Nordic Solar

Annual Report 2021

Nordic Solar A/S
Strandvejen 102E 3rd floor
DK-2900 Hellerup

CVR no. 33 36 70 23

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 25 April 2022.

Attorney Kåre Stolt, Chairman

NORDIC SOLAR

Management Review consists of chapters 1-3

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Overview

BOARD OF DIRECTORS

From left: Christian Dulong Hoff, Vibeke Bak Solok, Christian Sagild, Iben Mai Winsløw, and Frank Schyberg

Nordic Solar in brief

OUR MISSION

We make **everyone** benefit from solar energy

OUR VISION

We strive to be the **leading** Nordic solar company

OUR VALUES

- Thoroughness
- Openness
- Honesty
- Work-life balance

Company details

Nordic Solar A/S	Financial year:	1.1-31.12 2021
Strandvejen 102E, 3rd floor	Incorporated:	8 Dec. 2010
DK-2900 Hellerup	Domicile:	Gentofte
CVR No. 33 36 70 23		

BOARD OF DIRECTORS
Christian Sagild, Chairman
Vibeke Bak Solok
Christian Dulong Hoff
Iben Mai Winsløw
Frank Schyberg

EXECUTIVE MANAGEMENT
CEO Nikolaj Holtet Hoff
CSO Anders Søgaard-Jensen

AUDITORS
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

REVENUE

46.5 EURm

45% increased revenue due to portfolio growth and electricity price increases.

EBITDA

32.2 EURm

The EBITDA margin was 69.4% EBITDA is expected to increase by 36.7% in 2022.

NORDIC SOLAR ENERGY

Return in 2021 was

16.5%

Pre-merger NSE shareholders earned a return of 16.5% in 2021.

SECURED REVENUE

Fixed-price contract

73%

Secured revenue is expected to decline but remains above 70% in 2022.

NORDIC SOLAR GLOBAL

Return in 2021 was

26.7%

Pre-merger Global shareholders earned a return of 26.7% in 2021.

EQUITY

Measured at fair value

325 EURm

Equity increased from EUR 114 to 325m. In 2022, equity is expected to exceed EUR 400m.

INSTALLED CAPACITY

326 MWp

Production capacity increased by 66% in 2021 and is expected to increase by 10% in 2022.

EMPLOYEES

at year-end

45

Nordic Solar expects to increase the organisation to more than 60 in 2022 in order to deliver on the strategic ambitions.

INVESTMENT 2021

105 EURm

We increased investments by 10% in 2021. The majority was used on project rights and construction costs.

POWER PRODUCTION

240 GWh

We supplied green power to **64,772** European households.

SIGNED PIPELINE

+1.0 GWp

We have more than doubled our project pipeline in 2021 and expect to keep increasing it in 2022.

EQUITY RAISED

69* EURm

We expect to raise approximately EURm 100 in 2022 in order to execute and build our pipeline.

* Capital raises including raises conducted in Nordic Solar Global before the merger.

Letter to the stakeholders

To Nordic Solar, 2021 has been an extraordinary year in many ways. First of all, a new Nordic Solar was formed through the merger of Nordic Solar Energy (NSE), Nordic Solar Global (Global) and Nordic Solar Management, creating an integrated solar energy company. Secondly the year was extraordinary in terms of growth and milestones realised including the formulation of the 2025 strategy. Finally, the market environment was turbulent with rising energy prices, interest rates and inflation at the same time as the COVID-19 pandemic continued to influence world trade and economy.

We owe a huge thanks to both our employees and shareholders. Without the dedicated hard work by our employees and the trust and financial support from our shareholders, we could not have raised the bar and achieved the results we have in the past year.

Climate change

The importance of climate change on the world agenda increased during 2021. The debate of whether the main driver of climate change is that of humans has finally ceased, and the general backing for renewable energy as a central part of the solution has increased. However, we need to act and be more ambitious to reverse the changing climate and meet the targets and goals set by the world community to ensure a sustainable future for the coming generations.

In 2021, we witnessed changes from the political side. The European Commission unveiled its one billion euro public and private investment plan to finance the European Green Deal Investment Plan. The world's leaders held COP26 in November 2021 according to which the final documents state that CO_2 emissions must fall by 45% from 2010 levels and that global warming must be maintained at 1.5C° above pre-industrial levels. COP26 closed part of the gap towards a sustainable future but has far from solved the problem.

As 70% of the world's CO_2 emissions are coming from production and use of energy, solar energy will be a key factor in solving the problem. Solar energy continued to increase the cost competitiveness in 2021 and is the fastest growing energy source worldwide. The expectation is that solar power generation will increase on average 19% p.a. the next five years and by 11% p.a. towards 2040. Our industry is seen to be one of the keys to solving climate change in the coming years.

The merger and the new strategy

The merger of the Nordic Solar companies was adopted with a convincing majority of votes at the extraordinary general meetings of all three companies in June 2021, giving a strong backing for creating the common growth platform. In connection with the merger, a new strategy for the company was launched, where the overall ambition of creating shareholder value is supported by four main strategic goals.

First of all, the new structure is based on a fully integrated value chain from developing, constructing and operating solar parks, with the option to divest partly or fully. Secondly, the ambition is to grow significantly above the industry level with a tripling of the operational base the coming three years and a doubling in the following three-year period. Thirdly, sustainability is an integrated part of the strategy. Even though our industry is green, sustainability is much broader than that. Nordic Solar has defined an ambitious path on an external level (Environmental, Sustainability, Governance (ESG)) as well as internal sustainability with a focus on retaining, developing, and attracting employees. Please see the Nordic Solar Sustainability report 2021 for detailed information on goals and priorities. Finally, Nordic Solar has an ambition to become Initial Public Offering (IPO)-ready during 2022. The objective is to build a company with a quality level that enables us to attract capital from the private or public market, depending on what is seen as most attractive to the company and its shareholders. An ambitious growth strategy can only be fuelled by attractive returns, thus enabeling Nordic Solar to attract the capital needed.

Looking back at 2021, the merger is the most important strategic decision. With the new strategy, we believe that Nordic Solar is well positioned to claim a significant role in the solar industry.

Market conditions in 2021

In general, the market conditions for Nordic Solar were relatively favorable in 2021. After a 2020 with extremely low energy prices influenced by COVID-19, we experienced rising electricity prices especially in the second half of the year. The rise was triggered by rising gas prices, increased economic activity, increased CO_2 prices and growing electricity demand. Even before the war in the Ukraine at the beginning of 2022, it was expected that the high energy prices from 2021 would continue in 2022, and that they would decrease in 2023 and reach normal levels in 2024. However the sentiment is changing towards generally higher electricity prices in the coming years. For Nordic Solar, the effect in 2021 was significant, even though the share of revenue stemming from electricity sales at market prices is relatively low and had fallen to 8% in 2020. In 2021, this share increased to 27% to a large extent due to the rising electricity prices.

The rising inflation and interest rates have a negative effect on the construction and development activities, but with the pre-agreed pricing on construction in 2021, Nordic Solar was not influenced significantly. Looking ahead, increased construction costs are expected, and rising interest rates will influence the financing of future projects and the alternative return demands in the market, which again influence the potential sales value of our assets. On the other hand, rising inflation that influences the power prices compensates the effect of rising interest rates and increased cost prices.

War in Ukraine

Following the tragic war in Ukraine, it is crucial to state that Nordic Solar has no business partners, solar parks, affiliation, or ties with Russia or Russian subsidiaries. Furthermore, Nordic Solar does not have any economic exposure towards Ukraine, and we do not expect that the war will have a significant influence on our business model or financial performance in 2022.

Strong results in 2021

The main activities in 2021 are related to the continuation of growth in the portfolio of operational assets as well as the successful completion of construction projects in Poland and Portugal. At the same time, the acquisition of project rights continued and reached 1.05 GWp showing strong growth. In 2021, the total amount of capital raised by the merged company as well as in the individual companies (both NSE and Global) reached EURm 69.

On the operational level, the organisation has been strengthened significantly, and a path to create operational excellence on industry level was paved. An inhouse data-driven strategy was established, on the basis of which Nordic Solar's own analytical system was developed. The objective was to create detailed insight into all solar parks to the effect that production is optimised and site visits as well as physical interventions are targeting the actual needs. The new system is functioning and will in 2022 be further developed with automation and integration of artificial intelligence. The production in 2021 was for the first time in 12 years below budget, which to a large extent was due to the weather. However, there were also operational issues that to some extent are expected to be covered by insurance or supplier guarantees.

Financial results and shareholder return

The official IFRS accounts include a full year of operational assets from the former NSE, but only the activities carried out in the second half of the year by the former Global and NSM. To give stakeholders a better understanding of the financial results, we therefore as a supplement to the financial statements also provide unaudited proforma accounts as if the three companies were merged by 1 January 2020. The proforma accounts are divided into operational solar parks, development and constructional solar parks, and corporate services.

The proforma accounts show a positive result for the year after tax. The results reflect the heavy investment in growth in project development and acquisitions as well as construction management. In future, it is expected that some operational solar parks will be divested in full or in part, which will ensure even stronger results as well as show the value created by the business model.

The future development

The growth path of Nordic Solar continued at the beginning of 2022, at which time, project rights of 223 MWp were secured, covering three markets: Greece, Germany and Lithuania. The aim of 2022 is to scale up the organisation and prepare the company for further growth and execution of the pipeline in the coming years. The company is well poised to embark on the next chapter with a focus on sustainable growth and execution while scalability and IPO-readiness remain at the centre of our attention.

CHRISTIAN SAGILD
CHAIRMAN OF THE BOARD

NIKOLAJ HOLTET HOFF
CEO

Merger of Nordic Solar

Nordic Solar in its current form was created through the merger of NSE, Global, and NSM on 10 June 2021. The objective was to improve the value for the shareholders through a strengthening of our position and creation of a growth platform to become the leading solar energy company in the Nordic countries.

Strategic rationale:
During 2020, the three companies each reviewed their strategic options and concluded that the merger was the best strategic option for their respective shareholders.

NSE had several reasons for merging. First, the market for buying operational solar projects was under competitive pressure, and it was getting increasingly difficult to find sound investment opportunities without compromising returns. The next natural step for NSE would be to go back in the value chain where Global was positioned. Secondly, a merger with Global would give access to an attractive pipeline in a growing market. Finally, a merger would create economies of scale.

Global's rationale for the merger was firstly to get a better risk profile without compromising the return. Risk diversification was achieved instantly by adding NSE's operational portfolio. The return was not compromised, as Global after a merger would be able to use NSE's strong balance sheet and cash flow as leverage for realising growth. Secondly Global – like NSE – much faster achieved economies of scale and a significant size through the merger.

The rationale for including the management company, NSM, in the merger was to create a growth platform that could execute and build additional pipeline. The merged company is more competitive as a profit layer was removed, and the company would be more attractively valued than companies with stand-alone assets. At the same time, obtaining an IPO on a stock exchange would be more attractive being one fully integrated company.

In short, the overall idea of creating one Nordic Solar was to:

1. Establish a robust platform to accelerate growth.
2. Deliver a more attractive risk-adjusted return to all shareholders
3. Retain and strengthen a talented organisation by being an attractive workplace.
4. Take a significant step towards achieving scale and portfolio robustness.
5. Establish a strong entity fit for an IPO on the stock exchange.

The process:

June - December 2020:
Strategy workshops with the boards of the three companies.

December 2020:
PwC confirmed valuation principles of NSE and Global.

February 2021:
NSE and Global engaged Nordea, PwC, Accura, and Impact Partners to facilitate the merger process and to evaluate the potential valuations of the three merging companies.

April-May 2021:
Finalisation of the valuation of the three entities and fair value opinion from the advisers on the agreed exchange ratio.

May 2021:
The shareholders of all entities were invited to two webinars and the ordinary general meetings of NSE and Global at which the merger proposal was presented.

10 June 2021:
NSE, Global and NSM convened three extraordinary general meetings at which the shareholders of each company decided in favour of the merger.

Outcome:
In total, approximately 80% of all share capital voted in favour of the merger in both NSE[1] and Global[2], which displayed great shareholder involvement. For NSE, 80% voted for the merger, and for Global, the approval rate was 89%. The result showed strong support from the shareholders of NSE, Global and NSM.

1. 78.3% of the share capital voted.

2 80.7% of the share capital voted.

Financial highlights

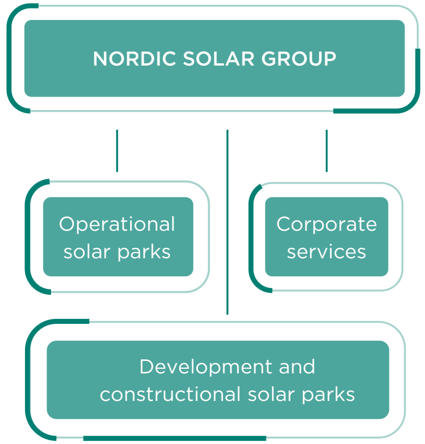
The financial highlights on page 13 display that growth has long been the main theme for Nordic Solar. Growth in revenue, EBITDA, cash flow, assets and equity has been between 40-65% yearly in the past 5 years. The structure of the company has changed significantly over the years, making year-on-year comparisons of the figures difficult:

- 2017-2020 only includes Nordic Solar Energy A/S (NSE) with operational solar parks but without employees.
- In 2018, Nordic Solar Global (Global) was established, but the figures are not included before 2021 due to the merger.
- NSE merges with Global and Nordic Solar Management (NSM) on June 10, 2021.
- In 2021, the figures include a full year for NSE, but only approximately six months for Global and NSM. However, this does not change the growth story.

The 2021 financial highlights show a revenue of EURm 46.5 with an EBITDA of EURm 32.2 (EBITDA margin of 69%), and a net result of EURm 1.6. The EBITDA margin is lower than in previous years due to the merger, as costs from the former management company and Nordic Solar Global for development and construction are now included for six months. The results are also negatively impacted by a payment of EURm 1.1 from a power purchase agreement (PPA) signed in Portugal. The results were negatively influenced by the one-off costs for the merger amounting to EURm 1.8.

Nordic Solar distributes dividends to shareholders equal to the cash flow earned from the operating activities, even if the dividends are higher than the net result after tax. The aim is to pay out the free cash flow from operations in dividends. In 2021, the proposed dividend payment is higher than the cash flow from operations as investment related expenses cannot be capitalised. Also, the merger cost reduced the cash flow.

In general, the financial results in 2021 were satisfying, even if not very transparent, due to the change in company structure. This is explained further in the following section.



Definitions of financial ratios

EBITDA margin	EBIDTA / Revenue
Solvency ratio	Equity / Total assets
Dividend per share	Proposed dividend paid / Number of shares

All figures are in EUR '000

KEY FIGURES	Group 2021* IFRS	2020 IFRS	2019 IFRS	2018 IFRS	2017** IFRS
Revenue	46,463	31,862	28,934	18,712	8,045
Profit before amortisation, depreciation and impairment losses (EBITDA)	32,242	25,639	23,610	15,073	5,614
Profit before tax	2,450	1,398	2,427	2,197	-290
Profit/loss for the period	1,552	94	2,148	1,509	-541
Nordic Solar's share of profit/loss for the period	1,406	-66	2,000	1,601	-325
BALANCE SHEET KEY FIGURES					
Property, plant, and equipment	379,763	288,540	225,061	179,214	119,854
Cash	51,741	33,791	23,389	16,817	13,210
Total assets	592,449	342,433	257,624	212,073	140,416
Equity	254,092	85,178	74,361	64,298	35,554
Investment in property, plant and equipment and solar parks under construction	94,503	83,769	41,813	68,330	58,212
Interest-bearing debt (loans)	280,388	220,868	170,145	135,193	92,740
FINANCIAL RATIOS					
EBITDA margin	69.4%	80.5%	81.6%	80.5%	69.8%
Solvency ratio	42.9%	24.9%	28.9%	30.3%	25.3%
CASH FLOW					
Profit/loss before tax	2,450	1,398	2,427	2,197	-290
Paid Corporation tax	-1,567	-1,094	-550	-732	-254
Non-cash transactions under profit and loss other than depreciations	350	1,877	800	271	292
Depreciation and impairment of property, plant and equipment	20,229	16,351	14,523	8,863	3,658
Repayment of project related loans	-15,872	-13,368	-12,077	-7,587	-2,533
Proceeds from financing of associated companies	0	0	249	186	36
Non-controlling interests share of free cash	-5	-365	-271	-45	-16
FREE CASH FLOW FROM OPERATIONS	**5,584**	**4,799**	**5,101**	**3,153**	**893**
DIVIDEND					
Proposed dividend for the year	7,604	5,158	4,774	2,611	950
Dividend per share***	0.47	0.81	0.87	0.74	0.6
Dividend per share converted to DKK***	3.5	6.0	6.5	5.5	4.5

*Merger effect as of 10 June 2021

**Financial highlights are not prepared under IFRS 16

***Calculated for shares with full right to dividend for the financial year

PROFORMA ACCOUNTS AND SEGMENT REPORTING

The official IFRS accounts for 2020 only include the former NSE, and the 2021 accounts include 12 months results for NSE and approximately 6 months of Global and NSM after the merger date. To give a better understanding of the business we present unaudited proforma accounts for 2020 and 2021 that include all three companies as if they were merged by January 1st, 2020. The accounts are further split into three segments of the company: Operational solar parks, development & constructional solar parks, and corporate services.

Proforma accounts

The proforma accounts show that the financial results are lower than the results following IFRS but still positive in 2021. In 2020 the proforma accounts show negative results. The main reason for the negative effect of the merger is the change in company structure:

- The costs of running the former management company are included fully in the P&L account, whereas the turnover invoiced to former NSE and Global is eliminated in the consolidation.
- Global is included with development and constructional solar parks that have mainly costs and very few revenue streams.

When solar parks become operational and cash generating, they are moved to the operating segment in the accounts.

Unaudited proforma accounts	1 January - 31 December 2021			
EUR '000	**Operational solar parks**	**Dev. & constructional solar parks**	**Corporate services**	**Group**
Revenue	45,381	2,472	0	47,853
Gross profit	40,391	-742	-3,340	36,309
Profit before amortisation, depreciation and impairment losses (EBITDA)	40,391	-742	-10,155	29,494
Operating profit (EBIT)	21,564	-1,491	-10,907	9,166
Profit before tax	11,929	-1,931	-11,192	-1,194
FREE CASH FLOW FROM OPERATIONS	**14,015**	**-1,745**	**-10,225**	**2,044**
Balance key figures				
Property, plant and equipment	246,078	106,474	44,545	397,097
Cash	34,612	8,094	9,035	51,741
Total assets	364,412	169,103	58,937	592,452
Loans	214,260	48,051	13,777	276,088

Segment: Operational solar parks

The operational solar parks include all energy-producing parks from the former NSE, as well as solar parks from Global that were operational the full year. The operational business represented 79% of the asset base in 2020, but with the growth in the development & constructional solar parks and the inclusion of the management company, the operational assets share of the balance sheet fell to 62% in 2021.

The operational segment does not include costs for asset management in the corporate services they are eliminated in the consolidation. If the costs for asset management had been included the operational solar parks segment result would be reduced by EURm 1.1 in 2020 and EURm 1.2 in 2021; however, the results would still be positive. The operational activities have strong results and cash flows as is shown in the segment reporting. Most of the group's free cash flow in both 2020 and 2021 stems from operational activities.

Segment: Development & construction

The development and construction activities mainly consist of costs connected to solar park development and construction as well as solar parks that have not been operational for the full year. The result of this segment is normally negative, and the asset base reflects both the cost prices of construction projects as well as the cost for acquisitions of new development and project rights. The development pipeline and construction projects represented a total asset base of EURm 88.7 equal to 20% of the group's assets in 2020. In 2021 the projects constructed in 2020 were moved to the operational portfolio, and the Polish and Portuguese construction projects were included in this segment. At the same time, significant investments were made in the acquisition of project rights during the year, increasing the asset base to EURm 169. The cash flow and results in the development and construction segment were as expected low or negative in both 2020 and 2021

Segment: Corporate services

The corporate services are a cost centre including all head office costs. These costs cover asset management of the solar parks, development, and construction services as well as capital raise costs and general administrative costs. The costs reflect both the costs of running the former management company, as well as the former top-level holding company costs in NSE and Global. All turnover has been eliminated as the invoices in the merged company are internal. Most of these invoices would have been balance sheet items in the solar parks before the merger, and they would have been depreciated over the solar park's lifetime. This is the main reason for the structural effect of the merger on the financial statements.

Unaudited proforma accounts EUR '000	**1 January - 31 December 2020**			
	Operational solar parks	**Dev. & constructional solar parks**	**Corporate services**	**Group**
Revenue	31,862	1,988	0	33,850
Gross profit	27,681	1,164	-2,861	25,984
Profit before amortisation, depreciation and impairment losses (EBITDA)	27,681	1,164	-6,300	22,545
Operating profit (EBIT)	12,334	673	-6,387	6,620
Profit before tax	5,039	354	-7,041	-1,648
FREE CASH FLOW FROM OPERATIONS	**9,899**	**645**	**-8,643**	**1,901**
Balance key figures				
Property, plant and equipment	261,267	35,653	257	297,177
Cash	33,791	32,018	2,525	68,334
Total assets	342,433	88,659	4,740	435,832
Loans	217,783	21,639	5	239,427

02

Our business

Business model of Nordic Solar

Nordic Solar (Energy) has, since the foundation in 2010, had a business model of buying operational solar parks and operating them. In total, 210 MWp operational projects have been purchased over the years. In 2018, Nordic Solar (Global) broadened the business model and began buying co-development projects and project rights near the stage of being ready-to-build. Since the expansion of the business model, Nordic Solar has constructed four projects amounting to a total of 116 MWp. Thereby, the total operational portfolio reached 326 MWp by the end of 2021. Based on the development and construction experience from the projects constructed as well as growth in the organisation by experienced people, Nordic Solar is well-positioned to tap into the extensive pipeline of project rights acquired for construction in 2022 and beyond.

»THE NORDIC SOLAR MODEL«

Buy development rights
Nordic Solar's primary focus is now on buying projects that are in the phases of co-development, ready to build, or greenfield development. The focus on moving backwards in the value chain enabled Nordic Solar to create a solid pipeline and secure future growth with attractive returns due to the organisation of

investment professionals, engineers and project managers.

Construct

Nordic Solar capitalises on its organisation's construction competencies and track record and has moved deeper into the constructional activity of the value chain. The results have been a strategic move from only buying turn-key projects with a pre-determined constructional plan to also focusing on own handling of the construction process, acting as so-called EPC (Engineering, Procurement, and Construction) provider. This means own sourcing of hardware as well as handling of external construction partners. The increased involvement in constructing the solar projects enables smoother and more efficient daily operations. Handling the constructional processes in-house increases returns to shareholders as margins to contractors diminish and sourcing of hardware becomes more favorable as a consequence of the +1 GWp pipeline of project rights owned.

Divestment

Nordic Solar plans to divest shares of operational solar parks. Partial divestment of solar projects has numerous benefits.

- Firstly, divestments generate liquidity to ensure future growth and realise the pipeline with less new equity.
- Secondly, Nordic Solar ensures a stable cash flow and the opportunity to take advantage of economies of scale by operating the assets.
- Thirdly, divestments create a strong balance sheet, which benefits Nordic Solar's financing opportunities as the debt ratio is lowered, and the overall debt capacity is increased.
- Fourth, Nordic Solar benefits from taking profits based on the high prices of assets in the operational market.
- Finally, divestments will improve the income statement and materialise the value creation model of Nordic Solar.

Nordic Solar's first divestment process was initiated after the merger. The divestment process is handled by our investment team, which has handled multiple buy-side solar deals. Nordic Solar has partnered with a local adviser who brings specific market expertise and insights into the divestment while reducing pressure on the investment team.

In addition to selling shares in operational assets to finance growth and secure shareholder value, it has been decided to strategically divest operational rooftop projects 100% over the coming years. The reason for this decision is to streamline the solar park operations, as the company's focus is on land-based solar parks in the future.

Operate assets

Nordic Solar will continue to operate the solar assets and perform maintenance (O&M) on the portfolio, both fully owned and partly owned solar projects. The aim is to enhance efficient operations by transitioning from a more outsourced approach to an insourced analytical model. The result of this transitioning is that our analytical engineers are able to analyse the performance of the solar parks down to a single string of solar panels. This proprietary analytical setup allows efficient control over the performance of the solar parks. The setup is a tool for our operational engineers to detect mechanical issues and fix these with our local partners. The setup increases the availability and maximises solar energy production of all solar parks. Furthermore, these experiences are capitalised in our construction processes, where extensive knowledge-sharing allows for optimal engineering of the solar parks under construction.

Generate cash

Nordic Solar will, in 2022, generate cash from its operational portfolio, which in the beginning of 2022 was 326 MWp. The operating free cash flow will be paid to the shareholders as dividends and may in future also be partially reinvest to new solar projects preventing shareholders from being overly diluted.

»The Nordic Solar model«

1. Buy development rights
- Invest in co-development projects
- Create a solid pipeline
- Ensure profitable growth

2. Construct
- Construct new projects
- Act as EPC provider
- Direct hardware sourcing

3. Divest
- Partial divestment
- Recycle capital
- Rebalance portfolio

4. Operate assets
- Operational excellence
- O&M
- Sale of power

5. Generate cash
- Dividends to shareholders
- Reinvest

Sustainability

Reinvest

Reinvest

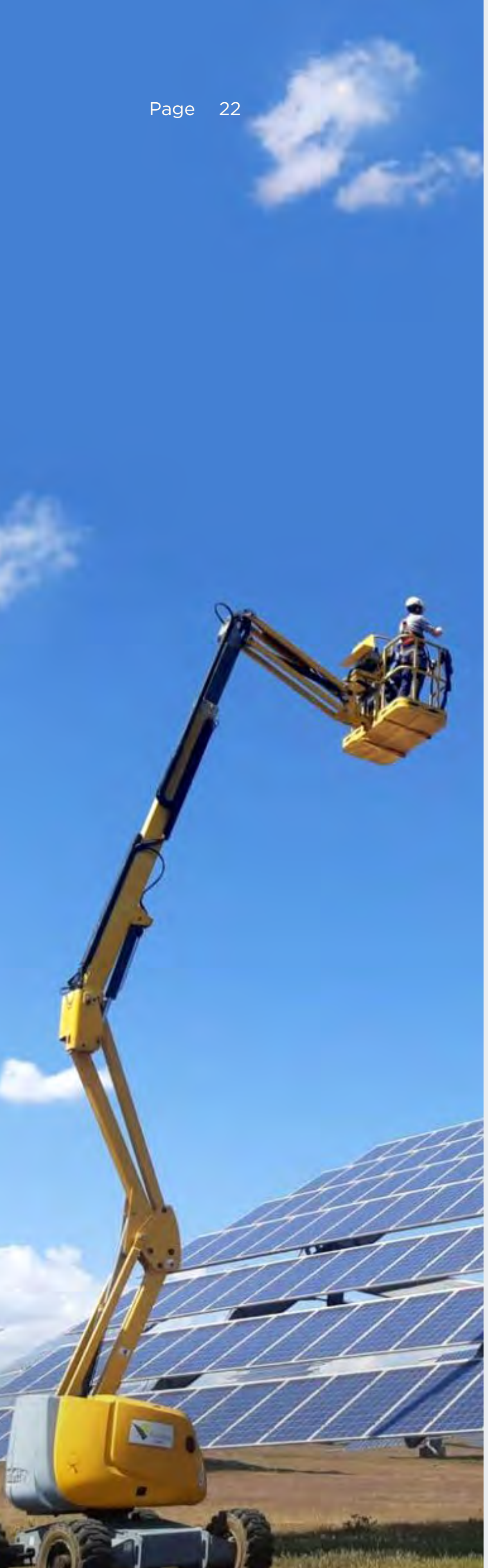
Dividends to shareholders

12 years of development**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Portfolio													
MWp in operation	1.0	1.6	1.6	11	11	24	32	58	116	179	196	326	359
MWp constructed										26	4	87.5	33
MWp signed pipeline									10	140	556	1,039	1,750
Equity													
EUR million	0.7	1.3	2	7	9	15	18	36	64	92	135	254	367
DKK million	5	10	15	52	67	112	134	268	477	685	1,006	1,892	2,734
Assets													
EUR million	2	6	9	39	41	60	78	139	212	281	434	592	680
DKK million	15	45	67	290	305	447	581	1,036	1,579	2,093	3,233	4,410	5,066
Shareholders													
	4	8	12	24	35	65	75	119	166	272	342	531	750

*Expected

**Consolidated numbers for both NSE and Global



Strategic ambitions

The strategy is built on four strategic ambitions. The strategic ambitions strengthen our role in contributing to a more sustainable future while moving forward in becoming the leading Nordic solar company.

The Nordic Solar model
Implementation of »The Nordic Solar Model« is our first strategic ambition. As described in the previous chapter, the organisation manages the activities from greenfield development to energy production. The Nordic Solar Model includes partial divestment of operational assets, which is essential in realising our growth ambitions and creating shareholder value.

Growth
Nordic Solar is a fast-growing organisation that has experienced a doubling of employees and operational MWp capacity every second year since 2015. By the end of 2021, Nordic Solar had 45 employees and 326 MWp of installed solar projects. Our ambition is to have more than 1 GWp operational solar capacity in 2025 with a pipeline minimum twice that size. We currently have a pipeline of more than 1 GWp, which we are planning to construct in the coming years. Thus, it is an ambition that is within reach. Our growth ambition addresses the challenges of:

- Providing economically viable energy without subsidies from governments, reducing greenhouse gas emission, and stimulating local job creation.
- Meeting customers' requests of having better access to efficient green energy solutions.
- Creating value for the shareholders in form of attractive returns.
- Creating a strong organisation attractive enough to retain and attract highly competent employees.

IPO-ready
Nordic Solar's ambition is to be IPO ready by the end of 2022, measured on all parameters. The result of being IPO ready is better growth opportunities no matter what financing routes are followed. We have come a long way in terms of becoming IPO-ready. We adopted IFRS standards in 2018, introduced a compliance and risk management function together with quarterly reporting in 2021, and have always had complete transparency of the business model. However, we focus on improving the speed and quality of reporting, documentation, compliance, risk management as well as building a solid equity story for the capital market.

Sustainability
Nordic Solar is born green. We deliver clean energy and address the climate challenges by delivering sustainable energy across Europe. Nevertheless, we still have the responsibility to conduct our business responsibly, both externally and internally. Thus, we view sustainability as a two-sided affair.

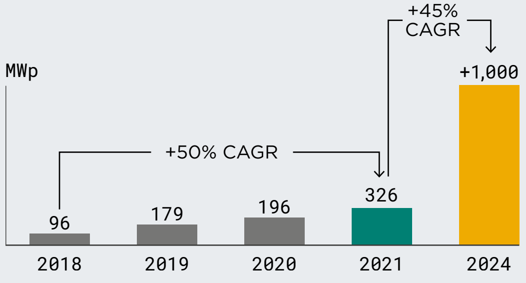
Externally
In February 2021, we initiated a sustainability project to create the foundation for conducting our business in a broad sustainable sense. A cross-divisional work group mapped the company value chain and assessed where Nordic Solar's sustainability initiatives would have the greatest impact. The results of the extensive effort are presented in our sustainability report in March 2022. The report lays the foundation for the coming years' work towards securing a thriving and sustainable way of conducting our business.

Internally
We have the broad goal of building an organisation that is sustainable with a high level of employee satisfaction. We focus on enabling sustainable work through the two levers, job quality and working time quality. These levers are amongst the determinants of a sustainable workplace. Hence, to become the leading Nordic solar company within sustainability, we will in the coming years focus on these levers to cultivate and retain employees as well as attract new competencies.

Strategic targets

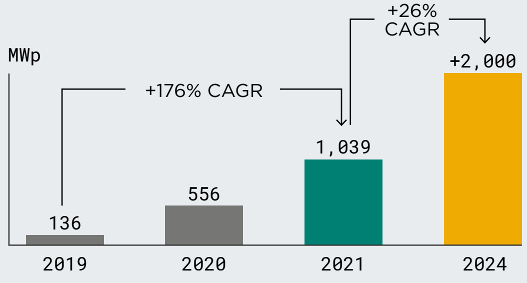
MWp in operation

In 2018, Nordic Solar had 96 MWp of operational assets. We have since 2018 experienced significant growth of MWp in operation. From 2018 to 2021, MWp in operation increased by an average of 50% per year to 326 MWp. Our target is to reach more than 1,000 MWp in operation by end of 2024, which requires an constant annual growth rate (CAGR) rate of 45% .



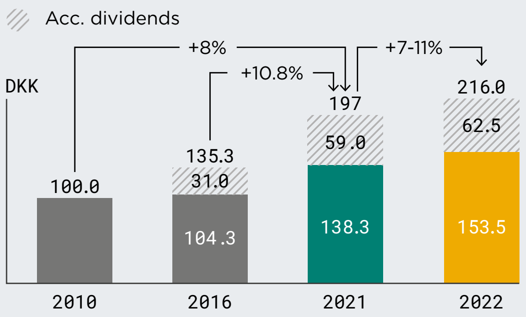
MWp signed pipeline

A crucial aspect of our growth strategy is to have a project pipeline of minimum twice the size of the operational portfolio. Our investment team has built a 1,039 MWp pipeline over the past two years. Thus, we have increased the pipeline at least sevenfold from 2019 to 2021, and the target is to have a pipeline of signed projects of more than 2,000 MWp by the end of 2024.



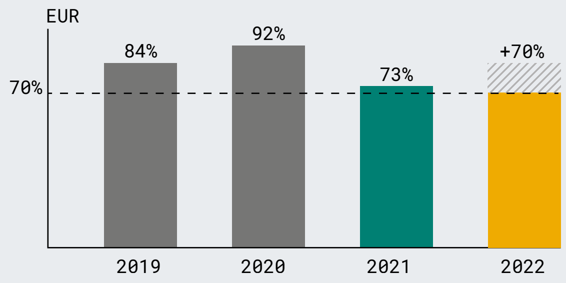
Competitive shareholder returns

We have since 2010 generated an average return of 8% annually. The return in the past five years has, on average, been 10.8% per year for Nordic Solar Energy shareholders. Our target in the coming years is to generate an average annual return to shareholders of 7-11%.



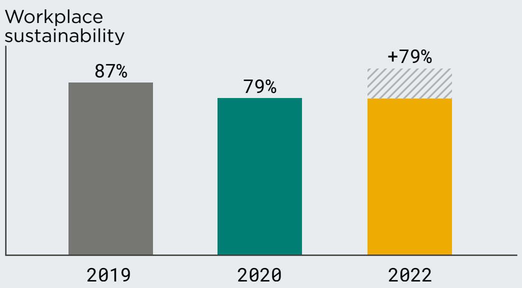
Secure revenue

The aim to deliver an attractive risk-adjusted return to the shareholders is partly ensured by hedging revenue from either state-supported tariff regimes (FiT) or entering into power purchasing agreements (PPA). Our strategy is to secure revenue streams with, on Group level, a minimum of 70% of the annual revenue coming from FiT and PPA arrangements and a maximum of 30% of revenue sold on a merchant basis in the coming three years.



Workplace sustainability

Having a sustainable workplace goes hand in hand with achieving great results. Further, we know that employee satisfaction can help us retain and attract employees, which is crucial to delivering on the growth ambitions. We have in 2022 initiated new annual measuring framework for workplace sustainability that allows us to track and improve the working environment. Our target is to increase the workplace sustainability in 2022 compared to the 2021 score.



External sustainability

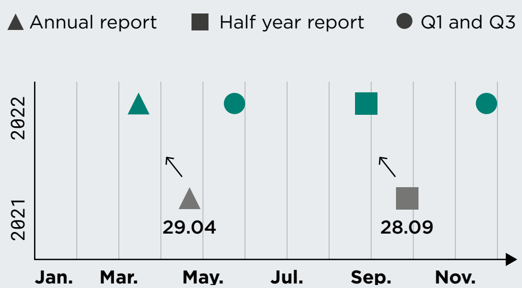
Going forward, sustainability is a licence to operate in today's world. We believe that being green is more than delivering a clean and efficient energy solution to our customers. We have initiated a three-year ESG project mapping of our supply chain with a focus on environment (E), social (S), and governance (G) factors. We have decided to concentrate our focus on:

1. Climate and environment
2. Caring workplace and diversity
3. Business innovation and governance

The underlying UN sustainability development goals of gender equality (no. 5), affordable and clean energy (no. 7), decent work and economic growth (no. 8), responsible consumption and production (no. 12), and life on land (no. 15). We will, over the next years, set tangible targets for Nordic Solar's climate initiatives.

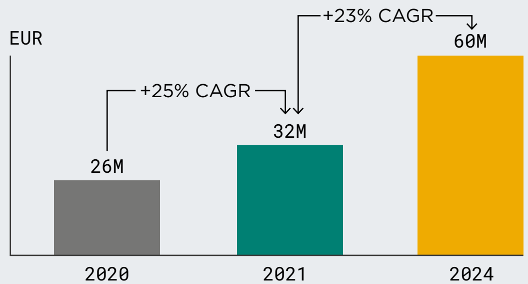
Reporting

IPO-readiness by the end of 2022 is one of our tangible goals. IPO-ready gives freedom to choose the financing route we prefer at the given time. One aspect of becoming IPO-ready, is to comply with the reporting standards of publicly listed companies. During 2022 Nordic Solar will also release quarterly reports to the shareholders.



Growth

EBITDA increased by 25.7% from 2020 to 2021. Based on our medium-term strategy, our target is to increase Group EBITDA by an average of 23.3% per year from 2021 to 2024, while maintaining an EBITDA margin of +60%. The objective is based on our current project pipeline being further developed and constructed according to plans and budget.



Sustainability

The environment

The themes of 2021 have in broad terms reflected 2020. COVID-19 has again set the agenda for the world, forcing countries into several lockdowns affecting societies, businesses and individuals. Further, climate-related issues have continued the tendencies of 2020 with record-setting disasters and worrying climate changes. Reports of record-high atmospheric greenhouse gas concentrations have placed the world into uncharted territory with unfamiliar challenges for the current and future generations. The global sea level rise has accelerated to a new high in 2021, and the ocean waters are continously warming up. We have observed several climate-related incidents that emphasise the need for a more sustainable future. For instance, historic winter weather caused ten million people in the eastern US to be without power at the storm's peak and several million without access to water. In July, the average global surface temperature was the highest ever since global records began in 1880. These climate-related disasters display a small extract of the 2021 climate crises, reflecting the increased extreme weather fluctuations.

In 2021, we witnessed changes from the political side. On 14 January, the European Commission unveiled its one billion euro public and private investment plan to finance the European Green Deal Investment Plan. The primary objective of the plan is to facilitate a framework for private and public investors promoting sustainable investments. The one billion investment plan is to make the European Union the first climate-neutral continent. Further, the European Union initiated the EU sustainable finance taxonomy ensuring a common language and a clear definition of what is sustainable. The taxonomy will play an important role in assisting the EU in scaling up renewable investments and implementing the Green Deal.

The world's leaders resumed the United Nations Climate Change Conference with the 26th annual meeting (COP26) held in November 2021. The formal meeting assessing the progress in dealing with climate change was in 2020 postponed due to the COVID-19 pandemic. The government officials that met in November 2021 reached a deal on further reductions of greenhouse gas emissions. The final documents state that carbon dioxide must decline by 45% from 2010 levels, and that global warming is maintained at 1.5C° above pre-industrial levels. COP26 has closed a part of the gap towards a sustainable future but there is still much to be done. Solving the problem demands for all actors to raise the level of ambition of unions, governments, decisions makers, businesses and individuals.

Along with companies and cities, more than 130 countries have now set or are considering setting a target of reducing emissions to the new zero scenarios by 2050 supporting the Paris Agreement. And of all the parties to the Paris Agreement, more than 75% have re-visited their national plan and updated their national action plan to meet the target. However, their planned combined emissions reduction by 2030 still falls short of the level needed to achieve the overall goal of the Paris Agreement of keeping warming at no more than 1.5C°.

The debate of whether climate change is human-induced has, during the past years, ceased while interstate associations fighting climate change and promoting the renewable solution have mushroomed. However, we need to act and be more ambitious to reverse the changing climate and meet the targets and goals set by the world's researchers to ensure a sustainable future.

Solar energy continued to increase the cost-competitiveness in 2021. The cost of solar energy declines globally, reflecting reductions in capital costs, increased competition as the sector matures, and increases in scale and technology. These structural improvements continue to create incentives for states and end-users to demand a more climate-friendly energy source as it benefits both the environment and end users. The lower costs of renewable energy will, hopefully, sustain the new energy economy, which will be more electrified, efficient and clean. A sign of the new electrified economy is the boom in electric cars and plug-in hybrid sales in

Denmark. The sale of electric vehicles has, in 2021, increased by 75%, while plug-in hybrids rose by more than 120%. Across Europe, 18.5% of all cars sold in 2021 were fully or partly electrified, emphasising the demand for clean solutions, which drives the transition towards a fully electrified economy.

Still, the conclusion on the environmental progress simulates the one from 2020. Progress is not happening fast enough to reduce the emission pace of greenhouse gasses. Even though 75% of all parties to the Paris Agreement have revised their national action plans, the planned reduction still falls short of the critical level, making it impossible to reach the 1.5C° target. However, we have created the opportunities to set the economy on a viable green path, but we need to boost investments in green infrastructure and trust renewable solutions.

Part of the change

Nordic Solar and our shareholders share the mutual vision of becoming the leading Nordic solar company and, through that vision, contribute to have an impact. We become a contributor to impact by enabling solar energy to expand and become the prominent renewable energy source. We wish to participate in the global effort to reduce fossil fuels and create a better environment and future for everyone.

In 2021, Nordic Solar produced 239,656 MWh solar electricity, equivalent to the annual consumption of 64,772 European households or savings of 71,462 tons non-emitted CO_2. The average European household consumes 3.7 MWh of electricity a year.

Nordic Solar's strong development in 2021 has brought our role as a sustainable independent power producer into focus. It is our ambition to take on even greater responsibility going forward by being more transparent when reporting on non-financial and ESG areas meeting increasing demand from legislators and other stakeholders.

We have during 2021 focused on creating the framework by mapping stakeholders, conducting materiality assessments across the value chain, assessing focus areas, and linking these to the UN Sustainable Development Goals to set targets for Nordic Solar in future. We have drafted a roadmap for the implementation of the ambitious ESG strategy.

At Nordic Solar, we are committed to respecting human rights. We consider the human rights risk related to our operations to be low given the nature of our activities. The highest risk concerning human rights breaches is in our interactions with 3rd parties. We, therefore, have a continuous focus on limiting our human rights risk related to the 3rd parties by having instructional rights and possibilities in place, which includes guidelines for construction contracts. In 2021, we received zero reports on breaches concerning human rights related to our activities. Going forward, we will continue our efforts to minimise any adverse impact our operations might have on human rights.

We have zero-tolerance for corruption and bribery in our operations and our business relationships. Based on our activities, we consider the risk for corruption and bribery low. We have incorporated anti-corruption procedures for our employees to mitigate the corruption and bribery risk when they interact with 3rd parties. In 2021, we experienced zero corruption or bribery attempts. We will continue to closely monitor our exposure to corruption and bribery and mitigate any risks that may occur.

We are very focused on the well-being of our employees as keeping our employees is important. We have implemented physical training facilities and massage options as well as we have a psychotherapist connected to the company to increase the well-being of our employees. We have a whistleblower scheme, and in 2021, we received zero cases. Nordic Solar has detailed its current actions in the 2021 ESG report.

Please see the Nordic Solar 2021 sustainability report for further information on the company's ESG goals and initiatives. https://nordicsolar.eu/pdf/en/sustainabilityreport2021

The people

Vision and values

Openness, thoroughness, honesty and work-life balance. These are the core values of Nordic Solar rooted in every process, workflow and relationship. We measure our ability to live by these values to take responsibility for any discrepancy between ideals and reality.

Our fast-paced work environment calls for swift decision-making in all parts of the organisation. Having a clear value set enables lean decision-making as it defines how we work and interact with colleagues, stakeholders and partners. Further, the values are in place to assist the organisation in its day-to-day work ensuring that we successfully realise our strategic vision while striving to improve our competences every day.

We encourage decision-making at every level of our organisation. We strive to be a value-driven company every day while maintaining a healthy and inspiring work environment, as we believe this is the key to our future success.

Nordic Solar's mission is to make everyone benefit from solar energy. Our employees are the cornerstone of our growth journey and the enabler of Nordic Solar's vision to become the leading Nordic solar company.

Thus, we believe it is good business to take care of our employees and have common values to sustain the company culture.

We continue to invest in and develop the organisation to ensure that everyone reaches their full potential. Nordic Solar expects the company to grow to above 100 employees within the next 2-3 years, thus strengthening all aspects of the business.

Board of Directors

Christian Sagild (chairman)
Christian Dulong Hoff
Iben Mai Winsløw
Frank Schyberg
Vibeke Bak Solok

Investment Committee

Compliance

Nikolaj Holtet Hoff*
CEO

Executive Assistant

Operations

Glenn Aagesen
COO

EPC	Operational
2	5

Clients, Communication & Sustainability

Anders Søgaard-Jensen*
CSO

Clients	Comm. & Sustainability
2	6

Finance & Administration

Jes Vengaard
CFO

Finance	Admin. & IT
7	6

Legal

Tim Gadatsch
CLO

Legal
3

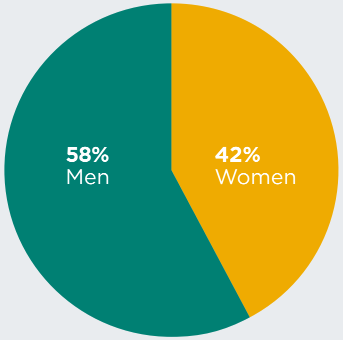
M&A & Development

Holger Bang
CIO

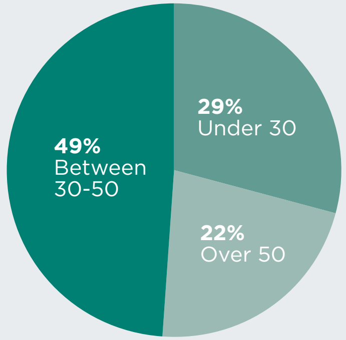
Investments	Projects
5	1

*Executive Management

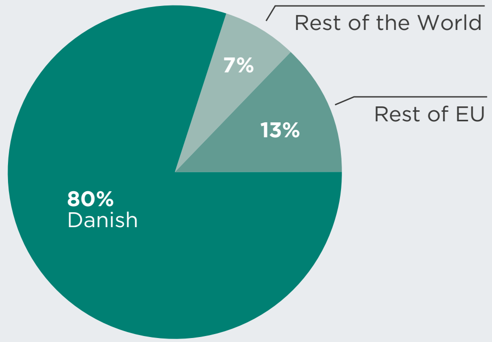
Gender



Age



Nationality



A diverse organisation

At Nordic Solar, we believe that a diverse and inclusive organisation is a value driver of growth, innovation and impact. An inclusive business that embraces people of all backgrounds is found to be more profitable, more innovative, and better at problemsolving.

One element of diversity is the aspiration to have a balanced gender representation at all levels in the organisation. The gender distribution amongst all employees at Nordic Solar is 58% men and 42% women. In leader positions, 70% are men while 30% are women. We have 50% men and 50% women in our Investment Committee. Our Board of Directors consists of 60% men, and 40% women.

Age diversity matters greatly when pursuing growth and innovation. OECD states that age diversity increases the productivity of a company. Improving skill diversity naturally gives positive spillover effects on innovation and profit. At Nordic Solar, we have an evenly distributed workforce, and we aim to continue this path.

At year-end 2021, we were eight different nationalities working from our Copenhagen-based office. We are pleased to attract talent from across the world and expect this multiculturality to increase in the coming years as it greatly benefits the organisation and our growth strategy.

The management team

NIKOLAJ HOLTET HOFF
FOUNDER AND CHIEF EXECUTIVE OFFICER (CEO)

Nikolaj has 12 years of experience with solar energy as founder of Nordic Solar. Nikolaj has experience within M&A, development, strategy and leadership.

ANDERS SØGAARD-JENSEN
CHIEF SALES OFFICER (CSO)

Anders has 10 years of experience with solar energy, working for Nordic Solar. Anders' capabilities cover investor relations, funding, sale, communication and marketing.

HOLGER BANG
CHIEF INVESTMENT OFFICER (CIO)

Holger has 14 years of experience with solar energy, working as CIO at Nordic Solar and European Energy. Holger's capabilities cover solar M&A and project development. Holger has been part of several multi-million deals across Europe.

TIM GADATSCH
CHIEF LEGAL OFFICER (CLO)

Tim has 9 years of experience with solar energy, working as CLO at Nordic Solar and Senior Legal Manager at European Energy. Tim's capabilities cover legal solar M&A. Tim has been part of several multi-million deals across Europe.

GLENN AAGESEN
CHIEF OPERATING OFFICER (COO)

Glenn has 15 years of experience with renewable energy, as founder of FairWind, working as COO at Nordic Solar and Head of Operations at European Energy. Glenn has his capabilities within renewable operations, organisational development, and implementation.

JES VENGAARD
CHIEF FINANCIAL OFFICER (CFO)

Jes has 8 years of experience as CFO, working for Nordic Solar, EjendomsInvest, and M. Goldschmidt, and is a chartered accountant and director from PwC with 15 years of audit experience. Jes has his capabilities within financial statements, HR, and IT.

Market development

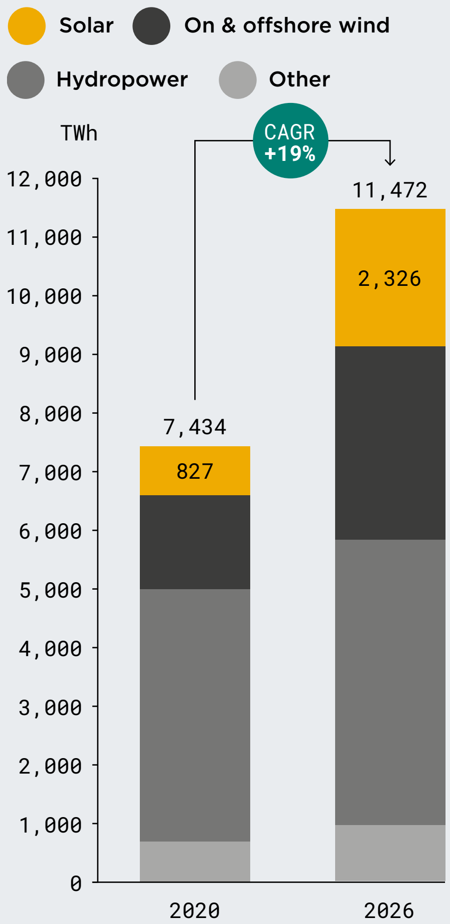
Short term

2021 was a record year for renewable energy installations. According to the International Energy Agency (IEA), additions to the renewable energy capacity reached another annual record, driven by solar installation. In 2021, 290 gigawatts (GWp) of renewable energy were installed, which is 3% higher than 2020's already exceptional growth. Solar energy accounts for more than half of all these renewable installations. The European solar industry installed 34% more solar energy in 2021 compared to 2020. Solar Power Europe estimates that Europe will reach 30 GWp of solar installation in 2022 thereby continuing the trend. Realising the expected growth in Europe demands multi-billion investments, and Nordic Solar is well-positioned to contribute and tap into this growing market.

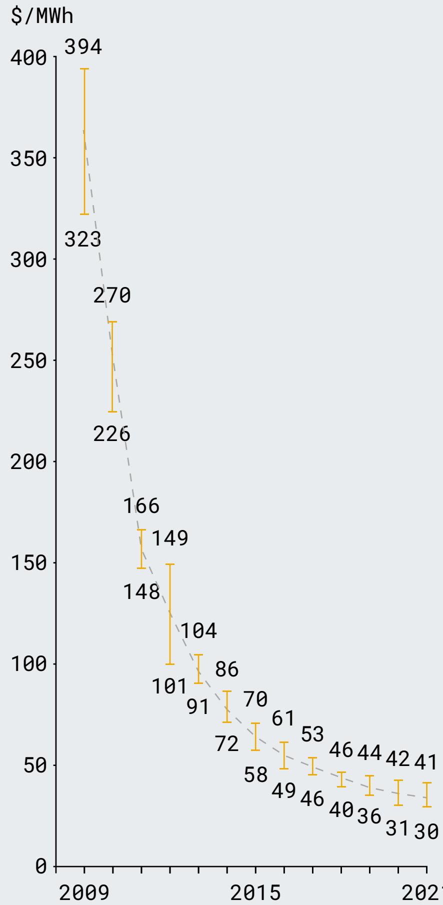
Medium term

Global renewable electricity generation is expected to increase from a total energy production of around 7,400 terawatt-hours (TWh) in 2020 to a staggering 11,400 TWh in 2026. Solar energy is expected to be a main driver of electricity generation, with an average annual increase of 19%. By 2026, solar energy accounts for more than 20% of all renewable electricity generation.

Electricity generation medium term



Solar Levelised Cost Of Energy (LCOE)



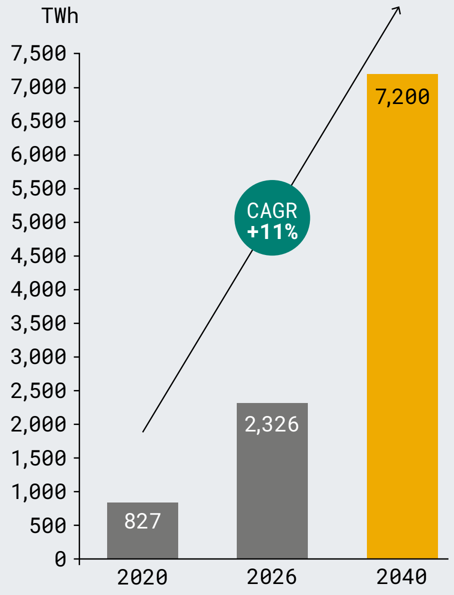
At Nordic Solar, we see four main drivers of this development. First, renewable energy has become extremely cost-competitive, and solar energy is now considered one of the cheapest sources of energy according to Lazard's Levelised Cost of Energy Analysis. Second, there has been an increasing demand for electricity, which is expected to continue in the following years as the world is becoming more and more electrified. Third, the increasing focus from the political side and the governmental recovery packages are adding growth to the green energy sector. Most noticeable is the NextGenerationEU climate recovery plan. The recovery plan will transform the European economies by creating opportunities and jobs in a greener Europe through climate investments, corresponding to approximately EURb 800. The package focuses on mitigating the economic and social impact of the pandemic and making European economies and societies more sustainable and decarbonised through green investments. Fourth, we see a tendency of investment companies setting their standards so as to exceed formal regulations, demanding that companies in which they invest take an active part in the climate change transition. The increased focus from every side makes the transition to a cleaner future more feasible.

Long term

At the end of 2020, solar energy constitutes 3% of the global generated electricity equivalent to 827 TWh. Solar energy is by IEA expected to increase to supply more than 7,200 TWh of the world's energy demand in 2040, an eightfold increase equivalent to a constant annual growth rate of 11%, superior to any other source of electricity. The 2040 estimate is that solar energy will constitute more than 17% of all global energy generation.

These prosperous short-, medium-, and long-term growth predictions intensify the competitive landscape in the renewable industry as many companies see opportunities to tap into the growth. This includes conventional energy source suppliers that switch track to greener alternatives. We are welcoming the change in the competitive landscape as this enhances the possibility that the world will reach the Paris Agreement by 2030. Nordic Solar continues to see attractive growth opportunities.

Solar electricity generation, long term



Geography

Assessing the global solar market and the prospects for the following years, we see that the European solar market will remain attractive and maintain a significant market share of total installed capacity. Asia-Pacific (APAC) and China will continue to dominate the global installed capacity driven by the demand in China. Solar Power Europe projects APAC to have decreasing market share in the coming years. American (AMER) region remained the second largest region in 2021. The AMER development is primarily supported by the development in the USA, where there has been an extension of ITC[1], positive development in the solar rooftops market, and the pro-renewables climate of the new administration. Solar Power Europe expects AMER to have decreasing global market share in the coming years due to the ITC extension only being for two years, and that Mexico is facing a difficult political environment for renewable deployment. The Middle East and Africa (MEA) are slowly gaining strength driven by the positive news on the advantages of solar energy spreading across the region. However, MEA remains small in a global context. The main driver for solar growth in Europe (EU) is the grid parity (low solar energy cost) on top of this EU is aiming towards carbon neutrality by 2050, pushing renewable energy growth further.

Thus, Nordic Solar's view is that the European market is as attractive as that of the rest of the world. Hence, our focus will predominantly be on this region as there are many growth opportunities with attractive shareholder returns. We will follow the development of other regions and assess the investment opportunities we are presented with, but Europe remains our key geographical focus area.

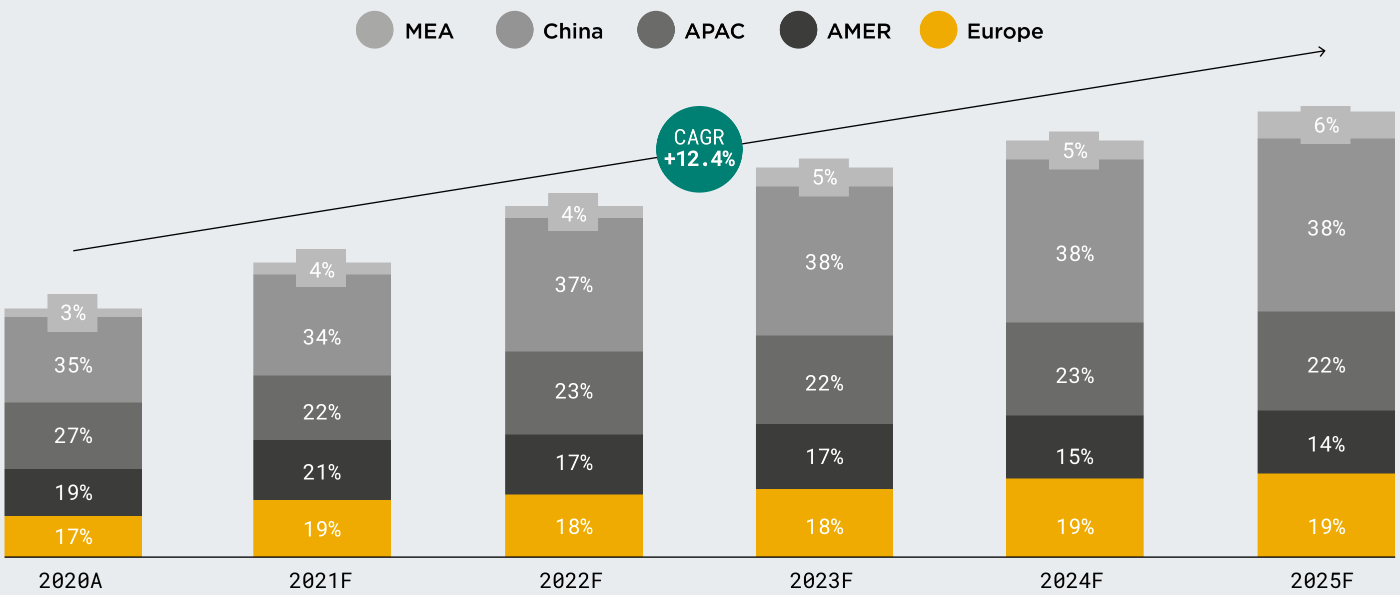
Complementary renewables

Storage

For solar energy to become the primary source of electricity, it has to match the market's needs. In the market, electricity is needed around the clock. However, solar projects are producing electricity when the sun shines, and the electricity has to be consumed within a second. A part of this solution is for a country to have a mix of energy sources such as wind, solar and if available hydro. The other part of this solution is to shift energy production to the time when it is needed. There are multiple solutions to shift produced energy, and the most mature technology is storage through batteries.

Battery technology has been overly expensive in the past, making the technology unfeasible. Today, battery technology has become more reliable and competitively priced. The Levelised Cost of Storage (LCOS) for batteries displays that batteries are becoming more cost competitive and easier to build a business case around.

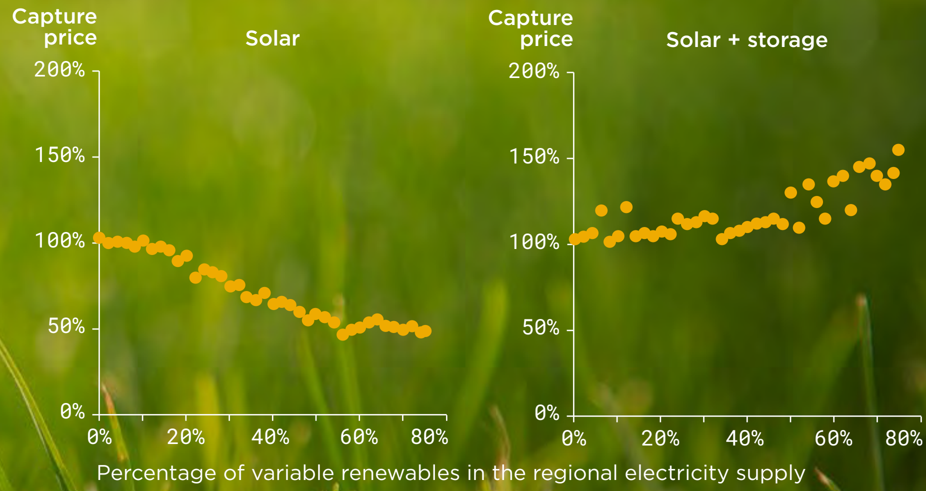
Evolution of global annual solar energy market share



1. Federal solar investment tax credit

Levelised Cost of Storage (LCOS)

Solar and Solar + storage capture prices



An existing challenge is the excess battery demand driven by especially electrical vehicles resulting in more than five times higher lithium and other feedstock prices. This demand has caused higher prices in the winter of 2021/2022. However, expectations from Bloomberg New Energy Finance are still that LCOS will return to the declining trend, which will turn batteries into an efficient source of storage.

If batteries are to become the winning storage solution, actors in the market must see a viable business model combining storage with solar energy. Studies show that the capture price[2] of solar declines in the long run as the share of electricity that comes from renewable energy sources increases. The simple explanation is supply and demand driven.

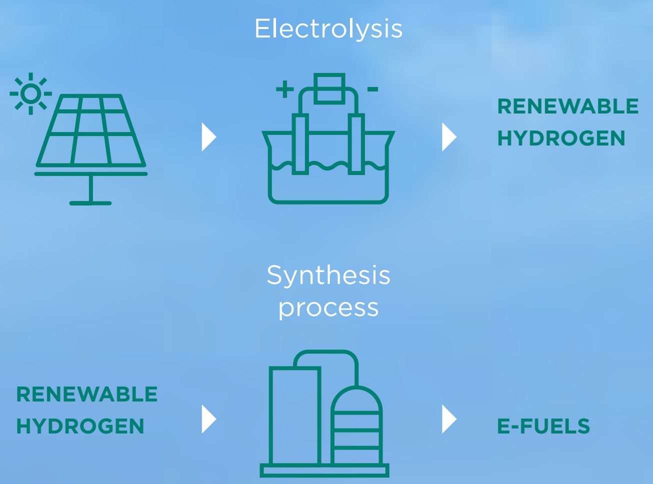
- Solar energy is produced during the day
- Prices are, all other things being equal, lower when supply is high and higher when supply is low.

Storage allows shifting sale of energy to periods with high prices. The outcome is that a high share of renewable electricity supply will make electricity supply less flexible resulting in better capture prices by selling electricity at off-peak electricity supply hours. We are looking into a market that gradually becomes more attractive while energy that is purely solar will be challenged on the prices.

Nordic Solar follows the development of batteries closely. Especially the development in LCOS, which is the primary driver of building a sustainable business case. Several of Nordic Solar's existing grid capacities is expected to be attractive for incorporating battery storage in the future. We are currently assessing if we can improve our investment cases by introducing storage to our solar parks.

2. The average market price that the unit earns

Process of PtX



Power-to-X
Nordic Solar is following the market of Power-to-X (PtX) closely as PtX partners may become reliable off-takers for the electricity that will be generated by our pipeline once it is realised. However, we currently have no concrete agreements to supply electricity to PtX off-takers.

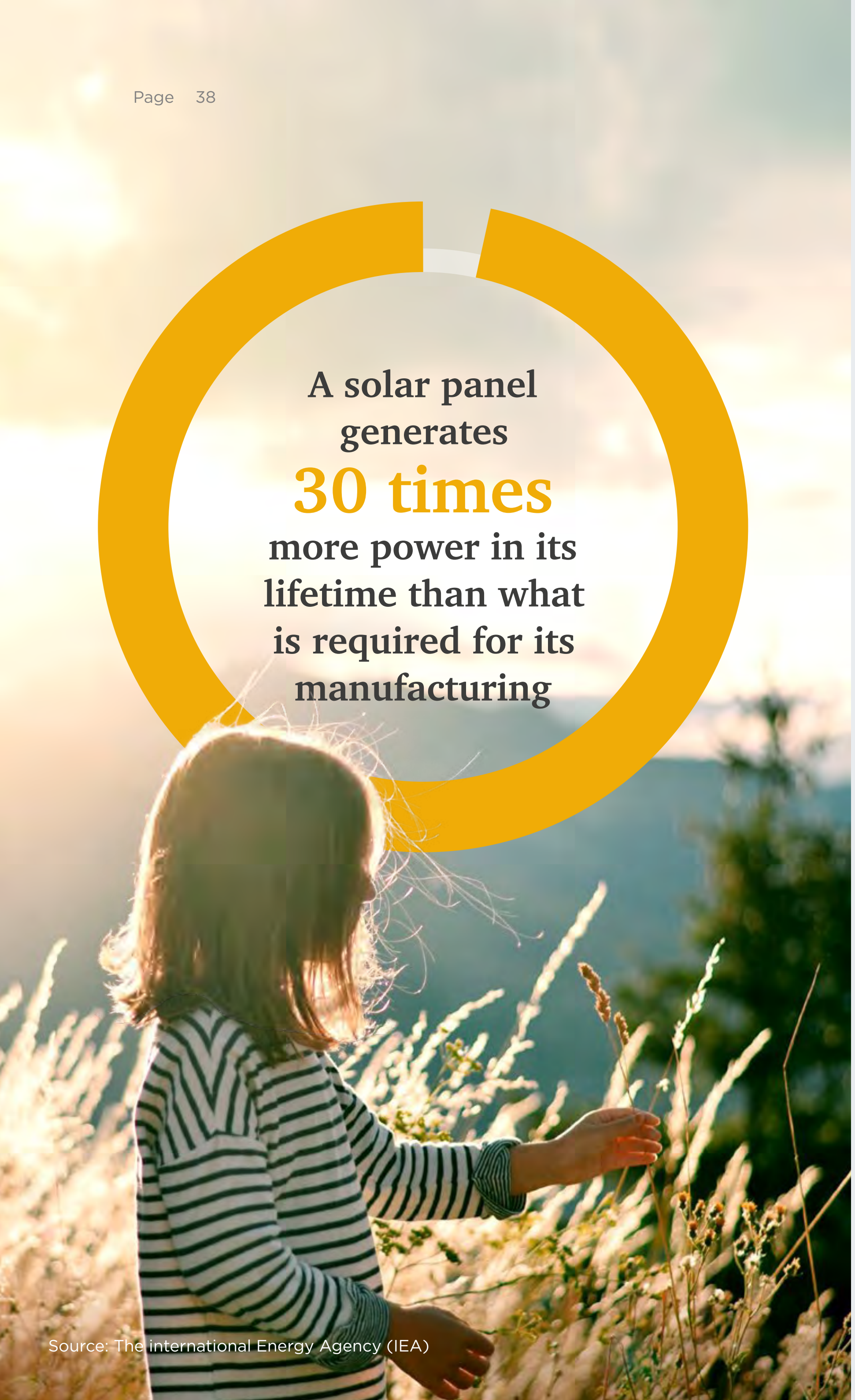
PtX is a process that enables indirect electrification of heavy industry, aircraft, ships, trucks, and more. PtX is defined as the process where green electricity is converted to first hydrogen and subsequently e-fuels. The first step of PtX is the conversion of water to hydrogen. Splitting water molecules in the electrolysis requires an input of energy, which in PtX is driven by green electricity such as solar. The hydrogen can then be used as an energy source or it can form the basis of a refining process where the hydrogen in a synthesis plant is combined with either nitrogen or carbon and forms several new PtX fuels, which is referred to as e-fuels.

For instance, by adding nitrogen to hydrogen in a synthesis process, green ammonia (e-ammonia) is produced. E-ammonia can substitute fossil ammonia directly and decarbonise the agricultural sectors. By adding carbon to hydrogen in the synthesis process, e-diesel, e-methanol, e-kerosene, and more are produced. These fuel types can directly substitute fossil fuels in, for instance, the aircraft and shipping industry. The technology is on the right track to becoming a major actor in the green transition, but it is still immature and dependent on subsidies or acceptance of higher cost prices.

Besides the obvious environmental benefits of introducing e-fuels to the energy mix, it also has several economic effects. The capture prices of solar are, as explained, expected to decline as more renewables are introduced to the energy supply. Supplying both solar electricity and e-fuels will give a more diversified revenue stream, which may provide a more stable and profitable revenue in the long run.

Every third power plant installed in 2020 was based on solar power

Source: The international Energy Agency (IEA)



Development in 2021

A major development in 2021, was the merger in June of Nordic Solar Energy, Nordic Solar Global and Nordic Solar Management. The merger changed Nordic Solar from being two investment companies with an external asset manager to a fully integrated industrial solar energy company. The Group now operates throughout the entire value chain from development, construction to operation of solar parks in ten countries across Europe.

COVID-19 was again a factor influencing the business environment in 2021. However, for Nordic Solar COVID-19 did not affect the company's operations or construction projects in any significant manner. The focus on renewable energy and specifically solar energy as a part of the long-term solution to the climate crisis increased. This in turn increased the interest in investing in solar energy and helped Nordic Solar raise EURm 69 in equity for new investments.

The energy market was heavily influenced by increasing energy prices in 2021 after a year in 2020 where, among other factors, COVID-19 and lower economic activity resulted in much lower energy prices. The sharp electricity price increase in 2021 that to a large extent was due to rising gas prices, has created an energy crisis, where governments around Europe try to find solutions to help consumers and corporations who struggle with the impact of rising electricity prices. For Nordic Solar, the rising electricity prices had a positive effect on revenue, as part of the production – 27% in 2021 - was sold at merchant (day-to-day) prices. Despite the fact that Nordic Solar for the first time since its establishment in 2010 was behind the production budget, revenue exceeded the budget by EURm 2.5 due to the price increase.

Operational activities

The operational solar park activities started the year with a combined portfolio of the two investment companies of 196 MWp. The portfolio reached 326 MWp solar parks in operation by year end equal to 66% growth in the production capacity. Growth of the portfolio was based on an acquisition of a 27.5 MWp solar park in Portugal as well as a 16.8 MWp solar park portfolio in Poland. Additionally, we built, a 37 MWp portfolio in Poland and a 48.5 MWp project in Portugal during 2021, adding up to 326 MWp to the portfolio.

The 27.5 MWp solar park in Portugal was purchased with a bridge financing that was repaid and refinanced in Q1 2022. The Portuguese solar park is fully merchant. A long-term power purchase agreement (PPA) has not been signed, and the project has therefore had full value of the high energy prices in 2021 and 2022. The company is considering to further top-up the new loan in conjunction with the establishment of a long term PPA, at a later stage. The Polish 16.8 MWp portfolio was purchased without debt and is planned to be financed during 2022.

Construction activities

The construction activities in 2021 in general proceeded well with high quality and on time realisation of the projects. The Polish project was constructed with several subcontractors whereas the Portuguese project was a turnkey project delivery.

The Portuguese construction project was financed with a combination of equity and a local construction financing, that is converted into a long-term project financing. A 10-year PPA was signed in June 2021 as part of the closing of the construction financing process. Despite the solar park being ready to deliver electricity to the grid, local administrative complications pushed the connection date to end of January 2022. Owing to the very high electricity prices, non-performance of the PPA cost EURm 1.1 in 2021 and EURm 0.9 in 2022.

The Polish construction was financed 100% by equity as implementation of construction financing was lengthy. The long-term financing came into place in Q1 2022, with less favourable interest terms than expected, due to the rising interest rates in Poland. The interest rate was fixed at 50% of the new loan whereas the 100% of Polish project financing is secured by way of the existing portfolio. The more expensive financing is to some extent set off by increased inflation, which increases the tariff, as well as a decision to sign a separate PPA providing for higher prices on the first year's electricity sale and letting the 15-year tariff start a year later.

Finally, the preparation of the construction of a 33 MWp solar project in Denmark has started. The project reached the ready-to-build stage by the end of 2021, and procurement as well as construction financing was secured at the beginning of 2022. The project is expected to be connected to the grid by the end of 2022.

Pipeline build-up

By the start of 2021, the company (at that time Nordic Solar Global) had a pipeline of project rights amounting to app. 556 MWp in Italy, Greece, Poland, Portugal, and Spain. By the end of 2021, the portfolio of project rights had increased to 1,039 MWp through the purchase of project rights in Denmark (155 MWp), Italy (368 MWp) and Greece (46 MWp). The project pipeline thereby grew by 87%.

Financing activities

Growth within solar energy is quite capital intensive, and the financing of new development and construction activities is demanding. Nordic Solar therefore has a broad strategy implying both construction financing and long-term debt financing on SPV level, financing at the holding company level as well as special bridge financing activities, when needed. During 2021, total debt financing obtained was EURm 44.3 consisting of long-term financing of EURm 19.3 and bridge financing of EURm 25. Furthermore, a financing in Spain of EURm 3.8 was repaid with an expectation to refinance a significantly larger amount in the first half of 2022.

Nordic Solar's primary source of new equity comes from commitments from investors given on an ongoing basis. The capital-call model works like a credit line for the company to draw upon when liquidity is needed for new projects or construction costs. In 2021, a total of EURm 69 of these commitments was converted into new share capital.

Financial statements for 2021

The official financial statements include approximately the first 6 months for NSE (the continuing company) plus approximately six months of operation for the fully merged and integrated company from 10.06 to 31.12 2021. As this does not cover 12 months of operation for the merged company, unaudited proforma statements for the merged company were prepared, see pages 15-16.

The 2021 financial statements are prepared in accordance with international accounting standards (IFRS). In 2021, revenue increased by 46% to EURm 46.5. Revenue growth stems from the acquisition of Polish and Portuguese solar parks during the summer of 2021, which is included for six months of 2021, and from the solar park acquired in Spain in the autumn of 2020, which is now included for the full year. On top of this, the merger with Nordic Solar Global increases revenue from the operational solar parks in Poland that were taken over.

EBITDA rose by 26% to EURm 32.2 in 2021. On the EBITDA level, the effect of the merger with the management company has increased costs without increasing revenue hence reducing the EBITDA margin. Revenue from the former management company is either no longer invoiced as it relates to services that are now considered internal services, or invoiced to subsidiaries but eliminated from the Group consolidation.

Profit before tax for the year was EURm 2.5, whereas profit after tax amounted to EURm 1.6. The results were negatively affected by the merger as mentioned above. Despite the relatively low results in 2021, Nordic Solar's cash flows were strong, and EBITDA net of interest, debt repayments and tax payments form a basis for the distribution of dividend.

The proposed dividend payout is based on Nordic Solar's cash flows from the operational solar parks. Therefore, when calculating the free cash flow forming a basis for the distribution of dividend from the existing solar parks amortisation/depreciation charges and deferred tax charges has been added, and repayment of solar park debt has been deducted, see the table on page 13.

The dividend for 2021, proposed at the general meeting, is EUR 0.47 (DKK 3.5) per share for the 16,185,936 shares carrying full dividend rights for 2021. The 1,257,628 new shares issued in October and December 2021 as well as the 1,720,293 new shares issued in February 2022 are not entitled to dividend unless dividends exceed EUR 0.47 (DKK 3.5) per share. A total dividend payment of EUR 7,604,131 (DKK 56,650,776) is proposed for the year.

Unaudited proforma financial statements for 2021

The proforma financial statements presented on pages 15-16 shows the statements as if the three Nordic Solar companies had been merged as of 1 January 2020. The presentation is divided into 3 segments: operational solar parks, development and constructional solar parks, and corporate services. Finally, internal transactions have been eliminated in order to create the consolidated financial statements.

The new business model, where value creation is made in the development and construction phases is only materialised in the financial statements, if assets are sold fully or partly. It is the strategy to sell assets and thereby show the value creation made as well as to create positive results.

Developments in 2022

Between year-end 2021 and the date of the annual report, a significant capital increase has been made in February 2022. In total EURm 31.9 (DKKm 238) was raised and a total of 1,720,293 new shares were issued. Besides this, agreements were signed for approximately 54 MWp solar projects in Germany, 100 MWp project rights in Greece, and project rights for a 69-100 MWp project in Lithuania.

The war in Ukraine does not affect the operational solar parks of Nordic Solar, but the solar parks under construction are expected to be somewhat negatively affected. The current increases in commodity prices such as steel will impact construction project costs. The costs of debt, solar panels and transportation are expected to increase and to be more volatile in 2022. On the supply side, the war has implied higher gas prices which have put an upwards pressure on the electricity prices all over Europe.

Nordic Solar is expecting favorable framework conditions for renewable energy investments across Europe with relatively high electricity prices. Elements of uncertainty relating to war, interest rate increases, inflation and commodity prices may affect returns. Nordic Solar follows the situation closely and assesses the risk in our developing markets.

Outlook for 2022

Based on the solar park portfolio owned by the end of year 2021, the expectation for 2022 is revenue of EURm 62 and profit before tax and a minority interest share of EURm 7. The expected result is not taking into account costs for constructing an expected 70 MWp in Denmark. Further, we expected to increase EBITDA to EURm 44, corresponding to a 36.7% increase compared to the realised EBITDA of 2021.

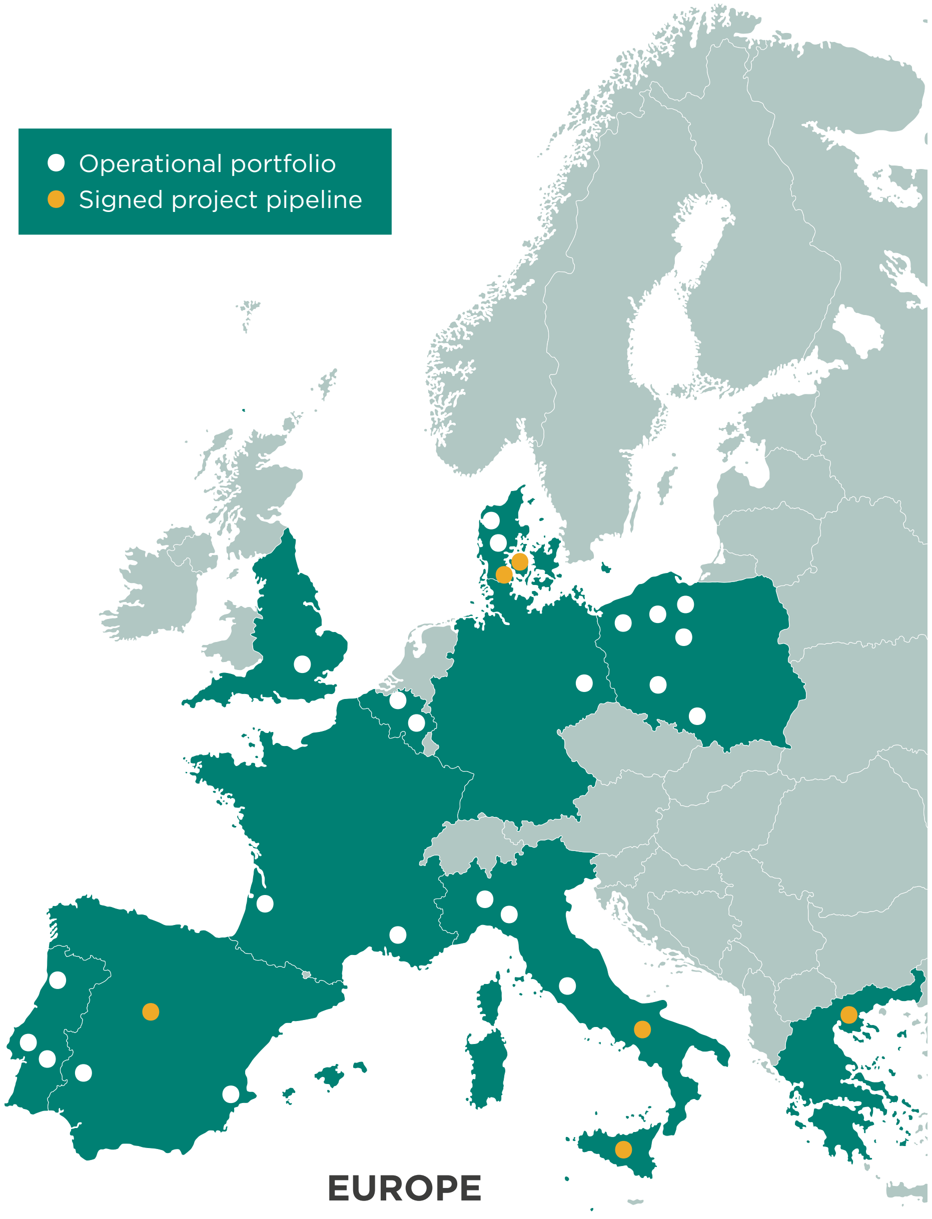
A shareholder’s return at the level of 7-11% is expected for 2022.


ThinkPad

Portfolio overview

COUNTRY	GROUND MOUNTED MWp	ROOF MOUNTED MWp	REVENUE 2021[1] EURk	EBITDA [1] [2] EURk	EBITDA MARGIN [1] [2] %	ELECTRICITY MARKET SALES 2021[1] EURk	ELECTRICITY MARKET SALES 2021[1] %
Belgium	-	32.4	12,049	9,965	83%	1,957	16%
Italy	4.0	13.9	6,593	5,385	82%	1,706	26%
Poland	109.5	-	4,339	3,149	73%	-	0%
UK	13.2	-	1,738	1,408	81%	723	42%
Spain	14,6	-	10,509	8,739	83%	2,875	27%
Denmark	31.9	-	2,629	2,256	86%	2,086	79%
France	26.8	-	4,365	3,584	82%	-	0%
Portugal	78.3	-	3,974	3,596	91%	3,160	80%
Germany	1.0	-	267	230	86%	-	0%
Total	**279.3**	**46.3**	**46,463**	**38,312[3]**	**79%[3]**	**12,507**	**27%**

1) Full-year figure regardless of ownership period and ownership share.
2) EBITDA = Earnings before Interest, Tax, Depreciation and Amortisation.
3) EBITDA and EBITDA margin are without holding company cost.



Realised production versus budget

Original investment budget = Index 100

YEAR	GERMANY	SPAIN	ITALY	BELGIUM	ENGLAND	FRANCE	PORTUGAL	POLAND	DENMARK	INDEX
2010	101									101.4
2011	124	100								105.9
2012	116	109								110.9
2013	103	107	109	100						102.2
2014	114	106	92	102						102.8
2015	121	104	99	107	100					103.6
2016	111	101	98	103	103	101				102.0
2017	108	108	103	103	100	102	100			101.9
2018	125	100	90	106	103	95	89	106		102.8
2019	123	98	96	104	106	106	93	99	100	101.5
2020	122	98	102	100	109	105	90	104	105	103.2
2021	105	94	95	100	97	103	87	97	94	96.0
Total*	115	97	97	104	103	104	89	100	100	100.4

*Accumulated production index under Nordic Solar ownership

Portfolio overview

The operations in 2021

Generally, the operations were satisfactory even though 2021 was the first year since the company was established that production was below budget. The production was 4% below the budget in total, with negative deviations in most markets. The reasons for the deviations were understandable. First of all, we observed a 1% negative deviation of the irradiation compared to the budgeted irradiation level across the full operational portfolio. The budgets are based on third-party estimates of the past approximately 25 years of solar irradiation data on each specific production site. Across portfolio levels, all countries had lower than expected irradiation figures except for Belgium, which outperformed the budget by 5.5%. The generally lower than normal irradiation level is not an expected general tendency. No research indicates that irradiation will decrease on a general level in the future. Thus, we expect that the irradiation will return to the normal levels in 2022.

Secondly, a few large incidents influenced the performance of some assets, dragging down the total portfolio performance. The KPI reports of each solar power plant include the performance ratio (PR), displaying how much of the actual solar irradiation that is converted into electricity. In 2021, the realised PR was approximately 2% lower than budgeted, which was mainly due to the following issues: Snow covering the panels especially in Poland. As to the Italian portfolio, a rooftop fire caused problems, and in Denmark a broken transformer had a major impact. The Danish transformer was out of order during the summer and autumn, the months of high production, which increased the impact of the issue. These major technical issues explain the underperformance, and as they have been solved, it is expected that the 2022 PR will be at the budgeted level. In connection with the technical issues in Denmark and Italy, Nordic Solar has lodged insurance claims to be compensated for the loss of production as well as the cost of replacing the hardware. The potential amount to be received as a result of the insurance claims are not included in the 2021 financial statements.

The operational set-up

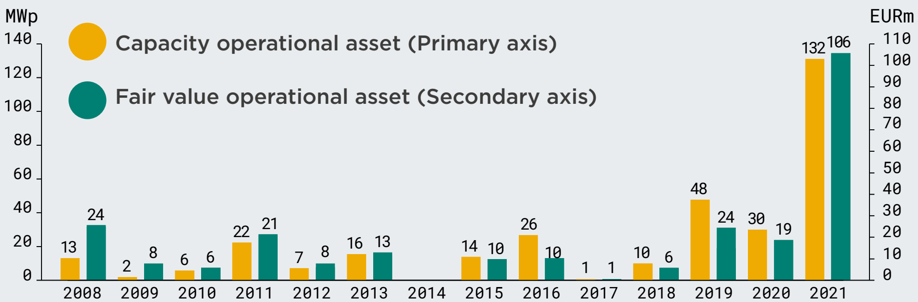
The operation and maintenance of the company's solar parks are handled by local partners to ensure the highest possible productivity, but the overall management is handled by Nordic Solar. Nordic Solar's operations are split into two and handled by an analytical team monitoring the operations and an operational team visiting and inspecting the solar parks.

The analytical team of Nordic Solar developed an inhouse proprietary monitoring system in 2021, measuring the efficiency of each solar park down to a single string of approximately 20 solar panels. The system will be further automated with the integration of artificial intelligence to increase portfolio performance and reduce the number of manual tasks.

Based on data from our surveillance of the production, underperforming solar parks are selected for physical inspection visits on an ongoing basis. The engineers of Nordic Solar then meet with local O&M (operation and maintenance) providers to discuss and plan corrective measures. During a site inspection, the operational team inspects the critical elements detected by the analytical team as potential causes for underproduction. Furthermore, the operational team evaluates the daily operation with the local O&M providers to ensure smooth operations and review possible improvements.

The table on page 43 shows the production deviations compared to the original investment budget country by country for all investments. The overall production of the solar parks was 4.0% below the original budgets measured on produced electricity for 2021 and, accumulated for all years of ownership, a plus of 0.4% has been achieved.

Year of grid connection for operational assets measured in capacity and fair value



The portfolio
Nordic Solar currently owns solar parks of 326 MWp in operation in 9 different European countries.

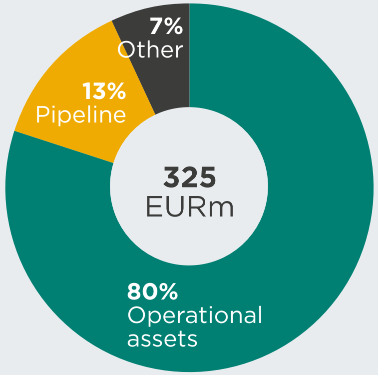
By year end 2021, the total estimated unaudited fair value of Nordic Solar's equity was EURm 325. 80% represents the value of the operational portfolio, 13% was the value of our development pipeline, and the last 7% is categorised as »Other«, which represents the value of the former management company (Nordic Solar Management), net cash and liquid assets, net debt and other corrections.

The graph on page 44 displays the year of construction for the whole operational portfolio measured in both capacity (MWp) and fair value (EURm). The majority of the solar parks are constructed and grid-connected after 2018. These parks will supply a stable cash flow for the coming 30 years, which is the estimated business case lifetime for a solar park. The older parks that are built before 2018 naturally have fewer remaining operating years, but these parks contribute to a stable cash flow since the majority are supported by subsidy schemes with fixed prices. The composition of older parks with high and stable cash flows and more recent parks, with a higher production of clean energy results in a stable revenue stream.

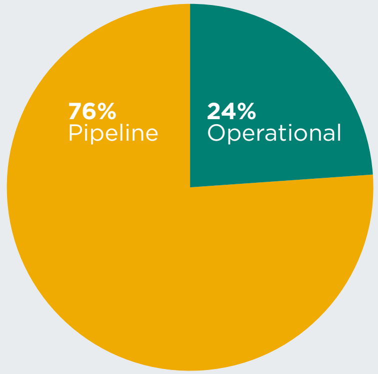
The data on page 44 show that the fair value (cost) per MWp of the older parks is much higher than recently constructed parks. The main reason is the continuously falling construction costs for solar parks, mainly influenced by the steep decrease in solar panel prices over the past 12 years.

Nordic Solar owns more than 1,400 MWp in operational solar parks and project rights. Approximately 25% of the total capacity is operational, while 75% of the capacity concerns projects under development. The composition of share valuation, acccording to Nordic Solar's share valuation model, shows the distribution between operational assets and development projects, measured at fair value. Even though the project pipeline is three times the size of that of the operational portfolio, the perceived value of the projects only represents 1/6 of the operational solar parks. Nordic Solar aims to develop the project pipeline with the least possible financial exposure, thus continuously managing the risk of the new projects.

Composition of share valuation according to share valuation model



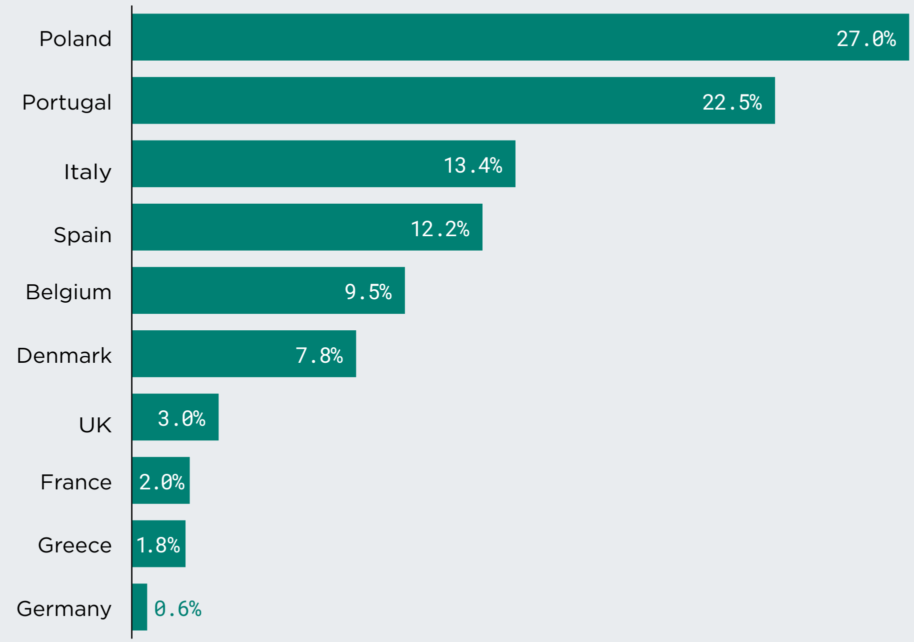
Production capacity in MWp



The first solar park in the portfolio was acquired in Germany in 2010. Since then, many projects have been added to the portfolio making the current portfolio diversified and robust towards country-specific changes. Today, we have invested in ten different European countries and are expecting to increase this number in 2022. In the graph below, the country distribution of the asset's fair value is shown as of the end of 2021. Exposure in Poland increased significantly in 2021 due to the purchase of a 16.8 MWp solar park and secondly the construction of a 39 MWp solar project. The same was the case for the Portuguese exposure due to a purchase of an unfinanced 27.5 MWp operational solar park and the construction of a 48.5 MWp solar park. We expect that the Polish and Portuguese shares will decrease in 2022 as the projects are financed, and further new investments is made in other markets.

We have currency exposure connected to our investments in Poland and in the UK. In total, 27.0% of our investments are made in Polish Zloty while 3.0% is in Pound Sterling.

Portfolio composition, fair value



Shareholder information

Share price development in 2021
For former shareholders in NSE the company generated a total return of 16.5% in 2021. The return came from an increase in the share price of 11.7%, and dividends paid out of DKK 6 per share. Over the past 5 years, shareholders have received a total return of 66.8% distributed as an increased share price of 32.6%, and DKK 28 per share paid in dividends.

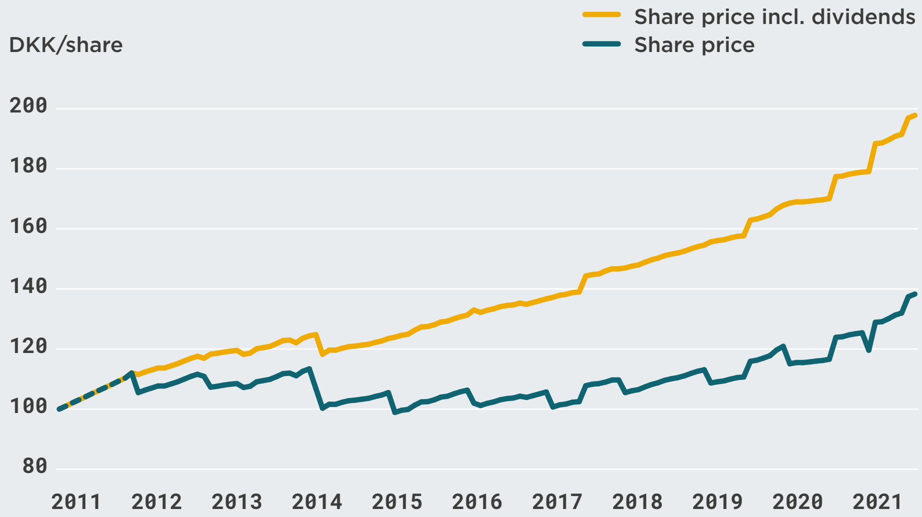
For former shareholders of Global, the total return was 26.7% in 2021, all generated on a share price increase. Since October 2018, Global shareholders have received a total return of 62.6%.

Returns in 2021 were positively affected by the synergies of the merger, higher than budgeted electricity prices, and the project development activities including the completion of the construction projects in Poland and Portugal. On the negative side, increasing interest rates in Poland affected the relative value of Polish solar projects.

Since February 2011, Nordic Solar has made monthly, unaudited fair value calculations of the company's share price. The valuation is based on the budgeted cash flows for each solar park. The company aims to arrive at a realistic valuation of the shares based on market assumptions. As capital increases and potential buy backs of shares are based on the share price, the price is intended to reflect a fair value of the company's equity. In connection with capital increases, the share price must be fair to both existing shareholders whose shareholdings are diluted, as well as to new shareholders who become co-owners of the company.

Movements in the share price since Nordic Solar's establishment are shown above. The two lines show the price development with and without dividends. The shares have given an accumulated return of 97.3% since 2011. The lower line shows the non-adjusted share price, which drops after each dividend payout. The upper line has been adjusted by adding the dividend payouts.

Nordic Solar* share price**



*Nordic Solar Energy A/S changed its name to Nordic Solar A/S in june 2021
**The share price is unaudited and calculated on the basis of an estimated fair value and not on underlying trade

Share capital

Nordic Solar's share capital consisted of 17,443,564 shares as of 31 Dec 2021, of which 16,185,936 shares entitle to full dividend for the year 2021. The 1,257,628 shares issued in the autumn of 2021 and the 1,720,293 shares issued in February 2022 are entitled to dividends if the dividend for 2021 distributed in 2022 is above DKK 3.5 per share, and then only for the exceeding dividend amount. Nordic Solar paid DKK 6.0 in dividend per share in 2021 and has on an accumulated basis distributed DKK 59.0 since 2011. The 2021 dividend distribution proposed at the annual general meeting on 25 April 2022 is DKK 3.5 per share, in total DKKm 56.7.

Coverage

Nordic Solar signed a coverage agreement with H. C. Andersen Capital in 2022. The coverage includes several live events including conference calls on the performance of the company's financial statements, an investment case deep-dive similar to a stock recommendation conducted by equity analysts. We will continuously make content from the coverage available on www.nordicsolar.eu.

Sensitivity analysis on the portfolio value at 31 Dec 2021

SENSITIVITY PARAMETER	CHANGE	EFFECT ON PORTFOLIO VALUE
Electricity price change (€/MWh)	+5% on 2022 level -5% on 2022 level	+3.7% -3.7%
Interest rate change (%)	+1%-point 2022 level -1%-point 2022 level	-7.9% +7,9%
Production change (MWh)	+1% on budget 2022 -1% on budget 2022	+3.3% -3.3%
Operational cost change (€)	+5% on 2022 level -5% on 2022 level	-1.2% +1.2%

Sensitivity analysis

Nordic Solar strives to ensure that 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 and parameters are thus carefully analysed. Key elements in Nordic Solar's sensitivity analysis are:

Change in

- **Production**
  May be due to, for example, lower than expected solar irradiation or higher panel degradation than assumed, which lowers expected production and revenues.

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

- **Electricity prices**
  Professional electricity price forecasts are used, and the sensitivity of high or low case scenarios is evaluated.

- **Operating expenses**
  Cover the risk of unforeseen expenses as well as the effect of cost optimisation.

- **Interest rate**
  Covers the risk of interest rate changes that will affect the general return requirement in the market. Interest rates may change due to the geopolitical situation and are closely evaluated and adjusted on a regular basis.

In general, returns generated on a solar park are very stable, and fluctuations are no more than +/- 1 percentage point of the expected return on most parameters in case of a 5% change in each variable, with return measured as internal rate of return (IRR).

A greater sensitivity is seen if the total portfolio return measured by IRR changes, as a 1%-point change will have a significant effect on the portfolio value. This means that if alternative returns in the market increase the return demand for solar parks (due to for instance interest rate changes), the value effect is negative. However, changes in interest rates are typically the effect of changes in inflation, and rising inflation will have a positive effect on the profits of Nordic Solar as a solar park has a 70-80% EBITDA margin. Thus, a change in interest rate will have a significant impact on the value, while the real effect is expected to be lower due to the induced effects. The change of a 1%-point interest rate increase, all other things being equal, will have a negative effect on the share price of 7.9% of the portfolio owned by the end of 2021.

The table above shows that the return on portfolio level is relatively robust regarding changes in key assumptions. The expected portfolio shift from revenue predominantly based on subsidies to revenue based rather on the sale of electricity carried out on market terms will increase the electricity price sensitivity over time.

The sensitivity analysis of the portfolio owned by end of 2021 shows that if electricity prices are 5% lower than expected every year from 2022 and onwards, the immediate effect on the share price would be negative 3.7%.

03

Governance

Board of Directors & Investment Committee

CHRISTIAN SAGILD

Chairman of the Board and Investment Committee

Christian has a solid financial background with an education as Actuary from the University of Copenhagen and has had a long career within the insurance and pension industries. He was employed by Topdanmark in 1996-2018 and from 1998 he was the Managing Director of Topdanmark Livsforsikring. From 2009 to 2018, Christian was the CEO of Topdanmark.

Christian now focuses on Board positions and is a Board member of Royal Unibrew A/S and Ambu A/S, as well as chairman of the Board of Penneo A/S.

Christian is a shareholder in Nordic Solar A/S with 21,530 shares and holds 66,000 warrants.

IBEN MAI WINSLØW

Board member and member of the Investment Committee

Iben is a lawyer from the University of Copenhagen and has the right to appear before the High Court. Iben has been an external lecturer and examiner at the University of Copenhagen and at the Danish Bar Association.

Iben is the founder and chairman of the board of Winsløw partner company with expertise in real estate, commercial leasing, and property development.

Iben is chairman of the Board of Zeso Architects A/S, Zeso Alliance A/S, Winsløw partner company as well as Board member of Core Property Bolig IV, and Windspace A/S.

Iben is a shareholder in Nordic Solar A/S with 17,296 shares and holds 33,000 warrants.

FRANK SCHYBERG

Board member

Frank is the CEO and co-owner of IQ Energy Nordic. IQ Energy Nordic delivers Energy Management System (EMS) solutions to companies throughout the Nordic region.

Frank has worked in the banking and insurance industry for 15 years. After that he worked in the recruitment industry, including as CEO of the Danish Career Institute and as Nordic Managing Director for Stepstone. Frank has been a Board member, including chairman of the Board in several Danish organisations and companies. Frank is a member of the The Danish Management Society (VL-10).

Frank is a shareholder in Nordic Solar A/S with 29,476 shares and holds 33,000 warrants.

CHRISTIAN DULONG HOFF

Board member

Christian Dulong Hoff has an M.Sc. in economics from the University of Copenhagen and has had a long business career in Denmark and Norway within energy and retail. He was CEO of 7-Eleven Denmark from 2000-2006 and the CEO of YX Energi Denmark and Norway from 2006-2010 and chairman of Nordic Solar Management.

Today, he focuses exclusively on investments in long-term assets and scale-up companies as well as Board positions. Christian holds the position as Chairman in Easytranslate A/S, Comadso A/S, Dulong Fine Jewelry A/S, as well as a Board position in the Semler Group.

Christian is a shareholder in Nordic Solar A/S with 152,302 shares and holds 53,687 warrants.

VIBEKE BAK SOLOK

Board member and member of the Investment Committee

Vibeke has a solid finance and risk background, including education as State Authorised Public Accountant. She spent 18 years with PwC in Denmark and Germany and was an audit partner from 2006 to 2013. Today, Vibeke is the CFO of ATP Ejendomme. Before ATP Ejendomme, Vibeke worked in Danske Bank as Executive Vice President of Group Financing and as COO for the Group Risk Management with a broad risk responsibility groupwide.

Vibeke has been a Board member of several Danish, Indian and Norwegian companies during her time with Danske Bank. Today, Vibeke is a Board member of Lunar Group and bank, incl. member of the Audit and Risk Committee and in November First, incl. Chair of the Compliance Committee.

Vibeke holds 33,000 warrants in Nordic Solar.

MARINUS BOOGERT

Member of the Investment Committee

Marinus has more than 20 years' experience from the solar industry from his time in Shell Solarvas founder and Director of Onestone Solar Holding BV in the Netherlands as well as CEO of Libra Cleantech Projects BV. Apart from in-dept knowledge of solar cell production and sales, Marinus also holds a Master of Business from the University of Groningen.

Marinus was the co-founder of Nordic Solar Energy A/S in 2010 and the co-owner of the management company Nordic Solar Management A/S. Marinus is the former Deputy Charmain of the Board of Directors of Nordic Solar Energy A/S and Nordic Solar Global A/S.

Marinus is a shareholder of Nordic Solar with 279,352 shares and holds 92,627 warrants.

Executive Management

NIKOLAJ HOLTET HOFF

CEO

Nikolaj has more than 20 years of experience with investments as well as managing and operating businesses and has worked for AT Kearney, IC Companys, The Velux Group and SR Private Brands.

Nikolaj holds a Master of Economics from Copenhagen University. Nikolaj founded Nordic Solar Energy, Nordic Solar Global and Nordic Solar Management, that were merged in 2021. Nikolaj is responsible for the day-to-day operations of Nordic Solar.

Nikolaj is a former Board member in the Semler Group, Dulong Fine Jewelry, Unidrain, chairman of the Board of Nørrebro Brewery, and Ticket to Heaven.

Nikolaj is a shareholder in Nordic Solar A/S with 1,573,387 shares and holds 687,500 warrants.

ANDERS SØGAARD-JENSEN

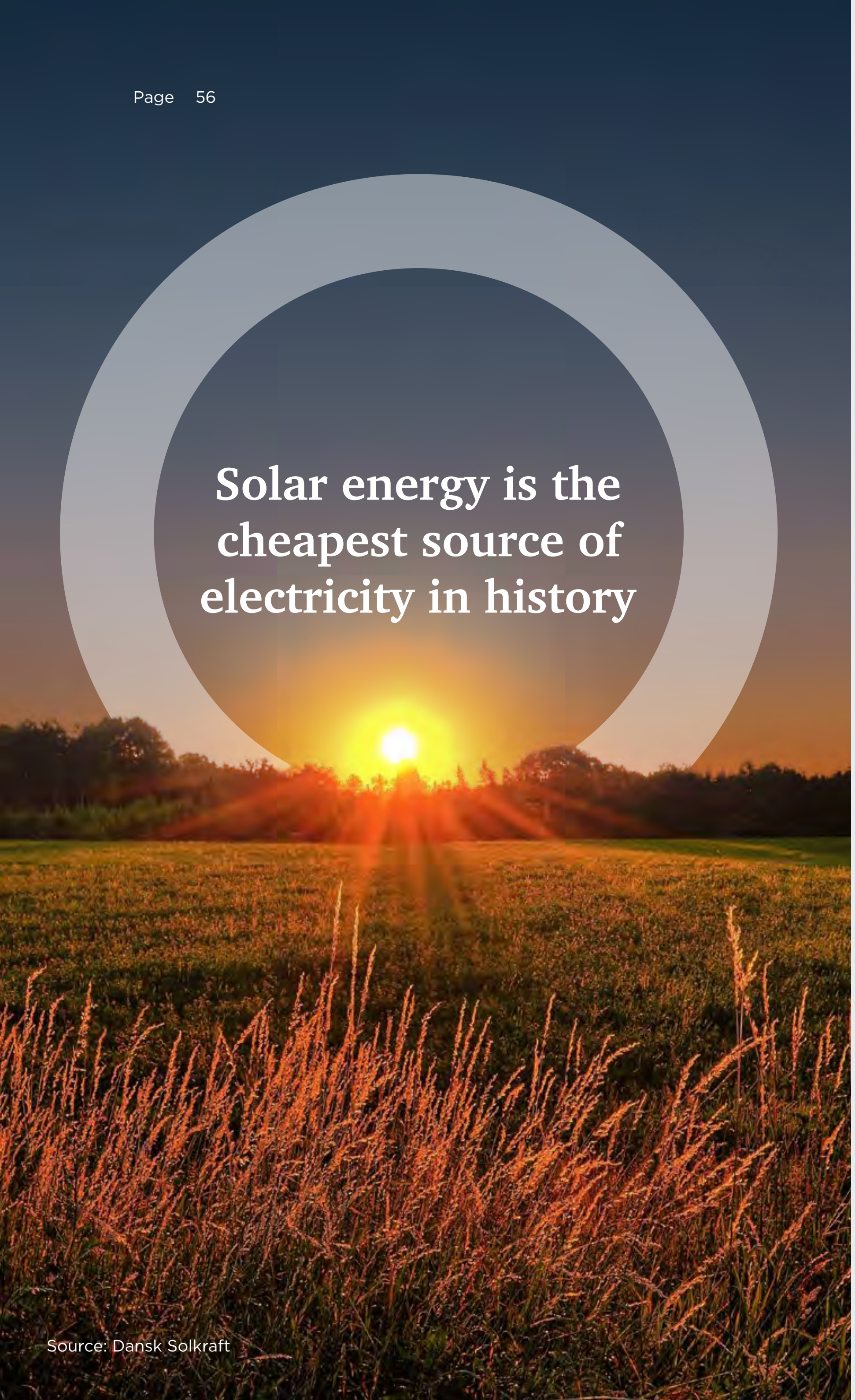
CSO

Anders has more than 10 years' experience in the Solar industry and has worked over 30 years with investments, sales, and management. He has experience as a bond trader from BG Bank and ABN Amro Bank. In addition, Anders has worked for IBM financial services for many years.

Anders has a degree in market economics and has for the past 10 years been responsible for building Nordic Solar's shareholder portfolio, IT infrastructure and communication platform. Anders is part of the executive management with the responsibility for client relations, sustainability, and communications at Nordic Solar. Anders is a former Board member of Nordic Solar Management.

Anders is a shareholder in Nordic Solar A/S with 261,274 shares and holds 119,280 warrants.

Top left: Tim Gadatsch (CLO), Holger Bang (CIO), Anders Søgaard-Jensen (CSO), and Jes Vengaard (CFO)
Bottom left: Glenn Aagesen (COO) and Nikolaj Holtet Hoff (CEO)



Source: Dansk Solkraft

Risks and risk management

Managing risk is an important and integral part of the value proposition to the shareholders. Nordic Solar has incorporated a structured process for identifying, scoring, and evaluating the various and changing risks in our daily business operations. Risk evaluation is conducted both at the investment decision level and continuously for solar parks in our portfolio. We aim to mitigate the risks through different risk management processes, including thorough sensitivity analysis on all key assumptions in each investment case.

There is an inherent risk in the portfolio that politicians will make retroactive cuts in the existing subsidy schemes. The primary risk mitigation for this is geographical diversification, but also a thorough analysis of specific country risks are developed. Nordic Solar plans to further expand on the geographical diversification of the portfolio. Unpredictability in the development of electricity prices, as seen in 2020-2022 is another risk that power producers may face. Through entering power purchase agreements (PPAs) Nordic Solar can secure a more stable revenue stream. In general, a solar energy investor deals with both market and financial risks as explained further below.

Market risk

The European renewable energy landscape has changed from a subsidy heavy industry to an industry with revenues generated on market terms. Solar energy is today one of the cheapest power sources available. The ability to compete on market terms, called grid parity, is a reality in most European countries, and subsidy-free development of solar parks is the new normal. A large part of Nordic Solar's investments over the past 12 years has been in solar parks, where most of the turnover comes from high fixed sales prices for electricity subsidised by local governments. However, investments made over the later years are mainly grid parity projects. The 1 GWp pipeline of new projects owned by Nordic Solar and planned to be constructed over the coming years are all subsidy-free projects. Hence the composition of Nordic Solar's market price risk is changing over the coming years.

The risk of electricity price fluctuations is mitigated by entering PPAs with trustworthy off-takers, securing a fixed sales price for a part of the electricity production for a fixed period – typically up to 10 years. Nordic Solar's secured share of the revenue from PPAs or government-guaranteed prices were approximately 73% for 2021, down from 92% in 2020 - the change mainly due to increasing electricity prices and the purchase of the 27.5 MWp solar project in Portugal selling electricity on the day-to-day spot marked. The risk of retroactive subsidy changes from political interventions in the existing subsidy schemes is still present. In 2021, the French government initiated a retroactive removal of one subsidy scheme affecting the revenue stream in one of Nordic Solar's parks. In 2022 the Flemish government discusses a retroactive change in the awarded green certificates for solar projects which could influence Nordic Solar's Belgium assets. The risk of retroactive initiatives is mitigated by investing intensively into development projects of new solar parks while diversifying the portfolio, which minimises the exposure towards a single country.

On new solar parks in the portfolio, the aim is to have a minimum of 70% of the revenue secured by PPAs, as the electricity markets are volatile by nature. Energy demand is growing across all developed markets, combined with expectations of higher CO_2 prices, which creates expectations of higher electricity prices in the long run. The expected supply development in the regional energy markets differs but generally, a steeply rising share of solar and wind energy in the production mix is anticipated.

In 2021, the electricity prices were influenced by several factors putting upwards pressure on the prices. Higher GDP growth spiked the need for power from gas, oil, and electricity. A cold winter in 2020, together with less gas import from Russia, put pressure on the European gas storage levels. And since electricity is also partly produced by burning gas in a power plant, these events put upward pressure on prices. The energy trend of increasing power prices continued at the beginning of 2022, driven primarily by the war in Ukraine, as described in the section Development in 2021. The increasing gas prices and other factors drive up all energy prices across Europe. The expectations are that the high electricity prices will sustain to some extent in 2022 and normalise in 2023 and 2024. Other market risks include tax changes, changes in the regulation of the power supply market, or changes in indirect taxes. The risk diversification strategy, currently reflected in the existing portfolio of solar parks in ten different European countries, reduces the sensitivity related to potential changes in a single country's political decision and the overall market risk.

Financial risk

Nordic Solar's new strategy involves the organisation moving further back in the value chain, entering co-development agreements, and buying ready-to-build projects. This strategic move opens for more potential risks connected with the development of projects. The costs in the development phase represent a minor fraction of the total investment, which limits the economic risks. Furthermore, Nordic Solar mitigates the financial risk from the development phase by being able to discontinue projects if they become unprofitable. Handling the construction and loan financing of the solar parks entails financial risk. In the initial phase, from the project is bought until the construction is completed, currency rate changes and interest rate fluctuations will influence the expected return and value of the project. When a solar park reaches the production phase and financing is concluded, the financial risk will decline. The financial risk declines as most of the solar parks' external financing is based on fixed-rate loans with no collateral from the Group (non-recourse). This means that there is a higher financial risk in the developing years of a solar project, where a change in investment parameters to a higher degree can influence the value of the project. The valuation of solar parks and the return on new investments are, in general, associated with a certain degree of financial risk. If interest rates rise or fall, the alternative market return will change, which is expected to impact the valuation of both operational solar parks and the expected return on development projects. Another factor that may influence a solar park's valuation is the increasing acceptance of solar energy as an attractive investment asset. The fact that more investors see solar energy as a part of the solution to the climate problems has increased demand for solar parks, hence implying higher prices as demand soars.

Data ethics

The overall objective of our Data Ethics Policy is to ensure that all employees at Nordic Solar are encouraged and guided to handle all data in a responsible and compliant manner. The policy states that Nordic Solar wishes to adhere to and to emphasise our commitment to responsible and sustainable use of data. Data Ethics includes how Nordic Solar collects, processes, uses, shares, and deletes data. When Nordic Solar processes personal data or designs, purchases or implements technologies, for processing personal data, the principles of the data ethics policy must be assessed and included in all considerations during the design process and/or before the purchase or implementation of the processing activity or the technology used for the processing of personal data. We report on this in accordance with section 99d of the Danish Financial Statement Act. See also the link to the policy at: https://nordicsolar.eu/pdf/en/dataethicspolicy

04

Financial Statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

All figures are in EUR '000

	Note	2021	2020
Revenue	4	**46,463**	**31,862**
Direct costs		-4,538	-3,557
Other operating income		582	252
Other external costs		-6,386	-2,784
Gross profit		**36,121**	**25,773**
Staff costs	5	-3,879	-134
Profit before amortisation, depreciation and impairment losses (EBITDA)		**32,242**	**25,639**
Amortisation, depreciation and impairment losses		-20,229	-16,351
Operating profit (EBIT)		**12,013**	**9,288**
Financial income		836	84
Financial expenses	6	-10,399	-7,974
Profit before tax		**2,450**	**1,398**
Income taxes	7	-898	-1,304
PROFIT FOR THE YEAR		**1,552**	**94**
Profit is attributable to:			
Owners of Nordic Solar A/S		1,406	-66
Non-controlling interests		146	160
		1,552	**94**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures are in EUR '000

	Note	2021	2020
PROFIT FOR THE YEAR		**1,552**	**94**
Items that have been or may be reclassified to the income statement			
Exchange rate adjustments on translation of subsidiaries (net)		-1,189	-725
Fair value adjustment of hedging instruments		-7,019	-1,023
Tax on other comprehensive income	7	1,166	141
Other comprehensive income for the year		**-7,042**	**-1,607**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**-5,490**	**-1,513**
Comprehensive income is attributable to:			
Nordic Solar A/S share		-5,769	-1,620
Non-controlling interests		279	107
		-5,490	**-1,513**

CONSOLIDATED BALANCE SHEET

All figures are in EUR '000

	Note	2021	2020
ASSETS			
Goodwill	8	44,256	0
Property, plant and equipment	9	379,763	288,540
Solar parks under construction	10	79,946	0
Non-current financial assets		160	649
Deferred tax asset	11	14,158	11,155
Other receivables		5,875	0
Non-current assets		**524,158**	**300,344**
Trade receivables	12	3,235	1,287
Other receivables		12,385	6,121
Prepayments		930	890
Cash		51,741	33,791
Current assets		**68,291**	**42,089**
TOTAL ASSETS		**592,449**	**342,433**

All figures are in EUR '000

	Note	2021	2020
EQUITY AND LIABILITIES			
Share capital	13	58,535	23,113
Translation reserve		-1,794	-600
Reserve for hedging		-9,295	-3,314
Retained earnings		198,883	60,869
Proposed dividend for the year		7,604	5,158
Equity attributable to shareholders of the parent company		**253,933**	**85,226**
Non-controlling interests share of equity		159	-48
Total equity		**254,092**	**85,178**
Loans	14	225,400	197,767
Provisions	15	8,984	5,373
Other payables		29,680	25,278
Deferred tax liabilities	11	1,060	1,260
Deferred income		211	233
Non-current liabilities		**265,335**	**229,911**
Loans	14	50,689	20,016
Trade payables		6,436	2,179
Current income tax liabilities		1,582	545
Other payables		14,315	4,604
Current liabilities		**73,022**	**27,344**
Total liabilities		**338,357**	**257,255**
TOTAL EQUITY AND LIABILITIES		**592,449**	**342,433**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures are in EUR '000

	Note	Share capital	Translation reserve	Reserve for hedging	Retained earnings	Proposed dividend	Equity attributable to investors of the parent	Non-controlling interests share of equity	Total equity
EQUITY 1 JANUARY 2021		**23,113**	**-600**	**-3,314**	**60,869**	**5,158**	**85,226**	**-48**	**85,178**
Profit for the year		0	0	0	-6,198	7,604	**1,406**	146	**1,552**
Exchange rate adjustments regarding subsidiaries		0	-1,194	0	0	0	**-1,194**	5	**-1,189**
Fair value adjustment of hedging instruments		0	0	-7,196	0	0	**-7,196**	177	**-7,019**
Tax on other comprehensive income		0	0	1,215	0	0	**1,215**	-49	**1,166**
Total comprehensive income for the year		**0**	**-1,194**	**-5,981**	**-6,198**	**7,604**	**-5,769**	**279**	**-5,490**
Transactions with shareholders									
Merger		25,321	0	0	104,063	0	**129,384**	0	**129,384**
Capital increases including related costs		10,101	0	0	40,139	0	**50,240**	0	**50,240**
Value of share-based payments		0	0	0	10	0	**10**	0	**10**
Acquisition of own shares		0	0	0	-1,344	0	**-1,344**	0	**-1,344**
Sale of own shares	17	0	0	0	1,344	0	**1,344**	0	**1,344**
Dividend paid		0	0	0	0	-5,158	**-5,158**	-72	**-5,230**
EQUITY 31 DECEMBER 2021		**58,535**	**-1,794**	**-9,295**	**198,883**	**7,604**	**253,933**	**159**	**254,092**

Table continues on next page >

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

All figures are in EUR '000

	Note	Share capital	Translation reserve	Reserve for hedging	Retained earnings	Proposed dividend	Equity attributable to investors of the parent	Non-controlling interests share of equity	Total equity
EQUITY 1 JANUARY 2020		19,336	127	-2,487	52,606	4,774	74,356	5	74,361
Profit for the year		0	0	0	-5,224	5,158	-66	160	94
Exchange rate adjustments regarding subsidiaries		0	-727	0	0	0	-727	2	-725
Fair value adjustment of hedging instruments		0	0	-946	0	0	-946	-77	-1,023
Tax on other comprehensive income		0	0	119	0	0	119	22	141
Total comprehensive income for the year		**0**	**-727**	**-827**	**-5,224**	**5,158**	**-1,620**	**107**	**-1,513**
Transactions with shareholders									
Capital increases including related costs		3,777	0	0	13,007	0	16,784	0	16,784
Value of share-based payments		0	0	0	322	0	322	0	322
Dividend received from own shares		0	0	0	54	0	54	0	54
Acquisition of own shares		0	0	0	-1,698	0	-1,698	0	-1,698
Sale of own shares	17	0	0	0	1,794	0	1,794	0	1,794
Dividend paid		0	0	0	8	-4,774	-4,766	-160	-4,926
EQUITY 31 DECEMBER 2020		23,113	-600	-3,314	60,869	5,158	85,226	-48	85,178

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are in EUR '000

	Note	2021	2020
Operating profit (EBIT)		**12,013**	**9,288**
Amortisation, depreciation and impairment losses		20,229	16,351
Share-based payment		10	322
Change in net working capital	18	12,268	2,424
Cash flows from ordinary operating activities		**44,520**	**28,385**
Financial income		836	84
Financial expenses		-10,116	-6,249
Income taxes paid		-1,567	-1,094
Cash flow from operating activities		**33,673**	**21,126**
Investments in solar parks		-96,922	-18,591
Acquired cash asset deals		8,248	0
Acquired cash business combinations		1,973	0
Cash flow from investing activities		**-86,701**	**-18,591**
Proceeds from borrowings	19	42,647	34,244
Repayments of borrowings	19	-12,267	-16,287
Repayments of lease liabilities	19	-3,605	-4,684
Net sale, own shares		-807	0
Capital increases		50,875	0
Costs from capital increases	13	-635	-260
Dividend paid		-5,230	-4,766
Cash flow from financing activities		**70,978**	**8,247**
Net cash flow for the year		**17,950**	**10,782**
Cash and cash equivalents, beginning of the year		33,791	23,389
Exchange rate adjustments on cash and cash equivalents		0	-380
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**51,741**	**33,791**

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 accounting policies are specific to a financial statement item, the policies are described in the related note to enhance understanding.

The merger between Nordic Solar Energy A/S, Nordic Solar Global A/S and Nordic Solar Management A/S was completed on 10 June 2021 with Nordic Solar A/S (Nordic Solar Energy A/S) as the continuing company.

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3. Further accounting policies are describes in note 23.

BASIS OF PREPARATION

The consolidated financial statements of Nordic Solar A/S are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements applying to medium-sized reporting class C entities.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the parent company, Nordic Solar 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 and are deconsolidated from the date when 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.

Non-controlling interests' share of the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet, respectively.

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), and all values are rounded to the nearest thousand EUR (EURk / EUR '000). Euro is Nordic Solar A/S' functional and presentation currency.

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 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 of the foreign operation and translated at the closing rate.

IMPAIRMENT OF ASSETS

The carrying amount of goodwill, property, plant and equipment and right of use assets is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis. Where there are indications of impair-ment, 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 and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from investors.

Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash in hand. Cash and cash equivalents comprise free and reserved cash in banks.

2. CRITICAL 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 judgements, 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 judgements, 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.

CRITICAL ACCOUNTING ESTIMATES

Useful life, dismantling costs and residual values

The Group has not incorporated the possibility for prolonging existing lease agreements further ahead of the current contract's 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 / roof lease period and where the land is owned, with the government subsidy period.

If a dismantling obligation exists 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 park at the end of the contract matches the dismantling obligation.

Impairment test

Goodwill and all solar parks are revalued on a yearly basis, and the assets are reduced to the higher of the net selling price and the value in use (recoverable amount) if the recoverable amount is lower than the carrying amount.

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 are based, or more detailed information becomes available. Such changes are recognised in the period in which the estimate is changed.

Government grant

Management has, based on its judgement, decided to recognise Contracts for Differences (CfDs) based on IAS 20 as a government grant rather than as a derivative financial instrument.

The grant is a residual between an agreed total electricity price and the market price. Thus, there is no actual market price risk, but a total fixed electricity price.

Leases

In determining the lease term used for the recognition of leases, Management has assessed it not to be reasonably certain that the option will be extended. Due to no lease agreements having terminated, the Group has no history of extending lease options. This means that the recognition is based on the non-cancellable lease period.

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2021 consolidated financial statements.
None of these amended standards and interpretations are expected to have any significant impact on our financial statements.

4. SEGMENT AND REVENUE INFORMATION

All figures are in EUR '000

2021

	Operational solar parks	Dev. & construction activities	Reportable segments	Corporate services and eliminations	Total
Income statement					
Government subsidies	32,874	1,082	**33,956**	0	**33,956**
Sale of electricity	12,507	0	**12,507**	0	**12,507**
Revenue	45,381	1,082	**46,463**	0	**46,463**
Profit before amortisation, depreciation and impairment losses (EBITDA)	38,166	-773	**37,393**	-5,151	**32,242**
Depreciation, amortisation and impairment	-18,761	-280	**-19,041**	-1,188	**-20,229**
Balance sheet					
Total assets	364,412	169,103	**533,515**	58,934	**592,449**
Investments in property, plant and equipment and solar parks under construction	19,614	74,889	**94,503**	0	**94,503**
Key ratios					
Free cash flow	11,500	-5,236	**6,264**	-680	**5,584**

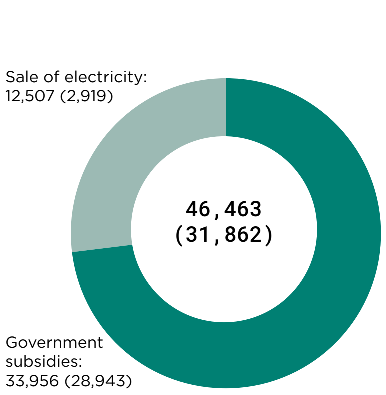
2020

	Operational solar parks	Dev. & construction activities	Reportable segments	Corporate services and eliminations	Total
Income statement					
Government subsidies	28,943	0	**28,943**	0	**28,943**
Sale of electricity	2,919	0	**2,919**	0	**2,919**
Revenue	31,862	0	**31,862**	0	**31,862**
Profit before amortisation, depreciation and impairment losses (EBITDA)	25,122	0	**25,122**	517	**25,639**
Depreciation, amortisation and impairment	-14,115	0	**-14,115**	-2,236	**-16,351**
Balance sheet					
Total assets	302,881	0	**302,881**	39,552	**342,433**
Investments in property, plant and equipment and solar parks under construction	83,769	0	**83,769**	0	**83,769**
Key ratios					
Free cash flow	4,799	0	**4,799**	0	**4,799**

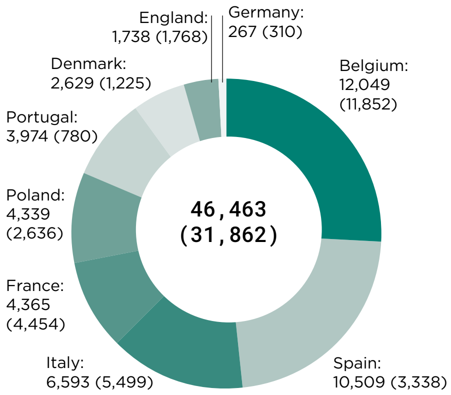
2021 (2020)

All figures are in EUR ’000

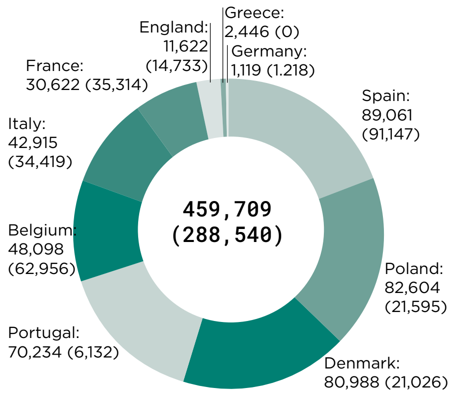
Type of revenue



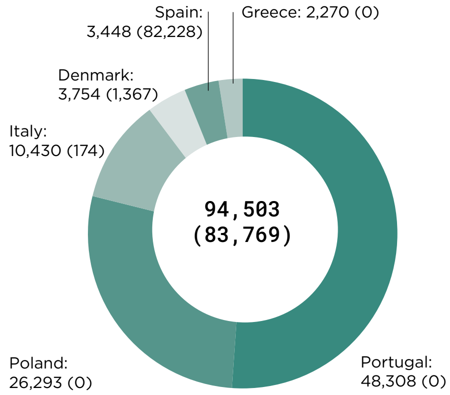
Net revenue by country



Property, plant and equipment and solar parks under construction



Investment in property, plant and equipment



Nordic Solar’s operating segments are defined by the operational structure and internal reporting to Management used for management decision-making. Nordic Solar’s segments are; operational solar parks, dev. & construction activities and other activities and eliminations.

Operational solar parks

The operational solar parks include all energy-producing parks from the former Nordic Solar Energy as well as own developed and constructed solar parks (from former Nordic Solar Global), that were operational the full year.

Development and construction

The development and construction activities mainly consist of costs connected to solar park development and construction as well as solar parks that have not been operational the full year.

Other activities and eliminations

The segment includes Management, all employees and eliminations. All tasks related to raising capital, procuring investments and general day-to-day management are allocated.

Revenue from sale of produced electricity consists of sale of electricity to grid and sale of electricity to owners of the buildings, where the Group’s rooftop solar parks are placed here.

Other revenue consists of government grants related to production of solar power electricity. The government grants include Feed-In-Tarifs, Renewable Energy Certificates (ROCs) and Contracts for Differences (CfDs).

Two customers from segment operational solar parks each account for more than 10% of revenue, totalling EURk 14,795.

Accounting policies

Revenue from electricity produced is recognised when control of the electricity is transferred to the customer, i.e. the purchaser’s network or the owner of the building, which takes place, when the electricity is produced.

A government grant is recognised when there is reasonable assurance that the Group will comply with the terms of the government grant, typically production of green energy, and when there is reasonable assurance that the grant will be received.

Some government grants include a cap, where the total government grants which the Group may receive over the grant period, are maximised. In such situations, the grants are recognised with the amount attributable to the current sale of electricity.

Some government grants include a penalty, if the Group during the grant period does not produce the electricity agreed upon. In such situations, the Group estimates the expected grant based on expected production of electricity at the solar park over the grant period.

Contracts regarding government grants have a duration of 2-26 years at 31 December 2021.

Revenue is measured based on the consideration (transaction price) specified in contracts with customers and excludes amounts collected on behalf of third parties, e.g. VAT.

Sales contracts for a fixed amount of electricity at a variable price or where the Group is exclusive supplier to the customer at a variable price, are considered one performance obligation with multiple deliveries to be satisfied over time. For such contracts, revenue is recognised at the amount, which the Group has a right to invoice.

Revenue contracts include only one performance obligation, i.e. the sale of electricity. There is no variable transaction price as all contracts include a fixed price, some of which are indexed annually to inflation or a price index.

No payment terms exceed 12 months and no adjustment for time value of money is made. The electricity is normally paid in the month following the production.

The Group is entitled to consideration corresponding the produced electricity, if a customer terminates a contract before its original expiry date. Therefore, the Group has used the clause permitted by IFRS 15 and does not disclose the transaction price allocated to unsatisfied performance obligation.

5. STAFF COSTS

All figures are in EUR '000

	2021	2020
Salaries, wages and remuneration	2,247	0
Pensions	138	0
Other social security costs	15	0
Other staff costs	375	0
Fee to Board of Directors	132	81
Share-based payment	972	53
	3,879	**134**
Average number of full-time employees	36	1

Key Management Remuneration

	Salary	Pensions	Share-based payment	Total
Board of Directors	132	0	244	**375**
Executive Management	388	0	631	**1,019**
Other key management personnel	483	33	180	**696**

Other key management personnel consist of the management team excluding the executive management.

Accounting policies

The fair value of share-based payment is expensed over the vesting period and recognised in staff costs and offset directly in equity.

6. FINANCIAL EXPENSES

All figures are in EUR '000

	2021	2020
Interest expenses, banks	6,903	4,662
Interest expenses from loans from investors	154	97
Interest expenses from lease liabilities	1,772	1,974
Exchange rate adjustments	294	591
Amortisation of capitalised financial expenses	431	364
Other financial expenses	845	286
	10,399	**7,974**

Accounting policies

Financial expenses include interests, financial costs with respect to leases, debt, realised and unrealised exchange adjustments and interest expenses related to dismantling obligations.

7. TAX ON PROFIT/LOSS FOR THE YEAR

All figures are in EUR '000

	2021	2020
CURRENT TAX		
Income tax expense	-898	-1,304
Tax on other comprehensive income	1,166	141
	268	**-1,163**
Current tax on profit for the year	-2,758	-951
Deferred tax	1,707	-337
Adjustment for current tax of prior periods	153	-16
INCOME TAX EXPENSE	**-898**	**-1,304**

	2021	2020
TAX RECONCILIATION		
Profit/loss before tax	2,450	1,398
Tax using the Danish corporation tax rate (22 %)	-539	-308
Tax rate deviations in foreign jurisdictions	-181	-200
Non-taxable income	285	98
Non-deductible expenses	-716	-186
Deferred tax asset not recognised	-10	-747
Change in recoverability of deferred tax assets	170	0
Other adjustments, net	93	39
TAX ON PROFIT/LOSS FOR THE YEAR	**-898**	**-1,304**

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 expenses.

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 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.

8. GOODWILL

All figures are in EUR '000

	2021	2020
Cost 1 January	0	0
Merger	44,256	0
Cost 31 December	**44,256**	**0**
Impairments 1 January	0	0
Impairments during the year	0	0
Impairments 31 December	**0**	**0**
CARRYING AMOUNT 31 DECEMBER	**44,256**	**0**

Management has tested the carrying amount of goodwill for impairment at 31 December 2021. The Group is operated as an energy company with a focus on the entire value chain - development, construction and operation. The impairment test is therefore performed for the Group as a whole.

The impairment test is based on the recoverable amount calculated as the higher of fair value less costs of disposal or value in use. This is used for 2021 as, the value is adequate and a recent valuation is available.

For 2021, the impairment test is based on the recent external valuation performed in connection to the merger. Management has reviewed the assumptions in the valuation from the merger and identified no impairment triggers. Thus, there are no impairment indicators.

Accounting policies

Goodwill arising from business acquisitions is recognised in the financial statements. Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is, from the acquisition date, allocated to the cash-generating units (CGUs) that are expected to obtain the benefit. Goodwill is considered to have indefinite useful life and CGUs are tested for impairment at least once a year or if there are any impairment indications.

The impairment test is based on the higher of fair value less costs of disposal and value in use.

Impairment of goodwill is not reversed. When performing an impairment test, we assess whether the recoverable amount exceeds the net book value of a CGU.

In determining the recoverable amount, we calculate the value in use to test if the CGU will be able to generate positive net cash flows sufficient to support the net book values. The value-in-use calculations are based on expected future cash flows from financial forecasts and include a number of assumptions and estimates related to future market conditions.

9. PROPERTY, PLANT AND EQUIPMENT

All figures are in EUR '000

	Solar parks	Fixtures and fittings, tools and equipment	Leased solar parks	Leased land and roof tops	Total
Cost 1 January 2021	266,794	432	56,481	17,256	**340,963**
Merger	45,565	0	0	14,818	**60,383**
Additions during the year	42,553	469	0	7,595	**50,617**
Exchange rate adjustments	644	0	0	0	**644**
Cost 31 December 2021	**355,556**	**901**	**56,481**	**39,669**	**452,607**
Depreciation and impairment 1 January 2021	-31,667	-120	-18,039	-2,597	**-52,423**
Exchange rate adjustments	-192	0	0	0	**-192**
Depreciation for the year	-14,872	-304	-3,698	-1,355	**-20,229**
Depreciation and impairment 31 December 2021	**-46,731**	**-424**	**-21,737**	**-3,952**	**-72,844**
CARRYING AMOUNT 31 DECEMBER 2021	**308,825**	**477**	**34,744**	**35,717**	**379,763**
Cost 1 January 2020	185,082	432	56,481	19,317	**261,312**
Exchange rate adjustments	-2,057	0	0	0	**-2,057**
Additions during the year	83,769	0	0	0	**83,769**
Remeasurement	0	0	0	-2,061	**-2,061**
Cost 31 December 2020	**266,794**	**432**	**56,481**	**17,256**	**340,963**
Depreciation and impairment 1 January 2020	-20,462	-88	-14,336	-1,365	**-36,251**
Exchange rate adjustments	179	0	0	0	**179**
Depreciation for the year	-11,384	-32	-3,703	-1,232	**-16,351**
Depreciation and impairment 31 December 2020	**-31,667**	**-120**	**-18,039**	**-2,597**	**-52,423**
CARRYING AMOUNT 31 DECEMBER 2020	**235,127**	**312**	**38,442**	**14,659**	**288,540**

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment comprise solar parks, fixtures and fittings, tools and equipment which are not leased or constitute right of use assets comprising leased land and roof tops as well as leased solar parks.

Right of use assets lease terminates between year 2023-2059. In 2021, the total cash outflow for leases amounted to EURk 7,205 (2020: EURk 6,658).

Acquisitions of solar parks

For acquisition of solar parks, Management generally treat the acquisitions as an asset deal. Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities, which inherently are subject to uncertainty as these are based on assumptions, including estimates of expected future cash flows. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty. The difference between the purchase price and the net equity value of the acquired group of assets is recognised as an addition to the solar parks in the statement of financial position.

Accounting policies

Property, plant and equipment which are not leased are measured at cost less accumulated depreciation and impairment losses. Cost comprises of the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Depreciation is based on cost reduced by any residual value and is calculated on a straight-line basis over the expected useful lives of the assets which are estimated as follows:

- Solar parks up to 30 years
- Other fixtures and fittings, tools and equipment 3-10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is greater than its estimated recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the 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 at which cash flows are separately identifiable. General and specific borrowing costs that are directly attributable to the acquisition of an asset are capitalised and depreciated over the lifetime of the asset.

Right of use assets comprise the initial measurement of the corresponding lease liability adjusted for up-front payments. The subsequent measurement of right of use asset is measured at cost less accumulated depreciation and impairment losses and adjustment for any remeasurement.

Right of use assets are depreciated over the term of the lease. The term of the lease is determined based on the non-cancellable period of the lease. If there is a significant change in the lease term or payments the lease liability and corresponding right of use assets will be remeasured using the incremental borrowing rate.

10. SOLAR PARKS UNDER CONSTRUCTION

All figures are in EUR '000

	Solar Parks
Cost 1 January 2021	0
Merger	38,030
Additions for the period	41,946
Exchange rate adjustments	-30
Cost 31 December 2021	**79,946**
CARRYING AMOUNT 31 DECEMBER 2021	**79,946**

Commitments

	Share purchase agreements	Construction on agreements	Other	Total
0-1 years	69,283	6,128	470	**75,881**
1-3 years	0	22,545	0	**22,545**
	69,283	**28,673**	**470**	**98,426**

Due to the solar parks being under construction, lease cost interest of EURk 770 and depreciation of the leased lands of EURk 343 are capitalised as solar parks under construction.

At 31 December 2021, the Group entered into contractual obligations with external parties. The Group constructs solar parks at a cost of EURk 573,407 in the period 2022-2025. The liabilities mainly refer to projects in Italy and Greece. The term of the lease is determined based on the non-cancellable period of the lease.

If a significant change is made to the lease term or payments, the lease liability and corresponding leased lands will be remeasured using the incremental borrowing rate.

Commitments

As part of its increasing activity, the Group has entered into contingent liabilities related to share purchase agreements of EURk 75,881 due within the next year and other expenses of EURk 22,545 due within the next 3 years.

Contingent liabilities relating to share purchase agreements relate to potential acquisitions of new solar parks. Usually, there are several conditions to be fulfilled. If the conditions are not ful-filled within the agreed deadline, the liability lapses without any further payment obligations.

As a consequence of Nordic Solar A/S acquiring and financing specific projects, certain fee payments will become due and are included in other expenses. These are subject to certain specific conditions; predominantly the realisation of the projects. If the projects are not realised, such liabilities rarely become payable.

Accounting policies

The cost of solar parks under construction comprises direct cost of materials, components and sub-suppliers related to the construction of solar parks. Financial costs related to solar parks under construction are capitalised as a cost until the construction of the solar parks is completed. Costs related to solar parks under construction are recognised as assets under construction on an ongoing basis until the solar park is ready for use and has obtained a production licence.

An asset's 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 at which cash flows are separately identifiable.

11. DEFERRED TAX

All figures are in EUR '000

	2021	2020
Deferred tax 1 January, net	9,895	2,142
Recognised in the income statement	1,707	-337
Recognised in other comprehensive income	1,215	141
Changes from purchase of solar parks/merger	281	7,949
Other	0	0
DEFERRED TAX 31 DECEMBER	**13,098**	**9,895**
Deferred tax relates to:		
Property, plant and equipment	-126	-1,170
Right of use assets	2	159
Provisions	-933	-90
Tax loss carry-forwards	6,626	4,682
Energy prices swaps	2,938	0
Interest rate swap	4,625	6,447
Other	-34	-133
	13,098	**9,895**
Of which presented as deferred tax assets	14,158	11,155
Of which presented as deferred tax liabilities	-1,060	-1,260
	13,098	**9,895**

The Group has recognised deferred tax assets, totalling EURk 14,158 of which EURk 6,626 relates to tax losses. Based on the budget for the coming years, it is expected that the tax loss will be utilised against future taxable income according to business plans and budgets.

The Group has non-recognised deferred tax assets of a total of EURk 249, of which EURk 145 relates to tax losses.

The Group's tax losses are indefinite. Poland and Portugal is definite to 5 years and 8 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.

12. TRADE RECEIVABLES

All figures are in EUR '000

	Govern-ment	Non-gov-ernment	Total
Not due yet	2,202	479	**2,681**
Between 31 and 90 days	154	347	**501**
More than 90 days	0	53	**53**
TRADE RECEIVABLES 31 DECEMBER 2021	**2,356**	**879**	**3,235**

	Govern-ment	Non-gov-ernment	Total
Not due yet	826	361	**1,187**
Between 31 and 90 days	8	87	**95**
More than 90 days	0	5	**5**
TRADE RECEIVABLES 31 DECEMBER 2020	**834**	**453**	**1,287**

Trade receivables mainly consist of receivables towards covernments, due there are no expected credit loss.

Accounting policies

Trade receivables are measured at amortised cost. Write-downs to counter losses are made according to the simplified expected credit loss model, after which the expected loss is recognised in the income statement.

13. SHARE CAPITAL

All figures are in EUR '000

	2021	2020
Changes in share capital:		
Share capital 1 January	23,113	19,336
Merger	25,321	0
Capital increases	10,101	3,777
SHARE CAPITAL 31 DECEMBER	**58,535**	**23,113**
Cost of capital increases	635	260

The share capital consists of 17,443,564 shares of a nominal value of DKK 25 of which 1,257,628 shares only carry rights to dividend for the financial year 2021 if the dividend exceeds EUR 0.47 (DKK 3.50) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase amounts to EURk 50,875 of which EURk 40,774 is premium.

Business model

The capital structure of the Group consists mainly of equity and mortgage loans.

The Group's objective is to invest. Following the merger, Nordic Solar's business model is now based on a fully integrated value chain with development, construction, operation and partly divestment of solar parks. See the detailed description under the "Nordic Solar Model" in Management's review.

The operating free cash flow will be paid to the shareholders as dividends and may in future also be partially recirculated to new solar projects preventing shareholders from being overly diluted.

14. LOANS

All figures are in EUR '000

	2021	2020
Mortgage loans	158,230	143,822
Lease liabilities	61,664	44,002
Other credit institutions	5,506	9,943
Non-current liabilities	**225,400**	**197,767**
Mortgage loans	37,310	11,412
Lease liabilities	5,712	5,117
Other credit institutions	3,787	735
Investor loans	3,880	2,752
Current liabilities	**50,689**	**20,016**
	276,089	**217,783**
Breakdown by maturity		
Less than 1 year	50,689	20,016
Between 1-5 years	88,341	68,816
Above 5 years	137,059	128,951
	276,089	**217,783**
Type of interest rate		
Fixed	264,216	201,856
Variable	11,873	15,927
	276,089	**217,783**

	2021		2020	
	Effective interest rate	**Carrying amount**	**Effective interest rate**	**Carrying amount**
Currency exposure				
DKK	1.4-6%	13,173	3.5-4.3%	13,430
EUR	1.2-5.4%	244,736	1.6-5.5%	182,366
GBP	5%	7,544	4.7%	8,792
PLN	2.8%	10,636	2.7-3%	13,195
		276,089		**217,783**

The loans are grouped as mortgage loans, lease liabilities and other credit institutions. Mortgage loans are loans with a defined repayment profile and a mortgage on the tangible assets.

Lease liabilities comprise the present value of the remaining lease payments of all lease agreements. Other credit institutions mainly relate to overdraft facilities. The total interest expenses from lease liabilities amounts to EURk 2,644. The maturity analysis of lease liabilities is presented in note 20.

Capitalised loan costs of EURk 4,362 have been deducted from the carrying amount.

Interest exposure

The Group has fixed-rate loans of a total of EURk 264,215 of which EURk 120,186 is hedged with interest rate swaps, and loans with floating-rate loans of EURk 11,873.

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.

The lease liability is initially measured at the present value of the remaining lease payments using the incremental borrowing rate. Lease payments are allocated between amortisation on the lease liabilities and interest expenses.

15. PROVISIONS

All figures are in EUR '000

	Dismantling	Other	Total
Provision 1 January 2021	5,241	132	**5,373**
Merger	2,068	0	**2,068**
Additions during the year	1,447	98	**1,545**
Used during the year	0	-132	**-132**
Interest element	130	0	**130**
PROVISION 31 DECEMBER 2021	**8,886**	**98**	**8,984**

Accounting policies

If the Group is required to restore the leased premises to their original condition at the end of the respective lease terms, dismantling 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.

Provisions are measured at the present value of Management's best estimate of the expenditures 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 expenses.

The provision for dismantling is expected to be used:
- Between 1-5 years EURk 662
- After 5 years EURk 8,224.

16. CONTINGENT LIABILITIES

Contingent liabilities

Liquid funds of EURk 15,079 are pledged as security for debt to banks of EURk 201,702.

The Group is involved in a pending tax case in Italy. Management and the Group's Italian lawyer is of the opinion that the expected outcome thereof will have no material negative impact on the Group.

The Group has entered into long-term agreements concerning supply of operating and maintenance services.

The value of those due within 12 months amounts to EURk 1,280, whereas EURk 3,061 is due within 1-5 years and EURk 952 is due after 5 years.

The Group's banks have collateral for loans in the Group's fixed assets worth EURk 356,633.

Contingent liabilities refer to obligations that have been established in the accounting period but relate to future events. They are characterised by only being confirmed by certain occurrences or non-occurrences of events in the future that cannot be fully controlled by Nordic Solar A/S.

The increase in contingent liabilities compared to last year is explained by the Group's growth and is in accordance with its nature.

17. OWN SHARES

It is Nordic Solar's intention to secure liquidity in the shares has therefore bought own shares in 2021 for EURk 1,344 – total 75,556 shares, and sold own shares in 2021 for EURk 1,344 - total shares 75,556, corresponding to less than 1% of the total number of shares.

At 31 December 2021, Nordic Solar A/S owned 0 shares.

18. CHANGES IN NET WORKING CAPITAL

All figures are in EUR '000

	2021	2020
Changes in trade receivables	-701	-303
Changes in other receivables and other prepayments	16,207	1,203
Changes in trade payables	-2,139	355
Changes in other debt and deferred income	-1,099	1,169
	12,268	**2,424**
Changes in trade receivables		
Changes with cash impact	-701	-303
Changes from acquired balances	-2,630	-70
	-3,331	**-373**
Changes in other receivables and prepayments		
Changes with cash impact	16,207	1,203
Changes from acquired balances	-21,127	-3,296
	-4,920	**-2,093**
Changes in trade payables		
Changes with cash impact	-2,139	355
Changes from acquired balances	2,851	162
	712	**517**
Changes in other debt and deferred income		
Changes with cash impact	-1,099	1,169
Changes in accrued interest	-137	5
Changes in value of hedging instrument	12,951	1,024
Changes from acquired balances	5,924	20,316
	17,639	**22,514**

19. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

All figures are in EUR '000

	Beginning of year	Proceeds from borrowings	Repay-ments	Non-cash changes*	Year end
Non-current liabilities 2021					
Mortgage loans	147,194	17,317	-11,500	9,518	**162,529**
Financial leases	44,002	0	-3,605	21,266	**61,663**
Other credit institutions operational	9,943	0	-767	-3,671	**5,505**
Loan costs	-3,372	-822	0	-104	**-4,298**
Current liabilities					
Mortgage loans	11,412	25,000	0	898	**37,310**
Financial leases	5,117	0	0	595	**5,712**
Other credit institutions	735	25	0	3,027	**3,787**
Loans from investor	2,752	1,127	0	0	**3,879**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2021	**217,783**	**42,647**	**-15,872**	**31,529**	**276,087**
Non-current liabilities 2020					
Mortgage loans	92,585	8,162	-8,008	54,455	**147,194**
Financial leases	51,238	0	-4,684	-2,552	**44,002**
Other credit institutions operational	8,455	5,660	-4,172	0	**9,943**
Loan costs	-3,524	-212	0	364	**-3,372**
Current liabilities					
Mortgage loans	8,678	566	0	2,168	**11,412**
Financial leases	4,619	0	0	498	**5,117**
Other credit institutions	463	272	0	0	**735**
Loans from investor	4,107	19,796	-4,107	-17,044	**2,752**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2020	**166,621**	**34,244**	**-20,971**	**37,889**	**217,783**

*** including liabilities from acquired assets**

Non-cash changes in 2021 is primarily exchange rate differences and changes from acquired solar parks which amounts to EURk 12,347.

20. FINANCIAL INSTRUMENTS

All figures are in EUR '000

FINANCIAL RISK FACTORS

The Group is exposed to a variety of financial risks: market risk, 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 are described in the investment policy that has been approved by the Board of Directors. The management handles contracts and risk exposures in accordance with the guidelines and policies and reports to the Board of Directors on a regular basis.

MARKET RISK

Price risk

The Group's exposure to price risk arises from the development in the electricity prices for the part of the revenue, which is market based. Some of the market risk is reduced through power purchase agreements (PPAs) of up to 10 years durability. Currently, most revenue originates from government subsidies, however, future growth is within construction of non-subsidised solar parks, which changes the risk profile from subsidy risk to market price risk. The political risk of retroactive changes to the subsidy system is reduced through diversification on a large number of countries and through the business model change explained in the section "Business model of Nordic Solar" under "Our Business" (page 18).

Sensitivity analysis

The table below summarises the impact of increases/decreases of market-based energy prices. The analysis assumes that the electricity prices had increased by 25% or decreased by 25% with all other variables held constant.

INTEREST RATE RISK

The Group's interest rate risk arises from long-term borrowings related to the acquisitions of solar parks. Borrowings issued at variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk. General Group policy is, however, to hedge variable interest rates using interest rate swaps or fixing the interest rate directly.

The majority of external loans within the Group is either fixed-interest loans or loans where the variable interest rate is converted to a fixed interest rate via swaps. Loans of EURk 2,948 are with variable interest and are without a corresponding swap agreement. The impact on pre-tax profit in case of a 1% change in the interest rate level is +/- EURk 29.

CREDIT RISKS

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. The local entities have very low risk on accounts receivable since the majority of revenue is generated from government subsidies or through sales to large electricity companies with acceptable credit rating.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Cash is split between the operational unit's banks located in the local countries, so the full cash balance risk has a natural diversification.

The maximum exposure corresponds to the carrying amount of receivables and cash.

LIQUIDITY RISK

Cash flow forecasting is performed on Group level by Management. 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. The Group has undrawn borrowing facilities of EURk 910 that may be available for future operating activities and to settle capital commitments, and it has EURk 671 reserved for buying own shares to secure the share liquidity.

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include EURk 4,666 placed in restricted reserve accounts.

	Impact on pre-tax profit	Impact on other components of equity
Change in market-based electricity prices by 25 %.	+/- 1,937	0

All other variables are held constant.

	Impact on pre-tax profit	Impact on other components of equity
10% change in exchange rates EUR/GBP	+/- 20	+/- 44
10% change in exchange rates EUR/PLN	+/- -106	+/- -24

All other variables are held constant.

FINANCIAL INSTRUMENTS (CONTINUED)

FOREIGN EXCHANGE RISK

As a consequence of the Group's structure, most net sales, expenditure and loan repayments in foreign currency are set off against each other, so the Group is exposed to the lowest possible exchange rate risks. Consequently, the Group treasury's risk management policy is not to hedge foreign exchange rate risks but to match loans with the assets currency. Each investment is, however, evaluated individually.

The foreign exchange risk is related to EUR/GBP and EUR/PLN. The foreign exchange risk to EUR/DKK is assessed to be immaterial due to the fixed currency policy between EUR/DKK.

The exchange rate is a financial risk in the Group's portfolio after the investment in the UK and in Poland. The currency risk is in both countries are reduced by the loans corresponding to approx. 40% of the investment being raised in GBP and PLN, which will be realised over the next 13-22 years. The return is therefore affected by fluctuations in the GBP and PLN exchange rates.

MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The table below analyses the Group's financial assets and 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 EUR '000

2021	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	3,235	0	0	**3,235**
Other receivables	6,162	0	0	**6,162**
Cash	51,741	0	0	**51,741**
Financial assets at amortised costs	**61,138**	**0**	**0**	**61,138**
Mortgage loans	45,574	90,764	121,608	**257,946**
Lease liabilities	8,357	30,886	52,140	**91,383**
Other credit institutions	4,184	3,607	3,654	**11,445**
Trade payables	3,235	0	0	**3,235**
Loans from investors	4,034	0	0	**4,034**
Other payables	2,437	0	0	**2,437**
Financial liabilities at amortised costs	**67,821**	**125,257**	**177,402**	**370,480**
Energy prices swaps	9,795	8,818	-2,648	**15,965**
Interest rate swaps	537	1,436	13,650	**15,623**
Fair value through other comprehensive income	**10,332**	**10,254**	**11,002**	**31,588**

2020	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	1,287	0	0	**1,287**
Other receivables	6,121	0	0	**6,121**
Cash	33,791	0	0	**33,791**
Financial assets at amortised costs	**41,199**	**0**	**0**	**41,199**
Mortgage loans	14,912	54,458	114,537	**183,907**
Lease liabilities	6,656	27,480	26,456	**60,592**
Other credit institutions	1,151	4,488	7,606	**13,245**
Trade payables	1,288	0	0	**1,288**
Loans from investors	2,862	0	0	**2,862**
Other payables	2,253	0	0	**2,253**
Financial liabilities at amortised costs	**29,122**	**86,426**	**148,599**	**264,147**
Interest rate swaps	673	1,869	21,969	**24,511**
Fair value through other comprehensive income	**673**	**1,869**	**21,969**	**24,511**

FINANCIAL INSTRUMENTS (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS

As part of the Group risk management, the derivatives for hedging purposes are used in order to reduce the Group's exposure to market risks.

In Portugal the Group has entered into a PPA classified as a hedging instruments. This contract locks the energy price for up to 70% of the produced energy over a period of 10 years. Measurement of the fair value of PPA is categorised as level 1 in the fair value hierarchy, as measurement is based on data from observable markets.

The Group has entered into interest rate swap on borrowings, from a floating-rate interest to a fixed-rate interest. Measurement of the fair value of interest rate swaps is categorised as level 2 in the fair value hierarchy, as measurement is based on observable yield curves, as informed by the credit institutions in the Mark to Market statement.

Accounting policies

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value.

Fair value is based on the primary market. If no primary market exists, fair value will be based on the most advantageous market, defined as the market that maximises the price of the asset or liability less transaction and transport costs.

Positive and negative fair values of derivative financial instruments are included in other receivables or other payables. Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale

	Contract amount at year end	Positive fair value at year end	Negative fair value at year end	Remaining contract period
Interest rate swaps	120,186	2,889	18,277	01.01.2022 - 30.09.2037
Interest rate CAP	141	0	0	01.01.2022 - 31.05.2023
Energy price swap	15,966	3,221	19,187	01.01.2022 - 14.06.2031
31 DECEMBER 2021	**136,293**	**6,110**	**37,464**	

	Contract amount at year end	Positive fair value at year end	Negative fair value at year end	Remaining contract period
Interest rate swaps	109,766	0	24,600	01.01.2020 - 30.09.2037
Interest rate CAP	558	0	0	01.01.2020 - 31.05.2023
31 DECEMBER 2020	**110,324**	**0**	**24,600**	

that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable-rate borrowings is recognised in profit or loss within financial expenses.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the fore-cast transaction is ultimately recognised in profit or loss. When a forecast transac-tion is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

21. RELATED PARTIES

All figures are in EUR '000

	2021	2020
Transactions with board members		
Interest expenses	0	4
Debt	0	0
Repayment of debt	0	268
Transactions with Nordic Solar Management A/S		
Interest expenses	0	10,499
Debt	0	8,874
Repayment of debt	0	4,094
	0	**23,467**

In 2020, the Group had signed a corpo-rate 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 provided a managing director to the Group.

Transactions of EURk 1,205 were con-ducted with Nordic Solar Management A/S regarding management fee.

»Key management remuneration« is dis-closed in note 5.

22. SHARE-BASED PAYMENTS

The Group has established a warrant programme for the employees and members of the Board of Directors. Each warrant entitles the recipient to subscribe for one share in the company at a nominal value of DKK 25. The warrants are vested over a three-year period. The warrants may be exercised over a period of seven years after the grant.

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 based 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 programme is measured at the time of grant and is recognised in the income statement as other external costs and staff costs over the period until the final right to warrants is earned. The off-setting 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 conditions applicable to the grant of warrants and Management's expectations of the development in the elements on which the valuation model is based.

Specification of outstanding warrants	Average exercise price EUR	Number
Outstanding 1 January 2020	14.32	576,226
Granted during the year	19.23	112,546
Outstanding 1 January 2021	**14.11**	**688,772**
Exercised during the year	14.14	-802,020
Granted during the year	17.32	1,697,482
Outstanding 31 December 2021		**1,584,234**

Fair value of warrants at the grant date	Number of warrants	Fair value EUR
30 November 2017	33,862	63,315
28 December 2017	104,355	195,543
9 February 2018	19,287	36,322
22 March 2018	3,922	7,433
27 June 2018	70,000	130,886
19 December 2018	106,411	200,967
14 May 2019	22,112	42,859
9 July 2019	58,544	111,666
19 August 2019	466	889
1 April 2020	23,430	49,311
25 September 2020	89,116	272,531
3 May 2021	113,248	69,238
10 June 2021	1,552,234	6,511,630
29 December 2021	32,000	146,969

In 2021, costs relating to the warrant programme were recognised at EURk 1,213 (2020: EURk 322).

Assumptions	2021
Share price ranges (EUR)	17.30 - 18.58
Expected lifetime (years)	4.50
Volatility	30%
Risk-free interest rate	-0.43%

23. BUSINESS COMBINATIONS

All figures are in EUR '000

	Opening balance
Property, plant and equipment	307
Non-current financial assets	1,272
Trade receivables	229
Other receivables	1,997
Prepayments	24
Cash	1,973
TOTAL ASSETS	**5,802**
Loans	684
Provisions	98
Deferred tax	10
Deferred income	755
Trade payables	85
Corporate tax	113
Other payables	1,768
TOTAL LIABILITIES	**3,513**
Fair value of acquired net assets	2,289
Fair value of consideration transferred	-46,541
GOODWILL ARISING FROM THE ACQUISITION	**44,252**

Accounting policies

When accounting for business combinations, the acquisition method is applied in accordance with IFRS 3. Acquired entities are recognised in the consolidated financial statements from the date of acquisition. The date of acquisition is the date on which Nordic Solar A/S obtains control of the entity. The consideration transferred as payment for the acquired entities consists of the fair value of assets transferred, liabilities incurred to former owners of the acquired entities and equity instruments issued. Identifiable assets, liabilities and contingent liabilities of the acquired entities are measured at fair value at the date of acquisition by applying relevant valuation methods. Identifiable intangibles are recognised if they are separable or arise from a contractual right. Deferred tax is recognised for identifiable tax benefits existing at the date of acquisition and from the perspective of the new combined Group in compliance with local tax legislation. The excess of the total consideration transferred over the total identifiable net assets measured at fair value is recognised as goodwill. If measurement of the identifiable net assets is uncertain at the date of acquisition, initial recognition is done based on provisional amounts. Measurement period adjustments to the provisional amounts may be done for up to 12 months following the date of acquisition. After the end of the measurement period, goodwill is no longer adjusted. Transaction costs inherent from the acquisition are recognised in the income statement when incurred. Goodwill and fair value adjustments arising from the acquisition of an acquiree whose functional currency differs from the presentation currency of the Group are translated into the functional currency of the foreign entity using the exchange rate ruling at the date of acquisition. Other than cross-period measurement adjustments, comparative figures are not restated when acquiring or disposing of entities.

Management judgements and estimates

In applying the acquisition method of accounting, estimates are an integral part of assessing fair values of several identifiable assets acquired and liabilities assumed, as observable market prices are typically not available. Valuation techniques where estimates are applied typically relate to determining the present value of future uncertain cash flows or assessing other events in which the outcome is uncertain at the date of acquisition. More significant estimates are typically applied in accounting for property, plant and equipment, trade receivables, deferred tax, debt and contingent liabilities. As a result of the uncertainties inherent in fair value estimation, measurement period adjustments may be applied.

BUSINESS COMBINATIONS IN 2021

On 10 June 2021, Nordic Solar A/S acquired 100% of the shares in Nordic Solar Management A/S as part of a merger.

Nordic Solar Management A/S was the company performing management for Nordic Solar A/S (previously Nordic Solar Energy A/S) and Nordic Solar Global A/S. Nordic Solar Global A/S is also part of the merger. However, the acquisition is treated as an asset deal. The purpose of including Nordic Solar Management A/S is to make synsergies and a development platform available to Nordic Solar A/S.

Nordic Solar Management A/S holds the employyes and performs the development and administration. Thus, it has as expected contributed to the resulat with EURm -2.9 since the merger.

Consideration transferred

The consideration transferred for the shares in Nordic Solar Management A/S has been made in Nordic Solar A/S shares by offering 107.03 Nordic Solar A/S shares for one Nordic Solar Management A/S share. A total of 555,833 Nordic Solar A/S shares have been exchanged at a fair value of EURm 41.2. Adjusted for the fair value of cash and cash equivalents acquired of EURm 5.4, the net consideration amounts to EURm 46.5. The value of the shares received as consideration is based on butoom up valuation of the operational assets.

Transaction costs

Total transaction costs recognised constitute EURm 1.8, which have been recognised as a cost in the income statement.

Fair value of acquired net assets and recognised goodwill

The fair value of goodwill recognised amounts to EURm 44.3. The goodwill is not tax deductable.

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Property, plant and equipment

The fair value of property, plant and equipment relating to material individual assets is measured based on external market valuations carried out by professional appraisers.

Trade receivables and payables, contract assets and accrued cost of services

The fair value of trade receivables and trade payables has been measured at the contractual amount expected to be received or paid. In addition, it has been taken into consideration whether trade receivables are recoverable. The amounts have not been discounted, as maturity on receivables and payables is generally very short and the discounted effect therefore immaterial.

Financial liabilities

Lease liabilities have been measured at the present value of the remaining lease payments at the acquisition date discounted using an appropriate incremental borrowing rate. Other financial liabilities have been measured at the present value of the repayable amounts discounted using a representative borrowing rate, unless the discount effect is insignificant.

Merger (purchase price allocation)

For the merger, the assets, liabilities and contingent liabilities of the merged companies are recognised using the acquisition method. The most significant assets acquired comprise goodwill and receivables. No active market exists for the majority of the acquired assets and liabilities, in particular in respect of acquired intangible assets. Accordingly, management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities, which inherently are subject to uncertainty as these are based on assumptions, including estimates of expected future cash flows. Depending on the nature of the item, the determined fair value of an item may be associated with uncertainty. The unallocated purchase price (positive amount) is recognised in the statement of financial position as goodwill.

24. EVENTS AFTER THE REPORTING DATE

In January 2022 the first capital raise of EURm 32 was executed.

In Q1 2022 projects rights of 223 MWp were secured, covering three markets: Greece, Germany and Lithuania.

No further significant events have occurred after the reporting date of importance to the consolidated financial statements.

25. GROUP COMPANIES

Directly owned subsidiaries	Place of registered office	Votes and ownership
NSE Flandern ApS	Gentofte, Denmark	100%
NSE GP ApS	Gentofte, Denmark	100%
NS Energy I ApS	Gentofte, Denmark	100%
NS Energy II ApS	Gentofte, Denmark	100%
K/S NSE Nees	Gentofte, Denmark	100%
K/S NSE Vollerup I	Gentofte, Denmark	100%
NS Global I ApS	Gentofte, Denmark	100%
NS Global II ApS	Gentofte, Denmark	100%
NS Global III ApS	Gentofte, Denmark	100%
NS Global IV ApS	Gentofte, Denmark	100%
NS Global V ApS	Gentofte, Denmark	100%
NS Global VI ApS	Gentofte, Denmark	100%
Global GP ApS	Gentofte, Denmark	100%
Orka Holding BVBA	Londerzeel, Belgien	100%
NSE France SAS	Paris, France	100%
Groupement Solaire Cestas 6 SAS	Paris, France	80%
ESF Spanien 0424 GmbH	Breklum, Germany	100%
Solarpark Zerre V BV & Co. KG	Husum, Germany	100%
Polar Beteiligungs GmbH	Saarnrücken, Germany	100%
NSE Italy SRL	Florence, Italy	100%
Polish Solar North Sp. z.o.o.	Gdansk, Poland	100%
Chatteris Investment Sp. z.o.o.	Warsaw, Poland	100%
JupiterManeuver - SGPS, S.A.	Lisbon, Portugal	100%
Qsun 22 Sp. z.o.o.	Wroclaw, Poland	100%
Qsun 23 Sp. z.o.o.	Katowice, Poland	100%
Qsun 24 Sp. z.o.o.	Katowice, Poland	100%

Qsun 26 Sp. z.o.o.	Katowice, Poland	100%
Qsun 27 Sp. z.o.o.	Katowice, Poland	100%
Qsun 28 Sp. z.o.o.	Wroclaw, Poland	100%
Qsun 29 Sp. z.o.o.	Katowice, Poland	100%

Indirectly owned subsidiaries	**Place of registered office**	**Votes and ownership**
GreenGo Energy MO6 K/S	Gentofte, Denmark	100%
GreenGo Energy M24 K/S	Gentofte, Denmark	100%
GreenGo Energy M52 K/S	Gentofte, Denmark	100%
GreenGo Energy M68 K/S	Gentofte, Denmark	100%
GreenGo Energy M74 K/S	Gentofte, Denmark	100%
Nordic Lysabild ApS	Gentofte, Denmark	100%
SEnS Solar BV	Nijmegen, Nederlands	100%
SEnS Solar Belgie BVBA	Gent, Belgium	100%
SEnS Solar Belgie II BVBA	Gent, Belgium	100%
Orka Boom NV	Londerzeel, Belgium	100%
Orka Brussel NV	Londerzeel, Belgium	100%
Orka Blauve Toren NV	Londerzeel, Belgium	100%
Orka Eindhout NV	Londerzeel, Belgium	100%
Orka Harelbeke NV	Londerzeel, Belgium	100%
Orka Kontich NV	Londerzeel, Belgium	100%
Orka Lummen NV	Londerzeel, Belgium	100%
Orka Puurs NV	Londerzeel, Belgium	100%
Orka Zellik NV	Londerzeel, Belgium	100%
Folly Farm Solar Park Limited	London, England	75%
Parc Solaire De Montmayon SAS	Paris, France	100%
Centrale Solaire Constantin 18 SAS	Paris, France	80%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
Centrale Solaire Constantin 19 SAS	Paris, France	80%
Sella BG SRL	Bolzano, Italy	100%
NSE Pellegrino SRL	Florence, Italy	100%
NSE Chignolo Po SRL	Florence, Italy	100%
Ikarus PV 1 SRL	Bolzano, Italy	100%
Ikarus PV 2 SRL	Bolzano, Italy	100%
Ikarus PV 4 SRL	Bolzano, Italy	100%
Ikarus PV 6 SRL	Bolzano, Italy	100%
Ikarus PV 7 SRL	Bolzano, Italy	100%
Sunfield 04 SRL	Bolzano, Italy	100%
Sunfield 09 SRL	Bolzano, Italy	100%
Sunfield 13 SRL	Bolzano, Italy	100%
NS Global Italy SRL	Florence, Italy	100%
Solar Polska New Energy Trzecia Sp. z o.o.	Szczecin, Poland	100%
Solar Polska New Energy 17 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 18 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 19 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 21 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 22 Sp. z.o.o.	Szczecin, Poland	100%
Polish Solar South Sp. z.o.o.	Katowice, Poland	100%
WS Olsztynek Sp. z.o.o.	Katowice, Poland	100%
WS Bytow Sp. z.o.o.	Katowice, Poland	100%
Energy Solar 13 Sp. z.o.o.	Gdansk, Poland	100%
Energy Solar 16 Sp. z.o.o.	Gdansk, Poland	100%
Energy Solar 17 Sp. z.o.o.	Gdansk, Poland	100%
Energy Solar 20 Sp. z.o.o.	Gdansk, Poland	100%
Energy Solar 23 Sp. z. o.o.	Gdansk, Poland	100%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
Energy Solar 40 Sp. z.o.o.	Gdansk, Poland	100%
G Solar Energy 1 Sp. z.o.o.	Gdansk, Poland	100%
LRCC – La Rad Campo Charro – Energias Renováveis, S.A.	Lisbon, Portugal	100%
Goldalqueva S.A.	Pias, Portugal	100%
Sol do Sorraira S.A.	Lisbon, Portugal	100%
Nordic Beniarbeig S.L	Denia, Spain	100%
ESF Spanien 0424 S.L.U.	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 29, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 30, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 31, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 32, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 33, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 34, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 35, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 38, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Tres, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Cuatro, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Cinco, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Seis, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Siete, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Ocho, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Nueve, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Uno, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Dos, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Tres, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Cuatro, S.L.U	Denia, Spain	100%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
NS Energy Spain SL	Denia, Spain	100%
Rixiraba Energía Solar SL	Denia, Spain	100%
NS Global Spain SL	Denia, Spain	100%
Helios Invst Alpha S.M.P.C.	Athens, Greece	100%
Helios Invst Beta S.M.P.C.	Athens, Greece	100%

Parent company financial statements

INCOME STATEMENT

All figures are in EUR '000

	Note	2021	2020
Other operating income		2,209	998
Other external costs		-3,032	-1,941
Gross profit/loss		**-823**	**-943**
Staff costs	2	-3,879	-134
Profit before amortisation, depreciation and impairment losses		**-4,702**	**-1,077**
Amortisation, depreciation and impair-ment losses		-1,184	0
Profit/loss before financial income and expenses		**-5,886**	**-1,077**
Income/loss from investments in subsid-iaries	3	1,770	-305
Financial income	4	5,254	1,988
Financial expenses	5	-627	-653
Profit/loss before tax		**511**	**-47**
Income taxes		-209	-19
NET PROFIT/LOSS FOR THE YEAR		**302**	**-66**

PROPOSED PROFIT DISTRIBUTION			
Proposed dividend for the year		7,604	5,158
Retained earnings		-7,302	-5,224
NET PROFIT/LOSS FOR THE YEAR		**302**	**-66**

BALANCE SHEET 31 DECEMBER

All figures are in EUR '000

	Note	2021	2020
ASSETS			
Goodwill	6	43,150	0
Property, plant and equipment		288	0
Investments in subsidiaries	7	76,324	46,006
Receivables from subsidiaries	8	138,851	42,196
Non-current financial assets	8	155	29
Deferred tax asset		50	0
Non-current assets		**258,818**	**88,231**
Receivables		1,012	3,687
Prepayments		240	236
Receivables		**1,252**	**3,923**
Cash		**9,039**	**8,195**
Current assets		**10,291**	**12,118**
TOTAL ASSETS		**269,109**	**100,349**

All figures are in EUR '000

	Note	2021	2020
EQUITY AND LIABILITIES			
Share capital	9	58,535	23,113
Reserve for exchange rate adjustments		-1,794	-600
Retained earnings		188,484	57,555
Proposed dividend for the year		7,604	5,158
Equity		**252,829**	**85,226**
Other credit institutions		5,465	9,902
Deferred tax		0	40
Other provisions		98	0
Non-current liabilities		**5,563**	**9,942**
Other credit institutions		4,434	738
Shareholder loans		3,879	2,752
Trade payables		1,757	240
Corporation tax		188	0
Other payables		459	1,451
Current liabilities		**10,717**	**5,181**
Total liabilities		**16,280**	**15,123**
TOTAL EQUITY AND LIABILITIES		**269,109**	**100,349**

STATEMENT OF CHANGES IN EQUITY

All figures are in EUR '000

	Note	Share capital	Reserve for exchange rate adjust-ments	Retained earnings	Proposed dividend	Total
Equity 1 January 2021		**23,113**	**-600**	**57,555**	**5,158**	**85,226**
Merger		25,321	0	104,063	0	**129,384**
Cash capital increases including related costs		10,101	0	40,139	0	**50,240**
Dividend paid		0	0	0	-5,158	**-5,158**
Acquisition of own shares	11	0	0	-1,344	0	**-1,344**
Sale of own shares	11	0	0	1,344	0	**1,344**
Value of share-based payments		0	0	10	0	**10**
Equity transactions in subsidiaries	7	0	-1,194	-5,981	0	**-7,175**
Net profit/loss for the year		0	0	-7,302	7,604	**302**
EQUITY 31 DECEMBER 2021		**58,535**	**-1,794**	**188,484**	**7,604**	**252,829**

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).

There are no changes in the accounting policies compared to last year.
Unless otherwise indicated, the Annual Report for 2021 is presented in EUR thousands (EURk / EUR '000).

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

Foreign currency translation
On translation of foreign currencies, exchange rate adjustments of subsidiaries are recognised in equity when the balances of the overall net investment are a foreign enterprise. Exchange rate adjustments on loans are recognised in the income statement as financial income or financial expenses.

Investments
The parent company measures the investments in subsidiaries and associates at net asset value. 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 of the company (recoverable amount), the investment is written down to this lower value.
Investments in subsidiaries and associates with a negative net asset value are measured at EUR 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered uncollectible. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

2. STAFF COSTS

All figures are in EUR '000

	2021	2020
Salaries, wages and remuneration	2,247	0
Pensions	138	0
Other social security costs	15	0
Other staff costs	375	0
Fee to Board of Directors	132	81
Share-based payment	972	53
	3,879	**134**
Average number of employees (consists of the company's Executive Management)	36	1

Key Management Remuneration

	Salary	Pensions	Share-based payment	Total
Board of Directors	132	0	244	**375**
Executive Management	388	0	631	**1,019**
Other key management personnel	483	33	180	**696**

Other key management personnel consist of the management team excluding the executive management.

3. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARES

All figures are in EUR '000

	2021	2020
Share of profit in subsidiaries	7,265	2,666
Share of loss in subsidiaries	-4,386	-1,942
Depreciation of revaluations	-1,109	-1,029
	1,770	**-305**

4. FINANCIAL INCOME

All figures are in EUR '000

	2021	2020
Interest income from subsidiaries	5,001	1,951
Exchange rate adjustments	27	0
Other financial income	226	37
	5,254	**1,988**

5. FINANCIAL EXPENSES

All figures are in EUR '000

	2021	2020
Interest expenses	414	455
Exchange rate adjustments	0	192
Other financial expenses	213	6
	627	**653**

6. GOODWILL

All figures are in EUR '000

	Goodwill
Cost 1 January	0
Addition during the year	44,256
Cost 31 December	**44,256**
Depreciation 1 January	0
Depreciation during the year	-1,106
Depreciation 31 December	**-1,106**
CARRYING AMOUNT 31 DECEMBER	**43,150**

Goodwill arising from business acquisitions is recognised in the financial statements. Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less amortisation.

Goodwill is depreciated over 20 years as it is the approximate remaining lifetime of the solar parks in operation at time of the merger.

7. INVESTMENTS IN SUBSIDIARIES

All figures are in EUR '000

	2021	2020
Cost 1 January	45,678	37,743
Merger	22,933	0
Additions for the year	1,310	7,935
Disposals for the year	-2,017	0
Transferred to revaluation - reclassification	-2,483	0
Cost 31 December	**65,421**	**45,678**
Revaluations 1 January	-6,306	-4,195
Merger	-2,369	0
Exchange rate adjustment	1,345	-196
Net profit/loss for the year	2,878	724
Dividend to the parent company	-952	-783
Fair value adjustment of hedging instruments	-5,981	-827
Depreciation of revaluations	-1,117	-1,029
Disposals for the year	26	0
Transferred from cost - reclassification	2,483	0
Revaluations 31 December	**-9,993**	**-6,306**
Equity investments with negative net asset value set off against receivables	20,896	6,634
CARRYING AMOUNT 31 DECEMBER	**76,324**	**46,006**

8. FIXED ASSET INVESTMENTS

All figures are in EUR '000

	Receivables from subsidiaries	Other fixed asset investments
Cost 1 January 2021	48,830	27
Merger	82,296	0
Additions/disposals for the year	28,621	126
Cost 31 December 2021	**159,747**	**153**
Revaluations 1 January 2021	-6,634	2
Merger	-16,323	0
Revaluations for the year	2,061	0
Revaluations 31 December 2021	**-20,896**	**2**
CARRYING AMOUNT 31 DECEMBER 2021	**138,851**	**155**

9. SHARE CAPITAL

All figures are in EUR '000

	2021	2020
Changes in share capital:		
Share capital 1 January	23,113	19,336
Addition merger	25,321	0
Additions for the year	10,101	3,777
SHARE CAPITAL 31 DECEMBER	**58,535**	**23,113**
Cost of capital increases	635	260

Overview of investment in subsidiaries is presented in note 25 to the consolidated financial statements.

The share capital consists of 17,443,564 shares of a nominal value of DKK 25 of which 1,257,628 shares only carry rights to dividend for the financial year 2021 if the dividend exceeds EUR 0.47 (DKK 3.50) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase including premiums and cost amounts to EURk 50,875.

10. CONTINGENT LIABILITIES

The parent company is jointly taxed with its Danish Group entities. The jointly taxed entities are jointly and severally liable for Danish income taxes and withholding taxes on dividends, interest and royalties within the Group of jointly taxed entities.

The total joint Danish corporation tax amounts to EUR 0. Any subsequent corrections to the corporate taxes and withholding taxes can lead to another amount.

The parent company has issued a letter of financial support to the relevant subsidiaries. Limited expiring in May 2023.

The company's loan to NSE Flandern Group of EURk 12,446 incl. accumulated interest is subordinated NSE Flandern's loan in Triodos Bank and KBC bank of EURk 18,031.

The company's loan to the subsidiary NSE France SAS of EURk 401 incl. accumulated interest is subordinated NSE Frances SAS' loan in Natixis of EURk 8,684.

The company's loan to the subsidiary Chatteris Investments SP Z. O O.'s of EURk 931 incl. accumulated interest is sub-ordinated Chatteris' loan in mBank of EURk 4,180.

The company's loan to the subsidiary Jupiter-Manuver SPGS, S.A.'s of EURk 2,954, incl. accumulated interest is subordinated LRRC, S. A's and Jupiter Manuver SPGS, S.A's loan in Banco BPI of EURk 1,808.

The company's loan to the subsidiary Orka Holding BVBA of EURk 3,433 incl. accumulated interest is subordinated Orka Holding's loan in KBC bank, Triodos, BNP Paribas, Belfius and ING bank of EURk 16,935.

The company's loan to the group NSE Italy of EURk 3 incl. accumulated interest is subordinated NSE Italy's loan in Intesa Sanpaolo, Iccrea Banca and UniCredit of EURk 23,109.

The company's loan to the Group NS Energy I of EURk 20,385 incl. accumulated interest is subordinated NS Energy I´s loan in Banco Sabadell of EURk 54,155.

The company's loan to the Group Polish Solar North of EURk 3,521 incl. accumulated interest is subordinated Polish Solar North´s loan in mBank of EURk 4,342.

The company's loan to the group Polar Beteiligung of EURk 2,909 incl. accumulated interest is subordinated Polish Solar North´s loan in mBank of EURk 2,428.

The company's loan to K/S NSE Nees of EURk 328 incl. accumulated interest is subordinated K/S NSE Nees´s loan in Vækstfonden of EURk 3,540.

The company's loan to K/S NSE Vollerup of EURk 286 incl. accumulated interest is subordinated K/S NSE Vollerup's loan in Vækstfonden of EURk 12,366.

The company's loan to the group NS Energy II of EURk 3,669 incl. accumulated interest is subordinated NS Energy II´s loan to a third party of EURk 25,000.

The company's loan to the group NS Global I of EURk 42,677 incl. accumulated interest is subordinated WS Bytow, Polish Solar South and WS Sepolno's loan in mBank of EURk 11,326.

The company's loan to the group NS Global II of EURk 23,290 incl. accumulated interest is subordinated Goldalqueva's loan in Sabadell of EURk 19,298.

The parent company has issued guarantee to the group Qsun of EURk 2,863 concerning construction suppliers.

The parent company has issued a guarantee to Lysabild of EURk 719 concerning construction suppliers.

11. OWN SHARES

It is Nordic Solar's intention to secure liquidity in the shares has therefore bought own shares in 2021 for EURk 1,344 – total 75,556 shares, and sold own shares in 2021 for EURk 1,344 - total shares 75,556, corresponding to less than 1% of the total number of shares.

At 31 December 2021, Nordic Solar A/S owned 0 shares.

ANDERS SØGAARD-JENSEN

CHRISTIAN DULONG HOFF

VIBEKE BAK SOLOK

CHRISTIAN SAGILD

IBEN MAI WINSLØW

FRANK SCHYBERG

NIKOLAJ HOLTET HOFF

Statement by Management

The Board of Directors and the Executive Management have discussed and approved the annual report of Nordic Solar A/S for the financial year 1 January 2021 to 31 December 2021.

The consolidated financial statements of Nordic Solar has been prepared in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act and the financial statements of the parent company has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the company and the company's financial position on 31 December 2021 and of the results of its operations as well as the consolidated cash flows for the financial year 1 January 2021 to 31 December 2021.

In our opinion, Management's Review includes a fair account of the matters dealt with. We recommend that the annual report be adopted at the annual general meeting.

Hellerup, 30 March 2022

Source: Bloomberg

Independent auditor’s report

To the shareholders of Nordic Solar A/S

OPINION

In our opinion, the Consolidated Financial Statements (pages 59 - 93) give a true and fair view of the Group’s financial position at 31 December 2021 and of the results of the Group’s operations and cash flows for the financial year 1 January to 31 December 2021 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 95 - 102) give a true and fair view of the Parent Company’s financial position at 31 December 2021 and of the results of the Parent Company’s operations for the financial year 1 January to 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Nordic Solar A/S for the financial year 1 January - 31 December 2021, 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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Statements 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 judgement and maintain professional skepticism 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, 30 March 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

Henrik Ødegaard

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NORDIC SOLAR

Nordic Solar

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