end of 2018 to DKK 885 million at the end of 2019. This increase is mainly

due to higher cash balance with an increase of DKK 385 million in 2019 compared to 2018. Furthermore, debt to credit institutions increased to DKK 282 million due to the new corporate credit facility with Proventus Capital Partners.

Equity

At the end of 2019, equity amounted to DKK 370 million compared with DKK 128 million at the end of 2018. This net increase of DKK 242 million was mainly due to the capital increase from Omnes Capital and the profit for the year.

Cash flow statement

Cash flows from operating activities came to DKK -89 million in 2019 against DKK 51 million in 2018. This includes a negative change in net working capital of DKK -84 million. Cash flows from operating activities were highly affected by the high activity level in 2019.

Cash flows from investing activities came to DKK -18 million in 2019 against DKK -102 million in 2018.

In 2019, investment activities were mainly affected by the purchase of land at DKK 26 million and sale of securities at DKK 14 million.

Cash flows from financing activities totalled DKK 501 million in 2019 against -29 million in 2018. In 2019, Better Energy received proceeds from borrowings (long-term loans from credit institutions) of DKK 283 million and a capital increase of DKK 224 million.

This was offset by instalments on long-term liabilities. During the year, Better Energy paid back a bond which matured of DKK

4 million. Furthermore, a bond of DKK 10 million will mature in December 2022 and 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 increase of cash and cash equivalents amounted to DKK 394 million in 2019 compared with a decrease of DKK 80 million in 2018.

CAPITAL MANAGEMENT

Better Energy constantly monitors liquidity in order to mitigate any shortage of funds. At the end of 2019, the cash balance amounted to DKK 397 million of which DKK 182 million was free cash, DKK 182 million was cash available for use on specific projects and DKK 33 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.

Better Energy secured in 2019 a corporate credit facility for approximately DKK 600 million (EUR 80 million) to support our growth and scale in the deployment of solar energy capacity in the coming years. In addition, the Paris-based investor in private equity and infrastructure Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million (EUR 30 million).

LOOKING BACK, MOVING AHEAD

OUR GOALS FROM 2018

In 2019, our overriding goal was to continue to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. To accelerate the green transition in these markets, the strategy was to focus on large-scale solar energy capacity where Better Energy could make the greatest difference in terms of impact and affordable prices.

We planned to further sharpen and advance our integrated business model in order to reduce cost and increase scalability. Strengthening relationships with our stakeholders in critical areas of our business was identified as a key to ensuring effective operations and scale in the future.

Two of these critical business areas were land and grid. We would continue to reach out and establish positive relationships with local communities and grid operators.

Commercial and industrial energy consumers were expected to become leading purchasers of clean energy. Our goal was to actively encourage organisations to purchase green energy, which would enable us to add more renewable energy to the energy mix.

We would form new financial partnerships and provide investors with new opportunities to fund the transition to a renewable energy economy.

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

REACHED GOALS IN 2019

Throughout 2019, Better Energy built up an extensive pipeline of large-scale projects in our focus markets in Northern Europe. Our pipeline of projects in Denmark totalled 4,077 MW of capacity at year end, and in Poland, our pipeline of projects totalled 920 MW, our largest portfolio in Poland to date. This new capacity of green energy will make an impact on the energy mix in the coming years. We completed the development, construction and grid connection of utility-scale projects in Poland and Ukraine and grid connected a total of 52.4 MW in 2019.

Our teams working with land development and grid operations were expanded in 2019 to accommodate our growth and to make more resources available for strengthening partnerships and relationships in these key areas.

Better Energy took a leading position in innovating power purchase agreement (PPA) products for the renewable energy industry in 2019 and announced agreements with Bestseller, Chr. Hansen and Google. All agreements enabled us to add new green energy to the energy mix in Denmark.

Better Energy reached two milestones with capital partners in 2019. We secured financing from Swedish investment company Proventus Capital Partners worth approximately DKK 600 (EUR 80 million), and the Paris-based investor in private equity and infrastructure Omnes Capital acquired a minority shareholding interest in Better Energy for DKK 224 million (EUR 30 million). These new strategic partnerships benefit both parties.

Our activity level increased in 2019, but our total revenue was modest compared to expectations a year ago. This is due to the very fortunate financial situation and developments that occurred in 2019. New strategic partnerships enabled Better Energy to expand its long-term ownership portfolio and to accelerate its transition towards becoming an independent power producer. Our result for 2019 is according to our expectations after taking the decision to hold more projects on our own books.

LOOKING AHEAD TO 2020

Looking ahead, Better Energy will follow a focused and consistent strategic agenda to help us retain our strong market leadership in the renewable energy sector. Thus, we will continue to pursue our 2019 goals.





In 2020, we will continue to drive new renewable energy capacity in Northern Europe and the Nord Pool power markets. Our focus markets will continue to be Denmark and Poland. To accelerate the green transition in these markets, we will focus on large-scale solar energy capacity where we can make the greatest difference in terms of impact and affordable prices.

This next step in Better Energy's evolution to a large-scale independent power producer with a long-term view of operational assets will require that we change the focus of our EPC products. Despite high demand, these services will only

be offered to selected strategic partners from 2020 and will serve our own pipeline.

We will continue to form partnerships and strengthen relationships with our stakeholders in the critical areas of technology, land, grid, PPAs and capital to ensure effective operations and scale. We expect our revenue and result for 2020 to remain on approximately the same level as 2019. We will continue to hold onto more power plant assets as part of our growth strategy to build up annual recurring revenues from the sale of electricity from solar power plants.

We expect both revenue and result to increase over the next years due to our transformation to become an independent power producer. Although our result will be lower in the short term until our held assets begin full commercial operations, our result in the long-term will be much greater from the stable, predictable revenues from our owned power plants.

EVENTS AFTER THE REPORTING PERIOD

Please refer to Note 30 in the consolidated financial statements.

RISK MANAGEMENT



07

RISK MANAGEMENT

OUR APPROACH

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

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

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

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

POLITICAL AND REGULATORY RISK

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

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

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RISK MANAGEMENT



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

Better Energy mitigates these risks by proactively and constructively engaging with government policymakers, regulators and industry groups to influence changes. In 2019, Better Energy continued to engage with ministries, embassies and trade associations of several countries to share knowledge and advice on transitioning energy systems to deliver cost-competitive green energy on a mass scale. Establishing a local presence in our markets enables us to foster long-term government relations to stay closely updated and to support further development.

Geographical diversification, special-purpose vehicle (SPV) structures, and long-term power purchase agreements (PPAs) reduce political and market risks. Ensuring that our systems and partnerships are agile improves our ability to quickly adapt to changing market environments.

FINANCIAL RISK

Funding and liquidity

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

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

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

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

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

The Finance & Strategy business section ensures that Better Energy continuously maintains a balance between strategic growth, profitability and liquidity. Finance & Strategy continuously coordinates the composition and timing of financial resources, instruments, products and portfolios to match capital needs. Innovative and integrated capital management mitigates financial risks.

Exchange rates

Better Energy operates internationally and imports a number of components that are paid in foreign currencies. We also receive revenues from the sale of electricity generated by solar power plants in which the sale of electricity is in a different currency than the location of the solar plants.

Through these operations, we are exposed to the variation in currency exchange rates, which can be both negative and positive.

Interest rates

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

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

HUMAN CAPITAL RISK

Better Energy is highly dependent on recruitment and retention of talent. Our operations require specific skills and expertise, and achieving our growth strategy requires people with matching val-

ues and mindset. The right organisation is vital to our current and future success. There is a risk that we may have difficulty hiring the required human capital without diluting the level of talent, and a risk that we may not retain our experienced specialists after using resources to develop them.

OPERATIONAL RISK

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

Development

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

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

Construction

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

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

Project delays

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

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

Unexpected and inclement weather conditions can interfere with building progress on site or reduce the production and projected revenue of projects. Combining our experience with constant monitoring and weather forecasting in the areas where our as-

sets are located reduces possible impacts. In addition, Better Energy engineers its own systems to withstand extreme weather conditions and to increase the lifetime, durability and resilience of our systems.

Power connection infrastructure, grid capacity

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

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

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

Storage solutions under development will serve to reduce the risk of curtailment.

Electricity prices

Some of the income from our revenue streams is secured with fixed prices, for example, long-term contracts based on feed-in tariffs, asset management contracts and power purchase agree-

ments. Other income varies due to the fluctuating market price of electricity. As government subsidies decrease, exposure to the energy trading market will increase. Price variations could negatively affect projected revenues from the sale of electricity.

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

Off-taker risk

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

Cybercrime

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



CORPORATE SOCIAL RESPONSIBILITY



CORPORATE SOCIAL RESPONSIBILITY

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

LEADING WITH A PURPOSE

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.

In order to make a real difference, we need to focus on the right issues. We were founded with a purpose, and we must lead with a purpose.

Driving positive change

As our business grows, so do our opportunities to make an impact that matters. Our voice is getting stronger and people value our perspectives. We are taking the industry to new places. We are recognised for our vision and our ability to execute.

We are in a strong position to drive change and help countries, cities and corporates meet the increasing demand for energy. This gives us a unique and privileged position for promoting sustainability. We can use our position as a force for good.

Keeping it real

Our list is long. We want to help businesses of all sizes deliver climate action in the real world, not just on paper. We want to help policymakers and investors make informed decisions on how best to support the transition to renewable energy. We want to redraw the energy landscape with projects that boost biodiversity, rejuvenate the soil and increase the amount of fresh water in the ground.

These are huge goals for a relatively young company. With so many opportunities to make a positive impact, the instinct is to promise more, but we need to stay focused. We need to channel our efforts into achieving few, high-impact goals together with our partners.

ESG gains traction

A stronger voice also means greater responsibility. We experience that as our business grows and develops, the expectations and requirements from our stakeholders increase. Our partners are seeking more information from us on sustainability and how we address the environmental, social and governance (ESG) issues most relevant to our business.

Fortunately, ESG is maturing across many sectors, particularly within the capital and investment communities who are looking for low-carbon and renewable energy investment opportunities. Going into 2020, we will sharpen our structure and presentation of ESG issues to ensure that we speak a familiar language with our stakeholders when communicating about sustainability.

OUR BUSINESS

Purpose: Engineers of a sustainable future

A sustainable world is not possible without cleaner, 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 can be added to the grid or sold directly to commercial and industrial customers through power purchase agreements (PPAs).

The head office of Better Energy is located in Copenhagen, Denmark, and our focus markets are Denmark and Poland. We are also active in other Northern European countries. At the end of 2019, we had a total of 71 employees in both full- and part-time positions.

Strategy: Impact that matters

Our business strategy and CSR strategy are one in 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.

Partnerships

Scaling up renewable energy requires collective efforts and collaborations. Five elements are necessary for us to deliver impact: technology, land, grid, PPAs and capital. We have in-house expertise in these five areas, but our teams do not work alone. We form partnerships and positive relationships with our stakeholders in all five critical areas to ensure effective operations and scale.

Creating shared value through partnerships has been a foundation of our business from the very beginning, and strategic partnerships continue to grow our business. We are regularly approached by organisations wanting to partner with us.

STAKEHOLDERS

A stakeholder is an individual or a group that has an interest in our company and who can affect or is affected by our business. We use our five critical elements – technology, land, grid, PPAs and capital – as a fundamental starting point for mapping our stakeholders.

Our main external stakeholder groups are landowners, neighbours, municipalities, government, utilities, corporates, financial institutions, professional investors, grid operators, subcontractors and component suppliers. Our internal stakeholders, our employees, are at the heart of our business and at the centre of our stakeholder platform.

Reaching out

Our business covers the entire value chain, so we have many different stakeholders with diverse interests and concerns. We gather information through dialogue that is a part of our business activities and ordinary interactions with our stakeholders.





During 2019, new groups and organisations reached out to us. We held in-house seminars to encourage two-way learning, and we participated in industry working groups, committees and conferences to increase our dialogue with stakeholders.

Collaborating earlier

The increasing scale of our business makes cooperation and long-term planning with our stakeholders important. Better Energy has become a larger player in the energy industry, and we notice a real interest from our stakeholders to collaborate earlier in the process, share information openly and plan strategically.

Component suppliers and grid operators want to coordinate and optimise capacity and timing to ensure delivery security. Businesses are looking to purchase clean electricity from new energy plants in the pipeline, and professional investors are interested in securing future portfolios of renewable energy projects. The sheer size and number of projects in our pipeline requires meticulous planning within all our business areas.

Interests and requirements

Many of the interests and concerns from our stakeholders remained the same in 2019. Landowners and neighbours are interested in the impact of the power plants on their property, infrastructure and the surrounding environment. Government and municipalities are interested in access to green energy, the potential impacts and local value created by the projects. Specifically, they are interested in the protection of groundwater from pollutants such as pesticides and herbicides, and the usage of unproductive tracts of land in flood zones, the creation of jobs, and local community engagement and support for their sustainability goals and initiatives.





Biodiversity has become a greater topic of interest and concern amongst several of our stakeholder groups. The 2019 United Nations report on the dangerous decline of biodiversity and ecosystem services has generated awareness on biodiversity and the changes needed to restore and protect it. This growing interest generates questions about the life cycle of our power plants. We see this increasing awareness as a positive development in the sector and a trend that will directly support our own efforts to boost biodiversity and promote multiple use of land.

Financial institutions and professional investors require that we live up to international standards throughout our business. The International Finance Corporation (IFC) Performance Standards and the Equator Principles are commonly recognised as best practice to manage environmental, social, health and safety impacts.

In 2019, we experienced an increased interest from large businesses purchasing energy and financial partners on how we address environmental, social and governance issues. In addition, several global money laundering scandals in 2019 demonstrated that transnational corruption is often facilitated by seemingly clean Northern European countries. As a result, global financial and investment communities are now requiring more extensive policies and procedures targeting money laundering. Before providing capital, our financial partners conduct meetings and perform extensive due diligence on our business.

Determining priorities

We assess which issues of highest concern for our stakeholders are also issues of high importance for Better Energy achieving its impact strategy. These issues are given the highest priority by our organisation and form the basis for our policy work and action plans.

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.

We continue to develop policies and procedures to support our Code of Conduct framework and priority issues. Our Code of Conduct will be updated in 2020 to reflect our work with a new sustainability platform and ESG communication, and this updated version will be presented to all employees and business partners in print and digital form through workshops and meetings.

Employee recruitment and onboarding procedures have been strengthened by new human resources capacity, and new initiatives will ensure that our Manifesto and Code of Conduct are presented to potential and new employees.

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 plant sites. In 2019, we made solar grazing 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 waste water can occur during the construction phase. We integrate our installations with the natural surroundings as much as possible and only remove vegetation when necessary for construction. To minimise impacts, we restore land and infrastructure and establish conservation areas. Health and safety managers and our in-house Legal & Compliance teams guide actions and ensure compliance. In 2019, we elected new employee health and safety representatives to support our growing organisation, and we put new procedures in place.

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 2019, our pipeline of projects under development amounted to 4,997 MW.

We started to collect environmental data from our own operations in 2019. However, operations, methods and available data vary from country to country, and thus we lack comparable figures that can be consolidated and compared. We have dedicated more resources internally to working on a relevant group reporting structure and framework in 2020.

Project life cycle and biodiversity considerations were brought into focus this past year. Better Energy initiated partnerships with technological institutes, universities and specialised consultancies to carry out projects in these areas. These projects are part of our environmental goals for 2020.

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 plants and the opportunities they offer. It is natural that communities near solar projects have questions about possible impacts.

Community engagement practices were a major focus area in 2019. We walked through our project development and project life cycle step by step, detailing our interactions with communities. This resulted in a Community Engagement brochure which describes the 10 principles we use for community engagement over the life of a solar project. These 10 best practice principles form the basis of a new Community Engagement Policy which

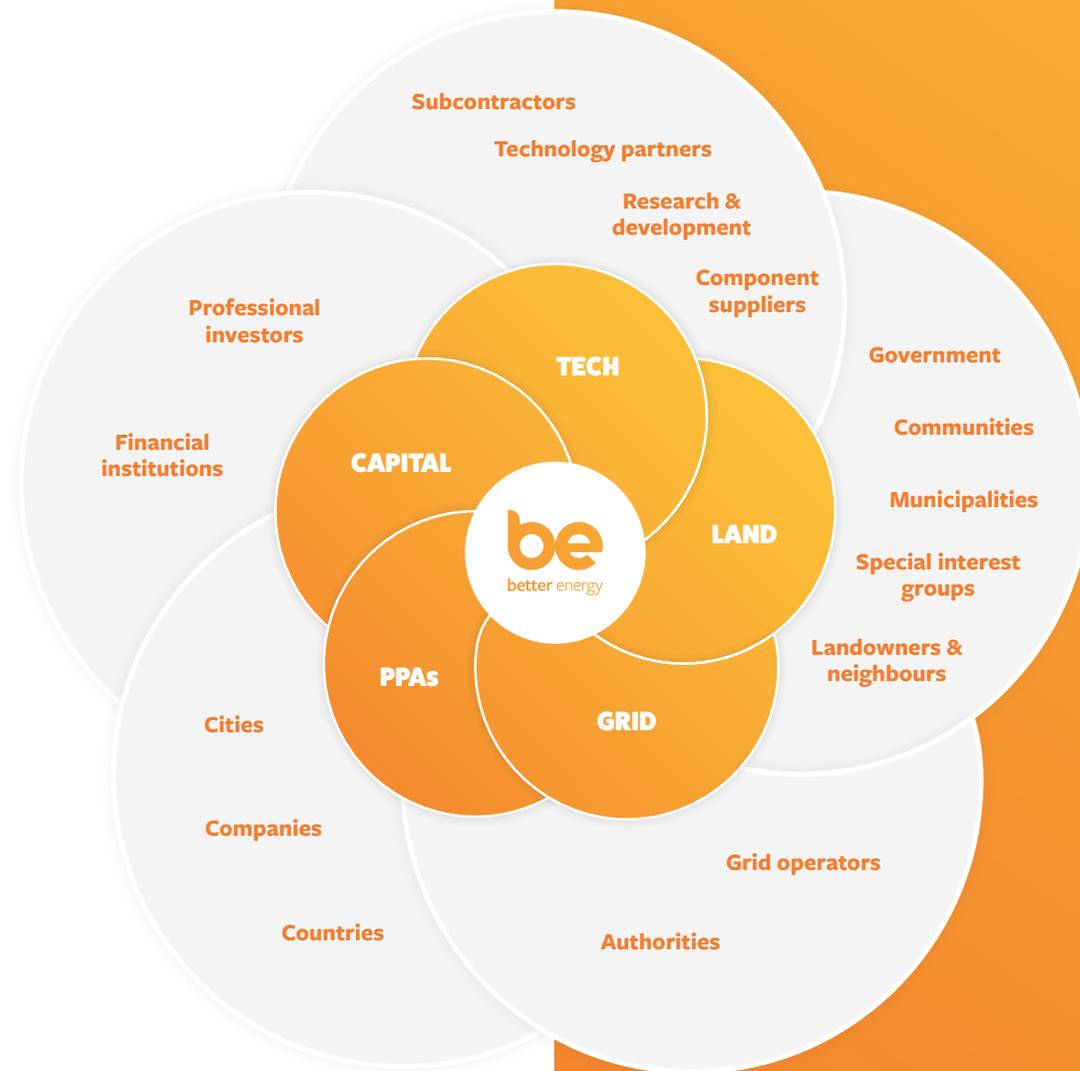


will be presented in 2020. We also compiled a list of the most frequently asked questions we receive from communities during our town hall meetings and private meetings with neighbours and residents. These questions have been sorted into categories and appear in another brochure called Community Q&A. Both brochures are actively used by our development team in their meetings with communities, and both brochures are available for download on our website.

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. We give employees the freedom to be authentic in a respectful workplace. Our employee handbook, Better Energy Guidelines, includes relevant everyday work-related information. This handbook was updated and expanded in 2019.

As a rapidly growing company, we know that our processes of selecting, developing and retaining talent are more critical than ever. New hiring and onboarding processes, a new working environment organisation, development courses, benefits, expanded healthcare and pension plans were some of the focus areas in 2019. Major IT projects were also kickstarted at the end of the year.

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 2019. 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 local partners and controls human rights issues such as fair working conditions through local Better Energy offices and partner organisations. We also use third parties to audit suppliers. We did not identify any human rights violations in our supply chain in 2019.

Our goal in this area in 2019 was to formalise and implement procedures to ensure human rights, including stakeholder engagement and an integrated grievance mechanism. Our work will continue in 2020 to include our new markets of operation.

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 (whistleblowing).

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

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. These procedures were implemented in 2019.

Risk from corruption, bribery and fraud and breach of laws could arise in our supply chain and our relations with authorities and other third parties, which could result in penalties.

We mitigate these risks with 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 2019.

One goal for 2020 is to expand our Anti-Corruption Policy to include more information about the prevention of money laundering. The full procedure will first be presented to employees in 2020.

Governance

Sustainability is anchored in Better Energy management by the Chief Legal Officer, who is responsible for all legal and compliance matters, and the Executive Vice President, Communications & Sustainability. They ensure that our sustainability efforts are embedded throughout our organisation and through our local presence in target markets.

The Board of Directors and management approve policies and procedures as they are developed and review topics relating to sustainability and ESG as needed. Better Energy continually reviews and develops its corporate governance framework according to relevant trends and recommendations, including sustainability considerations.

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.

Diversification and inclusion principles

Our Employee Guidelines and our Code of Conduct include statements on diversity and inclusion that support equal opportunity.

Diversity is a key to our business strength and our ability to make an impact. We look for the most qualified and relevant individuals who share our entrepreneurial spirit, drive and commitment – regardless of age, gender or ethnic background.

Highest governing body

A decision was made by the Board of Directors in 2018 to seek 40% representation of women on the Board by 2021. In 2018, our Board of Directors included one woman, accounting for 20% of the Board. Better Energy strengthened its Board in 2019 with two strategic appointments: former CEO of the Danish Growth Fund, Christian Motzfeldt, and Michael Pollan from Omnes Capital.

Christian Motzfeldt was the most qualified individual and the best fit for Better Energy as a new chairman. Michael Pollan, a seasoned executive with renewable sector experience, joined us as part of the new equity investment and shareholding agreement with Omnes Capital. There is currently one woman on a seven-member board, accounting for approximately 14% of the Board. We will continue to seek 40% representation of women on the Board by 2021 and review our goal at that time.

Other management levels

At Better Energy, these management levels include our group Executive Board, Executive Management Team, group function and business department directors and managers. Our policy is to support the equal distribution of gender in leadership positions. We experience that many roles in our industry typically attract more men than women, so we identified specific measures to increase the proportion of women at our other management

levels in 2018. We consciously took a more visual approach online, in our corporate communication material and in job postings to attract female candidates. We drafted new recruitment and onboarding procedures to ensure that we welcome and integrate new employees in a positive way. These efforts continued in 2019 and generated positive results.

Our Executive Board consists of three members and one of these is a woman, amounting to 33,3% representation. In 2019, we added two women to our group level Executive Management Team. Three of the nine executive vice president positions of Better Energy are now held by women, amounting to 33.3% of the team. During the year, we restructured our management levels, so the total in 2019 of other management levels is not directly comparable to the total in 2018.

Overall, we hired 50% more women in 2019 than in 2018. Our target is to increase the proportion of women at other management levels to 30% by 2021.





ASSURANCE STATEMENTS





STATEMENT BY THE EXECUTIVE BOARD & THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today considered and approved the annual report of Better Energy A/S for the financial year 1 January - 31 December 2019.

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 2019 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 2019.

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.

Copenhagen, 15 April 2020

EXECUTIVE BOARD



Rasmus Lildholdt Kjær
CEO



Annette Egede Nylander
CFO



Ho Kei Au
CLO

BOARD OF DIRECTORS



Christian Motzfeldt
Chairman



Mikkel Dau Jacobsen



Mark Augustenborg Ødum



Rasmus Lildholdt Kjær



Michael Pollan



Annette Egede Nylander



Michael Vater

STATEMENT BY THE CHAIRMAN OF THE ANNUAL GENERAL MEETING

Approved at the Annual General Meeting on 15 April 2020



Ho Kei Au
Chairman of the Annual General Meeting

FORWARD-LOOKING STATEMENTS

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Better Energy A/S

OPINION

We have audited the consolidated financial statements and the parent financial statements of Better Energy A/S for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 15 April 2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Lars Ørum Nielsen
State-Authorised Public Accountant
MNE no 26771

FINANCIAL STATEMENTS



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INCOME STATEMENT

For the period 1 January - 31 December

Note	DKK '000	2019	2018
1	Revenue	527,545	424,422
2, 3	Production costs	-478,740	-297,286
	Gross profit	48,805	127,136
3, 4	Administrative expenses	-33,049	-25,697
	Operating profit	15,756	101,439
	Income from investments in associates	9,862	-16,347
5	Financial income	12,054	4,140
6	Financial expenses	-15,334	-5,794
	Profit before tax	22,338	83,438
7	Tax on profit for the year	-1,641	-18,466
8	Profit for the year	20,697	64,972

BALANCE SHEET

ASSETS

At 31 December

Note	DKK '000	2019	2018
	Administration agreements	0	310
	Goodwill and goodwill on consolidation	6,911	9,005
	Development cost	1,546	0
	Acquired patents and licences	413	103
9	Intangible assets	8,870	9,418
	Land and buildings	60,054	43,141
	Tools and equipment	5,066	4,765
	Leasehold improvements	139	213
10	Property, plant and equipment	65,259	48,119
	Investments in associates	45,749	34,997
	Other equity interests	9,008	7,882
	Deposits	1,290	635
	Securities	1,370	17,846
11	Fixed asset investments	57,417	61,360
	Fixed assets	131,546	118,897

BALANCE SHEET

ASSETS

At 31 December

Note	DKK '000	2019	2018
12	Inventories	216,674	31,246
	Trade receivables	40,815	124,042
13	Contract work in progress	69,504	49,193
	Receivables from associates	2,548	23,631
	Income taxes	4,714	378
14	Deferred tax assets	136	64
15	Other receivables	11,172	5,417
16	Prepayments	10,697	459
	Receivables	139,586	203,184
	Current asset investments	0	23
17	Cash	397,042	12,174
	Current assets	753,302	246,627
	Assets	884,848	365,524

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK '000	2019	2018
18	Share capital	611	500
	Retained earnings	368,496	128,075
	Equity attributable to shareholders of the Parent Company	369,107	128,575
	Minority interests	1,386	-449
	Equity	370,493	128,126
14	Deferred tax	12,291	8,728
	Provisions	12,291	8,728
	Bank debt	45,137	22,375
	Bond debt	16,450	16,450
	Debt to credit institutions	282,272	0
19	Long-term liabilities other than provisions	343,859	38,825

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK '000	2019	2018
19	Current portion of long-term liabilities other than provisions	3,440	5,629
	Other bank debt	49	9,319
13	Contract work in progress	11,468	0
	Trade payables	120,726	74,360
	Payables to associates	100	18
	Income taxes	0	33,034
20	Other payables	21,252	64,864
21	Deferred income	1,170	2,621
	Short-term liabilities other than provisions	158,205	189,845
	Liabilities other than provisions	502,064	228,670
	Equity and liabilities	884,848	365,524
25	Unrecognised rental and lease commitments		
26	Contingent liabilities		
27	Assets charged and collateral		
28	Related parties		
29	List of companies		
30	Events after the reporting period		

CASH FLOW STATEMENT

For the period 1 January - 31 December

Note	DKK '000	2019	2018
	Operating profit	15,756	101,439
	Non-cash corrections to operating profit	4,785	12,941
	Depreciation, amortisation and impairment losses	4,941	2,180
22	Working capital changes	-83,868	-63,737
	Cash flow from operating activities before financial income and expenses	-58,386	52,823
	Financial income received	12,054	2,142
	Financial expenses paid	-11,114	-3,648
	Received dividends from associated companies	5,371	0
	Income taxes paid	-36,714	-579
	Cash flows from operating activities	-88,789	50,738
	Acquisition etc. of intangible assets	-2,021	-6,369
	Acquisition etc. of property, plant and equipment	-26,442	-25,544
	Sale of property, plant and equipment	80	0
23	Acquisition of subsidiaries	-2,096	0
	Acquisition etc. of other fixed asset investments	-1,530	-71,637
	Sale of other fixed asset investments	13,701	1,118
	Cash flows from investing activities	-18,308	-102,432

CASH FLOW STATEMENT (CONTINUED)

For the period 1 January - 31 December

Note	DKK '000	2019	2018
	Proceeds from borrowings	283,307	38,505
	Proceeds from issue	0	6,350
	Repayment of bonds	-4,200	0
	Instalments on long-term liabilities other than provisions	-2,138	-49,873
	Capital increase	224,193	0
	Dividend paid	0	-20,000
	Changes in minority interests	50	-3,496
	Cash flows from financing activities	501,212	-28,514
	Increase/decrease in cash and cash equivalents	394,115	-80,208
	Cash and cash equivalents at 1 January 2019	2,878	83,086
24	Cash and cash equivalents at 31 December 2019	396,993	2,878

STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

DKK '000	Share capital	Retained earnings	Proposed dividend for the financial year	Equity excl. minority interests	Minority interests	Total
Equity at 1 January 2018	500	63,165	20,000	83,665	2,981	86,646
Change in ownership	0	0	0	0	-822	-822
Ordinary dividend distributed for 2017	0	0	-20,000	-20,000	-3,000	-23,000
Profit for the year	0	64,579	0	64,579	393	64,972
Other adjustments	0	331	0	331	-1	330
Equity at 31 December 2018	500	128,075	0	128,575	-449	128,126
2019						
Capital increase	111	224,082	0	224,193	0	224,193
Profit for the year	0	22,041	0	22,041	-1,344	20,697
Purchase of own shares	0	-11,773	0	-11,773	0	-11,773
Exchange rate adjustments	0	6,071	0	6,071	0	6,071
Other adjustments	0	0	0	0	3,179	3,179
Equity at 31 December 2019	611	368,496	0	369,107	1,386	370,493

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).

Except for the changes below, 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 2018.

To better reflect the underlying business, the 2019 Income Statement has been specified by function instead of by nature. Comparative figures are restated. The change had no effect on the profit for the year or equity.

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.

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 A/S (Parent Company) and the group enterprises (subsidiaries) that are controlled by the Parent Company. Control is achieved by the Parent Company, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Parent Company, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.



**BASIS OF CONSOLIDATION**

The consolidated financial statements are prepared on the basis of the financial statements of Better Energy A/S and its subsidiaries.

The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the accounting policies of the 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 plants developed in consolidated project entities, profit or loss from the sale is presented gross in the income statement as revenue and the related costs. The carrying amount of the associates is reduced by 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 writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

INCOME STATEMENT

PRODUCTION COSTS

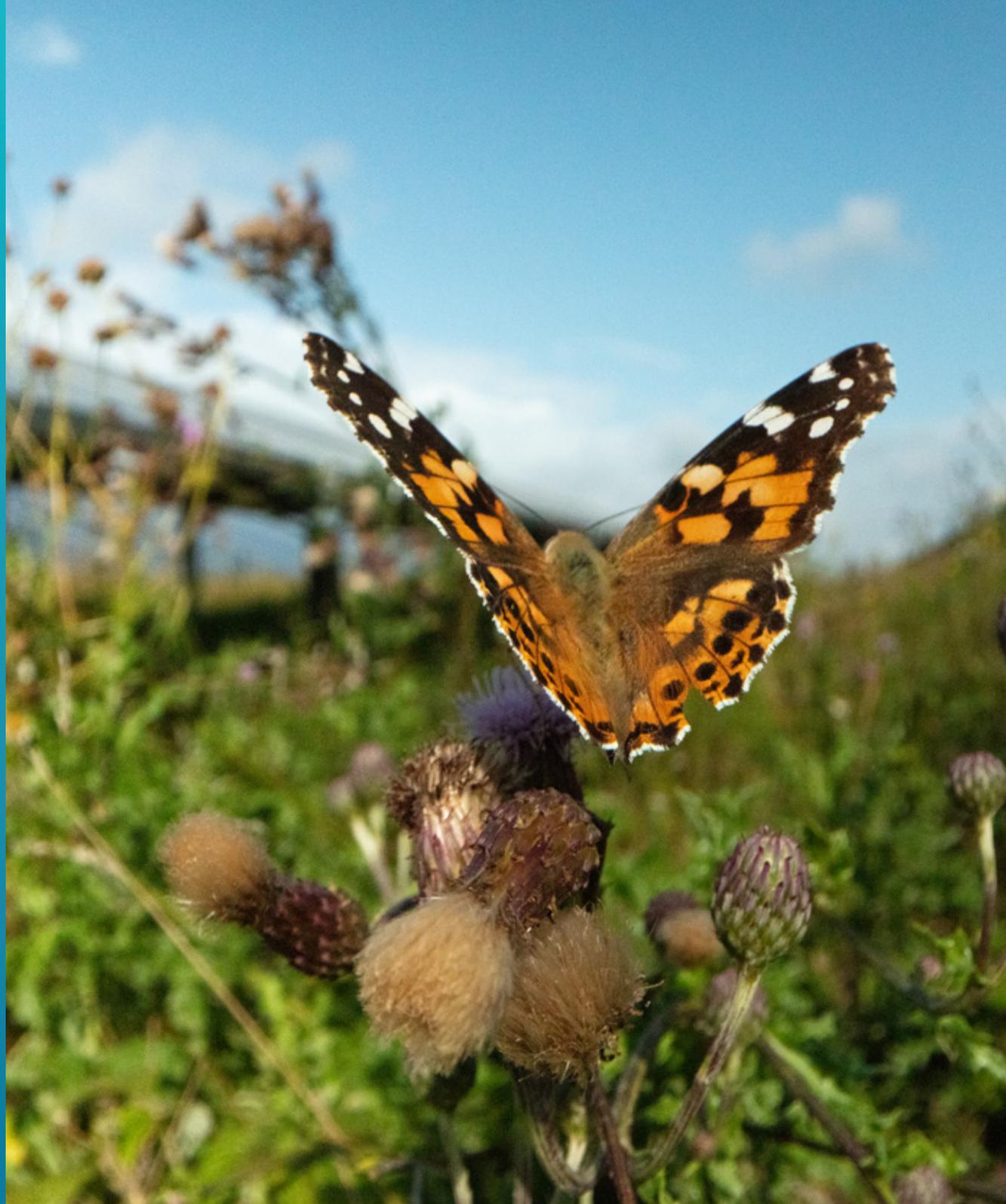
Production costs consist of costs incurred in generating the revenue for the year. Costs of raw materials, consumables, staff and a proportion of amortisation, depreciation and impairment of intangible and tangible assets used in production as well as operation, administration and management of the production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

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

INVESTMENTS IN GROUP ENTERPRISES

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 intra-group profits 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.

RECEIVABLES

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

CURRENT ASSET INVESTMENTS

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

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

DIVIDEND

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

OTHER FINANCIAL LIABILITIES

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

PREPAYMENTS RECEIVED FROM CUSTOMERS

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

CURRENT TAX RECEIVABLES AND LIABILITIES

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

CASH FLOW STATEMENT

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

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

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

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

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

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

FINANCIAL HIGHLIGHTS

The financial highlights include key figures and ratios for 2015-2019.

Financial highlights are defined and calculated in accordance with 'Recommendations & Ratios 2019' issued by the Danish Society of Financial Analysts.

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





NOTE 1. REVENUE

DKK '000	2019	2018
Revenue by activity:		
Divestment of solar plants	157,097	325,504
Contract works	354,123	75,365
Sale from asset management	12,651	7,224
Other revenue	3,674	16,329
Total revenue	527,545	424,422
Revenue by country:		
Revenue in Denmark	304,824	222,652
Revenue in Poland	103,854	88,187
Revenue in Ukraine	111,125	97,348
Revenue in other countries	7,742	16,235
Total revenue	527,545	424,422

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

Judgements are made when determining whether a project or service is recognised over time by applying the stage of completion method or at a point in time when control is transferred to the customer. This includes an assessment of whether the project or service 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.

ACCOUNTING POLICY

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

Contract works for solar systems and power plants are divided in separate performance obligations to the extent that they are considered distinct, i.e. the customer can benefit from the good or service on its own separately from other promises in the contract. This will from contract to contract include an assessment 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 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. The revenue therefore corresponds to the sales price of work performed during the year (the percentage of completion method). 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.

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

Revenue from the sale of electricity is recognised in the income statement when delivery is made to the grid company. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration.

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

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

Revenue from the sale of services is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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).

NOTE 2. PRODUCTION COSTS

DKK '000	2019	2018
Raw materials and consumables used	214,835	251,216
Staff costs (See Note 3.)	9,414	5,995
Depreciations	145	120
Other costs	254,346	39,955
Total production costs	478,740	297,286

NOTE 3. STAFF COSTS

DKK '000	2019	2018
Wages and salaries	44,223	19,896
Pension costs	3,071	1,585
Other social security expenses	777	250
Other staff expenses	1,527	1,293
Total staff costs	49,598	23,024
Staff costs classified as production costs	9,414	5,995
Staff costs classified as administrative expenses	16,033	8,668
Staff costs classified as assets	24,151	8,361
Total staff costs	49,598	23,024
Average number of employees	57	35
Remuneration of management		
Total remuneration for Board of Directors	0	0
Total remuneration for Executive Board	6,273	3,080

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	2019	2018
Audit fee	746	253
Other assurance engagements	171	23
Tax advisory services	169	50
Non-audit services	489	362
Total fee to auditors appointed at the general meeting	1,575	688

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. FINANCIAL INCOME

DKK '000	2019	2018
Other financial income	1,459	2,133
Associated companies	43	9
Exchange gains	8,385	1,998
Fair value adjustments	2,167	0
Total financial income	12,054	4,140

ACCOUNTING POLICY

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

NOTE 6. FINANCIAL EXPENSES

DKK '000	2019	2018
Other financial expenses	7,947	3,460
Associated companies	26	0
Exchange losses	7,361	2,329
Fair value adjustments	0	5
Total financial expenses	15,334	5,794

ACCOUNTING POLICY

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

NOTE 7. TAX ON PROFIT FOR THE YEAR

DKK '000	2019	2018
Current tax for the year	197	7,413
Deferred tax for the year	1,421	11,157
Adjustment of tax concerning previous years	-111	-88
Adjustment of deferred tax concerning previous years	134	-16
Total tax on profit for the year	1,641	18,466

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 Group is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

NOTE 8. PROPOSED APPROPRIATION OF NET PROFIT

DKK '000	2019	2018
Minority interests' share of profit/loss of subsidiaries	-1,344	393
Retained earnings	22,041	64,579
Profit for the year	20,697	64,972

NOTE 9. INTANGIBLE ASSETS

ADMINISTRATION AGREEMENTS & GOODWILL

DKK '000	Administration agreements	Goodwill
Cost at 1 January 2019	620	10,495
Additions for the year	0	48
Disposals for the year	-620	0
Cost at 31 December 2019	0	10,543
Amortisation and impairment losses at 1 January 2019	310	1,490
Amortisation for the year	310	2,142
Disposals for the year	-620	0
Amortisation and impairment losses at 31 December 2019	0	3,632
Carrying amount at 31 December 2019	0	6,911

ACCOUNTING POLICY

Administration agreements

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

The period of amortisation is eight years.

Goodwill and goodwill on consolidation

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

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

NOTE 9. INTANGIBLE ASSETS

DEVELOPMENT COSTS & PATENTS AND LICENCES

DKK '000	Development costs	Patents and licences
Cost at 1 January 2019	0	141
Additions for the year	1,546	474
Disposals for the year	0	0
Cost at 31 December 2019	1,546	615
Amortisation and impairment losses at 1 January 2019	0	38
Amortisation for the year	0	164
Disposals for the year	0	0
Amortisation and impairment losses at 31 December 2019	0	202
Carrying amount at 31 December 2019	1,546	413

Development projects are related to development of new smart systems on a large scale in real-world conditions.

ACCOUNTING POLICY

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 licenses 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 10. PROPERTY, PLANT AND EQUIPMENT

DKK '000	Land and buildings	Tools & equipment	Leasehold improvements
Cost at 1 January 2019	43,164	6,261	467
Additions for the year	24,325	1,965	152
Disposals for the year	-7,313	-148	-9
Cost at 31 December 2019	60,176	8,078	610
Depreciation and impairment losses at 1 January 2019	23	1,496	254
Depreciations for the year	99	1,532	217
Disposals for the year	0	-16	0
Depreciation and impairment losses at 31 December 2019	122	3,012	471
Carrying amount at 31 December 2019	60,054	5,066	139

ACCOUNTING POLICY

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

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

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

NOTE 11. FIXED ASSET INVESTMENTS INVESTMENTS IN ASSOCIATES

DKK '000	Investments in associates
Cost at 1 January 2019	65,576
Additions for the year	700
Disposals for the year	-18,639
Exchange adjustments	6
Cost at 31 December 2019	47,643
Net revaluation at 1 January 2019	-33,200
Net share of result for the year	9,363
Exchange adjustments	6,147
Disposals for the year	19,498
Dividends received	-5,371
Value adjustments for the year	499
Net revaluation at 31 December 2019	-3,064
Carrying amount at 31 December 2019	44,579
Investments in associates are presented as follows in the balance sheet:	
Investments in associates	45,749
Deferred income	-1,170
Total investments in associates at 31 December 2019	44,579

ACCOUNTING POLICY

Investments in group enterprises and associates

Investments in group enterprises and associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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

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 and associates is transferred to reserve for net revaluation according to the equity method under equity.

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

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

NOTE 11. FIXED ASSET INVESTMENTS OTHER EQUITY INTERESTS, DEPOSITS & SECURITIES

DKK '000	Other equity interests	Deposits	Securities
Cost at 1 January 2019	6,234	635	18,349
Additions for the year	0	831	0
Disposals for the year	-1,895	-176	-16,791
Cost at 31 December 2019	4,339	1,290	1,558
Net revaluation at 1 January 2019	1,648	0	-503
Value adjustments for the year	2,167	0	315
Reversed write downs, sold assets	854	0	0
Value adjustments at 31 December 2019	4,669	0	-188
Carrying amount at 31 December 2019	9,008	1,290	1,370

ACCOUNTING POLICY

Other fixed asset investments

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

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

NOTE 12. INVENTORIES

DKK '000	2019	2018
Raw materials and consumables	65,180	7,483
Work in progress	121,840	23,763
Manufactured goods and goods for resale	29,654	0
Inventories at 31 December	216,674	31,246

INVENTORIES

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration, 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 interest in inventories per 31 December 2019 is DKK 6.4 million.

NOTE 13. CONTRACT WORK IN PROGRESS

DKK '000	2019	2018
Contract work in progress, liabilities	-11,468	0
Selling price of completed work	69,504	49,193
Net contract work in progress	58,036	49,193

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 14. DEFERRED TAX

DKK '000	2019	2018
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	65	22
Property, plant and equipment	1,272	46
Investments in associates	-876	-1,616
Securities	-41	-41
Contract work in progress	19,601	10,337
Long-term liabilities	-328	-20
Tax loss carryforwards	-7,538	-64
Deferred tax at 31 December	12,155	8,664

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 the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

NOTE 14. DEFERRED TAX (CONTINUED)

DKK '000	2019	2018
Net value is recognised in the balance sheet as follows:		
Deferred tax assets	-136	-64
Deferred tax liabilities	12,291	8,728
Deferred tax at 31 December	12,155	8,664
Deferred tax at 1 January	8,664	-2,344
Adjustment concerning previous years	133	-16
Exchange adjustments	-429	-133
Changes arising from acquisition of subsidiaries	2,366	0
Recognised in the income statement	1,421	11,157
Deferred tax at 31 December	12,155	8,664

NOTE 15. OTHER RECEIVABLES

DKK '000	2019	2018
Receivable VAT	5,089	241
Receivable against project companies	5,330	685
Receivable interests from securites	127	1,804
Other receivables	626	2,687
Other receivables at 31 December	11,172	5,417

NOTE 16. PREPAYMENTS

Prepayments consist of prepaid expenses related to 2020.

ACCOUNTING POLICY

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

NOTE 17. CASH

DKK '000	2019	2018
Free cash	182,276	10,439
Cash only available for use on specific projects	181,540	0
Cash on accounts with special termination terms	33,226	1,735
Cash at 31 December	397,042	12,174

Cash comprises bank deposits and DKK 2.1 million in client accounts at lawyers related to newly established companies.

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 18. 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 8 May 2014	500
Capital increase 18 December 2019	111
Share capital at 31 December 2019	611

NOTE 19. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

DKK '000	2019	2018
Current portion of long-term bank debt	3,140	1,129
Current portion of bond debt	300	4,500
Current portion of long-term liabilities other than provisions	3,440	5,629
Long-term portion of long-term liabilities other than provisions	343,859	38,825
Long-term debt at 31 December	347,299	44,454
Nominal amount of total long-term liabilities other than provisions	357,247	44,549
Due after more than five years (amortised cost):		
Long-term bank debt	33,618	17,705
Long-term debt to credit institutions	292,108	0
Long-term debt due after more than five years at 31 December	325,726	17,705

NOTE 20. OTHER PAYABLES

DKK '000	2019	2018
Wages and salaries, personal income taxes, social security costs etc.	381	956
Holiday pay obligation	4,396	2,037
VAT and duties	3,865	42,834
Debt to owners	11,772	14,278
Accrued interest expense	132	0
Other costs payable	706	4,759
Other payables at 31 December	21,252	64,864

NOTE 21. DEFERRED INCOME

Deferred income consists of 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 22. WORKING CAPITAL CHANGES

DKK '000	2019	2018
Change in inventories	-155,561	-1,770
Change in receivables	69,325	-144,465
Change in payables	2,368	82,498
Total working capital changes	-83,868	-63,737

NOTE 23. ACQUISITION OF SUBSIDIARIES

DKK '000	2019	2018
Inventories	30,081	0
Trade receivables	1,260	0
Income taxes receivables	584	0
Other receivables	54	0
Prepayments	5	0
Cash	2,454	0
Deferred tax liabilities	-2,366	0
Other payables	-161	0
Minority interests	-3,436	0
Long-term bank debt	-23,925	0
Acquired net assets at market price	4,550	0
Of which cash	-2,454	0
Paid purchase price	2,096	0

NOTE 24. CASH AND CASH EQUIVALENTS

DKK '000	2019	2018
Cash	397,042	12,174
Securities which mature in less than three months	0	23
Short-term bank debt	-49	-9,319
Cash and cash equivalents at 31 December	396,993	2,878

NOTE 25. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

DKK '000	2019	2018
Rental or lease agreements until maturity, under 1 year	6,142	3,058
Rental or lease agreements until maturity, 2-5 years	22,263	15,910
Rental or lease agreements until maturity, over 5 years	72,708	55,745
Unrecognised rental and lease commitments at 31 December	101,113	74,713

NOTE 26. CONTINGENT LIABILITIES

The Group has issued guarantees to the purchaser of solar systems sold in 2017, 2018 and 2019. 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 of the projects. The EPC guarantees are covered back to back by manufacturers' 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 for a total of DKK 77.5 million.

One of the Group's banks has issued performance guarantees of DKK 5.5 million.

The Group's banks have issued guarantees of DKK 6.3 million to the Danish authorities for future construction.

The Group provides two unlimited guarantees to a bank connection for the bank debt of Solpark Silkeborg 4 P/S and Solpark Silkeborg 5 P/S. These two guarantees will be released in Q1 2020.

The Group provides a guarantee of EUR 5.0 million to a governmental financial institution for the bank debt of Ganska SES.

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 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 2019.

NOTE 27. ASSETS CHARGED AND COLLATERAL

Bank debt is secured by certain items of equipment and by way of a deposited mortgage deed on properties. The carrying amount of certain items of equipment is DKK 0.7 million. The carrying amount of mortgaged properties is DKK 35.0 million.

Better Energy Fårvang Estate A/S, Better Energy Vollerup Estate ApS, 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 35.8 million is placed as collateral for banking facilities.

NOTE 28. RELATED PARTIES

Transactions with related parties

Related party transactions in 2019 consist of the below mentioned transactions.

P&B Solpark Danmark 8 K/S

Better Energy Management A/S, a wholly owned subsidiary in the Group, has by share purchase agreement purchased 82% of the shares in P&B Solpark Danmark 8 K/S.

The seller was Nordic Sustainable Finance A/S, which is jointly owned by Rasmus Lildholdt Kjær (Chief Executive Officer), Mark Augustenborg Ødum (Executive Vice President, Partnerships) and Mikkel Dau Jacobsen (Executive Vice President, Technology & Solutions) through their respective holding companies. The purchase price was DKK 6.1 million. The shares have subsequently been resold. In consideration of the work performed by Better Energy Management A/S regarding the resale, Nordic Sustainable Finance A/S paid a fee amounting to DKK 0.6 million.

P&B Solpark Danmark 9 K/S and P&B Solpark Danmark 11 K/S

Better Energy Management A/S has by share purchase agreement purchased 51% of the shares in P&B Solpark Danmark 9 K/S and P&B Solpark Danmark 11 K/S. The seller was Nordic Sustainable Finance A/S. The purchase price was DKK 13.7 million. The shares have subsequently been resold. In consideration of the work performed by Better Energy Management A/S regarding the resale, Nordic Sustainable Finance A/S paid a fee amounting to DKK 1.9 million.

Better Energy Cofoco Solpark ApS

Better Energy Solar Park Nees IVS, a wholly owned subsidiary in the Group, has by share purchase agreement purchased 51% of the shares in Better Energy Cofoco Solpark ApS. The seller was Nordic Sustainable Finance A/S. The purchase price was DKK 3.1 million.

Better Energy A/S shares

Through the wholly owned company Mikkel Dau Holding ApS, Mikkel Dau Jacobsen (Executive Vice President, Technology & Solutions and board member) sold Better Energy A/S shares to Better Energy A/S for a purchase price of DKK 5.9 million.

Through the wholly owned company MiVat Holding ApS, Michael Vater (Vice President, Sustainable Business & Public Affairs and board member) sold Better Energy A/S shares to Better Energy A/S for a purchase price of DKK 5.9 million.

Dividend from associated companies

In 2019, the associated company Better Energy Energo P/S paid an ordinary dividend of DKK 5.4 million.

Balances as of 31 December 2019

Other payables include a liability of DKK 11.8 million to Mikkel Dau Holding ApS (DKK 5.9 million) and MiVat Holding ApS (DKK 5.9 million) due to the purchase of own shares in Better Energy A/S. There is a receivable from the associated company Ganska SES of DKK 2.5 million and a debt of DKK 0.3 million towards Nordic Sustainable Finance A/S.

NOTE 29. LIST OF COMPANIES

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Management A/S	Frederiksberg, Denmark	100%
Better Energy Solutions A/S	Sønderborg, Denmark	100%
Better Energy Generation A/S	Frederiksberg, Denmark	100%
Better Energy Denmark A/S	Frederiksberg, Denmark	100%
MG af 20. marts 2019 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 Holding ApS	Frederiksberg, Denmark	100%
Selskabet af 29.11.2016 A/S	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%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Worcester K/S	Frederiksberg, Denmark	98%
Better Energy Mamhilad K/S	Frederiksberg, Denmark	98%
Better Energy Estate A/S	Frederiksberg, Denmark	100%
Solpark Nees Estate IVS	Frederiksberg, Denmark	100%
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%
BE 77 IVS	Frederiksberg, Denmark	100%
Better Energy Norddjurs ApS	Frederiksberg, Denmark	100%
Better Energy Haderup Estate IVS	Frederiksberg, Denmark	100%
BE 83 IVS	Frederiksberg, Denmark	100%
Better Energy Højslev Estate IVS	Frederiksberg, Denmark	100%
BE 85 IVS	Frederiksberg, Denmark	100%
Better Energy Søby IVS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Slagelse ApS	Frederiksberg, Denmark	100%
Better Energy Guldborgsund Estate ApS	Frederiksberg, Denmark	100%
Better Energy Gimminge ApS	Frederiksberg, Denmark	100%
Better Energy Vamdrup Estate IVS	Frederiksberg, Denmark	100%
Better Energy Burkal Estate IVS	Frederiksberg, Denmark	100%
Better Energy Danish Solar I IVS	Frederiksberg, Denmark	100%
Better Energy Rejstrup ApS	Frederiksberg, Denmark	100%
Better Energy Vemb Estate IVS	Frederiksberg, Denmark	100%
Better Energy Norway A/S	Frederiksberg, Denmark	100%
Better Energy Sallinge Lunde Estate IVS	Frederiksberg, Denmark	100%
Better Energy TS Sønderborg IVS	Frederiksberg, Denmark	100%
Better Energy Liselund Estate IVS	Frederiksberg, Denmark	100%
Better Energy Djursland Estate IVS	Frederiksberg, Denmark	100%
Better Energy Hørby Estate IVS	Frederiksberg, Denmark	100%
Better Energy Partner DK ApS	Frederiksberg, Denmark	100%
Better Energy Partner DE ApS	Frederiksberg, Denmark	100%
Better Energy Partner ApS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Procura Rostock Komplementar ApS	Frederiksberg, Denmark	100%
Better Energy Partner UK ApS	Frederiksberg, Denmark	100%
Better Energy Solar Parks UK IVS	Frederiksberg, Denmark	100%
Better Energy Poland Development A/S	Frederiksberg, Denmark	100%
Better Energy Energo I P/S	Frederiksberg, Denmark	90%
Better Energy Energo II A/S	Frederiksberg, Denmark	100%
Better Energy Spain Development A/S	Frederiksberg, Denmark	100%
Better Energy Ukraine LLC	Lviv, Ukraine	95%
P&B Solarparks DK GmbH & Co. KG	Hamburg, Germany	100%
Solarpark am Kalkufer GmbH & Co. KG	Hamburg, Germany	100%
Solarpark am Flugplatz GmbH & Co. KG	Hamburg, Germany	100%
Solarpark am Betonwerk GmbH & Co. KG	Hamburg, Germany	100%
Better Energy Solarparks GmbH	Hamburg, Germany	100%
Better Energy Komplementar Hamburg GmbH	Hamburg, Germany	100%
Better Energy Partner Berlin GmbH	Hamburg, Germany	100%
Better Energy Lengenfeld UG	Hamburg, Germany	100%
Better Energy Soltos UG	Hamburg, Germany	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Procura Energy Ellrich Komplementär GmbH	Hamburg, Germany	100%
Procura Rostock Management GmbH	Hamburg, Germany	100%
Better Energy UK Ltd.	Surrey, United Kingdom	100%
Better Energy B.V.	Amsterdam, The Netherlands	75%
BE 88 B.V.	Amsterdam, The Netherlands	75%
BE 90 B.V.	Amsterdam, The Netherlands	75%
BE 91 B.V.	Amsterdam, The Netherlands	75%
BE 92 B.V.	Amsterdam, The Netherlands	75%
BE 93 B.V.	Amsterdam, The Netherlands	75%
BE 94 B.V.	Amsterdam, The Netherlands	75%
BE Vastgoed Nederland B.V.	Amsterdam, The Netherlands	75%
BE Lacustris B.V.	Amsterdam, The Netherlands	71%
Better Energy Solar Park 80 sp.z.o.o	Gdansk, Poland	88%
Better Energy Solar Park 81 sp.z.o.o	Gdansk, Poland	88%
Better Energy Solar Park 82 sp.z.o.o	Gdansk, Poland	88%
KSES LLC	Zhytomyr, Ukraine	90%
BE 113 IVS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Voer Holbæk Estate IVS	Frederiksberg, Denmark	100%
Better Energy Estate III ApS	Frederiksberg, Denmark	100%
Better Energy Asset Management A/S	Frederiksberg, Denmark	100%
Solpark Nees Entreprise IVS	Frederiksberg, Denmark	100%
Better Energy Næstved ApS	Frederiksberg, Denmark	100%
Better Energy Poland Estate A/S	Frederiksberg, Denmark	100%
Little Sun Eindhoven B.V.	Amsterdam, The Netherlands	64%
Better Energy Stoholm IVS	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%
BE 118 IVS	Frederiksberg, Denmark	100%
BE 119 IVS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 120 IVS	Frederiksberg, Denmark	100%
BE 121 IVS	Frederiksberg, Denmark	100%
BE 122 IVS	Frederiksberg, Denmark	100%
BE 127 IVS	Frederiksberg, Denmark	100%
BE 128 IVS	Frederiksberg, Denmark	100%
BE 130 IVS	Frederiksberg, Denmark	100%
BE 131 IVS	Frederiksberg, Denmark	100%
BE 132 IVS	Frederiksberg, Denmark	100%
BE 133 IVS	Frederiksberg, Denmark	100%
BE 134 IVS	Frederiksberg, Denmark	100%
BE 135 IVS	Frederiksberg, Denmark	100%
BE 136 IVS	Frederiksberg, Denmark	100%
BE 137 IVS	Frederiksberg, Denmark	100%
BE 138 ApS	Frederiksberg, Denmark	100%
BE 139 ApS	Frederiksberg, Denmark	100%
BE 140 ApS	Frederiksberg, Denmark	100%
BE 141 ApS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 142 ApS	Frederiksberg, Denmark	100%
BE 143 ApS	Frederiksberg, Denmark	100%
BE 144 ApS	Frederiksberg, Denmark	100%
BE 145 ApS	Frederiksberg, Denmark	100%
BE 146 ApS	Frederiksberg, Denmark	100%
BE 147 ApS	Frederiksberg, Denmark	100%
BE 148 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%
BE 153 ApS	Frederiksberg, Denmark	100%
BE 154 ApS	Frederiksberg, Denmark	100%
BE 155 ApS	Frederiksberg, Denmark	100%
BE 156 ApS	Frederiksberg, Denmark	100%
BE 157 ApS	Frederiksberg, Denmark	100%
BE 158 ApS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 159 ApS	Frederiksberg, Denmark	100%
BE 160 ApS	Frederiksberg, Denmark	100%
BE 161 ApS	Frederiksberg, Denmark	100%
BE 162 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%
BE 169 ApS	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%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 176 ApS	Frederiksberg, Denmark	100%
BE 177 ApS	Frederiksberg, Denmark	100%
BE 178 ApS	Frederiksberg, Denmark	100%
BE 179 ApS	Frederiksberg, Denmark	100%
BE 180 ApS	Frederiksberg, Denmark	100%
BE 181 ApS	Frederiksberg, Denmark	100%
BE 182 ApS	Frederiksberg, Denmark	100%
BE 183 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%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 193 ApS	Frederiksberg, Denmark	100%
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 208 ApS	Frederiksberg, Denmark	100%
BE 209 ApS	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
BE 210 ApS	Frederiksberg, Denmark	100%
BE 211 A/S	Frederiksberg, Denmark	100%
BE 212 A/S	Frederiksberg, Denmark	100%

NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Sandvikenevej Infrastrukturselskab ApS*	Frederiksberg, Denmark	54%
Better NRGi I K/S	Frederiksberg, Denmark	25%
Better NRGi IVS	Frederiksberg, Denmark	25%
BE 22 P/S	Frederiksberg, Denmark	25%
Ganska SES LLC	Zhytomyr, Ukraine	49%
Better Energy Energo Komplementar ApS	Frederiksberg, Denmark	50%
Better Energy Energo P/S	Frederiksberg, Denmark	49%
Better Solar Nordic A/S	Hedehusene, Denmark	35%

*Sandvikenevej Infrastrukturselskab ApS is considered an associated company because 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 30. EVENTS AFTER THE REPORTING PERIOD

The Executive Board believes that in the short term, the coronavirus (COVID-19) will not have a material adverse effect on Better Energy. Major initiated solar projects are proceeding according to plan at the time of financial reporting, but it cannot be excluded that certain projects will be delayed in 2020 due to circumstances such as the partial closure of workplaces due to COVID-19.

At present, it is not possible to assess whether COVID-19 will have a negative effect on Better Energy in the medium term. Better Energy is driving the transition to renewable energy sources and the Executive Board is of the opinion that even after COVID-19, there will still be a need for significant investments in the green transition. However, the framework for and the speed of future investments will depend on how much financial damage will be caused to the overall economy by COVID-19. At the time of presentation of the 2019 financial statements, there is considerable uncertainty about the impact of COVID-19.

PARENT COMPANY FINANCIAL STATEMENTS

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INCOME STATEMENT

For the period 1 January - 31 December

Note	DKK '000	2019	2018
2	Administrative expenses	-307	-100
	Operating profit	-307	-100
	Income from investments in subsidiaries	24,425	64,291
3	Financial income	9,590	4,597
4	Financial expenses	-12,294	-4,304
	Profit before tax	21,414	64,484
5	Tax on profit for the year	627	95
6	Profit for the year	22,041	64,579

BALANCE SHEET

ASSETS

At 31 December

Note	DKK '000	2019	2018
	Acquired patents and licences	56	103
7	Intangible assets	56	103
	Investments in subsidiaries	162,052	130,480
	Securities	0	10,423
8	Fixed asset investments	162,052	140,903
	Fixed assets	162,108	141,006
	Receivables from group enterprises	335,647	204,249
	Income taxes	4,714	151
	Joint taxation asset	1,783	6,887
9	Deferred tax assets	517	0
	Other receivables	637	1,981
	Receivables	343,298	213,268
	Cash	275,241	1,015
	Current assets	618,539	214,283
	Assets	780,647	355,289

BALANCE SHEET

EQUITY AND LIABILITIES

At 31 December

Note	DKK '000	2019	2018
10	Share capital	611	500
	Reserve for net revaluation according to the equity method	144,320	113,824
	Retained earnings	224,176	14,251
	Equity	369,107	128,575
9	Deferred tax	0	23
	Provisions	0	23
	Bond debt	16,450	16,450
	Debt to credit institutions	283,986	0
11	Long-term liabilities other than provisions	300,436	16,450

BALANCE SHEET

EQUITY AND LIABILITIES (CONTINUED)

At 31 December

Note	DKK '000	2019	2018
11	Current portion of long-term liabilities other than provisions	300	4,500
	Trade payables	39	25
	Payables to group enterprises	96,668	174,999
	Income taxes	0	0
	Joint taxation liability	1,783	25,895
12	Other payables	12,314	4,822
	Short-term liabilities other than provisions	111,104	210,241
	Liabilities other than provisions	411,540	226,691
	Equity and liabilities	780,647	355,289

- 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	Proposed dividend for the financial year	Total
Equity at 1 January 2018	500	49,202	13,963	20,000	83,665
Ordinary dividend distributed for 2017	0	0	0	-20,000	-20,000
Profit for the year	0	64,291	288	0	64,579
Exchange adjustments	0	5	0	0	5
Other equity movements	0	326	0	0	326
Equity at 31 December 2018	500	113,824	14,251	0	128,575
2019					
Capital increase	111	0	224,082	0	224,193
Purchase of own shares	0	0	-11,773	0	-11,773
Profit for the year	0	24,425	-2,384	0	22,041
Exchange adjustments	0	6,071	0	0	6,071
Equity at 31 December 2019	611	144,320	224,176	0	369,107

To secure an expected share programme, treasury shares have been acquired in November 2019. The total portfolio of treasury shares consists of 692,500 shares at 31 December 2019 (and no shares in 2018), corresponding to 1.1% 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	2019	2018
Average number of employees	0	0

NOTE 2. AMORTISATIONS

DKK '000	2019	2018
Acquired patents and licences	47	38
Total amortisations	47	38

NOTE 3. FINANCIAL INCOME

DKK '000	2019	2018
Interests received from group enterprises	7,746	3,563
Other financial income	694	991
Exchange gains	1,150	43
Total financial income	9,590	4,597

NOTE 4. FINANCIAL EXPENSES

DKK '000	2019	2018
Interests paid to group enterprises	7,412	2,662
Other financial expenses	3,526	1,415
Exchange losses	1,356	227
Total financial expenses	12,294	4,304

NOTE 5. TAX ON PROFIT FOR THE YEAR

DKK '000	2019	2018
Current tax for the year	0	20
Deferred tax for the year	-540	23
Adjustment of tax concerning previous years	-87	-138
Total tax on profit for the year	-627	-95

NOTE 6. PROPOSED APPROPRIATION OF NET PROFIT

DKK '000	2019	2018
Ordinary dividend for the financial year	0	0
Transfer to reserve for net revaluation according to the equity method	24,425	64,291
Retained earnings	-2,384	288
Total net profit	22,041	64,579

NOTE 7. INTANGIBLE ASSETS

DKK '000	Licenses and patents
Cost at 1 January 2019	141
Additions for the year	0
Cost at 31 December 2019	141
Amortisation and impairment losses at 1 January 2019	38
Amortisations of the year	47
Amortisation and impairment losses at 31 December 2019	85
Carrying amount at 31 December 2019	56

NOTE 8. FIXED ASSET INVESTMENTS

SUBSIDIARIES & SECURITIES

DKK '000	Subsidiaries	Securities
Cost at 1 January 2019	16,657	10,738
Additions for the year	1,075	0
Disposals for the year	0	-10,738
Cost at 31 December 2019	17,732	0
Net revaluation at 1 January 2019	113,823	-315
Net share of profit for the year	26,519	0
Amortisation of goodwill	-2,093	0
Exchange adjustments	6,071	315
Net revaluation at 31 December 2019	144,320	0
Carrying amount at 31 December 2019	162,052	0
Carrying amount of goodwill recognised	6,911	0

NOTE 8. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARIES

Investment in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Better Energy Asset Management A/S	Frederiksberg, Denmark	100%
Better Energy Management A/S	Frederiksberg, Denmark	100%
Better Energy Solutions A/S	Sønderborg, 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 29 of the consolidated financial statements.

NOTE 9. DEFERRED TAX

DKK '000	2019	2018
Deferred tax is incumbent on the following financial statement items:		
Intangible assets	12	23
Long-term liabilities other than provisions	-255	0
Tax loss carryforwards	-274	0
Deferred tax at 31 December	-517	23
Net value is recognised in the balance sheet as follows:		
Deferred tax assets	517	0
Deferred tax liabilities	0	23
Deferred tax at 31 December	-517	23
Deferred tax at 1 January	23	0
Adjustment concerning previous years	0	0
Recognised in the income statement	-540	23
Deferred tax at 31 December	-517	23

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

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 8 May 2014	500
Capital increased 18 December 2019	111
Share capital at 31 December 2019	611

NOTE 11. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

DKK '000	2019	2018
Current portion of bond debt	300	4,500
Current portion of long-term liabilities other than provisions	300	4,500
Long-term portion of bond debt	16,450	16,450
Long-term portion of credit institutions	283,986	0
Long-term debt at 31 December	300,736	20,950
Nominal amount of total long-term liabilities other than provisions	308,859	20,950
Due after more than five years (amortised cost):		
Long-term debt to credit institutions	292,108	0

NOTE 12. OTHER PAYABLES

DKK '000	2019	2018
Other costs payable	542	1,822
Debt to owners	11,772	3,000
Other payables at 31 December	12,314	4,822

NOTE 13. CONTINGENT LIABILITIES

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

Better Energy A/S has provided security for the obligations of Better Energy Holding A/S in relation to the sale of the shares in the Horslunde project to the Danish utility NRG1.

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

Better Energy A/S has provided security for the obligations of Better Energy Management 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 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 NS Global I ApS.

Better Energy A/S provides an unlimited guarantee to a bank connection for the bank for the bank debt of Better Energy Holding ApS.

Better Energy A/S provides two unlimited guarantees to a bank connection for the bank debt of Solpark Silkeborg 4 P/S and Solpark Silkeborg 5 P/S. These two guarantees will be released in Q1 2020.

Better Energy A/S provides a guarantee of EUR 5.0 million to a governmental financial institution for the bank debt of Ganska SES.

Better Energy A/S provides a guarantee of DKK 2.4 million to a bank connection for the debt of Better Energy Management A/S.

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

Better Energy A/S 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 Better Energy A/S in addition to what is already included in the balance per 31 December 2019.

NOTE 14. ASSETS CHARGED AND COLLATERAL

Debt to credit institutions is secured by capital interest in subsidiaries with a carrying amount of DKK 161.5 million.

NOTE 15. RELATED PARTIES

Transactions with related parties

Related party transactions in 2019 consist of the below mentioned transactions.

Better Energy A/S shares:

Through the wholly owned company Mikkell Dau Holding ApS, Mikkell Dau Jacobsen (Executive Vice President, Technology & Solutions and board member) sold Better Energy A/S shares to Better Energy A/S for a purchase price of DKK 5.9 million.

Through the wholly owned company MiVat Holding ApS, Michael Vater (Vice President, Sustainable Business & Public Affairs and board member) sold Better Energy A/S shares to Better Energy A/S for a purchase price of DKK 5.9 million.

Balances as of 31 December 2019

Other payables include a liability of DKK 11.8 million to Mikkell Dau Holding ApS (DKK 5.9 million) and MiVat Holding ApS (DKK 5.9 million) due to the purchase of own shares in Better Energy A/S and a debt of DKK 0.3 million towards Nordic Sustainable Finance which is jointly owned by Rasmus Lildholdt Kjær (Chief Executive Officer), Mark Augustenborg Ødum (Executive Vice President, Partnerships) and Mikkell Dau Jacobsen (Executive Vice President, Technology & Solutions) 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	IPP	independent power producer
Board	Board of Directors	MW	megawatt
CAGR	compound annual growth rate	MWh	megawatt hours
CSR	corporate social responsibility	MWp	megawatt peak
EBITDA	earnings before interest, taxes, depreciation, and amortisation	Parent Company	Better Energy A/S
EPC	engineering, procurement and construction	PPA	power purchase agreement
ESG	environmental, social and governance	PtX	power-to-X
EV	electric vehicle	PV	photovoltaic
GW	gigawatt	R&D	research and development
GWh	gigawatt hours	SDG	Sustainable Development Goals
H&S	health and safety	SPV	special purpose vehicle
HR	human resources	TW	terawatt

COMPANY INFORMATION

Company

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Mark Augustenborg Ødum
Rasmus Lildholdt Kjær
Annette Nylander
Mikkel Dau Jacobsen
Michael Vater
Michael Pollan

Executive Board

Rasmus Lildholdt Kjær
Ho Kei Au
Annette Nylander

Company auditors

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