Nordic Solar Global A/S

Annual report 2018-2019

Nordic Solar Global A/S
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CVR No. 39 83 33 60

The Annual Report was presented and adopted at the Annual General Meeting of the Company on the 14th of May, 2020.

Attorney Claudia S. Mathiasen, Chairman

Content

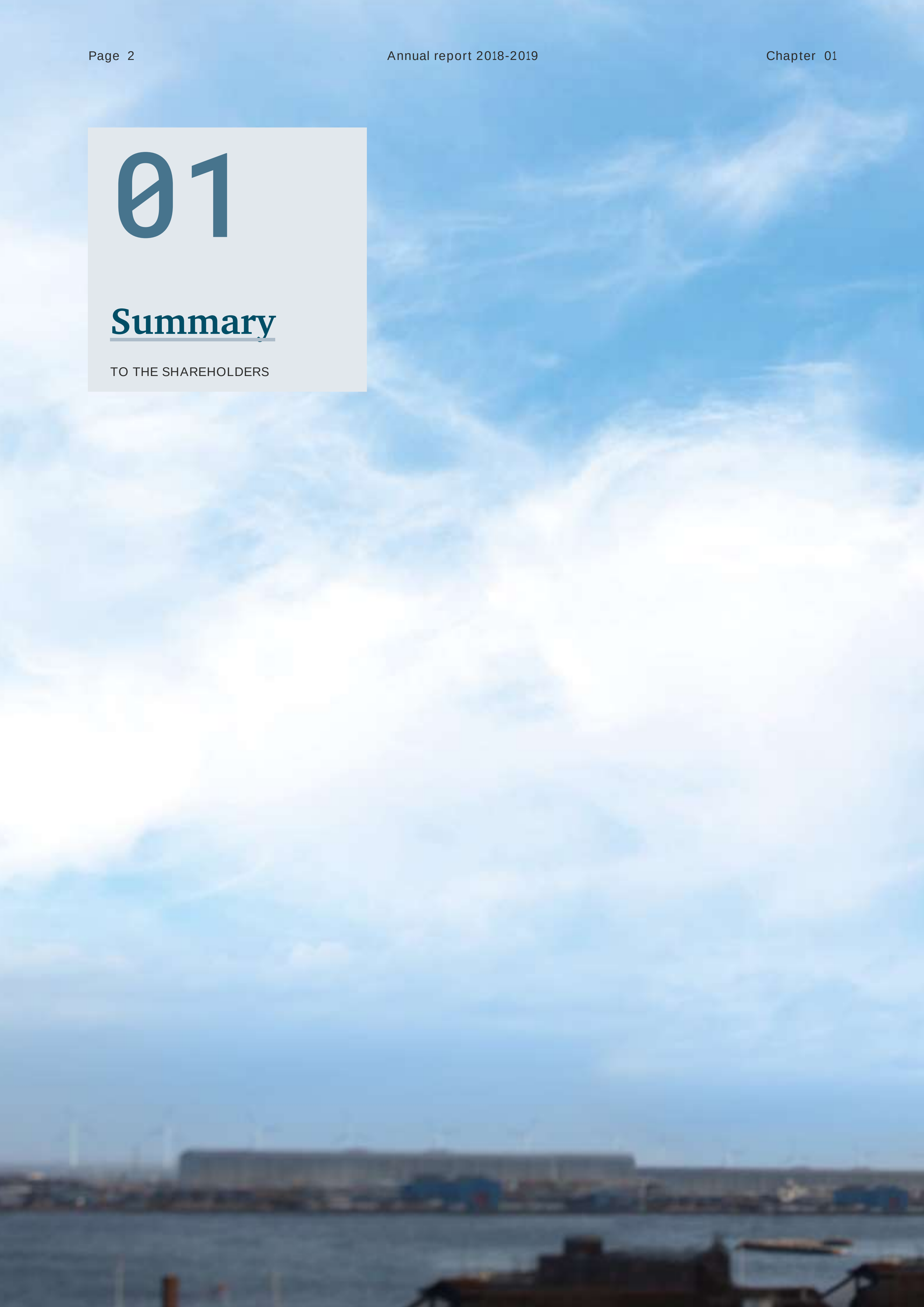
GLOBAL

Management review consists of chapter 01-03 and page 60-61.

01

Summary

TO THE SHAREHOLDERS



COMPANY ESTABLISHMENT
Nordic Solar Global A/S (The Group or Global) was established on September 4th, 2018 by Nordic Solar Management A/S (NSM) who to begin with was the only shareholder. Nordic Solar Global A/S is the holding company of several legal entities owning solar parks.

BACKGROUND
The company's objective is to ensure that investors obtain an attractive level of return, and a balanced risk by combining investments in ready-to-build solar projects with good business practices, simple portfolio theory and risk diversification. A high return, annual dividend payments and the possibility to trade the shares are thus part of the foundation of Global and are reflected in all significant company decisions.

THE FIRST INVESTMENT
On the 21st of December 2018, the company bought 26.3 MWp ready-to-build solar projects in north western Poland, a total investment of approx. EUR 18.3 mill. The projects that were scheduled to be built during 2019 had an expected return of between 8-12% per annum, measured as internal rate of return, after external financing.

Part of the Polish portfolio is also project rights for four additional solar parks of almost 4 MWp and the construction of these is planned for Q2 2020.

RETURN
In 2019, the share price increased from DKK 100 per share to DKK 116.5 equivalent to a return of 16.5%. The return was positively affected by the completion of construction of the projects and better than budgeted terms on the financing offers from the banks.

RESULT
In 2019, EBITDA was EUR -0.8 mill. and Global realized a net result of EUR -0.7 mill. The acquisition of the ready-to-build Polish solar projects in December 2018 included no expected revenue for 2019 and thus a negative result for the year was expected.

Globals cash flows from operations are negative, because of the investments made in the construction phase of projects, which are not yet operational. EBITDA net of interest, repayments and taxes paid do not form a basis for the distribution of dividend for 2019.

CAPITAL
In order to avoid periods of overcapitalization and thus lower returns to shareholders, the purchase of solar parks is financed by a loan portfolio (the so-called loan program) provided in consecutive tranches by Globals shareholders and other investors. Also, where appropriate, financial institutions provide financing in the form of investment or construction credits.

Tranche 1 of this loan program closed in December 2018 with a total subscription of EUR 9.7 mill. Subsequently, Global has also closed and drawn Tranche 2 of EUR 3.6 mill. and Tranche 3 of EUR 5.3 mill. All 3 tranches were converted to share capital in full, bringing the total value of the capital increases to EUR 18,6 mill.

Tranche 4, 5 and 6 with a total of EUR 12 mill. are fully subscribed and thus ready to be deployed for new investments.

FINANCING
In Poland, the portfolio of 30 MWp (incl. the new 4 MWp under construction) have been financed with one of the first solar project financings ever made in Poland. The financing of approx. EUR 13 mill. will be drawn during 2020 and Global expects to apply this capital to new investments.

SHAREHOLDERS
The number of shareholders increased to 71 by the end of 2019.

MANAGEMENT
NSM undertakes the day-to-day management of Global as well as of the fund Nordic Solar Energy A/S. The management company strengthened its organisation considerably in 2019, to be able to handle growth and the many tasks in connection with the management of the solar parks and the preparations for the application to the Danish FSA during 2020 for a licence to operate as an alternative investment fund manager (AIFM).

OUTLOOK FOR 2020
A shareholder return at the level of 8-12%, net of all costs, is expected for 2020.

The operational Polish portfolio is expected to generate a revenue of approximately EUR 1.9 mill. in 2020.

Additional growth is expected in 2020 through the acquisition of new ready-to-build solar projects, and Globals ambitious target is to reach a capacity of 100 MWp under construction, equivalent to more than 400% growth. Meeting this target will call for an inflow of new capital as well as a couple of new acquisitions besides the already planned.

In addition to attaining this ambitious growth target, the 2020 focus of the management company will be on further strengthening the administration and ensuring stable operations of the solar parks built in 2019.

Through its first investments in Poland, Nordic Solar Global A/S came off to a great start and 2020 also looks to become an exciting year. The strategy of building a portfolio of solar parks, constructed by Global within the OECD will thus be carried on.

The COVID-19 outbreak in 2020 will have great impact on the global economy. At this time, it is not possible to calculate the size of the potential negative impact on NSG, but it is not expected to have significant effect on Global with respect to turnover, earnings and cash flow for 2020.

Christian Sagild
Chairman

Nikolaj Holtet Hoff
Managing Director

Financial highlights

All figures are in TEUR

	2018/19
KEY FIGURES	
Profit/loss before depreciation, amortisation and impairment losses (EBITDA)	-825
Profit/loss before tax	-868
Profit/loss for the year	**-708**
Balance sheet total	**23,245**
Solar parks under constructions	17,008
Right-of-use assets	2,060
Cash and cash equivalents	188
Total equity	**18,294**
Interest-bearing debt	3,908
FINANCIAL RATIOS	
Solvency ratio	78.7%
CASH FLOW	
Profit/loss before tax	-868
Depreciation and impairment of property, plant and equipment	24
FREE CASH FLOW FROM OPERATIONS	**-844**

DEFINITIONS OF FINANCIAL RATIOS	Solvency ratio:	Equity / Total assets

Nordic Solar Management A/S runs the daily operation of Nordic Solar Global A/S

02

The business

HISTORY AND GROUP STRUCTURE

Nordic Solar Global A/S was established in 2018 by the management company Nordic Solar Management A/S (NSM). The background was, that the management company after 8 years of successful investments in operational solar parks on behalf of Nordic Solar Energy A/S (NSE), wanted to broaden the investment area to OECD and purchase of ready-to-build (RTB) solar projects, thereby also entering the construction phase. The profile of NSE is low risk and lower return, and therefore it was decided to establish the new investment fund with an ambition of delivering a higher return and higher, but manageable risk, compared to NSE. The investors were then free to choose investment vehicle depending on their individual risk profile.

The management structure in Global is exactly the same as for the NSE fund: NSM acts as day-to-day manager of Global, and undertakes all tasks including raising capital, procuring investments and managing and operating the solar parks. Consequently, Global does not remunerate employees, and the costs associated with conducting investments, including due diligence, are thus transaction-based. In this way, investments may be made directly without the involvement of intermediaries, a structure also reflecting the best possible combination of high returns with variable costs.

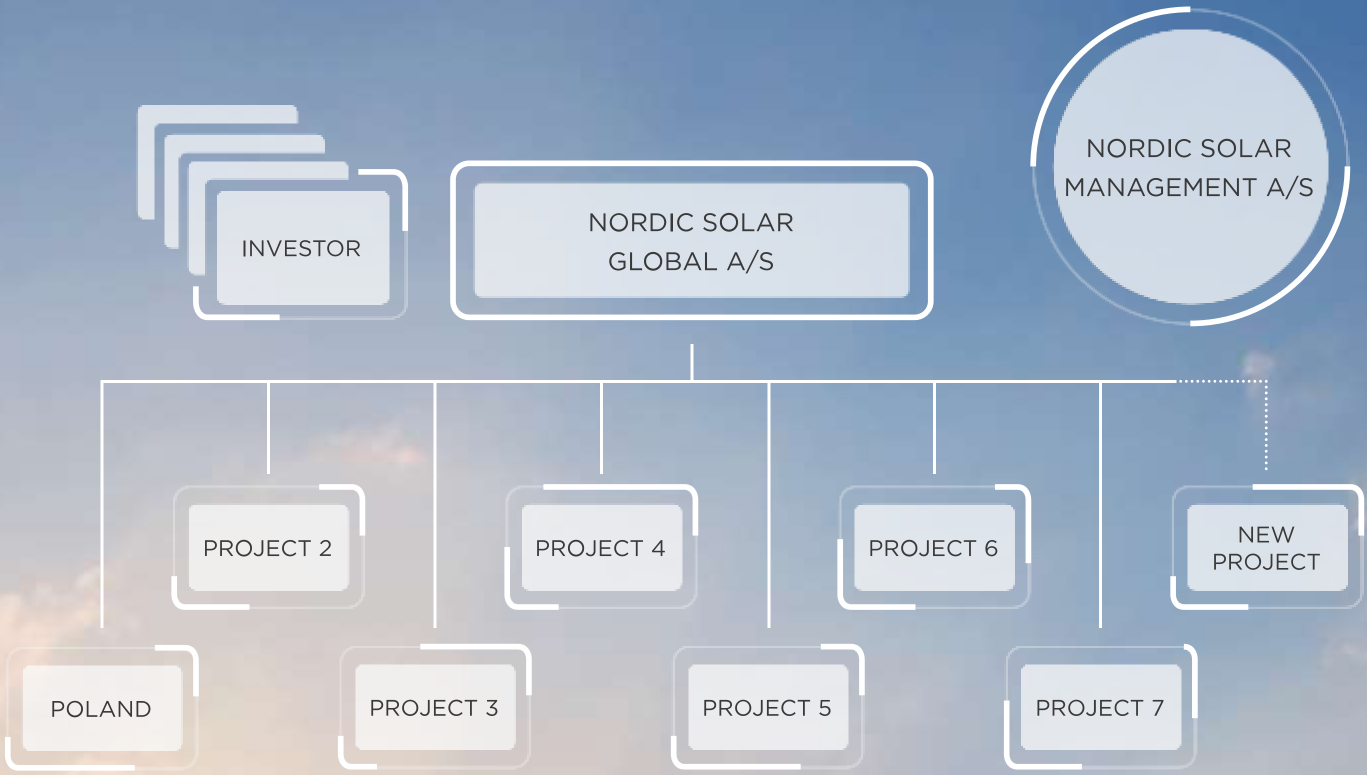
All investments and other significant transactions are subject to approval by the Board of Directors. This ensures that all investments are done with the purpose, to secure the investors the highest possible return with low fixed costs and a moderate risk.

All agreements between Global and NSM are similar to the agreements in the NSE fund, with an addition of an agreement of additional payment for handling the construction and financing phase of the projects. All contracts between NSM and Global are based on current market terms and may be terminated by either party within a fair notice period. This ensures that the control of the company lies with the shareholders and it creates a flexible and transparent cost structure.

Based on a desire to create value and growth for the shareholders, NSM operates Global based on these key values: Thoroughness, openness and honesty. NSM strives to be a serious and trustworthy partner for the customers, suppliers and employees. Keywords are openness in working methods, honest communication and respect for the work-life balance of the employees.

Nordic Solar Global A/S is a limited liability company registered in Denmark and is owned by 71 Danish investors as well as a few foreign investors.

Business structure



*For legal structure see page 60-61

The first investment in RTB project rights in Poland was conducted in December 2018 and the projects were constructed in 2019. New projects in new countries are expected purchased and constructed in 2020. Globals legal structure is illustrated on page 60-61.

BUSINESS MODEL

The business model of Global is built on these four pillars:

1. A return of 8-12% per year

When investing in project rights, Global invests in solar parks where the total return after construction and financing of the project reaches a minimum of 8% return in the current market. The return target for the fund is currently 8-12% per year. The return expectations will follow the market development over the years, however the return for taking the construction and financing phase is significantly higher than investment in operational projects with financing already in place. The value creation model is further explained on the following pages.

2. Risk diversification

With the objective of ensuring a relatively low investment risk, over time the company will spread the investments on a large portfolio of assets in a number of different OECD countries, thus ensuring low dependency on each individual country's subsidy schemes, tax policy, energy policy, etc. Currently the portfolio only consists of one project in Poland, hence the risk diversification is built up over time.

3. Annual dividend distributions

It is company policy to distribute cash flow received each year from the solar parks in the portfolio in the form of dividends to Globals shareholders. However, the investment in project rights and taking the projects through the construction phase requires time, and the positive cash flows hence typically arrives 12-24 months after the initial investment. Thus, The company will initially receive lower dividends per share, the higher the growth is.

4. Liquidity in the share

Globals share register is administered by VP Securities, who will also handle future annual distribution of dividends. The shares are freely negotiable instruments and may be placed in an ordinary custody account with any Danish bank.

It is the plan to create a liquidity mechanism, enabling the company to buy back own shares, at the monthly calculated share price, so that individual shareholders have an opportunity to sell their shares with short notice.

The exit strategy for the whole portfolio is for the company to be listed on the stock exchange, when an adequate equity and portfolio size has been reached. An alternative exit strategy could be a sale of the entire company.

VALUE CREATION MODEL

Global invests in project rights for solar photovoltaic (PV) parks and manages the construction phase as well as secures the long-term financing of the asset. When the solar park is in operation, the company keeps the asset and handles the daily operations. The value chain and Globals role is illustrated in the figure on page 13.

Global is not involved in project development but enters at the ready-to-build (RTB) stage. The definition of an RTB project can vary with the circumstances. All permissions and all project authorizations are not necessarily in place at the time of purchase, but it should be possible to make a due diligence on the project rights and confirm the projects feasibility within the expected time frame before the investment decision is made.

The value creation in Global compared to purchasing operational and financed solar projects, can be divided into two. First, purchasing a project early in the value chain reduces the purchase price of the project and thereby results in a higher overall return on the investment. Secondly, committing to the investment on a full equity basis and then undertaking the process of establishing the long-term financing also typically creates a higher return on the investment. The expected uplift on the return in these two phases is shown in the figure on page 13. It is estimated that an unlevered return of 6-8% may be increased to an 8-12% return after a project is successfully constructed, financed and put into operation.

The challenge of entering early into the value chain is, that the risk is naturally higher than entering later in the value chain. At the same time, there are different skills needed to handle the extra assignments by entering projects earlier in the value chain. Sourcing and construction management skills must be in place as well as project financing expertise.

The risks of taking a PV solar project from purchase through an RTB phase, over construction to a commercial asset in operation is mitigated through several measures. First, the choice of experienced partners, high quality bankable hardware from trusted suppliers as well as ensuring that the payments follow a milestone payment scheme. Secondly, a thorough complete technical, legal and financial due diligence combined with contracts that contains adequate security and guarantees is equally an important element.

An example of the milestone payment scheme is illustrated in the figure on page 14. Typically, the payments follow the deliverables and value creation expected from the contractor. This means that when e.g. modules are delivered, a certain share of the contract sum is released and when panels have been installed, another share of the sum is released. The last two payment milestones are typically released after the Provisional Acceptance Certificate (PAC) is issued and when the Final Acceptance Certificate (FAC) is issued, respectively. PAC test is the first full test of the PV system after grid connection and is a test of the systems functionality and performance compared to expectations and budget. The FAC test is typically done two years after grid connection and here it is tested whether the system over a two-year period performs as expected. The control of milestone achievements by an independent advisor may secure that the payments follows the deliverables.

NSM who manages all activities for Global has over the past 10 years invested in turnkey and operational solar parks for the NSE fund. Over the past years NSM has gathered experience in both handling the construction phase as well as the financing phase, making the new investment strategy in Global possible.

The first project for the Global portfolio was purchased in the end of 2018 and constructed, financed and partly grid connected in 2019. The first project showed the strength of the value creation model. The project rights were bought with 100% equity and without external financing, the construction costs were paid in milestones and the external financing was negotiated during the construction period. The total return on the first project is estimated to above 16% so far. This is above the expected return level of the next investments, where 8-12% is the target.

INVESTMENT STRATEGY

Globals growth and value creation is based on the following investment policy and strategy:

Investments are made only in project rights for the construction of PV solar parks that are so-called ready-to-build (RTB). When acquiring (RTB) project rights the following investment characteristics are sought:

- After financing and grid connection, the project is in the current market expected to yield above 8% return measured by the internal rate of return (IRR). The projected returns may include the risk of obtaining a power purchase agreement for electricity sales (PPA), the risk of obtaining long term financing and the terms hereof, the realisation of the expected cost structure in the project as well as the construction risk in its own. This means, that the uncertainty of obtaining the expected return is higher than when purchasing operational projects where project financing is already in place.
- Investments are conducted within the geographical area of OECD countries with the ambition to have minimum 50% of the portfolio invested in Europe and maximum 50% in the rest of OECD. Investments may be made in countries outside the OECD if the Board of Directors assesses that a specific country’s economy and politics are based on market economy and democracy.
- The objective is that a maximum of 33% of the total investments are made in one country and that investments in any one currency different from EUR or DKK does not exceed 33% share of the portfolio.
- The objective is that minimum 40% of all investments is denominated in either EUR or DKK.

Continues on page 16.

PROJECT DEVELOPMENT → TURNKEY PROJECT → CONSTRUCTION → ENERGY PRODUCTION

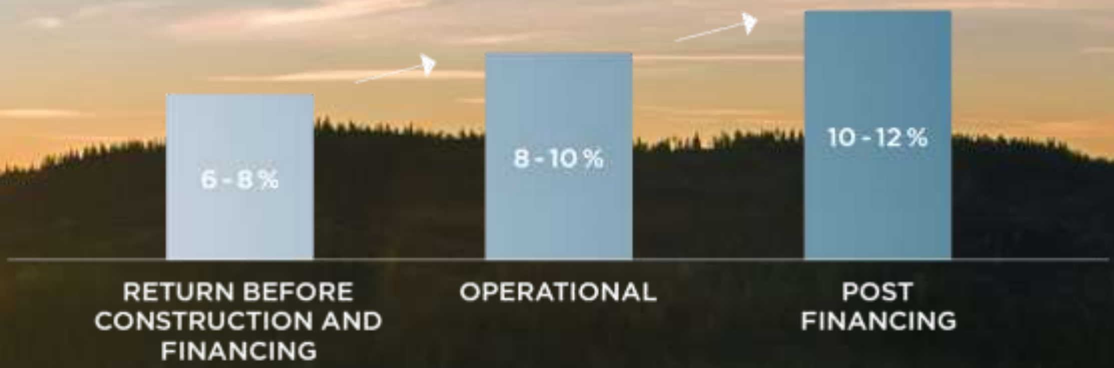
PROJECT DEVELOPMENT
- Land rights
- Permits
- Authorisations
- Grid access
- Subsidy or market conditions
- Feasibility studies

TURNKEY PROJECT
- **Equipment supply**
- **EPC* contract**
- **Financing**
- **Power purchase agreement (PPA)**

CONSTRUCTION
- Construction
- Milestone control
- Grid connection
- Project acceptance

*Engineering, Procurement and Construction

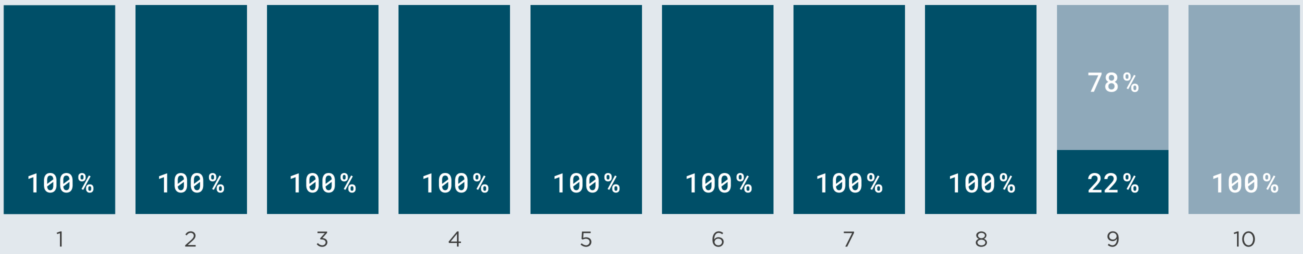
ENERGY PRODUCTION
- Operation
- Continuous optimisation



CONSTRUCTION:
- BETTER VALUATION OF SOLAR PARKS IN OPERATION
- TRACK RECORD INCREASES THE VALUE

FINANCING OPTIONS:
- INDIVIDUAL FINANCING
- PORTFOLIO FINANCING
- BOND FINANCING

Example of construction milestones



MILESTONES	DESCRIPTIONS
1	Ready-to-Build (RTB) is verified and the project has been confirmed.
2	The preparation of land, establishment of roads and fence have been completed and this is confirmed by third-party technical experts.
3	The piles have been rammed and the low voltage cables have been completed and this has been confirmed by third-party technical experts.
4	Transformer stations have been delivered to the site.
5	The substructure assembly is completed and is confirmed by third-party technical experts.
6	The module installation is completed and is confirmed by third-party technical experts.
7	The direct current (DC) works and inverter installation are completed and is confirmed by third-party technical experts.
8	Alternating current (AC) installation is completed and is confirmed by third-party technical experts.
9	Provisional Acceptance Certificate (PAC) is completed.
10	Final Acceptance Certificate (FAC) is completed.

Completed

Uncompleted

The Board of Directors may, temporarily, deviate from the above policies of maximum ratio's in a currency or country if the policy is expected to be fulfilled in the long run. Specifically, none of the limitations apply until a minimum of 5 investments have been conducted.

One of the Board of Directors' duties is to adjust the investment policy on an ongoing basis to best accommodate the investors' interests and the development of the market. Hence the expected return is expected to change over time.

SENSITIVITY ANALYSIS
The company strives to ensure that the investors always receive the highest possible risk-weighted return. Detailed calculations of how the individual solar park budgets are affected by changes in the main assumptions are always part of the investment process. The key elements in this sensitivity analysis is:

Changes in revenue.
May be due to e.g. lower than expected solar irradiation.

Degradation of solar panels.
Higher degradation than assumed lowers expected production.

Inflation.
May affect both expenses and subsidies to the degree these are adjusted for inflation.

Change in electricity prices.
To the extent that the solar park's revenue comes from subsidies or from the sale of electricity on market terms. Professional electricity price forecasts are used, and the sensitivity of high or low case scenarios are evaluated. If a PPA is assumed, changes in PPA terms are evaluated.
Changes in budgeted operating expenses.
Covers unforeseen expenses as well as the effect of cost optimisation.

Changes in assumed cost price for construction.
The cost price for the actual construction of a solar park may differ from the assumptions made in the investment budget.

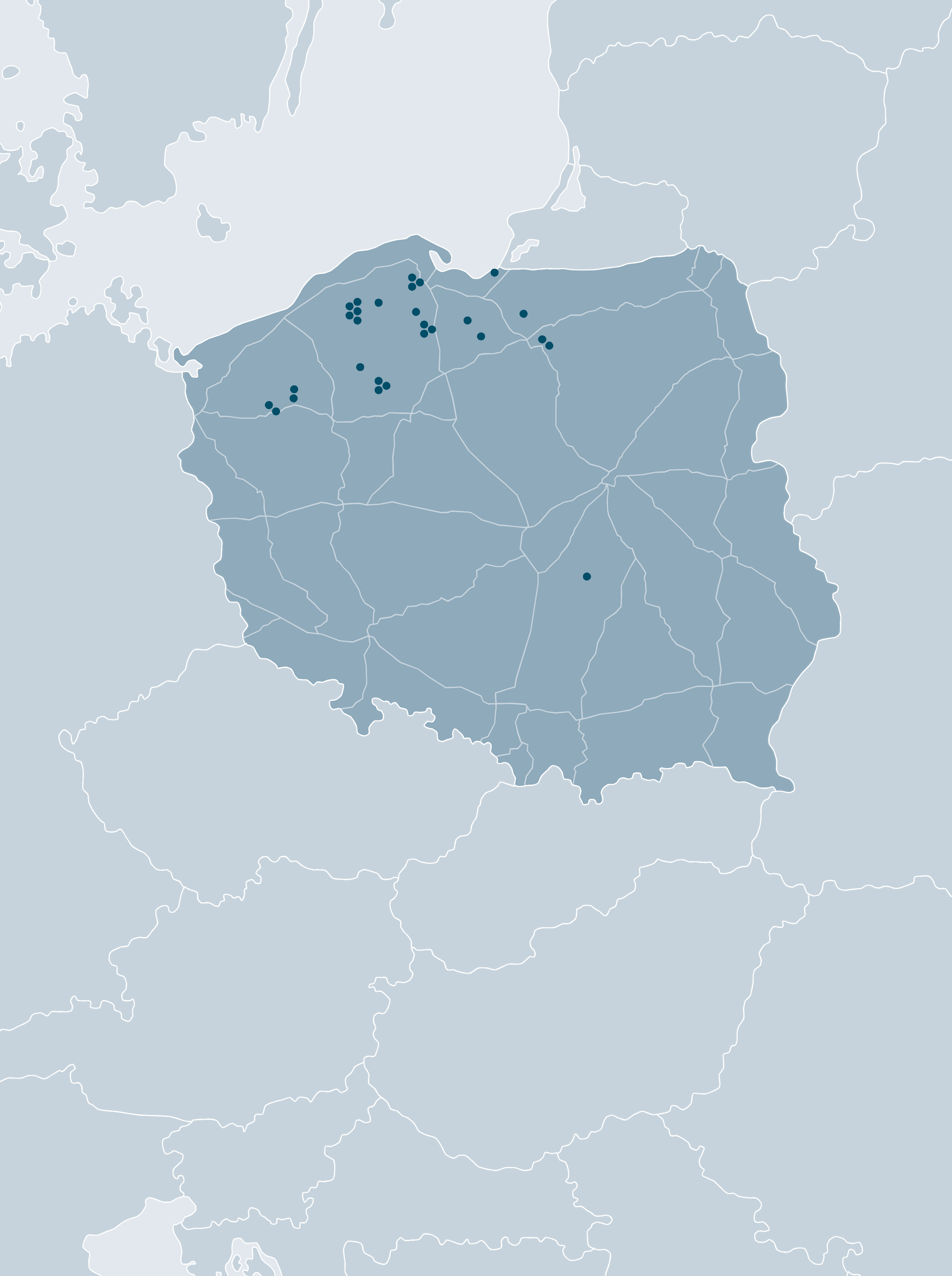
Changes in the key parameters of the expected financing terms.
In general, returns on a solar park are very stable and, measured by IRR, are affected by no more than +/- 1 percentage point on most parameters in case of a 5 % change in each individual variable. However, the movement of the industry from subsidy based to market based non-subsidised projects, the dependence on especially the electricity price development and the achievable PPA has increased importance. Therefore, the sensitivity on the electricity price development is an essential part of the investment process.

SOLAR PARKS
Global currently owns 28 solar parks in Poland, with a production capacity of 26.3 MWp. The parks were purchased in December 2018 as RTB projects. Global also owns project rights for four additional projects of almost 4 MWp RTB solar parks. These where amongst the winners in the November 5th, 2019 auction for solar and wind held by The Polish Energy Regulatory Office.

An option for the construction of these at a fixed price was exercised, in conjunction with the winning bid, and construction is planned for Q2 2020.

OPERATION OF THE SOLAR PARKS
Operation and maintenance of Globals solar parks are handled by local partners who ensure the highest possible productivity based on maintenance and supervision of the parks. As shown on page 9, there is currently only one group of solar parks in Poland in the portfolio. The operation of the Polish solar parks is handled by the contractor the first two years after the parks have been grid connected and passed the PAC test. Thereby the performance guarantees in the contract are secured, and the operation of the parks is conducted by the most knowledgeable supplier. After the final acceptance certificate has been achieved – typically the FAC test is two years after the PAC test - the solar parks are normally free to change supplier. If operations are conducted satisfactory, the change of supplier is not necessarily desirable.

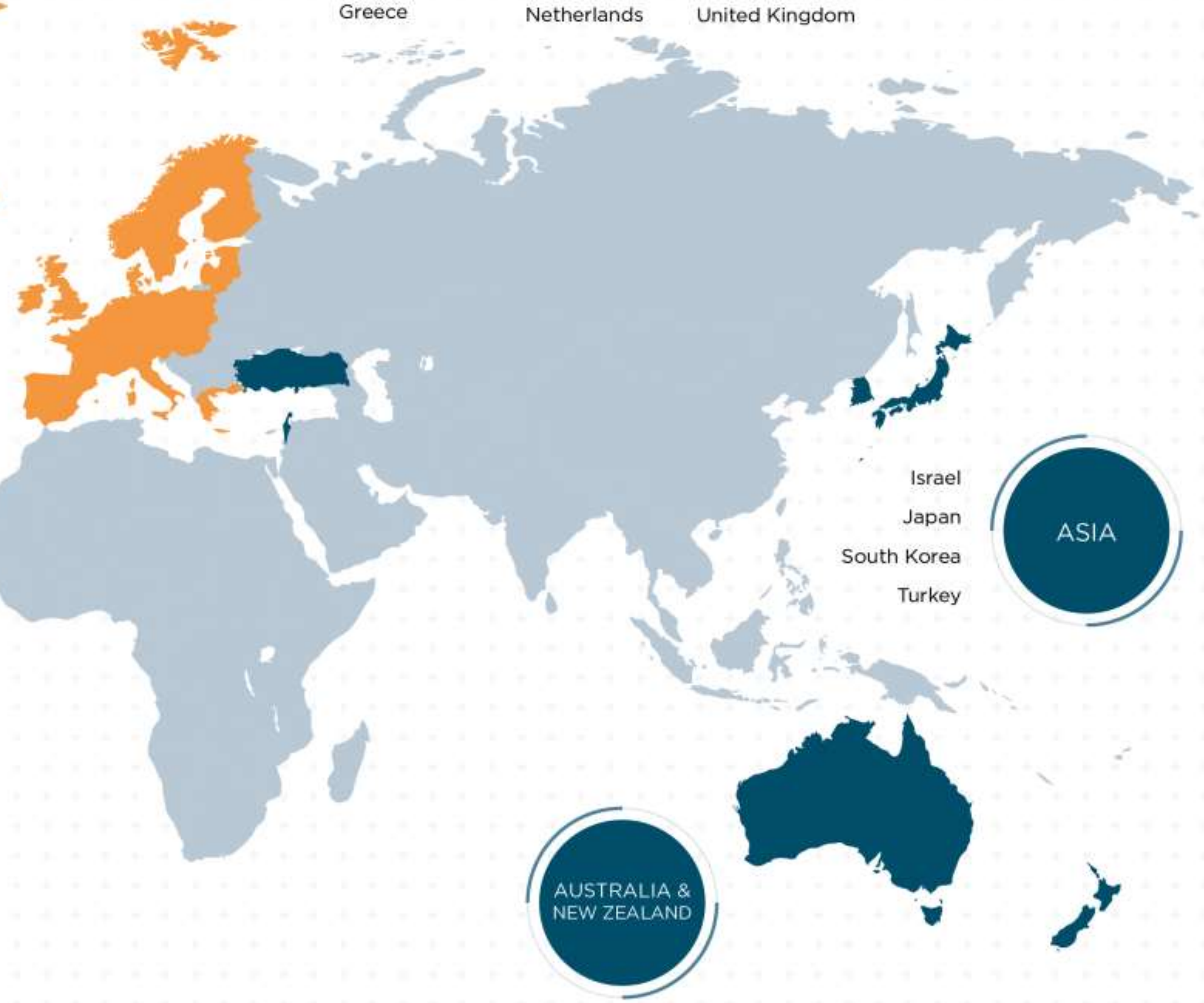
In 2019 there was no actual operations in the Polish portfolio, as grid connection was not achieved until the end of the year.



Geographical investment policy

EUROPE

Austria
Belgium
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Greenland
Hungary
Iceland
Ireland
Italy
Latvia
Lithuania
Luxembourg
Netherlands
Norway
Slovakia
Slovenia
Spain
Sweden
Switzerland
Poland
Portugal
United Kingdom



SHAREHOLDER RETURN

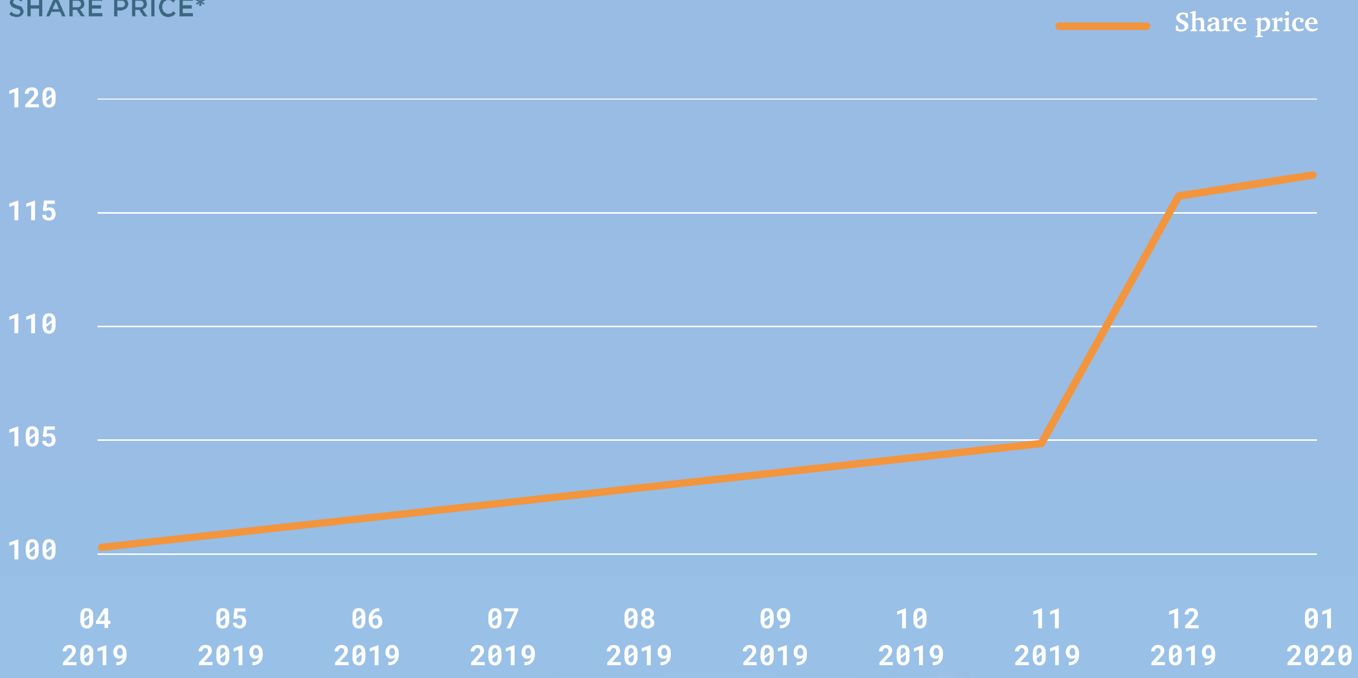
Nordic Solar Global recorded a net return of 16.5% to its shareholders in 2019, originating from an increase in the share price from DKK 100 to DKK 116.5. The shareholder return primarily stems from the added value of the construction and the financing of the Polish portfolio.

Since April 2019, Global has made monthly, unaudited fair value calculations of the share price. The valuation is based on the budgeted cash flows for each solar park discounted to net present value by the estimated market return for the individual project and country. The company aims to arrive at a realistic, yet conservative, valuation of the solar parks and thus the shares. As ongoing capital increases and potential sellbacks of shares to the company are based on the monthly calculated share price, the price must reflect the fair value of Globals equity. The price should not only be fair to the existing shareholders, whose share-holdings are diluted in connection with capital increases, but also to new investors in Global.

Movements in the share price since the company was established are shown on page 21.

In the beginning of December 2019, the share price increased due to a value adjustment of the solar park, decided by the Board of Directors. The basis for this adjustment was that two major milestones in the Polish portfolio had been reached: 1) the construction of the 28 solar parks had all been completed and 2) an agreement had been made on loan terms in relation to local project financing. After the value adjustment, the return for the Polish portfolio is fixed at a market-based return measured on IRR of a financed and operational project in the Polish market.

NORDIC SOLAR GLOBAL SHARE PRICE*



*The share price is unaudited and calculated from an estimated fair value and is not based on underlying trade.

»I'd put my money on the sun and solar energy. What a source of power! I hope we don't have to wait until oil and coal run out before we tackle that.«

- Thomas Edison, 1931

THE ENVIRONMENT
While the global community has adopted a common long-term goal of keeping the global temperature increase below 2° C, many scientists point to further limiting the increase to 1,5° C. According to some sources switching to renewable energy combined with a better energy efficiency can produce up to 90% of the reduction in the CO_2 emissions needed to reach the global climate goals by 2050.

Nordic Solar (NSE, Global & NSM collectively) and our investors share a common vision of contributing to this dramatic reduction. Through enabling solar energy to expand and to become a prominent force, we will participate in a global effort to abolish fossil fuels and thereby help create a better environment and future.

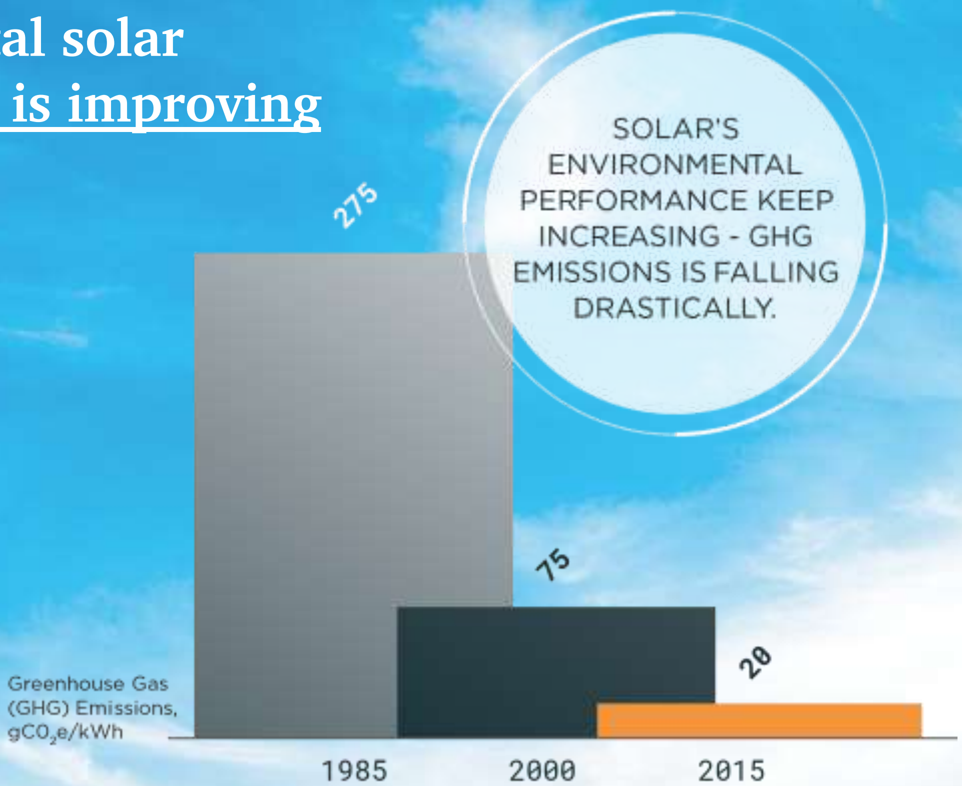
Through technological progress, solar panels are not only getting cheaper and more efficient, they also get more sustainable to produce. The emissions from producing a solar panel has continuously fallen and is today roughly 1/3 of what it was 15 years ago. Also, today 90% of a solar panel is recyclable.

One common refrain heard at COP25 in Madrid from protesters and observers was the discrepancy between the slow pace of the talks and the urgency suggested by the latest science. For some years now, a great part of growth in renewable investments seems to have been driven more by »it makes sense businesswise« than actual public support schemes. But maybe this is about to change?

The next long-term EU budget will run for seven years from 2021 to 2027 and will invest substantially in climate- and environment-related objectives. The Commission proposed 25% of its total budget to contribute to climate action and spending on the environment across multiple programmes in the so-called European Green Deal, aiming EU to become the world's first climate-neutral bloc by 2050. Sustainable Europe Investment Plan is the investment pillar of the Green Deal. To achieve the goals set by EU, this Plan will mobilise at least EUR 1 trillion in sustainable investments over the next decade. Solar energy generates only 4% of Europe's electricity, but this rate varies significantly from country to country. Malta has the highest proportion, producing 9% of its electricity from solar energy. Germany, Greece and Italy all compete for second place at 8%, while some countries have almost no solar generation: Poland, Finland, Estonia, Latvia, Sweden and Ireland barely register, and even sunny Croatia and Slovenia have only 1%.

Reaching the EU's 2030 renewable goals, renewable electricity must rise to 57% of the electricity mix, up from 35% in 2019. In the Commission's modelling, wind more than doubles from 13% in 2019 to 26% and solar almost triples from 4% to 11% by 2030. Nordic Solar Global will closely monitor the political landscape and marked development and looks forward to being part of this transition for many years, hopefully doing our little bit reaching a sustainable future.

Environmental solar performance is improving



Source: Solar Power Association Europe

03

Report 2018-2019

MARKET DEVELOPMENT

In 2019 more than a third of EU's Gross Electricity Generation came from renewables and for the first time, wind and solar combined provided more electricity than coal. These numbers stem from a fresh report by climate think-tank Sandbag, from February 2020.

One of the major findings of the report also reads that: »The European Green Deal has put the fight against the climate crisis at the very core of all EU policy work over the next five years: EU heads of state have endorsed Europe to become the first greenhouse gas neutral continent by 2050, and the EU commission is putting forward proposals to raise Europe's 2030 greenhouse gas reduction target to -50% or -55% below 1990 levels. This implies that power sector emissions will keep falling, even if electricity demand increases as transport, heating industry continue to electrify. «

According to Bloomberg New Energy Finance (BNEF), corporate clean energy buying leapt an astonishing and record-breaking 44% in 2019 alone and the same source reported that global investment in renewable energy came in at USD 282,2 billion.

The future looks even more promising for the solar industry. McKinsey & Company reports that post the year 2035 more than 50% of power generation will be renewable with solar energy expected to increase by a staggering factor of 60 from 2015 to 2050. According to BNEF, the global solar market is expected to grow about 14% in 2020 in new installed capacity terms, close to 138 GW up from about 121GW in 2019, with many projects now being built without direct subsidy.

In Europe, about 4.7 GW of solar projects with short-term power contracts or selling directly to the merchant power market will be built in 2020, up from 1.3 GW in 2019, the year this market kicked off.

The European and Global political focus, for countries to meet the 2030 sustainable energy goals, seems to be in place, too. Quite a lot of countries, however, are struggling to keep up with the needed milestones, and here solar energy is going to play a major part in getting them back on track.

At Nordic Solar, we have been a part of the green transition since 2010, and our investors are very much aware of the need for a change in power generation and see solar energy as an important part of the green transition. We see it as vitally important that investing in renewable energy is indeed good business and that our investors can trust us to put their funds into this fast-moving market.

We are seeing firm downward pressure on new wind and PV project costs from more and more capacity being awarded via tender or auction. Here, competition between developers continues to reveal incredibly low prices, which in turn has squeezed margins all along the supply chain.

Solar energy is indeed an effective source compared to conventional energy. In fact, one square meter of yearly solar radiation equals the energy of a barrel of oil, 200 kilos of coal or 140 cubic meters of natural gas.

The driving force behind the growing solar energy market is partly the political and public support based on the climate challenges facing the globe, and partly economic trends, as solar energy has become the cheapest type of new energy in around 2/3 of the world.

More EU-countries are deciding to cease generating electricity from coal by 2028 or 2030 at the latest, bringing the total countries coal-free by 2030 to 20 out of 28 EU-countries. Latest in 2019, Greece and Hungary made this decision.

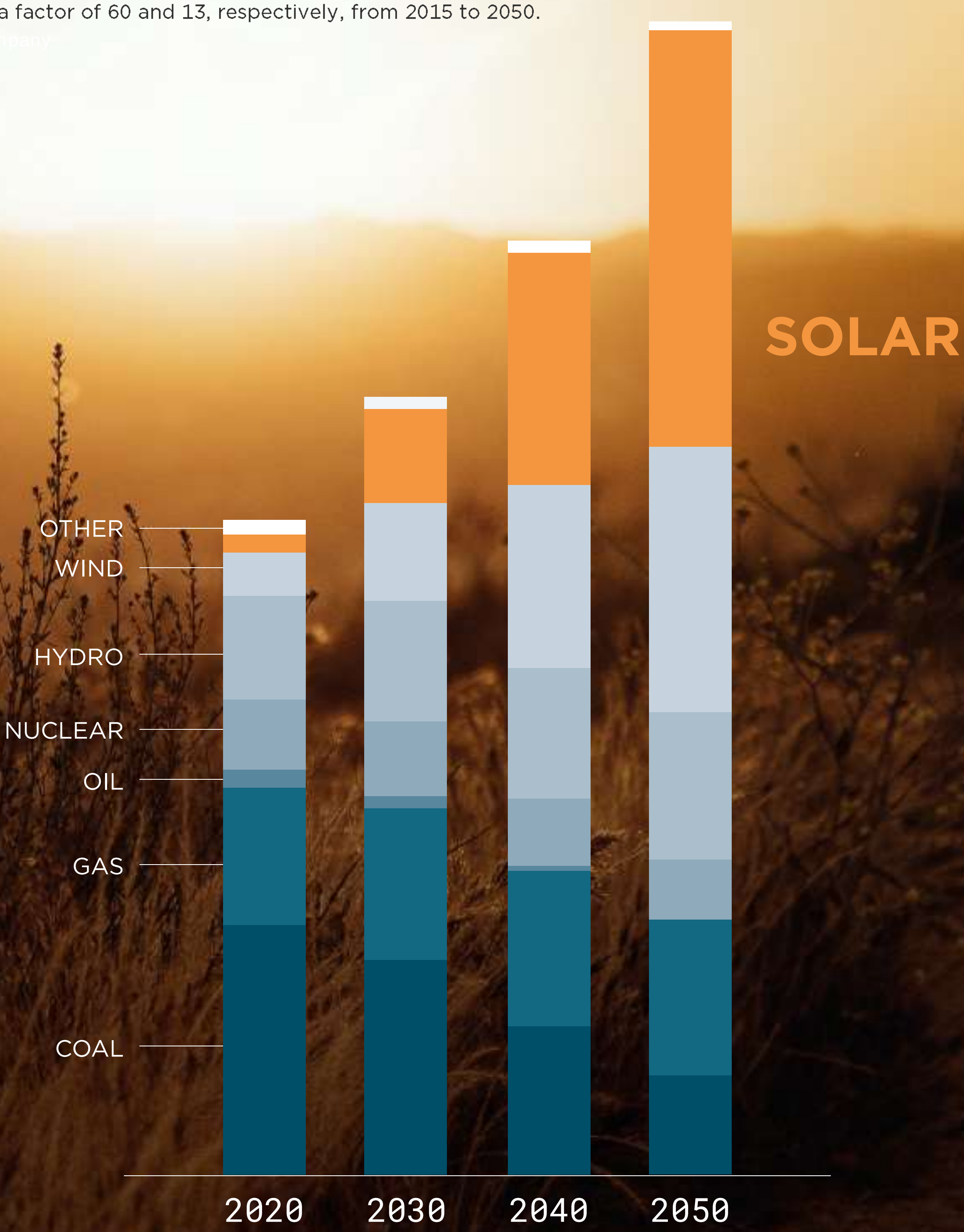
Despite the political trends, the constantly decreasing cost of producing solar energy is still a significant driving force behind the global solar energy market. Consequently, many countries established solar energy production as the cheapest type of energy, and other countries have been able to substantially reduce or even abolish their subsidies to the green transition. In Europe, subsidy-free solar parks are now being built in most of Southern Europe, and the geographical border line for making such investments is moving north. Expectations are that it will be possible to set up subsidy-free solar energy production in Denmark in a matter of 1-2 years despite the relatively limited solar radiation in this country.

Public support for the green transition is unprecedented and there is a huge demand for political action and with the magnitude of the tasks ahead, we expect these issues will be at the heart of European policy ambitions in coming years. We also expect a further reduction of the cost of establishing new solar energy plants. Expecting renewable energy, in particular solar energy to continue its growing share of the world's energy mix, Nordic Solar Global still envisages strong growth in the market. With solar energy being a competitive energy source all over the world, growth expectations are significant.

This is an exciting time for the solar energy industry, now that the climate is seriously on the agenda all over the world. More and more companies, politicians and, not least, consumers, place far greater demands on sustainability and climate considerations. Specifically, this means that we continue to expect strong growth in the solar industry over the coming years.

Expected relative global power generation development from 2020 to 2050

Wind and solar accounted for more than half of new power generation capacity additions in recent years. Renewables will continue to penetrate the global energy mix with solar and wind generation expected to increase by a factor of 60 and 13, respectively, from 2015 to 2050.



Source: Global Energy Perspective 2019, McKinsey & Company

MARKET RISK

The European renewable energy landscape is undergoing change. As many countries have now transitioned to competitive auctions, government subsidies play a diminishing role in driving renewable energy deployment. Market parity is a reality in most countries, and subsidy-free development is the new norm.

For the owner of a solar park, the market risk depends on, the degree to which revenue is based on subsidies or on the sale of electricity in the electricity market (so called merchant projects). With sale of electricity in the wholesale market becoming the main revenue stream, the electricity market development is crucial for the return on a solar project.

The energy market is typically regional or country specific, and the development is dependent on many assumptions regarding supply/capacity development and consumption expectations. In Global we use large efforts on understanding the expected developments and market drivers of the electricity markets in the countries we invest in and use professional advisor reports on the different markets.

Demand for energy is growing across all developed markets. This growth, combined with expectation of higher carbon prices in Europe, creates an expectation of higher power prices in some markets.

The expected supply development in the regional energy markets differ, but generally there is an expectation for a steep rising share of solar and wind energy in the production mix.

Finally, the expected development within storage is important. It is generally expected that cost of storage will be reduced, and the installed storage capacity will increase rapidly.

The share of the new solar projects with subsidies is decreasing, but for Nordic Solar Global, the current portfolio is only in Poland, with a 15-year guaranteed electricity price and a period of 15 years hereafter, where the electricity is sold on the wholesale market. The risk on a government subsidised electricity price is connected to the risk for a retroactive removal or reduction of the subsidy.

Nordic Solar Global see a very limited risk on the subsidy in the Polish market. The reason is two-fold. First of all, the subsidy system has been made as an auction process securing the lowest possible subsidy level. This entails that the subsidy burden of solar for the Polish society is relatively low. Secondly the electricity price has risen significantly in Poland, and the expectation is that the electricity price will rise even further the coming years. This means that the difference between the subsidy level and the actual electricity price in the wholesale market is low and decreasing. Thereby the effect of an (unexpected) retroactive subsidy change is limited and decreasing.

In general, Globals opinion is, that the risk of further intervention in existing tariff schemes is limited. The new subsidy schemes in the area of solar energy that exist in the EU today are very close to the guidelines which the EU Commission recommends that all EU member states adopt. According to these guidelines, subsidies are given as part of a competitive tender in which the tenderers offering the lowest electricity prices and, thus, the lowest subsidies will win. Thus, investors get a market return, and the decreasing costs of establishing solar energy plants benefit the taxpayers through reduced cost of the green transition.

It is expected that Nordic Solar Globals revenue in the future will change from today, where all of it is based on the Polish auction system, to a situation where the revenue mostly will be based on the sale of electricity in the wholesale market. As the pricing of electricity is a complex matter, Global closely monitors market developments.

Other market risks include general tax changes in the individual countries as well as changes in regulation on the power supply market or changes in tariffs and indirect taxes.

FINANCIAL RISK

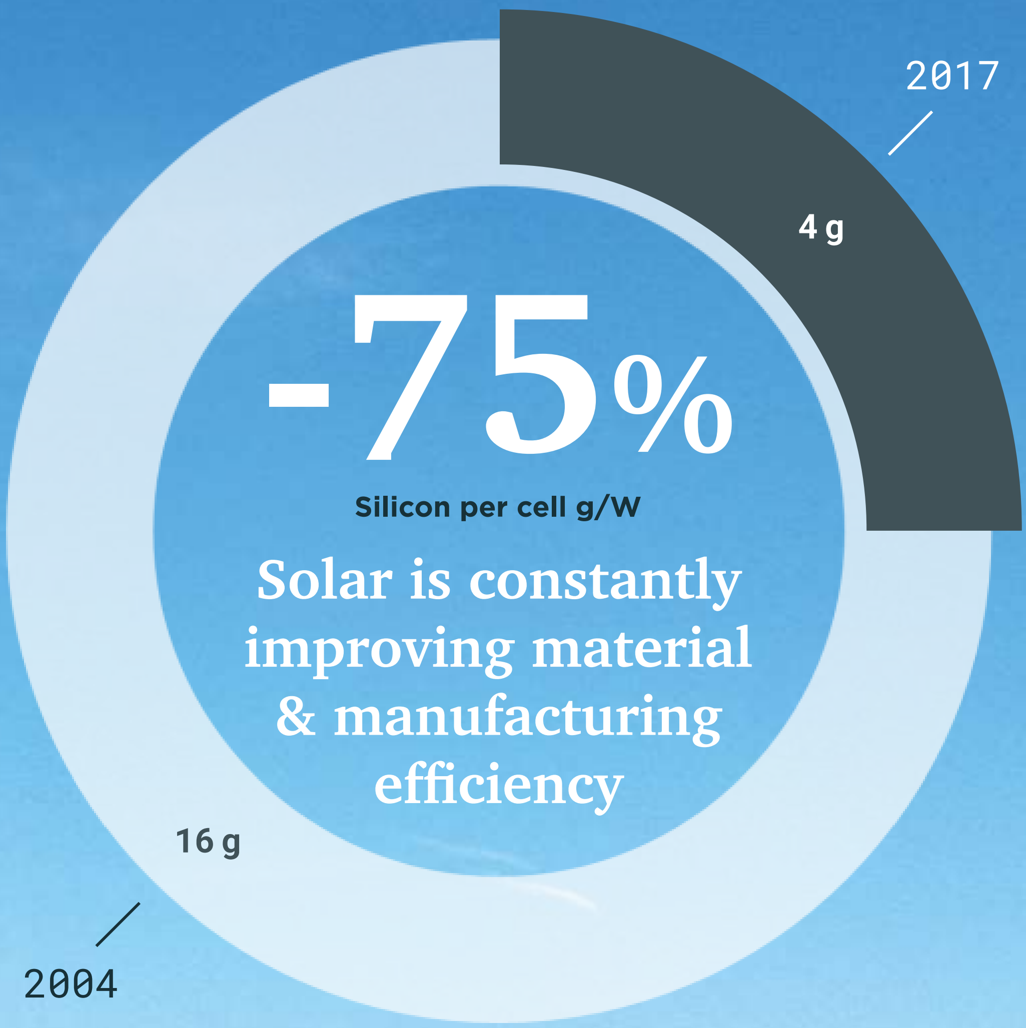
Globals strategy of purchasing project rights and handling the construction and financing of the solar parks entails a certain amount of financial risk.

In the initial phase when a project is bought until the construction is completed, and the project financing is in place, shifts in currency and/or interest rates will influence the budgeted return of the project and hence the project value.

When a solar park goes into operation and financing is in place, the financial risk is reduced, as most of the solar parks' loan financing typically is based on non-recourse, fixed-rate loans with no collateral from the borrower. This means that there is an anticipated higher financial risk the first 12 month of a solar project, and that a change in these parameters to a large degree will be reflected in the development of the value of the project in this period.

The valuation of solar parks and the return on new investments are in general associated with a certain amount of financial risk. If interest rates rise or fall, the alternative market return will change, which is expected to impact the valuation both of existing solar parks and the expected return on new investments for the portfolio. Another factor that may affect solar park valuation is the increasing acceptance of solar energy as an investment asset. The fact that more investors have begun to see solar energy as an attractive investment opportunity, has increased demand for solar parks, hence implying rising prices and lower return. This is also what the company has experienced over the past year in the market.

Exchange rates represent another financial risk in relation to Nordic Solar Globals portfolio. Today, 100% of Globals capital is invested in Poland and hence in Polish Zloty (PLN), however the exchange rate exposure is reduced by the debt financing in local currency.



Source: Solar Power Association Europe

Hence as the proceeds of the debt financing are invested in other countries and currencies (expectedly EUR) the exchange rate exposure is reduced to the remaining equity part of the Polish investment. Global is thus exposed to currency risks in respect of any future dividends which are denominated in PLN over the project lifetime. On this basis, the return on the investments is affected by potential fluctuations in the PLN rates and later by potentially other currencies.

More solar projects enter power-purchase-agreements (PPAs) to lock in long-term pricing and stable yields. Large energy users are looking to manage forward risk on energy price volatility and sustainability objectives. Energy producers like Nordic Solar Global on the other hand want to secure low-cost financing, which often includes securing a stable cash flow through a PPA for a part of the loan period. As the solar market to a large degree has become subsidy-free, there is a boom in PPAs in Europe. Global has not yet entered any long-term PPAs but expect to do so in the future. Global would then undertake a financial risk on the financial strength of a counterpart of a potential PPA, and thus such a counterpart risk would need to be thoroughly evaluated.

THE DEVELOPMENT IN 2018-2019

The period covering the first annual report 2018-2019 was characterised by the establishment of the company, capital raise for the first investments as well as realising the first investment.

Since the establishment in October 2018 and until end of year 2019, there has been injected in total EUR 18.5 mill. as equity capital in Global. On top of this, there has been raised commitments of additionally EUR 12 mill. in new capital in the form of shareholder loans that may be converted to equity when they are drawn. The capital raise is an ongoing process and the investment capacity is adjusted to the capital inflow, as there are many possible investment opportunities in the market. By the end of 2019, the number of shareholders was increased to 71.

The first investment in the 26 MWp solar projects portfolio in Poland was financed in full by equity alone over the period from April to November 2019 and during this period, a long-term project financing facility was negotiated with mBank in Poland. The project financing was signed in December 2019 and the expected drawdown of the loan facility is scheduled to March 2020. The drawdown of the loan facility will be used for new investments for the Global portfolio.

An additional 4 MWp project rights were included in the Polish portfolio. These projects bid into the auction in December 2019, won a tariff and will be built during Q2 2020. Financing of the construction will be partly through the local bank financing secured in December 2020.

On the investment side, Global has a large pipeline of projects for construction start in 2020 and 2021. It is expected that some of these projects are signed in Q2 2020 with construction start in Q3 or Q4 2020. The projects in the pipeline are in Portugal, Spain, and Poland. In Portugal and Spain, the projects are without subsidy, and are either based on PPA's or fully merchant. In Poland the potential projects are based on the 15-year tariff system with merchant sales after this period. The pipeline of concrete projects where negotiations are ongoing is above 200 MWp of which it is realistic with construction start on up to 100 MWp in 2020.

For the year 2018-2019, it may be concluded that it was the year where Nordic Solar Globals proof of concept was reached. There is an appetite from the investors and the pipeline as well as the skills to realise it is in place. Furthermore, the expected value creation for the shareholders was confirmed, with a share price increase of 16,5%, which is well above the expected level of 8-12% per year.

THE FINANCIAL STATEMENTS FOR 2018-2019

The financial statements for 2018-19 covers 16 months. It has been decided to present the financial statements in accordance with the International Financial Reporting Standards, IFRS from the beginning. The background for this decision is to prepare the company either for an IPO or a full sale in the future.

In 2018-2019, no revenue was recognised, as the period only included capital raise for, investment in and construction of solar parks. No solar parks were in operation until the end of the year. EBITDA was as expected negative with EUR -0.8 mill. for the period. Profit before tax for the 2018-19 was realised at EUR -0.9 mill., whereas profit after tax totalled EUR -0.7 mill. The tax loss carry-forward in the Polish subsidiary was booked as a tax asset, reflecting that it is expected to use the tax loss carry-forward in the short term. Included in the loss of 2018-19 is provision for warrants to the management company on the value creation for Global of EUR 0.4 mill.

As expected, no dividend payment is proposed for 2018-19, as no cash flow from operations has been generated in the period.

DEVELOPMENT IN 2020

Since the year end of 2019, Global has not completed the acquisition of further projects rights or concluded any capital increases. The financing of the Polish portfolio has been executed and the drawdown will be used for new investments expected finalised in Q2.

OUTLOOK FOR 2020

Additional growth is expected in 2020 through the acquisition of new ready-to-build solar projects, and the company's ambitious target is to reach a capacity of 100 MWp under construction, equivalent to a growth of more than 400%. Meeting this target will call for an inflow of new capital as well as a couple of new acquisitions besides the already planned.

In addition to attaining the ambitious growth target, the 2020 focus of the management company will be on further strengthening the administration and ensuring stable operations of the solar parks build in 2019.

Through its first investments in Poland, Nordic Solar Global came off to a great start and 2020 also looks to be an exciting year. The strategy of building a portfolio of solar parks in OECD countries, constructed by Global will thus be carried on.

A shareholder return at the level of 8-12%, net of all costs, is expected for 2020.

The operational Polish portfolio is expected to generate a revenue of approximately EUR 1.9 mill. in 2020.

COVID-19 EFFECT

The COVID-19 outbreak in Q1 2020 will have a great impact on the global economy, with many governments across the world deciding to »close down their countries«. The full effect of the COVID-19 outbreak on Global is not yet known, but Management's expectations is the following:

- The daily operations of the solar parks will not be significantly affected. However, there may, for a period, be longer reaction times on repairs. Scheduled preventive maintenance is postponed on some plants, however the expected production volume for the full year is unchanged.
- Revenue is not expected to be influenced as almost all of Globals revenue relates to government guaranteed fixed prices, consequently no impact is expected.
- Globals expected growth rate may be negatively impacted by the effects of COVID-19 as the inflow of new investment commitments has been reduced in March 2020. It is uncertain how fast capital inflow will revert and at what pace. However, the company's available commitments and cash at hand will secure a part of the expected growth, if suitable investments can be transacted as expected.
- The interest rate development can influence the company results as the draw-down of new loans in Poland has not yet been executed due to the government ordered shut-down, hence the interest rate level on this financing has not yet been secured. However, the interest rate level in Poland has not changed significantly compared to the expected financing level and the effect hereof is thus not expected to be significant.

At this time, it is not possible to estimate the size of the potential negative COVID-19 impact, however no significant effect with respect to revenue, earnings and cash flow for 2020 is expected.

Board of directors and management

»Solar is now the cheapest new energy source in 2/3 of the world«*

Please see :
www.nordicsolar.eu/global
for more information

*Source: Jenny Chase, Head of solar and analyst at BNEF, Bloomberg, September 19th, 2019.

CHRISTIAN SAGILD

CHAIRMAN

MARINUS BOOGERT

VICE-CHAIRMAN

Christian has a solid financial background, is educated actuary from the University of Copenhagen and has had a long career within the pension and insurance industry. He was employed in Topdanmark since 1996, from 1998 as managing director of Topdanmark Life insurance, and in the period 2009-2018 he was group CEO for Topdanmark. Christian is now focusing on board positions and is currently board member in Danske Bank A/S, Royal Unibrew A/S, Ambu A/S, Blue Ocean Robotics A/S and chairman in Nordic Solar Energy A/S as well as Nordic Solar Global A/S. Christian is an investor in Nordic Solar Global A/S.

Marinus has over 20 years of experience in the solar energy industry, e.g. from Shell Solar, and is the founder and CEO of Onestone Solar Holding BV and General Manager of Libra Cleantech Projects BV in Holland. Apart from having a thorough understanding of the industry, Marinus also has a Master of Business from the University of Groningen. Marinus was a co-founder of Nordic Solar Energy A/S in 2010 and is co-owner of the management company Nordic Solar Management A/S, which operates Nordic Solar Energy A/S. Marinus is also vice-chairman of the board of directors in Nordic Solar Energy A/S as well as Nordic Solar Global A/S. Marinus is an investor in Nordic Solar Global A/S.

PER THRANE

BOARD MEMBER

IBEN MAI WINSLØW

BOARD MEMBER

Per is a civil engineer from Denmark's Technical University and founded Thrane & Thrane with his brother in 1981. Per was CEO of Thrane & Thrane, which was listed on the NASDAQ, OMX in 2001. The company is a global leader in satellite communication equipment, with 600 employees at the time, and a turnover of EUR 161 mill. Per has board member positions in BB Electronics A/S, Nordic Solar Global A/S, Nordic Solar Energy A/S and he is Board Chairman in Gentofte Kommunes Havne. Per is investor in Nordic Solar Global A/S and was among the first investors in Nordic Solar Energy A/S and continues to be today.

Iben is a lawyer from The University of Copenhagen, and lawyer with bar before the high court of Denmark, as well as a member of the Council of The Danish Bar and Law Society. In addition to being founder of Byggesocietets Solenergiudvalg and lawyer for businesses in the solar industry, Iben also founded Winsløw Law Firm in Copenhagen with expertise in real estate transactions, commercial lease and property development. Iben has been an external Associate Professor, lecturer and examiner at the University of Copenhagen, and is a Board member of Core Bolig VI, WindSpace A/S, Nordic Solar Global A/S and Nordic Solar Energy A/S. Iben is an investor in Nordic Solar Global A/S.

FRANK SCHYBERG

BOARD MEMBER

Frank is certified within Commercial Insurance from the Academy of Insurance and educated via the banking industry and is CEO and co-owner of IQ Energy Nordic. IQ Energy Nordic delivers energy-saving solutions to businesses throughout the Nordic countries. Frank has worked in the recruiting business, among other positions as CEO in Institut for Karriereudvikling, as Manager and Senior Partner in Signium International and as Nordic Manager for Stepstone. Before this, Frank was employed for 15 years in the financial sector and has been a Board member in several Danish organisations and businesses. Today Frank is Board member for Theis Vine A/S, Nordic Solar Global A/S, Nordic Solar Energy A/S and is a member of VL Group 10. Frank is an investor in Nordic Solar Energy A/S.

NIKOLAJ HOLTET HOFF

CEO

Nikolaj has more than 20 years' experience from investment and corporate management and has worked for AT Kearney, IC Companys, VELUX Gruppen and SR Private Brands. Nikolaj is cand. polit. from the University of Copenhagen and has for the last 15 years managed investment companies. In 2010, Nikolaj founded Nordic Solar Energy A/S and today he owns the majority of Nordic Solar Management A/S. Nikolaj is responsible for the daily operations and management of Nordic Solar Energy A/S, Nordic Solar Global A/S and for the management company Nordic Solar Management A/S. Nikolaj is Board member of Semler Gruppen, Dulong Fine Jewelry A/S and has previously been e.g. Board Chairman of Nørrebro Bryghus and Ticket to Heaven. Nikolaj is an investor in Nordic Solar Global A/S through the management company.

04

Financial statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT 4 SEPTEMBER 2018 – 31 DECEMBER 2019

All figures are in TEUR

	Note	2018/19
Direct costs		-111
Other operating income		22
Other external costs		-683
Gross profit/loss		**-772**
Staff costs	3	-53
Profit/loss before amortisation, depreciation and impairment losses (EBITDA)		**-825**
Amortisation, depreciation and impairment losses		-24
Operating profit/loss (EBIT)		**-849**
Financial income		5
Financial costs	4	-24
Profit/loss before tax		**-868**
Tax on profit/loss for the period	5	160
PROFIT/LOSS FOR THE PERIOD		**-708**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2018/19
PROFIT/LOSS FOR THE PERIOD	**-708**
Other comprehensive income for the period	
Items that may be reclassified to the income statement	
Exchange differences on translation of subsidiaries (net)	131
Other comprehensive income for the period	**131**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**-577**

CONSOLIDATED BALANCE SHEET 31 DECEMBER

All figures are in TEUR

ASSETS	Note	2019
Solar parks under construction	6	17,008
Right-of-use assets	7	2,060
Deferred tax asset	8	160
Non-current assets		**19,228**
Other receivables	9	3,485
Prepayments		344
Cash and cash equivalents		188
Current assets		**4,017**
TOTAL ASSETS		**23,245**

EQUITY AND LIABILITIES	Note	2019
Share capital	10	4,621
Translation reserve		131
Retained earnings		13,542
Total equity		**18,294**
Lease liabilities	11	2,144
Provisions	12	737
Non-current liabilities		**2,881**
Lease liabilities	11	12
Shareholder loans	11	1,752
Trade payables		175
Other payables		131
Current liabilities		**2,070**
Total liabilities		**4,951**
TOTAL EQUITY AND LIABILITIES		**23,245**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures are in TEUR

	Note	Share capital	Translation reserve	Premium	Retained earnings	Total equity
CASH PAYMENT CONCERNING FORMATION OF ENTITY4 SEPTEMBER 2018	10	**54**	**0**	**161**	**0**	**215**
Profit/loss for the period		0	0	0	-708	**-708**
Transfer of premium		0	0	-161	161	**0**
Exchange rate adjustments in subsidiaries		0	131	0	0	**131**
Total comprehensive income for the period		**0**	**131**	**-161**	**-547**	**-577**
Capital increases including related costs	10	4,567	0	0	13,711	**18,278**
Share-based remuneration		0	0	0	378	**378**
Transactions with owners in their capacity as owners		**4,567**	**0**	**0**	**14,089**	**18,656**
EQUITY 31 DECEMBER 2019		**4,621**	**131**	**0**	**13,542**	**18,294**

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are in TEUR

	Note	2018/19
Operating profit/loss (EBIT)		-849
Amortisation, depreciation and impairment losses		24
Share based remuneration		378
Change in net working capital	14	-3,358
Cash flows from ordinary operating activities		**-3,805**
Interests received		5
Interests paid	4	-24
Cash flow from operating activities		**-3,824**
Investments in assets under construction		-15,385
Solar Park investments		-759
Cash flow from investing activities		**-16,144**
Proceeds from borrowings	15	20,213
Repayments of lease liabilities		-89
Proceeds from cash capital increases		32
Cash flow from financing activities		**20,156**
Net cash flow for the period		**188**
Cash and cash equivalents, beginning of the period		0
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		**188**

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

This note describes the accounting policies applied to the consolidated financial statements as a whole. Where an accounting policy is specific to a financial statement item, the policy is described in the related note to enhance understanding.

BASIS OF PREPARATION

The consolidated financial statements for 2019 for Nordic Solar Global A/S is presented in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU) and additional Danish disclosure requirements applying to entities of reporting class B with addition of some provisions from class C.

Global has implemented all new standards and interpretations effective in the EU from 2019.

BASIS OF CONSOLIDATION

The consolidated financial statement comprise the parent company, Nordic Solar Global A/S and its subsidiaries.

Subsidiaries are all entities (including structured entities) over which The Group has control. The Group controls an entity when The Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to The Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by The Group.

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of The Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Euro (EUR), which is Nordic Solar Global A/S's functional and presentation currency. The Group accounts are reported in TEUR.

Transactions and balances

Transactions in foreign currency are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. Exchange differences are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
b) Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
c) All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

IMPAIRMENT OF ASSETS

The carrying amount of asset under construction is reviewed for impair ment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

STATEMENT OF CASH FLOW

The cash flow statement shows The Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as The Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions of solar parks as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of debt, capital increases as well as payments to and from shareholders.

Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand. Cash and cash equivalents comprise free and reserved cash in banks.

2. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future.

The resulting accounting estimates will, by definition, usually not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

The judgments, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

Useful life, dismantling costs and residual values

The Group has not incorporated the possibility to prolong existing lease agreements further ahead of the current contracts terms for valuation purpose.

The actual useful life of a solar park is often more than 30 years +. For accounting purposes the assets are depreciated with the duration of the land lease period and where the land is owned, with the government subsidy period.

If a dismantling obligation exist after the end of the contract period, the future cost of this has been incorporated as part of the asset as well as a provision. In most cases it has been assumed that the owner of the land or buildings, will take over the solar park and the dismantling obligation after the end of the contract. The cost of the dismantling has therefore been added to the end value of the solar park so the value of the solar part at the end of the contract matches the dismantling obligation.

Impairment test

All solar parks recognised as asset under construction are revaluated on a yearly basis, and the assets are written down in case the value of the asset no longer is fair.

The annual asset revaluation takes place through a line-by-line review of the cash flow budgets for each park's remaining lifetime.

SIGNIFICANT JUDGEMENTS

The preparation of the consolidated financial statements requires Management to make estimates and assumptions that can have a significant effect on the reported amounts in the financial statements. The estimates and underlying assumptions are based on historical experience and expected future development. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in estimates may be necessary if there are changes in circumstances on which the estimates was based, or more detailed information becomes available. Such changes are recognised in the period in which the estimate is changed.

Leases

In determining the lease term used for the recognitions of leases, the management has assessed it not to be reasonably certain that the option will be extended. Based on there is experience of extend the lease options. This means that the recognition are based on the non-cancellable lease period.

The lease term is reassessed if an option is actually exercised.

3. STAFF COSTS

All figures are in TEUR

	2018/19
Fee to Board of Directors	53
Average number of employees (consists of Globals Executive Management)	1

	Salary	Bonus	Other staff costs	Total
Remuneration of key management in 2018/19:	46	35	10	**91**

The remuneration paid to the Executive Management is part of the paid management fee to Nordic Solar Management A/S.

4. FINANCIAL COSTS

All figures are in TEUR

	2018/19
Interest costs from shareholder loans	7
Interest costs from lease liabilities	0
Exchange rate adjustments	2
Other financial costs	15
	24

Accounting policies

Financial costs include interest, financial gains and expenses with respect to leases, debt, realised and unrealised exchange adjustments, capital costs of the dismantling obligation, amortisation of mortgage loans as well as additional payments and repayment under the tax prepayment scheme.

Due to the solar parks being under construction interest cost from lease liabilities of TEUR 104 have been capitalised as asset under construction.

5. TAX ON PROFIT/LOSS FOR THE PERIOD

All figures are in TEUR

	2018/19
Current tax	0
Deferred tax	160
TAX ON PROFIT/LOSS FOR THE PERIOD	**160**

TAX RECONCILIATION	
Profit/loss before tax	-868
Tax using the Danish corporation tax rate (22%)	191
Tax rate deviations in foreign jurisdictions	-22
Non-deductible expenses	-7
Deferred tax asset not recognised	-2
	160

Accounting policies

The Group is jointly taxed with the Danish subsidiaries. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial costs.

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where The Group and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

6. SOLAR PARKS UNDER CONSTRUCTION

All figures are in TEUR

	Solar parks
Additions for the period	17,008
Cost 31 December 2019	**17,008**
CARRYING AMOUNT 31 DECEMBER 2019	**17,008**

Due to the solar parks are under construction lease cost interest of TEUR 104 and depreciation of the right-of-use assets of TEUR 81 are capitalised as assets under construction.

Accounting policies

The cost of solar parks under construction comprise direct and indirect cost of materials, components and sub-suppliers related to the construction of solar parks. Financial cost related to a specific asset are capitalised as a cost until the construction of the solar parks are completed. Costs for solar parks under construction are recognised as assets under construction on an ongoing basis until the solar parks are ready for use and have received their production license.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level of which cash flows are separately identifiable.

7. RIGHT-OF-USE ASSETS

All figures are in TEUR

	Solar parks
Additions for the period	2,141
Cost 31 December 2019	**2,141**
Depreciation for the period	-81
Depreciation and impairment 31 December 2019	**-81**
CARRYING AMOUNT 31 DECEMBER 2019	**2,060**

Right-of-use assets comprise lease of land where the solar parks are installed.

Accounting policies

Right-of-use assets comprise the initial measurement of the corresponding lease liability adjusted for up-front payments.

The lease liability is initially measured at the present value of the remaining lease payments using the incremental borrowing rate.

Right-of-use assets are depreciated over the term of the lease and payments are allocated between amortisations on the lease liabilities and interest cost. The term of the lease is determined based on the non-cancellable period of the lease.

The leases terminates between year 2044-2047.

The total cash outflow for leases amounts to TEUR 89 in 2019.

The total interest cost from lease liabilities amounts to TEUR 104 in 2019.

The maturity analysis of lease liabilities is presented on page 48.

If there is a significant change in the lease term or payments the lease liability and corresponding right-of-use asset will be remeasured using the incremental borrowing rate.

8. DEFERRED TAX ASSETS

All figures are in TEUR

	2019
Deferred tax income/(expense) recognised in the income statement	160
DEFERED TAX 31 DECEMBER	**160**

Deferred tax assets relate to:	
Right-of-use assets	21
Tax losses carried forward	139
	160

The Group has recognised deferred tax assets of total TEUR 160, of which TEUR 139 relates to tax losses. 2019 was The Group's first financial year and all operations starts up in 2020, consequently it was expected to generate a taxable loss in 2019. Based on the budget for the coming year's, it is expected that the tax loss will be utilised within the nearest years.

Accounting policies

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

9. OTHER RECEIVABLES

All figures are in TEUR

	2019
VAT receivables	3,485
OTHER RECEIVABLES 31 DECEMBER	**3,485**

10. SHARE CAPITAL

All figures are in TEUR

Changes in share capital:	2019
Cash payment concerning formation of entity	54
Capital increases	4,567
SHARE CAPITAL 31 DECEMBER	**4,621**

Cost of capital increases	307

The share capital consists of 1,377,096 shares of a nominal value of DKK 25. From the formation of entity the share capital increased by 1,361,096 shares of a nominal value of DKK 25.

The total capital increase inclusive premiums amounts to TEUR 18,278.

At the formation of the entity the premium amounts to TEUR 161.

No shares carry any special rights.

Capital Management

The capital structure of The Group consists mainly of equity and shareholder loans.

During the year shareholder loans of TEUR 18,461 have been converted to equity.

The purchase of solar parks is financed by a loan portfolio (the so-called loan program) provided in consecutive tranches by The Group's shareholders and other investors.

Furthermore, financial institutions provide financing in the form of investment or construction credits.

It is company policy to distribute dividend based on positive cash flow from solar parks to The Group's shareholder.

The return target is currently 8-12% per year. The return expectations will follow the market development over the years.

11. BORROWINGS

All figures are in TEUR

	2019
Lease liabilities	2,144
Non-current liabilities	**2,144**
Shareholder loans	1,752
Lease liabilities	12
Current liabilities	**1,764**
	3,908

Breakdown by maturity	
Less than 1 year	1,764
Between 1-5 years	114
Above 5 years	2,030
	3,908

Currency exposure	Effective interest rate	Carrying amount
DKK	5.0%	1,752
PLN	5.0%	2,156
		3,908

The borrowings are grouped as lease liabilities and shareholder loans. Lease liablities comprise the present value of the remaining lease payments of all lease agreements.

Interest exposure

All the loans in The Group has fixed interest rates.

Accounting policies

Borrowings are initially recognised at fair value, net of transaction expenses incurred. On subsequent recognition, the borrowings are measured at amortised cost, corresponding to the capitalised value, using the effective interest method, so that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Any differences between the proceeds and the redemption value are recognised in the income statement over the period of the borrowings using the effective interest method.

12. PROVISIONS

All figures are in TEUR

	Dismantling
Additions for the period	722
Interest element	15
PROVISION 31 DECEMBER 2019	**737**

Accounting policies

If The Group is required to restore the leased premises to their original condition at the end of the respective lease terms, provisions has been recognised for the present value of the estimated expenditure required to restore the land or buildings.

These provisions have been capitalised as part of the cost of the solar park recognised as assets under constructions.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The provision is expected to be used from year 2044.

13. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The Group is committed to pay TEUR 2,211 towards Better Energy in relation to finish the construction of the solar parks in Poland.

Contingent liabilities

There are no further contingent liabilities.

14. CHANGES IN NET WORKING CAPITAL

All figures are in TEUR

	2018/19
Changes in other receivables and prepayments	-3,493
Changes in trade payables	135
	-3,358

15. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

All figures are in TEUR	Proceeds from borrowings	Repayments	Non-cash changes including liabilities from acquired assets	Year-end
Non-current liabilities				
Financial leases	0	-89	2,233	**2,144**
Current liabilities				
Financial leases	0	0	12	**12**
Shareholder loans	20,213	0	-18,461	**1,752**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2019	**20,213**	**-89**	**-16,216**	**3,908**

Non-cash changes include financial leases and convertion of debt.

16. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Group is exposed to a variety of financial risks: e.g political, currency and interest risk plus credit risk and liquidity risk.

The Financial risks of The Group are managed centrally. The overall risk management guidelines The Financial policy and The Investment policy, have been approved by the board of directors. Nordic Solar Management A/S manages contracts and risk exposures in accordance with the guidelines and policies and reports to the board of directors on a regular basis.

FOREIGN EXCHANGE RISK

The Groups exchange rate policy is to finance investments in local currency in each subsidiary in order to match the currency of debt repayments and interest payments with the currency cash flows are received in. The equity part of investments in foreign currency is not hedged as this is a long term exposure. At year end 2019 a facility agreement to finance the Polish investment in local currency is in place, but the facility is not drawn yet. The Polish financing is expected to be draw down in the first half of 2020

The exchange rate is a financial risk in Nordic Solar Globals portfolio after the investment in Poland in 2018. The return is therefore affected by fluctuations in the PLN exchange rates.

All figures are in TEUR	Impact on pre-tax profit	Impact on other components of equity
10% change in exchange rates EUR/PLN	+/- 85	+/- 63

All other variables are held constant.

INTEREST RATE RISK

The Group's interest rate risk is low due all current loans are based on a fixed rate.

CREDIT RISKS

Credit risk is managed on a Group level.

Credit risk arises from cash and cash equivalents, deposits with banks and receivables. By the end of year 2019 receivables are VAT receivables with the Polish state. The credit risk is seen as low.

LIQUIDITY RISK

Cash flow forecasting is performed on Group level by the management company. The management monitors rolling forecasts of The Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so The Group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration The Group's debt financing plans and covenant compliance.

Restricted cash

There is no restricted cash.

MATURITY ANALYSIS

The table below analyses The Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest.

All figures are in TEUR

	2019			
	Less than 1 year	**1-5 years**	**Above 5 years**	**Total**
Non-derivatives				
Lease liabilities	114	610	3,216	3,940
Trade payables	175	0	0	175
Shareholder loans	1,796	0	0	1,796
Other payables	130	0	0	130
	2,215	**610**	**3,216**	**6,041**

17. RELATED PARTIES

The Group has no controlling parties.
»Key management remuneration« is disclosed in note 3.

All figures are in TEUR

	2018/19
Transactions with board members	
Interests costs	4
Shareholder loans	872
Transactions with Nordic Solar Management A/S:	
Other external expenses	134
Capitalised costs	473
Equity - capital increase costs	494
	1,101

Nordic Solar Global har entered into a corporate management agreement with Nordic Solar Management A/S for the day to day management and operation of The Group. As part of the management agreement, Nordic Solar Management A/S provides a managing director to The Group. The managing director does not receive salary by The Group.

18. SHARE-BASED PAYMENTS

The Group has established a warrant program for the management company (NSM). Each warrant entitles the recipient to subscribe for one share in the company at a nominal value of DKK 25. The warrant is granted of each capital increase and is granted during the vesting period. The granted warrants has no end date.

The subscription price for shares subscribed under warrants granted is the weighted average subscription price per share during the vesting period less accumulated paid distributions of any kind (including capital reductions and resale of issued shares to company) since its inception. However, the subscription price must be a minimum of DKK 25 per share.

The fair value of granted warrants is calculated on the Black & Scholes valuation model. The assumptions used are based on Management's estimates. The estimated volatility is based on the historical volatility in similar companies.

Accounting policies

The fair value of the equity-settled warrants program is measured at the time of grant and is recognised in the income statement as other external costs over the period until the final right to warrants is earned. The offseting item is recognised directly in equity. The fair value of the options granted is estimated on the basis of the Black & Scholes model. The estimate takes into account the terms and condition applicable to the grant of warrants and Management's expectations of the development in the elements on which the valuation model is based. On initial recognition, an estimate is made of the number of warrants the management company expect to earn. The estimated number of warrants is adjusted subsequently to reflect the actual number of warrants earned.

	Number of warrants	Weighted average exercise prise DKK
Granted during the year	154,235	108.17
Outstanding at the end of the year	**154,235**	

Specification of granted warrants	Number of warrants	Fair value EUR
2 April 2019	43,499	106,674
28 June 2019	39,951	97,975
12 August 2019	70,785	173,588
	154,235	**378,237**

Assumptions	2018/19
Share price ranges (DKK)	102.70
Expected lifetime (years)	4.48
Volatility	25.0%
Risk-free interest rate	-0.6%

19. EVENTS AFTER THE REPORTING DATE

The COVID-19 outbreak in Q1 2020 will have great impact on the global economy. At this time, it is not possible to calculate the size of the potential negative impact on NSG, but it is not expected to have significant effect on group level with respect to turnover, earnings and cash flow for 2020.

In addition, no events have occurred after the reporting date of importance to the consolidated financial statement.

20. GROUP COMPANIES

	Place of registered office	Votes and ownership
Directly owned subsidiaries		
NS Global I ApS	Copenhagen Denmark	100%
NS Global II ApS	Copenhagen Denmark	100%
Indirectly owned subsidiaries		
Polish Solar South Sp. Z o.o.	Gdansk, Poland	100%
WS Olsztynek Sp. Z o.o	Olsztynek, Poland	100%
PV Polska I Spolka Z o.o.	Warszawa, Poland	100%
WS Sepolno Sp. Z o.o	Warszawa, Poland	100%
WS Bytow Sp. Z o.o.	Gdansk, Poland	100%
WS Bytow Beta Sp. Z o.o.	Warszawa, Poland	100%
WS Kalisz Sp. Z o.o.	Warszawa, Poland	100%

The legal group structure is presented on page 60-61.

Parent company financial statements

INCOME STATEMENT 4 SEPTEMBER 2018 - 31 DECEMBER 2019

All figures are in TEUR

	Note	2018/19
Other external expenses		-527
Gross profit/loss		**-527**
Staff costs	2	-53
Profit/loss before financial income and expenses		**-580**
Income/loss from investments in subsidiaries	3	-520
Financial income	4	416
Financial costs	5	-24
Profit/loss before tax		**-708**
Tax on profit/loss for the period		0
PROFIT/LOSS FOR THE PERIOD		**-708**

PROPOSED PROFIT/LOSS DISTRIBUTION	
Retained earnings	-708
PROFIT/LOSS FOR THE PERIOD	**-708**

BALANCE SHEET 31 DECEMBER

All figures are in TEUR

	Note	2019
ASSETS		
Investments in subsidiaries	6	375
Receivables from subsidiaries	7	19,567
Fixed asset investments		**19,942**
Prepayments		68
Receivables		20
Cash and cash equivalents		136
Current assets		**224**
ASSETS TOTAL		**20,166**

	Note	2019
LIABILITIES AND EQUITY		
Share capital	8	4,621
Retained earnings		13,673
Equity		**18,294**
Shareholder loan		1,752
Trade payables		111
Other payables		9
Short-term debt		**1,872**
TOTAL EQUITY AND LIABILITIES		**20,166**

STATEMENT OF CHANGES IN EQUITY

All figures are in TEUR

	Note	Share capital	Retained earnings	Total
CASH PAYMENT CONCERNING FORMATION OF ENTITY 4 SEPTEMBER 2018	8	**54**	**161**	**215**
Profit/loss for the period		0	-708	**-708**
Equity transactions in subsidiaries		0	131	**131**
Cash capital increase including related costs	8	4,567	13,711	**18,278**
Share-based remuneration		0	378	**378**
EQUITY 31 DECEMBER		**4,621**	**13,673**	**18,294**

Notes to the parent company financial statements

1. ACCOUNTING POLICIES

The parent company's financial statements are presented in accordance with the Danish Financial Statements Act (reporting class B with addition of some provisions from class C).

Unless otherwise indicated, the Annual Report for 2018/19 is presented in EUR thousands (TEUR).

The accounting policies for the parent company are consistent with the accounting policies described for the consolidated financial statements with the following exceptions:

Foreign currency translation

On translation of foreign currencies, exchange rate adjustments of receivables from subsidiaries are recognised in equity when the balances are considered part of the overall net investment in foreign enterprises. Exchange rate adjustments on loans are recognised in the income statement as financial income or financial expense (cost).

Investments

Investments in subsidiaries are recognised and measured under the equity method. If there is any indication that a company's value is lower than the future earnings of the company, an impairment test is performed of the company as described in the consolidated financial statements. If the carrying amount exceeds the future earnings in the company (recoverable amount), the investment is written down to this lower value.

Investments in subsidiaries with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Receivables

Receivables are measured at amortised cost.

2. STAFF COSTS

All figures are in TEUR	2018/19
Fee to Board of Directors	53
Average number of employees (consists of the company's Executive Management)	1

3. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARES

All figures are in TEUR	2018/19
Share of losses in subsidiaries	520
	520

4. FINANCIAL INCOME

	2018/19
Interest received from subsidiaries	411
Other financial income	5
	416

5. FINANCIAL COSTS

All figures are in TEUR	2018/19
Interest costs	12
Interest costs from shareholder loans	7
Exchange rate adjustments	4
Other financial costs	1
	24

6. INVESTMENTS IN SUBSIDIARIES

All figures are in TEUR

	2019
Additions for the period	764
Cost 31 December	**764**
Exchange adjustment	131
Net profit/loss for the period	-520
Revaluations 31 December	**-389**
CARRYING AMOUNT 31 DECEMBER	**375**

Overview of investment in subsidiaries is presented in note 20 in the consolidated financial statements.

7. FIXED ASSET INVESTMENTS

All figures are in TEUR

	Receivables from subsidiaries
Additions for the period	19,567
Cost 31 December	**19,567**
Revaluations for the period	0
Revaluations 31 December	**0**
CARRYING AMOUNT 31 DECEMBER	**19,567**

8. SHARE CAPITAL

All figures are in TEUR

	2019
Changes in share capital:	
Cash payment concerning formation of entity	54
Additions for the period	4,567
SHARE CAPITAL 31 DECEMBER	**4,621**

Cost on capital increases	307

The share capital consists of 1,377,096 shares of a nominal value of DKK 25.

The total capital increase inclusive premiums amounts to TEUR 18,278.

No shares carry any special rights.

9. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

The parent company is committed to pay TEUR 2,211 towards Better Energy in relation to finish the construction of the solar parks in Poland.

Contingent liabilities

The parent company is jointly taxed with its Danish group entities. The jointly taxed entities have joint and several unlimited liability for Danish income taxes and withholding taxes on dividends, interest and royalties within the group of jointly taxed entities.

The parent company has issued a letter of financial support to the subsidiaries NS Global I ApS and NS Global II ApS until May 2021.


90 %
of solar panels can be fully recycled
Solar Power Association Europe

Legal group structure

WS SEPOLNO SP. Z.O.O. (POLAND)

WS BYTOW SP. Z.O.O. (POLAND)

WS BYTOW BETA SP. Z.O.O. (POLAND)

Company details

Nordic Solar Global A/S
Strandvejen 102E 3rd floor
DK-2900 Hellerup
CVR No. 39 83 33 60

BOARD OF DIRECTORS
Christian Sagild, Chairman
Marinus Boogert, Deputy Chairman
Per Thrane
Iben Mai Winsløw
Frank Schyberg

EXECUTIVE MANAGEMENT
Nikolaj Holtet Hoff, Managing Director

AUDITORS
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial year:	4. September 2018 - 31. December 2019
Incorporated:	4. September 2018
Domicile:	Hellerup


NORDIC SOLAR GLOBAL A/S (DENMARK)
100%
NS GLOBAL I APS (DENMARK)
NS GLOBAL II APS (DENMARK)
100%
WS KALISZ SP Z.O.O. (POLAND)
POLISH SOLAR SOUTH SP. Z.O.O. (POLAND)
WS OLSZTYNEK SP. Z.O.O. (POLAND)
PV POLSKA I SP. Z.O.O. (POLAND)

Statement by management

The Executive Management and the Board of Directors have today considered and adopted the Annual Report of Nordic Solar Global A/S for the financial year 4 September 2018 – 31 December 2019.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act.

Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2019 of The Group and the Parent Company and of the results of The Group and Parent Company operations and consolidated cash flows for the financial year 4 September 2018 - 31 December 2019.

EXECUTIVE MANAGEMENT

NIKOLAJ HOLTET HOFF
Managing Director

BOARD OF DIRECTORS

CHRISTIAN SAGILD
Chairman

MARINUS BOOGERT
Deputy Chairman

PER THRANE

IBEN MAI WINSLØW

FRANK SCHYBERG

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of The Group and the Parent Company, of the results for the year and of the financial position of The Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing The Group and the Parent Company

The annual report is recommended for adoption at the annual general meeting.

Hellerup, 22nd of April 2020.

Independent auditor's report

To the Shareholders of Nordic Solar Global A/S

OPINION

In our opinion, the consolidated financial statements (pages 35-50) give a true and fair view of The Group's financial position at 31 December 2019 and of the results of The Group's operations and cash flows for the financial year 4 September 2018 to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the parent company financial statements (pages 52-58) give a true and fair view of the parent company's financial position at 31 December 2019 and of the results of the parent company's operations for the financial year 4 September 2018 to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the parent company financial statements of Nordic Solar Global A/S for the financial year 4 September 2018 - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both The Group and the parent company, as well as statement of comprehensive income and cash flow statement for The Group (»financial statements«).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in management's review.

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing The Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate The Group or the parent company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Group and the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the 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.

Hellerup, 22nd of April 2020.

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CVR No. 33 77 12 31

HENRIK ØDEGAARD
State Authorised Public Accountant
mne31489

KRISTIAN PEDERSEN
State Authorised Public Accountant
Mne35412

Nordic Solar
Global A/S

Miljømærket tryksag
5041 0546

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