Nordic Solar

Nordic Solar A/S

Annual Report 2023

CVR no.: 33367023, Nordic Solar A/S , Strandvejen 104B, 2900 Hellerup, Denmark

Nordic Solar

We want to power the future with solar energy

We are a Danish solar energy company headquartered in Copenhagen. We see solar energy as a central element in accelerating the transition towards a world powered by clean energy. We develop, construct and operate utility-scale solar parks across Europe on our mission to make everyone benefit from solar energy. As we pursue this mission, our vision is to emerge as the leading solar energy company in the Nordics.

With the growing need for electricity in our daily lives and the global call for more renewable energy, we actively participate in the transition away from fossil fuels by producing solar energy. We take part in changing the energy system by adding more solar power to the electric grid, supporting the electrification of society together with local communities and authorities, business partners, investors, and our employees. All being part of an important change.

Visit our website

Discover more about Nordic Solar's business, portfolio and history, among other topics, on our new website.

nordicsolar.eu →

Explore reports, webinars and news

Find additional information in our quarterly and annual reports, watch webinars held by Management or read the latest news in our press releases.

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Introduction

Nordic Solar at a glance

Pure-play solar energy company

Active in 12 countries. Developing, constructing and operating large-scale infrastructure projects

Total portfolio

2,020
MWp
Combined development/ construction

372
MWp
In operation

Revenue & balance sheet

59
EURm
Revenue FY2023

808
EURm
Total assets

Power production

454
GWh
Production in 2023

128,000
households
Supplied with electricity in 2023

Significant growth ambition

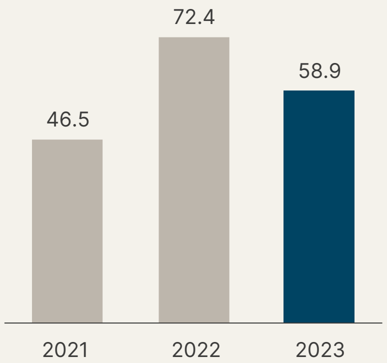
3.8
GWp in 2026
In development

2.2
GWp in 2026
In operation

Solar energy for everyone's benefit

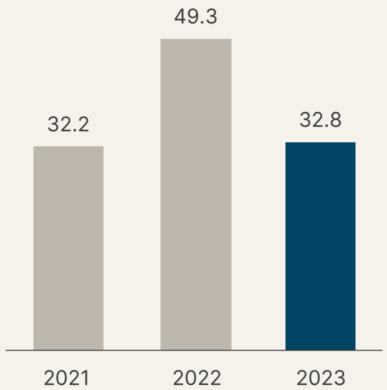
2023 performance highlights

Revenue
Decreased by 19% year-on-year, primarily driven by significantly lower power prices across all markets compared to the very high prices witnessed in 2022.



58.9
EUR million

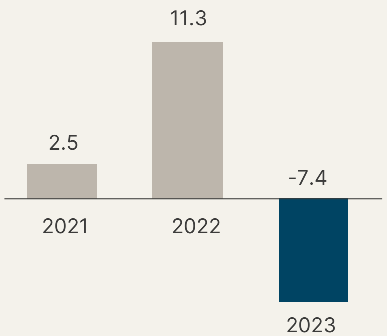
EBITDA
Decreased by 33% year-on-year, corresponding to an EBITDA margin of 32.8%.



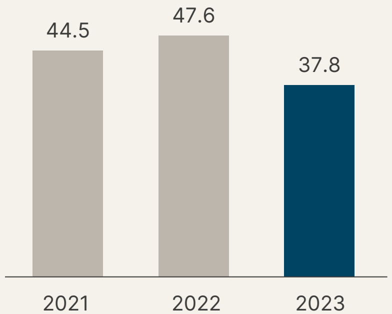
32.8
EUR million

Profit before tax
Decrease primarily driven by decreased revenue as well as increased costs related to scaling the business and operating a larger portfolio of projects.

-7.4
EUR million



Cash flow from ordinary operating activities
Mainly impacted by lower revenue and higher direct costs relating to a larger operational portfolio of assets, and partly offset by changes in net working capital.



37.8
EUR million

Letter from the Chair and the CEO

2023 was a transitional year for Nordic Solar. Lower electricity prices followed by increased interest and cost levels led to a negative result for the year. At the same time, we reached important milestones in terms of solidifying and financing our business model, enabling further growth of our portfolio and enhancing our organisational capacity.

In 2023, the financial performance of our operational portfolio was impacted by significantly lower electricity prices compared to 2022. Although this was offset to some extent by additional production capacity, revenue decreased by 19% to EUR 59 million. An increased number of operational projects also meant higher costs, which impacted our earnings. EBITDA amounted to EUR 32.8 million with an EBITDA margin of 56%. The result for the year before tax amounted to a loss of EUR 7.4 million, while the level of cash flow from ordinary operating activities decreased to EUR 37.8 million.

The loss for the year is heavily impacted by lower electricity prices, increased interest payments on the new EUR 300 million loan facility from EIG Partners, increased costs related to building the organisation as well as a loss resulting from the divestment of our Italian rooftop portfolio. However, the result for 2023 does not reflect the ongoing value creation stemming from an attractive and profitable development portfolio that is in place to bring value in coming years. A key part of this will be realising profits from our expected divestment activities

During 2023, we made progress on our development projects, had five projects under construction and initiated several divestments. We concluded one divestment by year end and finalised another divestment in February 2024. We are confident that we can continue to build a profitable portfolio and reach our growth targets for 2026.

Based on the current earnings levels, we do not propose to pay out dividends in 2024 based on the 2023 full-year results.

Market developments

The first half of the year was characterised by much lower electricity prices compared to 2022, while prices stabilised in the second half of the year. On top of this, interest rates further increased in an attempt to curtail

European inflation. Meanwhile, the supply chain bottlenecks that have negatively impacted the price of solar park components in recent years have come back down to more normal levels. Notably, the panel prices were reduced to record low levels as we entered 2024, positively contributing to significantly lower capital expenditure on our construction projects. Conversely, increased competition for balance-of-plant (BoP) resources has forced construction costs slightly up.

From a long-term perspective, solar PV continues to be among the most competitive energy sources, expected to reach 33% of all global installed electricity capacity by 2030 – making solar PV the largest single electricity source globally.

Adding scale to the Nordic Solar model

During 2023, we fully embedded our integrated value chain in our business, spanning from developing and constructing projects to operating a broad portfolio of solar parks across Europe.

One of the defining moments of the year was entering into a credit facility agreement with EIG Partners of EUR 300 million. This financing ensured we could sustain our growth rate and execute on our development and construction portfolio. Specifically, we were able to take on more co-development projects while advancing projects into construction. As part of these additions, we started the construction of our largest solar park to date, located near Moletai in Eastern Lithuania with a capacity of 100 MWp.

Portfolio growth

We continued the strong development of our portfolio, which covered a total capacity of 2.4 GWp at the end of the year. The value of our development portfolio is materialising as the projects are maturing and will soon be entering the construction phase. We now have a total of 1,675 MWp in the development portfolio, which is expected to reach the ready-to-build stage in 2024-2026. Currently, we have 345 MWp under construction, with most of this capacity expected to become operational during 2024. This is an increase in construction project capacity of more than 900% compared to 2022.

Divestments initiated

In late December 2023, we completed our first strategic divestment, representing an important milestone for us. We divested part of our Italian operational portfolio, consisting of several rooftop plants. While this divestment is mostly aimed at streamlining our operations by divesting rooftop assets, it is the first of several expected divestments. Our operational portfolio peaked at 390 MWp during the year and ended at 372 MWp at the end of 2023 after divestments. Total electricity production amounted to 454 GWh, increasing by 10% compared to 2022.

Strengthening our organisation

The expansion of Nordic Solar's operations in recent years has necessitated a substantial increase in our organisational capacity. To effectively accommodate this growth, it was important for us to enhance our ability to attract, retain and develop skilled employees. This led to the recruitment of Tina Mose as Chief People Officer as part of the management team in 2023. This was a strategic decision aimed at strengthening our workforce infrastructure and supporting our growth. In 2023, we welcomed a diverse group of new employees, contributing a broad range of in-house expertise to support our extended value chain. We have created a stronger and more capable organisation, and we want to thank our employees for their ongoing dedication and belief in Nordic Solar's vision.

In September 2023, the organisation surpassed the 100-employee mark. Our growing workforce prompted a relocation to larger office premises, right next to our previous location in Hellerup. We were delighted to show our new facilities to our shareholders, partners and employees' families in early 2024.

Dedicated ESG focus

As a renewable energy company, sustainability has been an integral part of our business from the beginning. With increased regulatory requirements and expectations from our stakeholders, we seek to integrate sustainability even further into our operations, making it a fundamental part of our culture and business practices. This also makes us more equipped to identify and address environmental, social and governance (ESG)-related impacts, risks and opportunities across our value chain.

As part of this commitment, we established a dedicated ESG team that will play a central role in ensuring compliance with upcoming legislative requirements and meeting stakeholder expectations. Central to this effort is our updated ESG strategy and road map, guiding our progress and performance towards 2026. This strategy emphasises readiness to comply with future EU regulation such as the Corporate Sustainability Reporting Directive (CSRD) and aligning our business with future EU Taxonomy requirements.

Strategic focus on greenfield development and battery storage

The yearly strategy update in 2023 implied some adjustments to the overall strategy. Our current investments in greenfield development will be increased going forward as an important addition to our existing sourcing of new projects and project rights from third-party providers. The added focus on greenfield development is aimed at securing the lowest possible project costs, while ensuring additional control over the developmental process and quality. We will gradually incorporate greenfield projects as part of our development strategy over the coming years.

Over the past years, we have explored the energy storage market, particularly through batteries. We consider the addition of battery storage a strategic enabler that will enhance the profitability of our portfolio. The aim is to make Nordic Solar's business more robust towards fluctuating energy prices, deliver frequency regulation and other services to the grid while enabling competitive project development. Our main focus within storage will be co-located batteries, however, we will consider stand-alone projects to some degree if we identify relevant opportunities.

As part of our updated strategy leading towards the end of 2026, we have also updated our growth targets for the portfolio as we now expect 2.2 GWp in operation and 3.8 GWp in development.

Financing our future growth journey

As our business model is based on ongoing development of new solar projects entering into construction, the continued growth of our business requires a considerable amount of capital. The EIG loan facility of EUR 300 million has played a pivotal role in sustaining our growth trajectory and executing on our development and construction activities. Entering 2024, Nordic Solar had drawn approximately 40% of this loan facility. We can finance the continued growth of our portfolio well into 2025, with the flexibility to stretch the capital further. However, the realisation of the 2026 strategic growth objectives requires further capital. We have therefore in 2024 initiated a process for identifying possibilities of raising further capital, and our aim is to raise the needed capital during 2024 and 2025.

Looking ahead into 2024

Defining our long-term financing strategy is among our primary targets for 2024. On a portfolio level, we expect several construction projects to become fully operational, leading to increased production capacity. At the same time, we expect a significant part of the development portfolio to further mature and become ready-to-build during the year.

In terms of divestments, we started 2024 by finalising the 100% sale of our 2 MWp solar park in Portugal and plan to realise further divestments during the year.

Profitable divestments that show the value creation of our business model will be key in the coming years. Hence, we continue to grow our platform and at the same time expect to create positive financial results going forward. In this sense, we see 2023 as a transitional year, which does not fully reflect the value creation of our business model.

With the implementation of our fully integrated business model and the reinforcement of our organisation, Nordic Solar has laid a strong foundation for driving our growth strategy forward in 2024.

Thank you for your continued support

We want to express our gratitude for the support we have received on our ongoing journey. The collaborative efforts of our many stakeholders and business partners have been instrumental in our progress, and we anticipate a continued fruitful collaboration.

Our shareholders have been steadfast supporters throughout the years, and we are grateful for their commitment over the years. Our primary focus remains on enhancing shareholder value over time, leveraging the potential embedded in our portfolio.

Christian Sagild
Chair of the
Board of Directors

Nikolaj Holtet Hoff
Chief Executive Officer

Sun.
People.
Energy.

Chapter 02

Financial highlights and outlook

Five-year financial summary

All figures are in EUR '000

	2023	2022	2021*	2020	2019**
Key figures					
Revenue	58,932	72,369	46,463	31,862	28,934
Profit before amortisation, depreciation and impairment losses (EBITDA)	32,817	49,313	32,242	25,639	23,610
Net financial items	-13,547	-12,782	-9,563	-7,890	-6,696
Profit before tax	-7,415	11,253	2,450	1,398	2,427
Profit/loss for the year	-9,228	6,165	1,552	94	2,148
NSE's share of profit/loss for the year	-9,483	5,812	1,406	-66	2,000
Secured revenue of total	75.7%	64.0%	72.4%	90.8%	85.7%
Balance sheet key figures					
Property, plant and equipment	601,063	484,672	459,709	288,540	225,061
Cash	115,403	110,876	51,741	33,791	23,389
Total assets	807,959	706,772	592,449	342,433	257,624
Equity	327,494	338,414	254,092	85,178	74,361
Investment in property, plant and equipment and right-of-use assets	149,034	56,555	94,503	83,769	41,813
Interest-bearing debt (loans)	425,107	298,052	280,338	220,868	170,145
Share-related key figures and financial ratios					
EBITDA margin	55.7%	68.1%	69.4%	80.5%	81.6%
Solvency ratio	40.5%	47.9%	42.9%	24.9%	28.9%
Return on capital employed	0.83%	3.8%	2.3%	2.9%	3.9%
Number of shares	21,260,107	21,260,107	17,443,564	6,887,694	5,762,243
Book value per share, EUR	15.36	15.88	14.56	12.37	12.90
Cash flow from ordinary operating activities	**37,842**	**47,575**	**44,520**	**28,385**	**26,018**
Dividend					
Proposed dividend for the year	0	9,019	7,604	5,158	4,774
Dividend per share * **	0	0.47	0.47	0.81	0.87
Dividend per share converted at DKK 7.45 EUR/DKK	0	3.5	3.5	6.0	6.5

*Merger effect as of 10 June 2021

**Financial highlights are not prepared under IFRS 16

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

Financial review 2023

Income statement

Revenue decreased by 19% to EUR 58.9 million compared to EUR 72.4 million in 2022. Revenue for 2023 was therefore lower than initially estimated in the 2022 Annual Report, in which the financial outlook for 2023 revenue was in the range of EUR 65-85 million. The year-on-year decrease was primarily a result of significantly lower power prices across all markets compared to the very high prices in 2022. The decrease was partly offset by a relatively larger portfolio of operational assets, increasing total production by 10% to 453.8 GWh compared to 406.8 GWh in 2022.

Average revenue per produced MWh amounted to EUR 130 in 2023 compared to EUR 178 in 2022, which is driven by lower electricity prices of the operational portfolio.

Secured revenue accounted for 75.7% of total revenue for the year compared to 64% in 2022. The decreased electricity prices lowered the relative share of the market-based revenue.

Direct costs increased by 55% to EUR 9.7 million compared to EUR 6.3 million in 2022, primarily as a result of costs relating to the relatively larger portfolio of operational assets.

Other external costs decreased by 38% to EUR 5.8 million compared to EUR 9.5 million in 2022. The year-on-year decrease was primarily driven by one-off costs realised in 2022 regarding retrospective taxes in Belgium related to the EU Commission's cap on power prices.

Gross profit was EUR 43.2 million compared to EUR 56.9 million in 2022, corresponding to gross margins of 73% and 79%, respectively. The decrease is primarily driven by lower electricity prices and increased direct costs.

EBITDA decreased to EUR 32.8 million compared to EUR 49.3 million in 2022. The year-on-year decrease is primarily driven by the decreased revenue, increased direct costs and higher staff costs.

EBITDA margin was 56% in 2023 compared to 68% in 2022.

Depreciation and amortisation remained stable at EUR 26.7 million compared to EUR 25.3 million last year. The year-on-year increase is driven by the larger asset base.

EBIT decreased to EUR 6.1 million compared to EUR 24 million last year. EBIT margins were 10% and 33% for 2023 and 2022, respectively.

Net financial items totalled a net expense of EUR 13.6 million compared to a net expense of EUR 12.8 million last year. Higher financial income from FX gains and interest income is more than offset by higher financial expenses relating to increased activity and interest related to the EIG loan facility.

Profit before tax decreased by 166% to a negative EUR 7.4 million compared to a positive EUR 11.3 million last year.

Tax for the year totalled a net expense of EUR 1.8 million compared to a net expense of EUR 5.1 million last year primarily driven by lower revenue from the operational portfolio. The effective tax rate was a negative 24.5% and was impacted by the level of non-deductible depreciation related to goodwill on acquisition of shares and other non-deductible expenses. In addition, non-favourable deviations in tax rates across the Nordic Solar Group impacted tax for the year.

Loss for the year amounted to EUR 9.2 million compared to a profit of EUR 6.2 million last year. The loss for the year is attributable to Nordic Solar A/S' shareholders by EUR 9.5 million and to non-controlling interests by a profit of EUR 0.3 million compared to profits of EUR 5.8 million and EUR 0.4 million, respectively, in 2022.

Other comprehensive income amounted to EUR 5.1 million compared to EUR 11.5 million in 2022. The year-on-year decrease is primarily driven by fair value adjustment of hedging instruments.

Balance sheet at 31 December 2023

The balance sheet total was EUR 808 million at 31 December 2023 compared to EUR 706.8 million at 31 December 2022.

Net interest-bearing debt increased to EUR 308.6 million compared to EUR 187.2 million at the end of 2022. The year-on-year increase is primarily a result of a higher interest-bearing debt relating to increased construction activity.

Equity totalled EUR 327.5 million compared to EUR 338.4 million at 31 December 2022. The decrease is primarily driven by the negative result for 2023, which is partly offset by fair value adjustment of hedging instruments.

Equity attributable to shareholders in Nordic Solar A/S amounted to EUR 326.5 million while equity attributable to non-controlling interests amounted to EUR 1 million.

Cash flow

Cash flow from ordinary operating activities amounted to EUR 37.8 million compared to EUR 47.6 million in 2022. The year-on-year decrease is primarily a result of the lower revenue and higher direct costs, partly offset by changes in net working capital.

Equity

All figures are in EUR '000

	2023	2022
Equity on 1 January	**338,414**	**254,092**
Profit for the period	-9,228	6,165
Exchange rate adjustments regarding subsidiaries	980	-450
Fair value adjustment of hedging instruments	5,353	16,141
Tax on other comprehensive income	-1,277	-4,185
Total comprehensive income for the period	**-4,172**	**17,671**
Transactions with shareholders		
Capital increases, including related costs	0	72,825
Value of share-based payments	2,350	2,170
Acquisition of own shares	0	-1,372
Sale of own shares	0	632
Dividend paid	-9,098	-7,604
Equity on 31 December	**327,494**	**338,414**

Consolidated statement of cash flows

All figures are in EUR '000

	2023	2022
Operating profit (EBIT)	6,132	24,035
Non cash transactions	30,859	27,390
Changes in net working capital	851	-3,820
Cash flows from ordinary operating activities	**37,842**	**47,605**
Net interest payments	-9,795	-10,548
Tax payments	-4,594	-4,702
Cash flow from operating activities	**23,453**	**32,355**
Acquisition of assets	-126,733	-48,695
Divestment of assets	7,313	0
Cash flow from investing activities	**-119,420**	**-48,695**
Proceeds fom borrowings	132,807	73,328
Repayment of borrowings and lease liabilities	-22,238	-62,335
Capital increases and dividends	-9,019	64,482
Cash flow from financing activities	**101,550**	**75,475**
Net cash flow for the year	5,583	59,135
Cash and cash equivalents, beginning of the year	110,876	51,741
Cash and cash equivalents, end of the year	**116,459**	**110,876**

Cash flow from operating activities amounted to EUR 23.5 million compared to EUR 32.4 million in 2022 and was mainly impacted by the same developments as for ordinary operating activities.

Investments in solar parks increased to EUR 126.7 million compared to EUR 48.7 million in 2022 and reflect the considerably increased construction activity in 2023 in accordance with the strategy. This development consequently decreased **cash flow from investing activities** to a negative EUR 119.4 million compared to a negative EUR 48.7 million in 2022.

Cash flow from financing activities amounted to EUR 101.6 million compared to EUR 75.5 million in 2022. The year-on-year increase is primarily driven by increased proceeds from borrowings related to the EIG loan facility in order to finance the growing portfolio of solar parks. In addition, repayment of borrowings decreased compared to 2022.

Management's review of the parent company

Profit for the year was a negative EUR 11.7 million compared to a profit of EUR 3.6 million in 2022. While higher other operating income had a positive impact, the year-on-year decrease of EUR 15.3 million was driven by significantly higher staff costs, as well as operational losses in subsidiaries.

Events after the balance sheet date

After the balance sheet date, one solar park has been divested with a contribution of EUR 2.7 million to EBITDA for 2024, while reducing the asset base. Other than the above, no events have occurred after the balance sheet date that will have a material impact on the parent company's or the Nordic Solar A/S Group's financial position.

Key figures Q4 overview (unaudited)

All figures are in EUR '000

Income statement	**2023 Q4**	**2023 Q3**	**2023 Q2**	**2023 Q1**	**2022 Q4**
Revenue	6,698	21,168	20,819	10,247	7,408
EBITDA	-1,591	16,861	12,375	5,172	603
EBIT	-8,318	9,935	5,859	-1,344	-6,183
Net financials	-4,445	-3,417	-2,445	-3,240	-2,735
Profit before tax	-12,763	6,518	3,414	-4,584	-8,918
Tax	32	-1,425	-825	405	-569
Profit for the period	-12,731	5,093	2,589	-4,179	-9,487
Secured revenue of total	74.2%	66.8%	78.7%	67.6%	48.8%
Balance sheet					
Total assets	807,959	793,600	712,962	694,729	706,772
Total equity	327,494	341,719	338,073	340,269	338,414
Equity attributable to shareholders of Nordic Solar A/S	326,507	340,478	337,042	339,404	337,517
Equity attributable to non-controlling interests	987	1,241	1,031	865	897
Investment in property, plant and equipment and solar parks under construction	149,034	41,280	32,664	9,208	22,421
Interest-bearing debt	425,107	401,347	314,553	298,513	298,052
Cash flow from ordinary operating activities	505	17,211	21,060	-2,258	7,154
Financial ratios					
EBITDA margin	-23.8%	79.7%	59.4%	50.5%	8.1%
EBIT margin	-124.2%	46.9%	28.1%	-13.1%	-83.5%
Solvency ratio	40.5%	43.1%	47.4%	49.0%	47.9%

Financial review of Q4 (unaudited)

Income statement

Revenue decreased by 10% to EUR 6.7 million compared to EUR 7.4 million at the end of Q4 last year. The year-on-year decrease is primarily a result of lower market prices for electricity. The decrease was further impacted by a 4% drop in production reaching 46.5 GWh compared to 48.2 GWh in Q4 2022.

Average revenue per produced MWh amounted to EUR 121.8 for the quarter compared to EUR 162.2 in Q4 2022, which is driven by lower electricity prices for the operational portfolio.

Secured revenue accounted for 74.2% of total revenue for the year compared to 48.8% in Q4 2022. This is driven by the significant difference year-on-year in electricity prices, which lowered the relative share of the market-based revenue.

Direct costs increased by 36% to EUR 2.8 million compared to EUR 2.1 million in Q4 the year before, primarily as a result of the larger portfolio of operational assets.

Other external costs decreased by 37% to EUR 1.6 million compared to EUR 2.5 million last year. The year-on-year decrease was primarily driven by one-off costs in Q4 2022 and cost savings.

Gross profit decreased by 41% to EUR 1.7 million compared to EUR 2.9 million in Q4 the previous year, with the gross margin decreasing to 25% (40%).

EBITDA amounted to a negative EUR 1.6 million compared to EUR 0.6 million the year before. The year-on-year decrease was primarily a result of the lower revenue for the period, increased direct costs and higher staff costs. EBITDA margins were a negative 23.8% for Q4 2023 compared to a positive 8.1% for Q4 2022.

Depreciation and amortisation remained stabled at EUR 6.7 million compared to EUR 6.8 million last year despite a larger operational asset base.

EBIT amounted to a negative EUR 8.3 million compared to a negative EUR 6.2 million last year. EBIT margins were a negative 124.2% for Q4 2023 and a negative 83.5% for Q4 2022.

Net financial items constituted a net expense of EUR 4.5 million, increasing by 63% compared to EUR 2.7 million in Q4 2022. This is due to increased interest levels relating to the EIG loan facility.

Profit before tax amounted to a negative EUR 12.8 million compared to a profit before tax of EUR 8.9 million in Q4 2022.

Tax for the period constituted EUR 0 compared to a net expense of EUR 0.6 million last year. The effective tax rate remained at 0% for Q4 2023. The effective tax rate was impacted by non-deductible depreciation of goodwill.

Profit for the period was a loss of EUR 12.7 million compared to a loss of EUR 9.5 million in the previous year. Profit for the period is attributable to Nordic Solar A/S' shareholders by a negative EUR 12.6 million and to non-controlling interests by EUR 0.1 million compared to a negative EUR 9.2 million and EUR 0.3 million the previous year.

Other comprehensive income amounted to a loss of EUR 2 million compared to a loss of EUR 0.7 million the year before. The year-on-year decrease was primarily driven by changes in fair value adjustments of hedging instruments and higher exchange rate adjustments on redenomination of subsidiaries, but partly offset by lower tax on other comprehensive income.

Cash flow

Cash flow from ordinary operating activities amounted to EUR 0.5 million compared to EUR 7.2 million in the same quarter in 2022. The year-on-year decrease was primarily a result of lower earnings.

Financial outlook 2024

Changes to the outlook during 2023

The initial outlook for 2023 was introduced on 31 March 2023 in connection with the release of the 2022 Annual Report. Throughout the year, the outlook was adjusted to reflect developments in average electricity prices. Further, as the year came to an end, the outlook was narrowed in to reflect higher clarity on realised revenue and EBITDA. Actual results for the full year 2023 deviated from the latest guidance primarily as a result of significantly lower-than-expected power prices, as well as slightly lower production than expected for the last two months of 2023.

Financial outlook for 2024

The outlook for the full year 2024 is based on the portfolio of solar parks owned at the end of February 2024, and the assumption that monthly electricity prices will develop through the year as predicted by third-party market analysts as well as stable regulatory regimes. We have applied a conservative electricity price estimate ("low case") from our external adviser, after observing the realised electricity prices for the first two months of 2024. This approach is applied to ensure a prudent baseline for the market-based share of the revenue. As the electricity markets can be highly volatile at times, we continuously monitor the market price developments to account for future deviations and prepare our outlook accordingly.

The financial outlook assumes a higher production than for 2023, reaching 481 GWh for the year. The estimated production volume reflects the expected connection dates for projects under construction and standard production assumptions for the operating assets. Going forward, the EBITDA effect of profit from divested solar parks will be specified. Profit from already realised divestments in 2024 at the time of reporting are included in the outlook. In addition, profit from expected divestments for the rest of 2024 of EUR 5 million are included in the EBITDA outlook.

Based on these assumptions, we expect revenue in the range of EUR 57 million to EUR 69 million. Further, we expect EBITDA, including profit from divestments, in the range of EUR 36 million to EUR 48 million. The expected revenue for 2024 is partly secured through the current power purchase agreements and reflects ordinary operational uncertainties, including weather conditions, solar irradiation and production-based availability, all of which could potentially impact production.

Sensitivity guidance

All else being equal, the sensitivities for 2024 of our two key assumptions are listed below.

2024 financial outlook

Revenue
57-69
EUR million

EBITDA
36-48
EUR million

Financial report	2023 actual	Q3 2023	H1 2023	Q1 2023	2022 Annual report
Date of publication	18 Mar 24	25 Nov 23	6 Sep 23	25 May 23	31 Mar 23
Revenue	59	57-63	57-67	65-85	65-85
EBITDA	33	34-39	32-39	45-60	45-60

Note: Figures in EUR million.

Factors	Change	Effect on mid-point of 2024 revenue outlook	Effect on mid-point of 2024 EBITDA outlook
Average electricity price	+/- 5% (EUR per MWh)*	+/- EUR 1.2 million	+/- EUR 1.2 million
Annual production	+/- 1% GWh	+/- EUR 0.7 million	+/- EUR 0.7 million

* Only applies to the part of the portfolio selling electricity at market prices

Chapter 03

Our business

The case for solar energy

With more than 70% of the world's carbon emissions originating from the production and use of energy, renewable sources of energy production are vital in the transition to a more sustainable global energy mix. This becomes increasingly important as global electricity capacity is expected to grow significantly towards 2030.

In 2022*, the globally installed electricity capacity totalled 8,600 GW and is expected to increase by 64% to over 14,000 GW in 2030. Towards 2050, the globally installed electricity capacity is expected to increase to 26,000 GW according to the International Energy Agency (IEA).

Increased market demand

The forecasted increase in global electricity capacity and demand is driven by population and income growth, urbanisation, electrification of transportation, heating and cooling of buildings and industrial processes as well as the emergence of electrolytic hydrogen production. The majority of the global electricity consumption currently stems from buildings and industry sectors, which combined account for more than 90%. While these drivers lead to increased demands for electricity, there is also an urgent need for reducing the share of the energy mix that is based on fossil fuel energy sources.

Energy mix

In 2022, the global electricity capacity mix was made up of 58% non-renewable energy, with renewable energy sources constituting 42%. The share of renewable capacity is expected to grow to 61% in 2030 and reach 74% in 2050. Within this mix, the main renewable energy sources are based on solar, wind and hydro-powered platforms. Of all energy sources, solar PV is the fastest growing global energy source, and it is expected to play a leading role in the global energy transition. Solar PV alone made up 13% of total globally installed energy capacity in 2022, expected to reach 33% by 2030, and increase further to 49% by 2050, becoming the largest single global electricity source.

Cost competitiveness of solar

Among the main reasons for the rise of solar power generation are its improved cost competitiveness over time. Today, solar energy is the cheapest source of energy measured on levelised cost of electricity ("LCOE") in most places in the world. The LCOE measures an energy-generating asset's total cost per unit of electricity generated over the asset's lifetime.

Continued investments in solar panel technology mean that the technology is becoming increasingly effective in terms of

***Note**: 2022 is baseline year in IEA's World Energy Outlook 2023

Key underlying market growth drivers

Increasing demand for electricity

Climate change driving need for renewable energy sources

Solar is a cost-leading technology in most geographies

Growing political support and public interest

Geopolitical developments and regional energy security

output, thereby reducing the cost of electricity. Adding to the competitiveness, solar PV is the most easily deployed renewable energy source based on short average development and installation time. The manufacturing capacity of solar panels is also rapidly expanding, as China continues to make large investments in the production of components for clean energy systems.

Increased regulation and political focus

Growing political support and public interest have clear positive impacts on the renewable energy sector. With strengthened EU regulation, public interest and capital directed towards the renewable sector, the European market is considered a high-growth region in the short term and is expected to grow faster than the global market, making Europe a clear focus area for emerging solar energy companies.

The EU launched the European Green Deal in 2021 with the overall aim of making Europe the first climate-neutral continent in the world by 2050 through a binding commitment under the EU Climate Law. The Green Deal has spurred large-scale investments in sustainability initiatives across Europe while also leading the way to increased corporate reporting on sustainability matters.

Among the many initiatives that form the Green Deal is the REPowerEU plan, presented in 2022, by which the EU aims to speed up the transition and promote widespread investment in renewable energy to help the EU diversify its energy supplies, save energy, and produce more clean energy. In November 2023, the EU revised the EU Renewable Energy Directive, increasing the legally binding climate targets for renewables capacity in 2030 to a minimum of 42.5% of the EU's energy mix, with an ambition of reaching 45%.

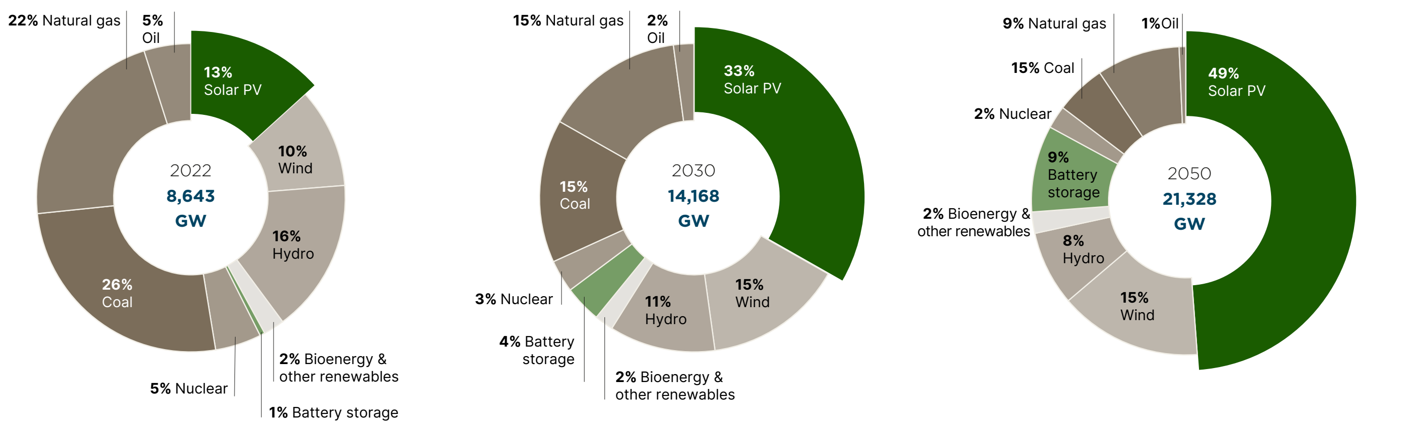
In January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force in the EU, aiming to strengthen reporting requirements on social, environmental and governance-related information for a broader set of companies. Over time, reporting on ESG matters of a company's activities is sought harmonised with enhanced transparency for investors and consumers. In parallel with increased regulation, there is an increased tendency for both professional and private investors to demand that companies in which they invest take an active part in the sustainable energy transition.

Geopolitical developments and energy security

The high degree of volatility in energy markets experienced in the wake of Covid-19, global supply chain disruptions and sanctions effects following the war in Ukraine have highlighted the importance of ensuring reliable and resilient energy supply chains. Regional energy security has therefore increasingly become a key factor, particularly in countries that are dependent on traditional fossil fuel sources. This added component has accelerated the shift towards a more diversified energy mix led by a wider range of renewable sources.

With the demand for solar PV increasing at a significant rate, the market potential for the technology is expanding. It is therefore clear that solar PV will take a leading role in the sustainable transition towards a diversified and more renewable energy system, presenting ongoing market opportunities.

Globally installed electricity capacity across energy sources



Source: IEA World Energy Outlook 2023

Our strategic foundation

We operate from a strategic foundation as a pure-play solar energy company targeting growth through strong execution. We approach the solar market with a fully integrated value chain and a diversified market presence.

With solar PV increasingly becoming one of the most competitive energy sources and an increasing part of the overall energy mix, Nordic Solar remains well positioned as a pure-play solar energy company.

Adding battery storage

As a complementary add-on within the solar PV sector, the storage market has evolved significantly and become increasingly relevant over the past few years. This is particularly relevant based on the projected rapid deployment of solar and wind energy onto the current electrical grid. Adding battery storage will be a crucial component to improve the alignment of renewable output with electricity demand patterns as well as grid stabilisation through frequency regulation and other system services. We see batteries as a direct complementary add-on to our business. Going forward, we will contribute resources towards storage solutions and embed this as an integrated part of the solar business. Within battery storage, our main focus will be on co-locating solar parks and storage, but stand-alone battery investments will also be explored.

Diversified market presence in maturing European markets

Nordic Solar seeks to have a diversified market presence across the European continent. With different market maturity, national legislation and project opportunities, Nordic Solar has sought to explore and diversify its market presence, as the renewables market gains traction across the continent. This has created a portfolio of both operational solar parks as well as development and construction projects that is not dependent on the development within a single market. Today, Europe continues to be our core market. Nordic Solar is present across 12 European markets and we may further expand our presence. The solar PV market in Europe continues to be strong with political focus on expanding the renewable energy capacity. Our headquarters are based in Denmark, and as we expand our construction and development activities, we plan to open local offices in selected markets over the coming years.

A full value chain solar energy company

Our business model comprises the full value chain within large-scale solar and storage projects. This ranges from developing and constructing to operating solar projects, as well as subsequently divesting operational parks in order to recirculate capital. Expanding our focus to upstream value chain activities provides a competitive edge in securing and developing projects, whether we purchase project rights or initiate our own greenfield projects. Nordic Solar can leverage its increased organisational capacity to infuse the project development with strong competencies, prudent risk management and add more value along the development process according to how we want to evolve projects.

This is especially true as Nordic Solar's strengths lie in a solid ability to execute on an increasing range of development projects while ensuring profitability from operating and divesting fully developed solar parks. With a strong balance between development, construction and operational projects, we aim to have a well-diversified portfolio yielding attractive returns. This is further combined with the partial divestment of operational assets, which is important in order to realise our growth ambitions and to ensure shareholder value. The value chain activities are further explained in our "Business model" section.

Our business model

Nordic Solar's business model is what delivers our competitive edge. We create value by developing, constructing, operating and divesting solar parks across the European continent. As a provider of solar energy solutions and a contributor to the global transition to renewable energy, we strive to create value for both the societies in which we operate and for the planet in general.

Fully integrated value chain

Securing and developing projects

- Securing project rights within solar and storage
- Developing projects through key milestones
- Entry from greenfield, co-development or ready-to-build stage

Constructing projects

- Designing projects
- Overseeing all engineering, procurement and construction (EPC) activities
- Finishing construction within a period of 6-18 months

Operating projects

- Ensuring high operational performance of solar parks through data analytics
- Securing steady cash flow from sale of electricity partly secured through power purchase agreements

Divestment of projects

- Divesting operational solar parks either partially or fully
- Generating liquidity for new projects or dividends, while strengthening balance sheet and profitability

Development

The first and longest part of Nordic Solar's value chain is the development phase. Nordic Solar secures project rights and develops solar PV projects through multiple entry points: 1) Greenfield development of own projects; 2) Co-development with third-party providers; 3) Buying ready-to-build projects from developers. Nordic Solar is presented with several hundred investment opportunities each year, and selects only a small percentage to present to the Board of Directors.

After securing the rights to a project, Nordic Solar acts as developer and ensures active ownership by assisting in the development of projects in close collaboration with local partners. At this stage, Nordic Solar only invests a small percentage of the total project rights, ensuring gradual development of the project to reach important milestones, which includes obtaining the necessary agreements, permits and design required for the project to become ready-to-build. This follows our own internal stage-gate project model, whereby Nordic Solar has full overview and control of project development, quality, risk and costs.

Greenfield projects follow the same internal stage-gate process. While taking longer time to develop, greenfield development allows for higher returns and project visibility throughout the lifecycle, combined with additional control over the development process and quality. In sum, insourcing of projects from multiple entry points ensures a diversified mix of development projects.

Before any project can proceed to the construction phase, Nordic Solar has a procedure of ensuring the business case meets our requirements based on expected off-taking agreements for future electricity production, construction costs and project financing among the main parameters.

Construction

Nordic Solar acts as a fully integrated engineering, procurement and construction provider (EPC), meaning that we control the full construction phase of the projects, from sourcing of hardware to planning with external construction suppliers. Having full control and visibility over the construction of our projects is crucial, as the majority of capital is invested into a project at this stage. Our oversight of the construction enables a smooth and efficient EPC process, as Nordic Solar is in charge of the design and construction planning of the parks combined with procuring the necessary materials for our design. It further increases returns as margins to contractors diminish, and sourcing of hardware becomes more favourable due to our increasing project portfolio. In line with this, we continuously strive for higher efficiency, meeting budgeted costs while aiming for innovative solutions when constructing solar parks.

Operations

Operating solar parks generates ongoing revenue across our different European markets. Part of the revenue stream is secured through Power Purchase Agreements (PPA) over, for example, a 10-year period agreed with local off-takers or Feed-in-Tariffs (FiT) with local governments. This ensures a certain degree of hedging towards the fluctuating energy prices.

As part of our portfolio management, Nordic Solar actively operates, monitors and maintains our portfolio of fully owned and partly owned solar parks. We have an in-house analytical and monitoring setup, which allows our engineers to analyse the performance of all solar parks in full detail. This enables us to detect operational issues and fix these together with our local operations and maintenance providers. We use an in-house developed solar PV-monitoring software tool for this purpose, which is capable of identifying underperformance on a solar park down to a single string. This integrated setup helps increase the overall availability of our operational portfolio.

Divestment

Nordic Solar intends to partially divest a large share of newly constructed projects. On a portfolio level, the expectation is for half of the newly constructed portfolio to be divested. The partial divestment of solar parks will over time become a central part of the business model, as we construct and divest more projects. The long-term aim is to rebalance the portfolio of operational assets by reducing operational activities, improving shareholder value and financing opportunities by reducing the external capital need.

Overall, divestments help solidify our business model: Firstly, divestments generate liquidity to be used for securing future growth and realising the pipeline with a limited amount of new equity. Secondly, we will ensure a stable cash flow and the opportunity to utilise the economies of scale by operating the non-divested part of the assets. Thirdly, divestments will strengthen the balance sheet, which benefits our financing opportunities due to the relatively lower debt ratio and the relatively higher overall debt capacity. Fourthly, we will benefit from securing profits based on the relatively higher prices of assets in the operational market. Finally, divestments will balance our asset portfolio to avoid too heavy exposure towards operational assets.

Knowledge resources in our business

In order to ensure value creation across the full value chain, Nordic Solar's knowledge resources are of crucial importance. To secure and develop new projects, knowledge covering business development, investment, financial modelling and analysis, portfolio management, project financing, legal and transaction-related matters and risk management are particularly important. To construct projects, knowledge covering project design, engineering, procurement and construction-related areas is vital. To operate, maintain and ensure optimal production, our ability to monitor, analyse and improve operational performance of all solar parks in Nordic Solar's operational portfolio is key.

To support these key knowledge areas, Nordic Solar strives to have a strong ability to attract, retain and develop skilled employees, and has strengthened our workforce infrastructure. See the "Social" section of this Annual Report for further information.

Sun. Business. Energy.

Our strategic ambitions towards 2026

Strategy development and execution have been at the core of Nordic Solar since day one. In our 2026 strategy, Nordic Solar has outlined four strategic ambitions to ensure progress and support our vision of becoming the leading Nordic solar company.

Competitiveness

As a natural next step to having implemented the full value chain model, we are aiming at making our business model more competitive. We seek to increase our competitiveness by expanding our focus on upstream project development opportunities, ensuring profitability while reducing project and market risks associated with developing projects. One of the main levers for reaching this is increasing the performance of our solar parks while reducing the average cost of developing projects. We can enhance the performance of projects through plant design, hardware choice, scale and insourcing value-adding competencies.

An important first step towards decreasing project right costs has been made through increasing our focus on greenfield development in our value chain. In terms of construction costs, we want to focus on insourcing several key competencies as well as increasing our overall scale. In terms of operational expenditure, our focus is on both improving the performance of operational parks and streamlining the portfolio through divestments and insourcing operations where possible. Finally, we will optimise our financial costs on both debt and equity levels (see “Capital allocation and funding”). These efforts are intended to ensure Nordic Solar becomes one of the most cost-competitive players compared to our peers within designing, building and operating solar PV parks.

Growth

The transformation of the global energy systems towards renewables is greatly accelerating and will present increasing market opportunities for Nordic Solar. With large amounts of solar capacity expected to be installed over the coming years, Nordic Solar is well positioned to seize on continued growth based on our full value chain capabilities. Being able to develop projects from an early stage leads to higher expected returns on projects over their lifespan compared to buying pre-developed projects.

Expanding the size of our development portfolio therefore aims at increased profitability over time, as these projects are developed, constructed, operated and partially divested. In this sense, growth is a lever to ensure we can harness the full value of our business model and increase our profitability over time.

To support this, we are working towards reaching a 2:1 ratio between the combined development/construction portfolio and the operational portfolio in 2026. Our updated growth target for 2026 is 2.2 GWp in operation and 3.8 GWp in development.

Sustainability

Sustainability is ingrained in our mission and a cornerstone of our business strategy. We want sustainability to be an integral part of our everyday life at Nordic Solar, embedded as part of our culture as well as in the way we conduct our business.

Among our efforts going forward is creating an engaged and high-performing workforce. We aim for a workforce that achieves results by sustaining a collaborative and aspirational culture. The people in Nordic Solar are our most valuable assets and the reason why we create value. Thus, an attractive employee value-proposition is a prerequisite for success.

We have a dedicated focus on ensuring compliance with coming ESG legislation and stakeholder expectations, while striving to maximise our positive impact on society and address adverse impacts stemming from our business activities.

As part of this work, we have updated our ESG strategy and road map that will guide our progress and performance until 2026. Among the key focal points of this strategy is ensuring that we are ready to comply with the coming EU Corporate Sustainability Reporting Directive (CSRD) in 2026 based on 2025 data as well as ensuring future EU Taxonomy alignment. To accommodate this, we now have a dedicated ESG team, and we are enhancing our data collection, validation, and reporting processes.

Financing of future growth

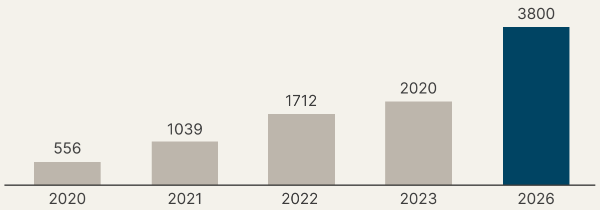
As our business model is based on ongoing development and construction of new solar projects, the continued growth of our business requires a considerable amount of capital. We can finance the expected growth of our portfolio well into 2025 with the flexibility to stretch the capital further. However, realising our 2026 strategic growth objectives through execution of our development portfolio requires further capital. As we expect to increase our debt financing in line with the coming years’ increase in activity, our next financing will need to raise more equity than debt in order to ensure a long-term solvency ratio in the range of 25% to 35%.

We have therefore in 2024 initiated a process for identifying possibilities of raising future capital, and our aim is to raise the desired capital during 2024 and 2025.

Our strategic targets towards 2026

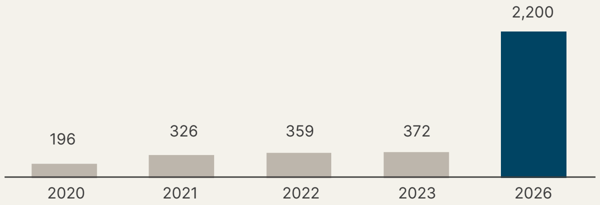
Capacity in development

3.8
GWp by 2026



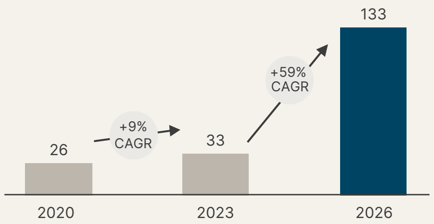
Capacity in operation

2.2
GWp by 2026



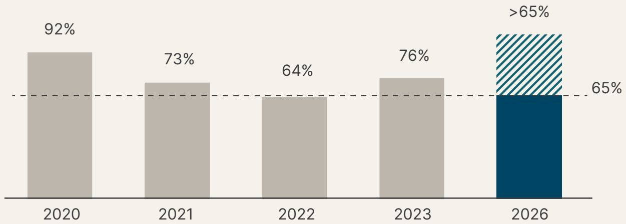
Growth
Since 2020, we have increased our EBITDA by a CAGR of 9% per year. Based on our medium-term strategy, our target is to increase EBITDA by a further 59% per year towards 2026.

133
EURm in EBITDA by 2026



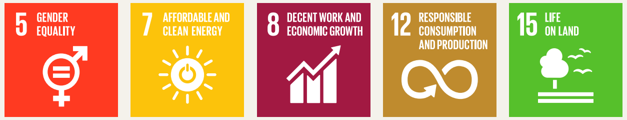
Secured revenue
Our expected revenue for the coming years is partly secured by hedging revenue through either state-supported tariffs ("FiTs") or by entering into power purchase agreements ("PPAs"). Our target is to secure a minimum of 65% of the coming 7 years' total production volume.

>65
% of revenue secured via FiTs or PPAs



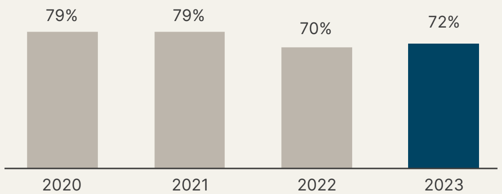
Sustainability

Sustainability is an integrated part of Nordic Solar's business strategy. We work actively with our ESG impacts, risks and opportunities to reduce adverse impacts and increase positive impacts on the environment, climate, social aspects and business conduct. The UN Sustainable Development Goals (SDGs) serve as an overarching framework to give meaning and direction to our sustainability efforts, and we are committed to continue to work both strategically and operationally with our selected SDGs:



Employee satisfaction

Our employees are the foundation upon which our achievements are built. Employee satisfaction is crucial to attract and retain employees and, in turn, to deliver on our growth ambitions. Our target for 2023 was to increase the workplace sustainability score compared to the 2022 score. Going forward, Nordic Solar will apply employee engagement as a metric and will introduce targets that support this.



A value-driven organisation

The foundation of Nordic Solar's strategy is our mission and vision.

Our mission is "to make everyone benefit from solar energy". This signifies that our core business is centered on solar energy, with a commitment to benefit not only employees and shareholders but also society as a whole.

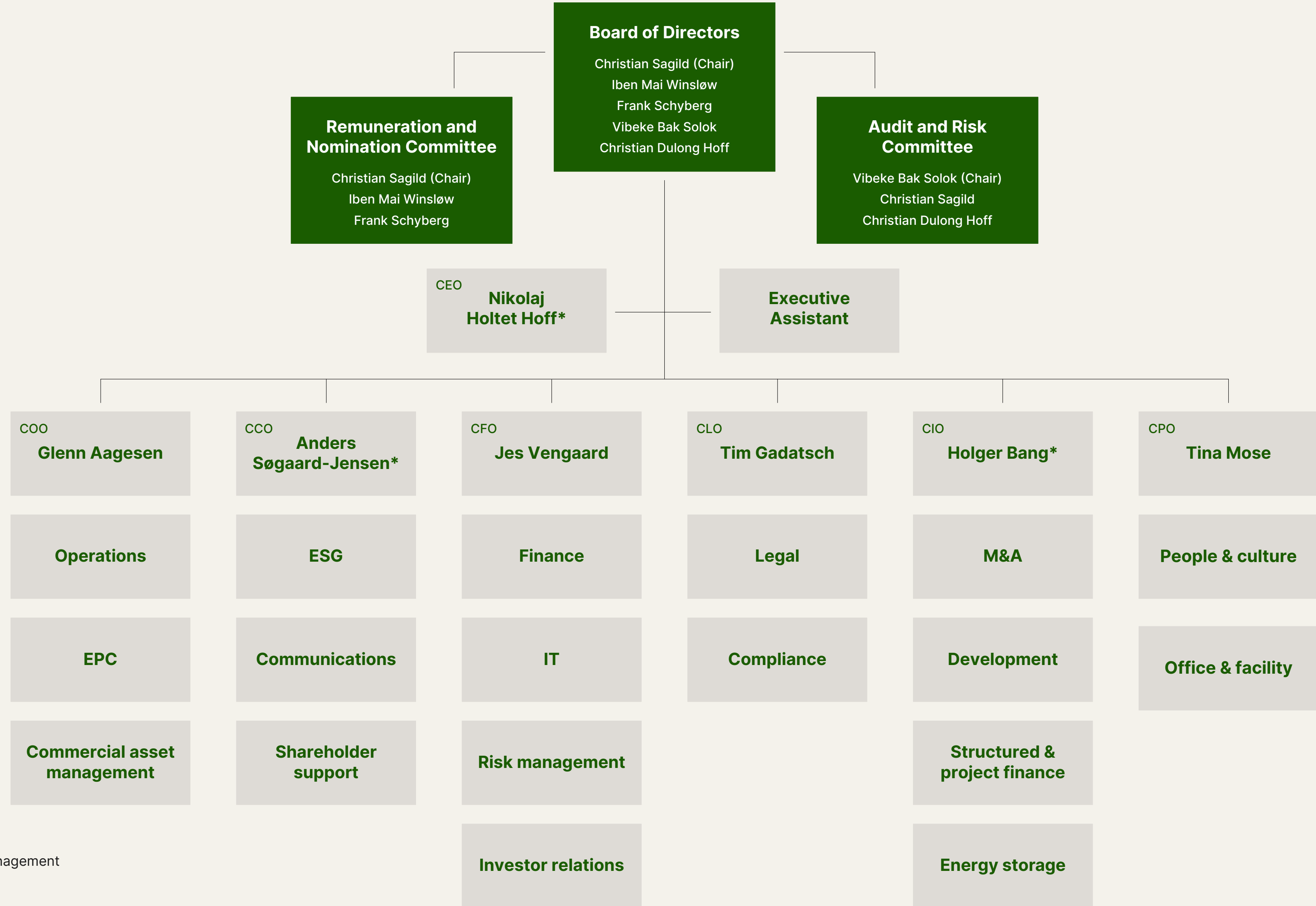
Our vision is to become the leading Nordic solar company. By leading we mean both best-in-class as well as the largest pure-play full value-chain company within solar energy in the Nordics.

Core values

Our core values serve as a guideline for how we operate and collaborate internally and with our stakeholders. Having a clear value set enables lean decision-making and provides guidance to the organisation in the daily work. We measure our ability to live by these values as they support our efforts to become a leading solar energy company.

Thoroughness **Openness** **Honesty** **Work-life balance**

Our organisation



* Executive Management


Glenn Aagesen
COO
Holger Bang
CIO
Tim Gadatsch
CLO
Jes Vengaard
CFO
Anders Søgaard-Jensen
CCO
Nikolaj Holtet Hoff
CEO
Tina Mose
CPO

Senior management team

Nikolaj Holtet Hoff

Founder and Chief Executive Officer (CEO)
With Nordic Solar since 2010

Nikolaj has 14 years of experience with solar energy as founder of Nordic Solar. Nikolaj has experience within M&A, development, strategy and leadership. Nikolaj is a member of Executive Management at Nordic Solar.

Anders Søgaard-Jensen

Chief Commercial Officer (CCO)
With Nordic Solar since 2012

Anders has 12 years of experience with solar energy, working for Nordic Solar. Anders' capabilities cover investor relations, ESG, funding, sales, communication and marketing. Anders is a member of Executive Management at Nordic Solar.

Holger Bang

Chief Investment Officer (CIO)
With Nordic Solar since 2017

Holger has 16 years of experience within the renewable energy industry, working as CIO at Nordic Solar and European Energy. Holger's capabilities cover M&A and project development, structured and project finance as well as energy storage. Holger is a member of Executive Management at Nordic Solar.

Tim Gadatsch

Chief Legal Officer (CLO)
With Nordic Solar since 2018

Tim has 11 years of experience with solar energy, working as CLO at Nordic Solar and Senior Legal Manager at European Energy. Tim's capabilities cover legal M&A, and he has been part of several multimillion-euro deals across Europe.

Glenn Aagesen

Chief Operating Officer (COO)
With Nordic Solar since 2021

Glenn has 17 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 capabilities within renewable operations, organisational development and implementation.

Jes Vengaard

Chief Financial Officer (CFO)
With Nordic Solar since 2021

Jes is a chartered accountant with 18 years of audit experience and an additional 11 years of experience as CFO working for Nordic Solar, EjendomsInvest and M. Goldschmidt. Jes has capabilities within financial reporting and analysis, tax and IT.

Tina Mose

Chief People Officer (CPO)
With Nordic Solar since 2023

Tina has 18 years of experience of working with people & culture in different sectors including being HR Director at Falck and CHRO at LanguageWire and STARK sourcing. Tina's capabilities cover organisational design, talent attraction, change management, scale-up, digitalisation, culture and PMI.

Note: For further information about the Executive Management team, please see the Corporate Governance section of this Annual Report

Chapter 04

Business performance

Portfolio composition

Broad presence across Europe

With activities spread across 12 European countries, Nordic Solar's combined portfolio of development, construction and operational projects covers 2.4 GWp under management. Our broad presence across Europe allows us to diversify our portfolio, account for different market maturities and ensure greater resilience towards country-specific risks.

In addition to our geographical diversification, the portfolio's project maturity is of importance. As part of Nordic Solar's business model and targeted growth levels, we are aiming for a 2:1 ratio between the combined development and construction portfolio and the operational portfolio. This follows our business model, whereby part of the operational earnings and divestment proceeds are channelled back to development and construction of new project.

Our geographical footprint

Geographical distribution of operational assets and projects in combined development and construction.

In development

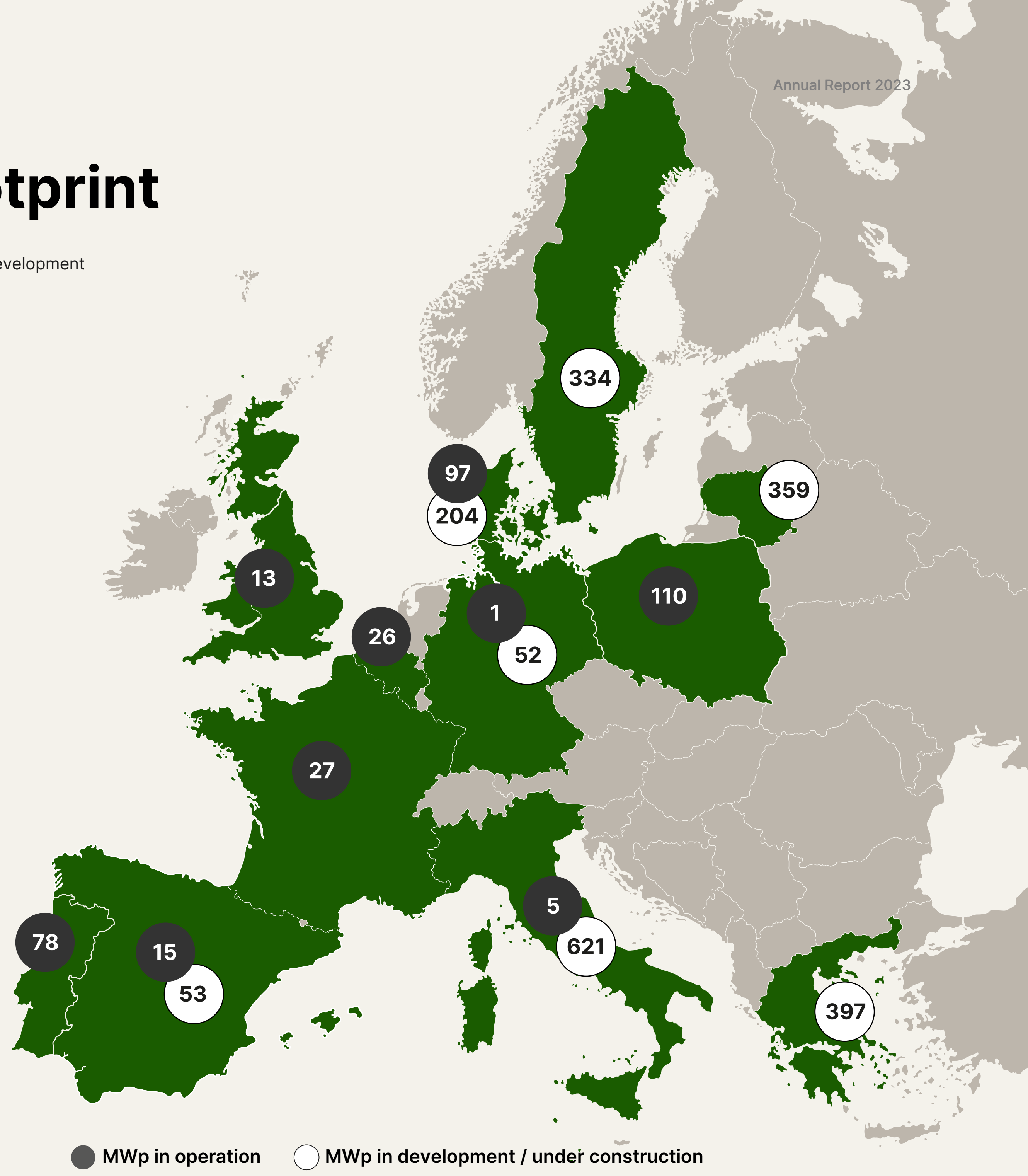
Capacity		Project maturity
1,675 MWp	34 Projects	17 Projects with <1 year to RTB

Under construction

Capacity		Largest project
345 MWp	5 Projects	100 MWp

In operation

Capacity		Average per project
372 MWp	23 Projects	16 MWp



Market review 2023

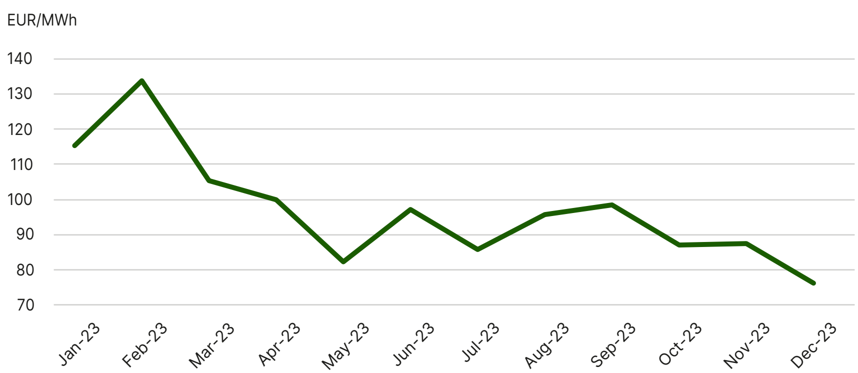
The electricity markets in 2023 showed signs of stabilisation compared to the highly volatile market developments witnessed over the past few years. In general, the solar industry remained resilient to challenging market conditions in 2023 as electricity prices experienced a sharp decline, while inflation lingered across Europe resulting in increased interest rates.

Electricity prices

Electricity prices gradually stabilised to a new normal after the energy crisis and supply chain bottlenecks that erupted in 2021 and peaked in 2022. Especially during the first half of the year, prices across Europe decreased more quickly than anticipated only to stabilise in the second half of the year.

Although electricity prices reached more stable levels compared to the high prices and volatile development in 2022, the baseline for prices is expected to be higher and more volatile when compared to the years prior to 2021. This is correlated with the development in gas price levels, as gas remains a large source of electricity and heating. To a large extent, gas-fired power plants are the marginal price setters in many European power markets. As gas prices decreased during 2023, this had a similar downward impact on electricity prices. This was, among other factors, driven by milder weather and high storage levels, as European gas storages reached a five-year high at the end of 2023.

Electricity prices - average across countries with Nordic Solar operations



To mitigate supply chain disruptions in the wake of the war in Ukraine and sanctions on Russian commodities, the supply of gas to Europe has increasingly come from liquified natural gas transported by sea. This seaborne import has been considerably more expensive than the gas imported via pipelines from Russia, and the gas market in Europe therefore remains sensitive to potential disruptive impacts on supply chains or from geopolitical developments. As a result, the currently fragile gas market is expected to impart more volatility on the electricity market, especially during the colder months of the year, when natural gas usage typically peaks.

Market growth

Meanwhile, the supply chain bottlenecks that have impacted the price of solar PV components in the past few years returned to more normalised levels. Chinese investments in production capacity remain high in line with increased demand from particularly Europe for renewable energy sources. In 2023, polysilicon production capacity in China was three times the level of 2021, driving down the costs of production.

Europe is expected to be only 10% self-sufficient in terms of renewable PV components and continues to be the largest PV import market. Alongside this, China remains the main supplier of components following continued large-scale investment in production capacity.

Renewable energy and solar PV in particular continue to take larger shares of the European energy mix. Investments in renewable energy have risen by 40% since 2020, driven in part by targets for reducing CO_2 emissions, increasing energy security, combined with improved cost competitiveness of solar PV in particular. While the expected growth rate in the industry remains high, the exponential growth of solar PV is expected to gradually stabilise from 2024 onwards. Nonetheless, we continue to see that solar PV is one of the most competitive energy sources most places in the world. This is particularly the case when solar PV is combined with battery storage solutions, which ensures higher capture prices in the market.

Market outlook

In the foreseeable future, electricity prices are expected to remain above the levels witnessed before the war in Ukraine and remain volatile across the continent. This is correlated with the fragile gas market, which remains in oversupply yet on a fragile foundation, and still sensitive to supply chain disruptions stemming from ongoing geopolitical conflicts.

However, full gas storages and lessons learnt from the energy shortages experienced in 2022 are expected to limit the extent of potential price volatility compared to the levels witnessed in 2021-2022. Adding to this cushioning effect are the high levels of hydro and stable nuclear power compared to 2022, which are also expected to act as stabilising forces in the European energy mix.

Development and construction portfolio

Development projects

At the end of 2023, the total expected production capacity of the Nordic Solar development portfolio equalled 1,675 MWp compared to 1,712 MWp at the end of 2022**. The development focus in 2023 was on maturing the existing portfolio of development projects and progressing them into construction. This is compared to 2021 and 2022, when the focus was relatively more on expanding the capacity of the development portfolio.

As a result, 309 MWp was added to the portfolio during the year, while 345 MWp progressed to the construction phase. In addition, existing project capacities are continuously revised, reducing the net development capacity by 37 MWp year-on-year. The relative size of the development projects in our portfolio has decreased, as more projects entered the construction stage.

Nordic Solar had 34 projects under development at the end of the year with an average capacity of 49 MWp per project, which corresponds to the levels at the end of 2022. The majority of the portfolio is relatively mature with 17 projects having already reached, or are expected to reach, ready-to-build status within one year*.

Regional project development

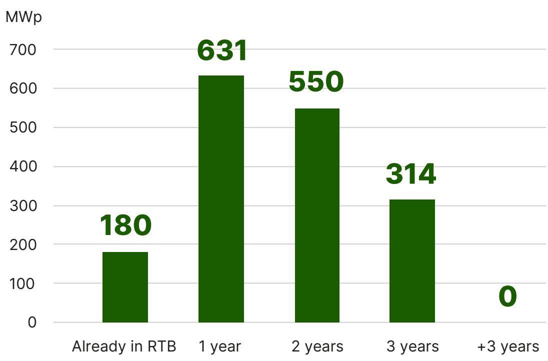
The development portfolio of 34 projects is diversified across 6 countries, of which Italy remains the largest geographical region with 621 MWp of expected capacity. Greece is the second largest development region with 397 MWp of expected capacity.

One of the major milestones during 2023 was progressing our 100 MWp development project in Lithuania into the construction stage. During the development stage, Nordic Solar designed the solar park, which consists of more than 150,000 bi-facial solar panels mounted on our proprietary patented substructure. The solution is designed to increase energy production from the back of the solar panels, while significantly reducing mounting time.

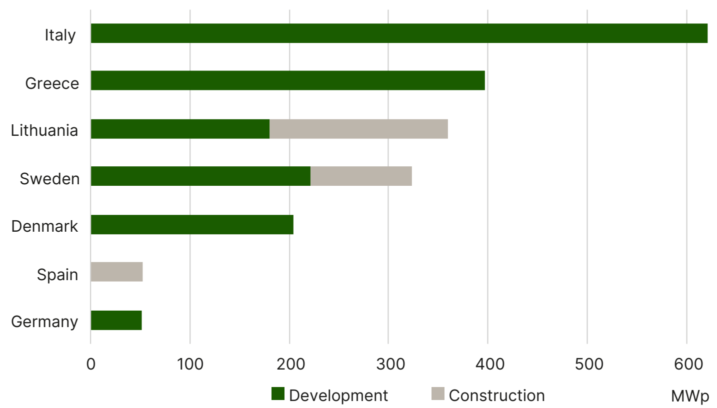
Our Spanish project Eresma of 53 MWp received the necessary permits during 2023 after which it progressed to the construction stage.

In our largest market, Italy, we acquired a 90-MWp project (Butera 1) on Sicily, which was almost fully developed at takeover, and which we expect to start constructing during 2024. Three of our other projects on Sicily have received the necessary environmental approvals in 2023 and are expected to be ready for construction during 2024. On our 44-MWp project in Bomarzo, we are conducting a thorough final review before we are ready to move this project into the construction phase.

Project maturity (estimated time until RTB* status)



Country distribution of development and construction projects



Development portfolio	End 2023	End 2022
No. of projects	34	35
Combined capacity (MWp)	1,675	1,712**
No. of projects with less than one year left or already reached ready-to-build status	17	n/a***
Average capacity (MWp)	49.3	48.9
Added during year (MWp)	309	822
Progressed to construction during year (MWp)	345	32

* The estimated timeline until ready-to-build (RTB) status is based on all project development milestones being reached. Projects that have reached RTB status await final investment decision before progressing to the construction phase.

Figures for 2022 have been corrected compared to the Annual Report 2022 * Methodology was not applied in 2022.

Our 52-MWp project Tiste in Germany is expected to reach all milestones and become ready-to-build during 2024. At year end, the project was pending its building permit following complaints received, and legal proceedings have therefore been initiated to reach a final agreement.

In Sweden, we added three new development projects during the year, increasing the Swedish portfolio to 222 MWp. One of these new projects stems from our own greenfield development activities initiated in 2022. Two of the more mature projects in the Swedish portfolio reached key milestones, with our 91-MWp project in Hultsfred obtaining preliminary approval for progressing to the construction stage. This project is expected to commence construction in 2024. Our 22-MWp project in Lindesberg was fully developed and progressed into the construction stage.

In Denmark, we signed a new project on Zealand with a capacity of 71 MWp, which was almost fully developed at the end of 2023. We expect the project to reach ready-to-build status in the first half of 2024.

Integrating battery solutions

Going forward, we will increasingly consider battery solutions when evaluating potential projects. Batteries have long been too expensive and ineffective and were therefore not profitable until recently. However, as the technology has developed to a more advanced stage, it is now more reliable and competitive in terms of the revenue streams we can obtain. We are therefore currently evaluating several battery storage projects.

Construction projects

At the end of 2023, the total expected capacity of the construction portfolio equalled 345 MWp, which is an increase of more than 900% compared to 32 MWp at the end 2022. At the end of 2023, five projects were in the construction phase, spanning the range of early to late-stage construction status. On average, the project costs are 5% below budget at notice-to-proceed/final-investment-decision.

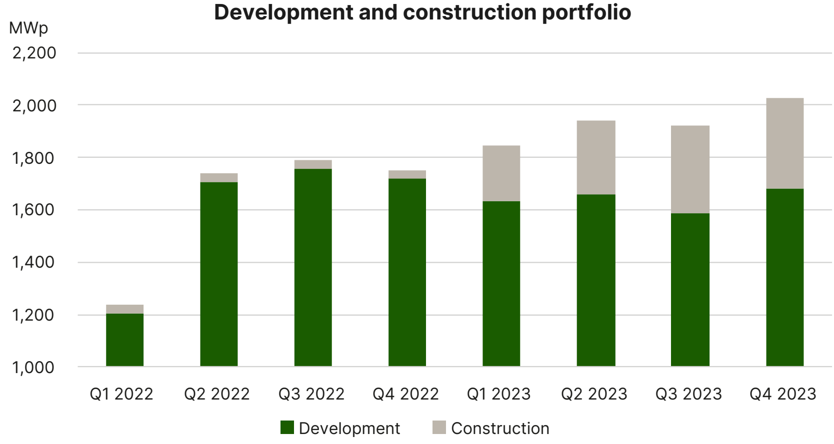
In Lithuania, we commenced construction of our largest solar park to date with an expected capacity of 100 MWp. When constructed, the production will correspond to the annual consumption of approximately 28,000 European households. The Moletai solar park is designed by Nordic Solar using our own patented substructure and the project is expected to be operational during the first half of 2024. Also in Lithuania, we initiated construction of the Švenčionys-project of 80 MWp, which is progressing as planned. This project is expected to be finalised in early 2025.

The Swedish project Lindesberg of 22 MWp progressed into construction in Q2. At year end, construction was about 23% complete, and the project is expected to be operational in mid-2024. Our other project in Sweden, Hultsfred, of 91 MWp has been fully developed and granted preliminary approval for construction work to commence. The project is ahead of schedule and will await final approval during 2024, to ensure optimal timing in terms of grid access agreed with the local authorities.

In Spain, construction activity commenced on the project Eresma of 53 MWp. During the last quarter of the year, an archaeological exploration at the construction site uncovered historical artefacts. This has resulted in some additional costs to the project, but the schedule remains unchanged for the project, which is expected to be fully constructed in 2024.

The Højby project of 32 MWp finished construction during 2023 and moved into the operational portfolio.

Development and construction portfolio



Construction portfolio	End 2023	End 2022
No. of projects	5	1
Combined capacity (MWp)	345	32
Average capacity (MWp)	69	32
Relative share of construction projects in portfolio (%)	37%	2%
Finalised construction during year (MWp)	32	118

Operational portfolio

Our operational portfolio under management increased by 4% to 372 MWp compared to 359 MWp at the end of 2022. During Q4, the portfolio peaked at a capacity of 390 MWp, and during December, we divested part of our Italian rooftop portfolio. In addition, some of our older projects in our Belgian portfolio reached the end of their contracted lifespan, thereby reducing the overall production capacity by year end.

Year-on-year, the portfolio increased to 23 projects with an average output level of 19.7 GWh per project, which is a slight increase compared to 19.4 GWh in 2022.

Production and average output

Total electricity production increased to 456 GWh, an increase of 12% compared to 2022. As capacity is added gradually during the year, the increase in capacity year-on-year does not fully reflect the comparative increase in production output.

The increased power production was mainly driven by increased capacity as annual irradiation levels for 2023 were in line with the 25-year average, only 0.71% above baseline expectations. Production-based availability of the operational projects remained very high at 99.46% for 2023 (99.48% for 2022). The implementation of precise real-time data analytics on all solar parks has enabled the Company's in-house operations team to monitor each of our solar parks in detail and quickly respond to any technical issues.

Secured revenue

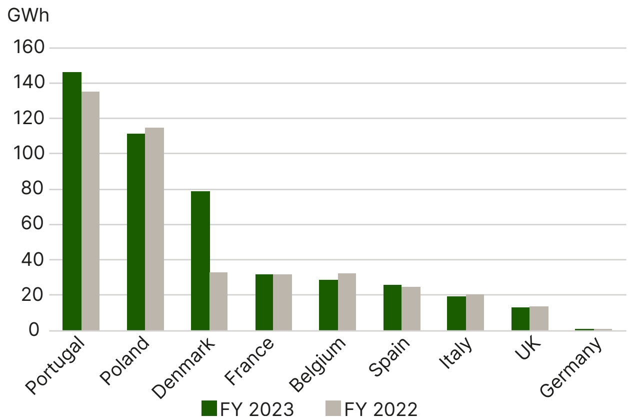
Nordic Solar's share of secured revenue increased to 76% as the lower electricity prices heavily impacted our market-based revenue. This level is in line with our strategic target of more than 65% of portfolio revenue secured via feed-in-tariffs or power purchase agreements.

Regional developments

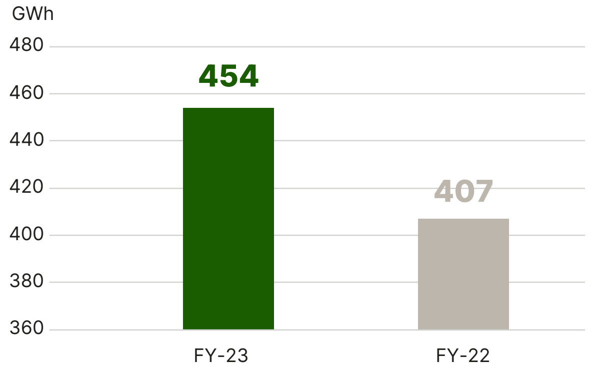
The geographical distribution of production shows that Portugal is the largest energy provider in the portfolio with 32% of total production. The additional capacity in Denmark led to a noticeable increase in production and share of total output, reaching 17% (8% in 2022).

The solar park in Højby, Denmark, became fully operational in the second half of 2023, adding 32 MWp to the Danish portfolio. The solar park is producing electricity at the expected level, and electricity generated will be purchased by local Danish companies focusing on the transition to renewable energy. The reduction of our Belgian portfolio had only a minor impact on the overall geographical distribution in 2023.

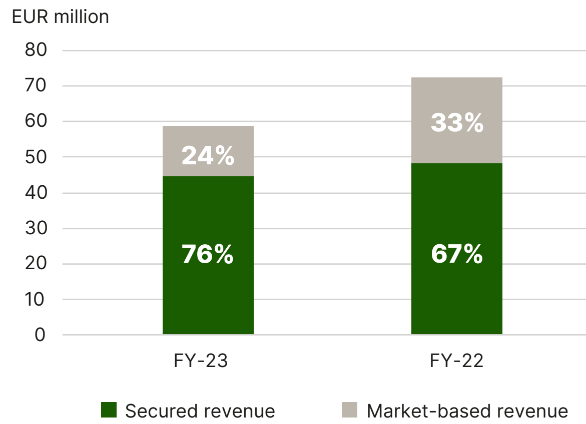
Country distribution of projects



Power production



Secured and market-based revenue



Operational portfolio	End 2023	End 2022
No. of projects	23	22
Combined capacity (MWp)	372	359
Average project capacity (MWp)	16	16
Production (GWh)	454	407
Average production per project (GWh)	20	19
Seasonal irradiation vs. historical average (%)	+0.7%	+2%
Technical availability (%)	99.5%	99.5%
Secured revenue of total (%)	76%	67%

Divestments

In December, we divested our operational rooftop projects in Italy. The overall intention is to streamline our solar park operations and maintain a focus on land-based solar projects going forward.

In the beginning of 2024, we managed to divest our 2.3-MWp project Trofa in Portugal. The solar park has, as Nordic Solar's eighth investment project, been part of the company's portfolio since 2016.

Nordic Solar plans to divest more assets in 2024.

Chapter 05

ESG

Making everyone benefit from solar energy

At Nordic Solar, we are on a mission to make everyone benefit from solar energy by actively contributing to transforming sunlight into electricity, a clean and renewable energy source providing regional energy independence.

Given society's modern reliance on a constant electricity supply for homes, businesses, transportation and industries, a global shift to renewable energy sources is imperative. We firmly believe that solar power plays a central role in addressing this crisis as it is a cost-effective and easily deployed source of energy. Consequently, we remain steadfast in our commitment to creating a better and more sustainable world through solar power production.

While solar power is a clean resource that contributes to a fossil-free society, the way we harness this energy is also important. Accordingly, we take responsibility for the impact we have in our own operation as well as in our supply chain while acknowledging the continuous need for improvement in terms of adressing any adverse impacts.

Expectations from both internal and external stakeholders in terms of transparency, documentation and reporting are increasing, and we strive to meet and exceed these expectations. Consequently, sustainability stands as a strategic cornerstone in Nordic Solar's forward-looking business strategy, underscoring our dedication to shaping a future that is crafted for the well-being of our planet and society.

Knowing our business and impact is key

Nordic Solar's growth and business development combined with a dynamic ESG-landscape and stakeholder expectations entail a continued need to assess our impact. In our view, assessing environmental, social, and governance impacts, managing associated risks, and identifying opportunities for sustainable growth are integral to successfully navigating our sustainability journey and ESG priorities. Consequently, we have increased our efforts over the past three years to gain more knowledge about Nordic Solar's ESG impact, risks, and opportunities by conducting a double materiality assessment. This assessment includes an outside-in and an inside-out perspective: one focusing on how external factors could influence Nordic Solar's performance, position and growth, and the other one examining how Nordic Solar's own activities and supply chain might affect the environment and/or people, either positively or negatively. Thereby, both the financial risks and oppertunities as well as the impact on people and environment is included in the assessment.

In 2023, the process of conducting this assessment changed significantly due to the enforcement of the EU Corporate Sustainability Reporting Directive (CSRD), which is replacing the existing EU directive for non-financial reporting. According to this new directive, companies must align their double materiality assessment with the ten topical standards of the European Sustainability Reporting Standards (ESRS). Based on size and revenue, Nordic Solar must report in alignment with the ESRS for the first time in the financial year of 2025 to be reported in 2026.

To stay ahead and get a clear overview of what we need to be able to report on in two years, we chose to conduct a full ESG value chain assessment based on the ten topical sector agnostic standards of the ESRS in 2023. This is the most elaborate ESG assessment that has ever been conducted at Nordic Solar, and as our business is growing and developing, we will review this work on an ongoing basis to ensure alignment with the state of the business.

Topical standards of the European Sustainability Reporting Standards

Environment	Social	Governance
ESRS E1 Climate change	**ESRS S1** Own workforce	**ESRS G1** Business conduct
ESRS E2 Pollution	**ESRS S2** Workers in the value chain	
ESRS E3 Water and marine resources	**ESRS S3** Affected communities	
ESRS E4 Biodiversity and ecosystems	**ESRS S4** Consumers and end-users	
ESRS E5 Resource use and circular economy		

Source: The EU Corporate Sustainability Reporting Directive

Double materiality assessment 2023

The 2023 double materiality assessment was conducted during workshops with external sustainability consultants and selected internal stakeholders across the organisation supporting the process of identifying, assessing and prioritising ESG impacts, risks, and opportunities. Here, areas of impacts, risks and opportunities deemed likely to arise based on the nature of business activities, business relationships and geographies were addressed for the entire upstream and downstream value chain. Secondly, the materiality level of identified impacts, risks and opportunities were determined using appropriate quantitative and qualitative thresholds developed for both impact materiality and financial materiality.

In terms of impact materiality, actual and potential adverse impacts, as well as positive impacts on people and the environment were identified and prioritised. Further, each impact was prioritised for reporting purposes based on the materiality of the impact using criteria developed for rating the severity (scale, scope and irremediability) and the likelihood. Additionally, appropriate thresholds were developed for the severity of each ESG topic to ensure alignment and a shared understanding throughout the rating process at the workshops.

In terms of financial materiality, the ESG-related risks and opportunities were prioritised based on their materiality, which was identified using appropriate criteria for dependencies on natural and social resources as sources of financial effects. Dependencies were assessed as the access to necessary resources and the reliance on relationships and subsequently rated. The dependencies were categorised as either risks or opportunities and their materiality determined using criteria for the likelihood and expected magnitude of the financial effects in monetary terms.

On Nordic Solar's sustainability journey, this new double materiality assessment uncovered valuable insights about ESG impacts, risks, and opportunities, which will guide our work and priorities to avoid, reduce or mitigate any adverse impacts and increase our positive impact. As we see this work as a stepping stone and a continuous process, we have chosen to report on the progress and future efforts for all our material topics to the best of our current abilities. However, this will not yet be in alignment with the disclosure requirements of the ESRS as we have only just commenced this work and alignment. Consequently, this ESG chapter of Nordic Solar's Annual Report 2023 constitutes Nordic Solar A/S's compliance with the statutory disclosure on corporate social responsibility with reference to section 99a of the Danish Financial Statements Act.

More information on how we respond to our impacts, risks and oppertunities can be found in the sections on "Environment", "Social", and "Governance" of this chapter.

Outcome of Nordic Solar's

Double materiality assessment

Environment - material topics and sub-topics

- **Climate change**
  Climate change mitigation
  Climate change adaptation
  Energy
- **Pollution**
  Air pollution (supply chain)
- **Water**
  Water consumption (supply chain)
- **Biodiversity and ecosystems**
  Direct impact drivers of biodiversity loss
  Impacts on the extent and condition of ecosystems
- **Resource use and circular economy**
  Resource inflows
  Waste

Social - material topics and sub-topics

- **Own workforce**
  Working conditions
  Equal treatment and opportunities for all
- **Workers in the value chain**
  Working conditions
  Equal treatment and opportunities for all
  Other work-related rights (supply chain outside the EU)
- **Affected communities**
  Communities' economic, social and cultural rights
  Communities' civil and political rights
  Particular rights of indigenous communities

Governance - material topics and sub-topics

- **Business conduct**
  Protection of whistleblowers
  Anti-corruption and anti-bribery

Double materiality matrix

Environment

Social

Governance

Impact on people and environment / Financial risks and opportunities	Minimal / informative	Important	Significant	Essential
Essential	Affected communities (SC)	Water and marine resources (SC)	Resource use and circular economy	Climate change Workers in the value chain Own workforce
Significant		Biodiversity and ecosystems (SC) Pollution (SC)		
Important			Business conduct	Affected communities (OO)
Minimal / informative	Immaterial topics Pollution (OO) Water and marine resources (OO) Consumers and end-users		Biodiversity and ecosystems (OO)	

OO = Own operations
SC = Supply chain

How we work with ESG

At Nordic Solar, we continuously work to integrate and develop sustainability into our business and daily operations. We aim for sustainability to be an integral part of our everyday life, which means that it should be integrated in our business culture and the way we behave internally as well as in the way we conduct our business.

In 2023, we updated our ESG strategy and road map which will guide our ESG progress and performance towards 2026. Our ESG strategy is based on the material topics from our double materiality assessment as well as the UN Sustainable Development Goals that we are committed to. An important element in our ESG strategy is to communicate openly and transparently about our sustainability journey and ambitions as a company. Consequently, our strategy has been updated with short- and long-term environmental, social and governance targets, so that we are able to report on our progress within each area going forward. These can be found within the 'Environment', 'Social', and 'Governance' sections of this chapter.

CO_2e:
Carbon dioxide equivalent emissions

CSRD:
Corporate Sustainability Reporting Directive

SBTi:
The Science-Based Targets initiative

B Corp:
Certification of companies' non-financial performance

ESG road map

Foundation		Compliance	Top industry performer
2021-2022	**2023**	**2024**	**2025-2026**
• Sustainable Development Goals mapping • Establish internal ESG governance and organisation • First double materiality assessment • Begin collection of ESG data • Measure carbon footprint: Scope 1 + 2 • First ESG data management system • Start reporting on ESG performance	• Double materiality assessment based on CSRD • Adverse impact assessment • Develop short and long-term ESG targets • Supply chain mapping • Expand CO2e assessment to measure carbon footprint: Scope 1 + 2 + 3 • Advanced ESG data management system • Develop Supplier Code of Conduct • New internal ESG organisation and ESG Employee Advisory Board	• Work on early CSRD compliance • Limited assurance of process for double materiality assessment • EU Taxonomy alignment • Improve data quality and carbon footprint reporting • Active role in industry project on human and labour rights in the solar value chain	• CSRD compliant in 2026 based on 2025 data • Exploring SBTi commitment and potential target establishment • Exploring the possibility of B Corp
Building the ESG foundation and reporting tool	**Expanding the ESG governance and reporting tool**	**Working on compliance with new EU regulation on ESG**	**Striving for top industry ESG performance**

ESG framework

UN Sustainable Development Goals

Since we started working with sustainability at Nordic Solar, the UN Sustainable Development Goals (SDGs) have served as an overarching framework to give meaning and direction to our sustainability efforts. The United Nations has set 17 goals for a more economic, social and environmentally sustainable world by 2030. Nordic Solar supports these goals and, therefore, we have engaged in efforts to contribute to the achievement of the SDGs through the way we conduct our business. In the coming years, we will continue to work both strategically and operationally with our selected goals and sub-goals.

In addition to the SDGs, we also strive to adhere to the following international policy frameworks:

- The UN Guiding Principles on Business and Human Rights
- The OECD Guidelines for Multinational Enterprises
- The ILO Declaration on Fundamental Principles and Rights at Work
- The International Bill of Human Rights

Nordic Solar's selected Sustainable Development Goals and sub-goals		Nordic Solar's commitment
SDG 5	**Gender equality** **5.5** Ensure women's full and effective participation and equal opportunities in terms of leadership	Our commitment to SDG 5 is reflected in our efforts to create an inclusive and diverse work environment, promoting gender equity and empowerment for all.
SDG 7	**Ensure access to affordable, reliable, sustainable and modern energy for all** **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix	We are committed to SDG 7 by supporting the world in transitioning to green energy sources and reducing our overall CO2e emissions relative to our total gross production of electricity.
SDG 8	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all** **8.5** Full and productive employment and decent work for all women and men, young people and persons with disabilities, and equal pay for work of equal value **8.7** Eradicate forced labour, end modern slavery and human trafficking	In alignment with the objective of SDG 8, we strive to promote responsible business practices that prioritise fair labour practices, decent work for all and contribute to sustainable economic development.
SDG 12	**Ensure sustainable consumption and production patterns** **12.4** Environmentally sound management of chemicals and all waste throughout their life cycles **12.5** Reduce waste generation through prevention, reduction, recycling and reuse **12.6** Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycles	We demonstrate our dedication to SDG 12 through our commitment to a responsible and sustainable supply chain. Our procurement strategy extends beyond immediate transactions, seeking to generate a positive ripple effect that benefits the broader ecosystem.
SDG 15	**Life on land** **15.5** Reduce the degradation of natural habitats, halt the loss of biodiversity and prevent the extinction of threatened species	In designing, developing, constructing and operating solar parks, we recognise the importance of safeguarding and restoring ecosystems, promoting sustainable land use, and combating desertification and biodiversity loss to foster a resilient and harmonious coexistence with nature in alignment with the objective of SDG 15.

ESG governance

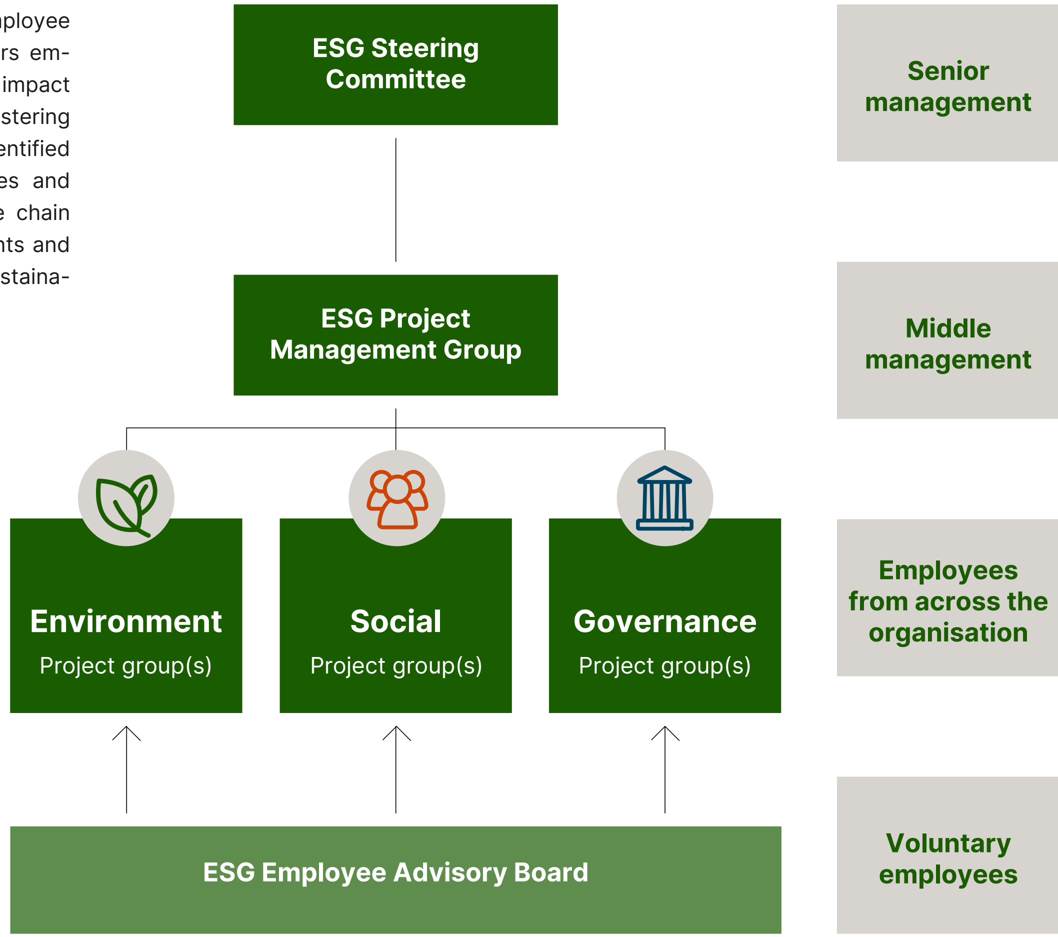
In 2023, we strengthened our internal ESG governance model to keep up with our growing organisation.

Our new internal ESG organisation consists of three levels: The ESG Steering Committee (senior management), the ESG Project Management Group (middle management) and three cross-functional ESG Project Groups working on specific topics within sustainability. Some of the topics investigated by the project groups in 2023 are how we work with biodiversity, responsible procurement and benefits to enhance employee commuting. By restructuring our internal ESG organisation, we get a clearer structure, a procedure for reporting on tasks and progress as well as a clear description of the roles and mandates for the people involved. Thereby, we will be better suited for identifying and addressing our ESG impacts, risks and opportunities, while ensuring that sustainability is anchored across all departments.

By actively involving the entire organisation in our ESG efforts, we seek to enhance transparency, build trust and collectively contribute to sustainable and responsible business practices. This involvement continues when new ESG initiatives, policies and procedures are being developed.

Finally, an ESG Employee Advisory Board has been introduced at Nordic Solar. This Board consists of employees from across the organisation. Being part of the ESG Employee Advisory Board is voluntary and offers employees a space for sharing ideas that impact Nordic Solar's sustainability efforts, fostering positive change. In 2023, the Board identified sustainability challenges, opportunities and potential roadblocks within our value chain and shared ideas for campaigns, events and other activities, driving our internal sustainability efforts forward.

ESG organisation



ESG regulation, reporting and data collection

Nordic Solar keeps up to date with existing and new ESG regulation and ensures timely implementation. During 2023, our focus has been on creating an overview of what we will need to report on as well as a road map for how we will ensure compliance with the Corporate Sustainability Reporting Directive (CSRD) within the next few years.

CSRD entered into force in January 2023 and is a new EU directive that modernises and strengthens the rules concerning the social and environmental information that companies must report on. The reporting needs to be conducted in alignment with the European Sustainability Reporting Standards (ESRS). The new rules will ensure that investors and other stakeholders have access to the information they need to assess the impact of companies on people and the environment as well as the financial risks and opportunities arising from climate change and other sustainability issues. As stated above, Nordic Solar must report in alignment with CSRD for the first time in the financial year of 2025 to be reported in 2026.

Towards CSRD compliance

Within the coming years, we will be compliant with the CSRD in terms of ensuring that we have in place the required general disclosures, impacts, risk and opportunity management, policies and actions as well as targets and metrics for all our material topics. We already commenced this work in 2023 by conducting a double materiality assessment in alignment with the ESRS, which is the first step to ensuring full CSRD compliance. Furthermore, we developed a gap analysis and a road map to guide our compliance work for the years ahead.

Ensuring CSRD compliance also means ensuring a broad collection of non-financial data across the business and our supply chain. Consequently, significant amounts of work that must be conducted in terms of ensuring data precision by conducting regular audits of data sources and calculation methodologies. In 2023, we made a strategic investment in a software solution to bolster our ESG data management infrastructure. This software will enhance our data collection, validation and reporting workflows. For this year's reporting on ESG key figures, it means that we have altered some of the data point units from previous years to bring them into alignment with the coming reporting requirements of the CSRD. The ESG key figures can be found at the end of this chapter.

Environment

Environment

Material topics and sub-topics	**Climate change** Climate change mitigation Climate change adaptation Energy	**Pollution and water** Pollution of air, water, soil and substances of concern Water consumption, withdrawals and discharges	**Biodiversity and ecosystems** Direct impact drivers of biodiversity loss Impacts on the extent and condition of ecosystems	**Resource use and circular economy** Resource inflows Waste
The challenge	The challenge of climate change lies in mitigating the adverse impacts of human-induced global warming, primarily driven by greenhouse gas emissions. Urgent action is required to limit temperature increases, with a key target being to stay below the 1.5°C threshold.	The management of pollution and water in the global solar value chain can have severe adverse impacts on the environment.	The global biodiversity crisis is a significant environmental concern, characterised by the rapid and widespread loss of diverse species and ecosystems that have a big impact on our planet.	The growing demand for renewable energy requires a proactive and conscientious approach to resource management in terms of both ressource inflows, waste management and decommissioning.
Our ambition	We are committed to making everyone benefit from solar energy by expanding the provision of solar power across Europe. Simultaneously, we will focus on minimising our overall emissions relative to our total gross production of electricity.	We strive to reduce or mitigate any adverse impacts on the environment in our supply chain. We believe that this work should be conducted in collaboration with our suppliers and through joint efforts in our industry associations.	We aim to avoid, reduce or mitigate any adverse impact on biodiversity and ecosystems in the development, construction and operation of our solar parks. We conduct environmental assessments and collaborate with stakeholders to identify best practices for protecting and restoring local ecosystems.	Recognising that the majority of our carbon footprint and resource use stems from the components used to build our solar parks, we want to proactively assess and take action to reduce these impacts wherever feasible.
Key initiatives and highlights from 2023	• We provided approx. 128,000 households around Europe with renewable energy. • We further developed our scope 3 reporting capabilities.		• We developed a strategy for monitoring biodiversity at our solar parks in order to assess our impact continuously. • We opened two new solar parks where nature restoration has been incorporated from the beginning to increase the likelihood of having a positive impact on biodiversity within the local ecosystems.	• We conducted a value chain mapping of the material and component value chain for Lysabild solar park. • We established an exchange market for used items at our Danish HQ.
Short-term targets (2024)	We will improve data quality and the reporting process for our Greenhouse Gas (GHG) reporting.	• We will examine the areas of pollution and water in our supply chain to get a better understanding of where it takes place and how we can address it. • We will include the areas of pollution and water in the supply chain in our Sustainability Policy.	We will develop a biodiversity policy.	• We will be more conscious about the purchase of inventory in our Danish HQ and set targets. • We will strive to reuse products through resale or agreements with environmentally conscious companies. This applies to IT equipment (excl. hard drives), furniture, and inventory. • We will collaborate with the local community on reusing inventory.
Long-term targets (2024-2026)	Nordic Solar's aim is to minimise our overall emissions relative to our total gross production of electricity – knowing that our overall CO2e emissions will increase due to our business growth.	We will work with our suppliers and industry associations to improve sustainable and responsible business practices in terms of pollution and water use.	We will establish a framework for data reporting on biodiversity - prefarably in collaboration with the industry.	In the transition towards a circular economy, we strive to establish partnerships with off-takers for recycling and/or reuse of solar park components.
UN SDG contribution	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	15 LIFE ON LAND	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Climate change

Climate change poses an imminent threat to our planet's ecosystems and human societies. As the global community strives to mitigate these impacts, the role of the solar industry has become increasingly significant.

At Nordic Solar, we are committed to expanding the provision of solar energy across Europe, thereby contributing to the UN Sustainable Goal 7: Supporting the world in transitioning to green energy sources. As the global society continuously demands more renewable energy to transition to a fossil-free society, we continue to grow our business. This means more solar parks, which leads to more emission-related activities such as purchased capital goods and business travel, etc. We therefore expect to see an increase in our CO_2e emissions over the coming years. The CO_2e emissions associated with solar parks include those generated during manufacturing in the upstream value chain, during transportation and installation of components, during operation of the solar parks, and during decommissioning. While the operational phase of solar parks is very low with respect to emissions, the manufacturing process of solar park components in the upstream supply chain can be quite energy intensive.

Knowing that our overall CO_2e emissions will increase due to our business growth, Nordic Solar's aim is to minimise our overall emissions relative to our total gross production of electricity. In this way, we try to do better, where we can. To commence this work, we need to know our full carbon footprint. This calculation is done by using the Greenhouse Gas (GHG) Protocol's accounting standard for scopes 1, 2 and 3, which provides us with an internationally accepted framework for calculating and reporting greenhouse gas emissions, including carbon dioxide equivalent (CO_2e) emissions.

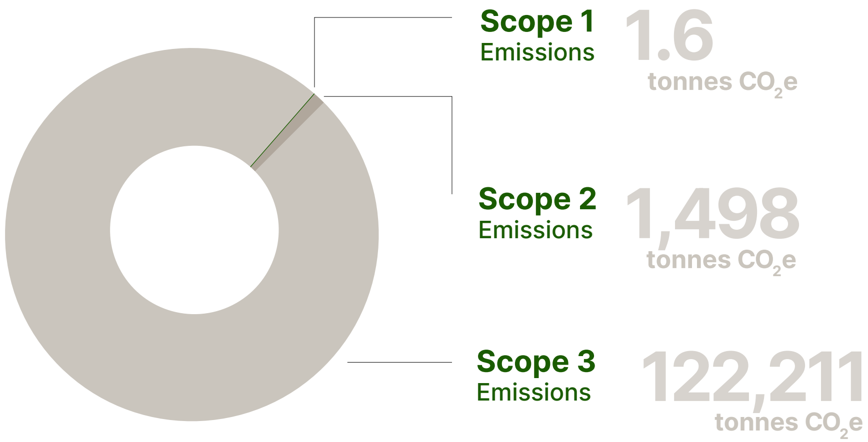
Climate accounting

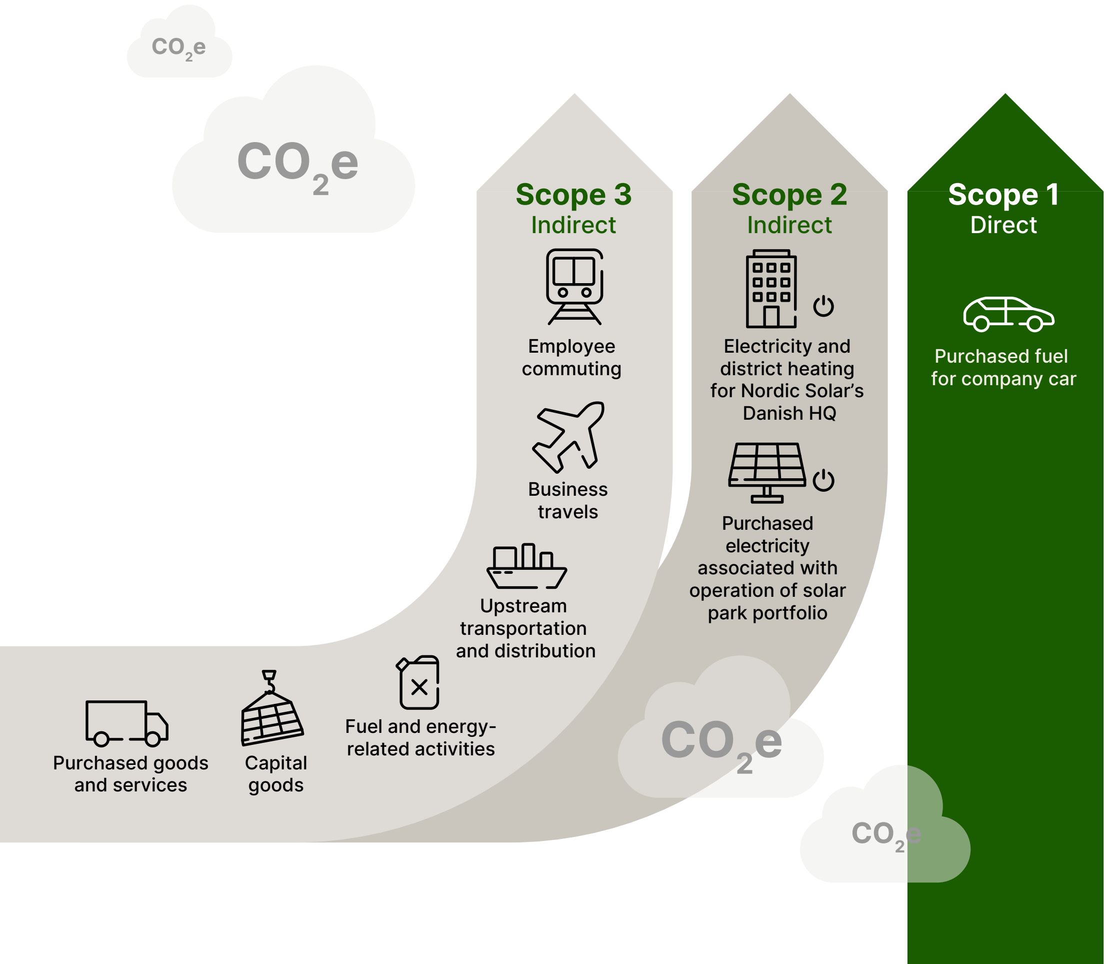
Nordic Solar began calculating our CO_2e emissions in 2021 for our HQ in Denmark (scopes 1 and 2). In 2022, we expanded our climate accounting with a limited scope 3 calculation, which included business travel, employee commuting and purchased work equipment. However, we acknowledge that most of our carbon footprint lies within our supply chain. Consequently, we have developed a more complete and robust framework for our scope 3 greenhouse gas (GHG) assessment, ensuring that we capture the full spectrum of our climate impact and align with global best practices in sustainability reporting. This means that we now have a tool for increasing our ability to collect, measure and report data, as well as to make reported data as valid and transparent as possible.

Scope 1 includes direct emissions that occur from sources that are controlled or owned by Nordic Solar. For 2023, this figure includes mobile combustion from one company car.

Scope 2 includes indirect CO_2e emissions associated with the purchase of electricity and district heating. The 2023 figure for scope 2 emissions includes the emissions associated with the purchase of energy and district heating for Nordic Solar's HQ in Denmark and for the energy consumption associated with the operation of our solar parks. The energy used for operating our parks is pulled from the electricity grid. As the European energy grid mix is not yet fully based on renewable sources, this results in CO_2e emissions.

Nordic Solar's climate footprint





Scope 3 includes indirect CO_2e emissions that result from Nordic Solar's business activities but occur from sources not owned or controlled by us. These emissions typically arise from the entire value chain, including suppliers, customers and other external factors, making them a comprehensive measure of a company's environmental impact beyond its direct operations. In 2023, we further developed our scope 3 reporting capabilities, which means that we are now able to include more areas in our scope 3 calculation, incl. purchased goods and services, capital goods, fuel and energy-related activities (not included in scope 1 or scope 2), upstream transportation and distribution, business travel and employee commuting.

From the total scope 3 figure for 2023, we see that "capital goods" accounts for 98%. These emissions primarily stem from the procurement of components for two large solar park projects, Højby in Denmark and Moletai in Lithuania. Even though this figure may initially seem high, it is essential to view it in the perspective of the long-term environmental benefits.

In 2024, we aim to further enhance our scope 3 quality and data collection processes to gain even more knowledge about the environmental impact of our business activities.

Pollution and water

In our double materiality assessment, pollution and water were only deemed material in the part of our supply chain that is connected to resource extraction and refinement. This part of the supply chain lacks transparency for all industries that are dependent on the use of rare earth minerals. Consequently, we will work on increasing our supply chain transparency in order to examine these areas more in depth to get a better understanding of where they take place and how we can address them. We believe that this work should be conducted in collaboration with our Tier 1 suppliers and by joining forces with our peers through our industry associations. We will commence this work in 2024, but recognise that this will be a long-term effort.

Biodiversity and ecosystems

Nordic Solar recognises the critical role that biodiversity and ecosystems play in providing essential services to sustain life – from the food we consume to the medicine that heals us. As the world faces a global biodiversity crisis, characterised by the rapid and widespread loss of diverse species and ecosystems, all companies must examine their impact on ecosystems and try to enhance biodiversity wherever possible.

In developing, constructing and operating solar parks, Nordic Solar has an impact on the land and nature that accommodate our parks. In alignment with our commitment to the UN Sustainable Development Goal 15, we aim to avoid, reduce or mitigate any adverse impact on biodiversity and ecosystems in the design, development, construction, operation and decommissioning of our solar parks. At the same time, we also strive to add value to the local area in which we operate by restoring or introducing some of the natural elements that were there before the land was cultivated.

By incorporating small yet significant initiatives within a solar park, it is possible to restore the well-being of local ecosystems. Here, collaboration with biologists offers insights into the ecosystem's potential to enhance local biodiversity. There is no one-size-fits-all as nature differs in the countries in which we operate. Consequently, we must assess our solar park projects one by one. However, some of the initiatives that we have introduced are more native plant species and the creation of microclimates. With these types of initiatives, it is possible to attract and sustain a broader range of species. We started to design our solar parks with a holistic focus on biodiversity in 2022 as we believe that initiatives like these have a potential to make a positive impact on the environment. But we also monitor these to make sure that our assessments are correct or, if not, whether we should make adjustments.

Monitoring our initiatives

Consequently, with the support of biologists, we have developed a strategy for monitoring biodiversity at our solar parks from 2022 and onwards in order to assess our impact continuously. This strategy includes an initial screening, before the construction phase of the project begins, where a biologist conducts a baseline assessment to document existing plants and species. Subsequently, yearly monitoring is carried out to gather data on the types of plants and species evolving in the park over time. Recognising that the work conducted on biodiversity and ecosystems is a gradual effort, we do not expect to see the results of our efforts until five to ten years from the time a park has been established. Nevertheless, we maintain a humble and realistic expectation that our efforts will contribute to the restoration of nature in the solar parks and, ideally, enhance biodiversity in the local areas.

In 2024, we will continue our efforts on biodiversity by developing a biodiversity policy, as part of our work on becoming CSRD compliant, and establishing a framework for data reporting on biodiversity to increase the transparency of our efforts.

Working with biodiversity at Højby and Lysabild

At our two newest solar parks in Denmark, Højby and Lysabild, we actively participated in the development, design, and construction phases, giving us a unique opportunity to implement a holistic approach to nature restoration within these parks. In collaboration with external biologists, we developed a plan to enhance and nurture the existing natural ecosystems in these solar parks. To achieve this, we initiated a thorough assessment of the existing plant and animal life in the area, allowing us to gain insights into available resources and develop strategies for the support of local ecosystems.

Our approach involved adding different microclimates and plant species native to the ecosystems. The specific initiatives varied depending on the area and its initial conditions. For instance, we constructed stone piles, established sand mounds, arranged piles of dead trees, optimised pond areas, sowed flower strips and created living hedges around the park perimeters, which also benefits by giving neighbours a view of nature.

Such initiatives attract and support a broader biological diversity, making these solar parks more than just energy providers. These minor yet meaningful initiatives have been thoughtfully implemented to contribute to the overall well-being of the local environment.

An example of biodiversity design in a solar park

Resource use and circular economy

At Nordic Solar, we are dedicated to operating a responsible and sustainable business both upstream and downstream in our value chain. From our initial scope 3 assessment, we recognise that the majority of our resource use stems from the components used to build our solar parks. Consequently, we want to proactively assess any hotspots in our supply chain and take action to avoid, reduce or mitigate these impacts wherever feasible. A first step to do this is do conduct a supply chain mapping to increase traceability.

Supply chain mapping

In 2023, we conducted a supply chain mapping for the materials and components used for constructing one of our newest solar parks – Lysabild solar park on Als, Denmark. This park was chosen as it is the first solar park where we have been involved from A to Z in the development, design and construction phases, which means that we have been actively involved in, for instance, the procurement of materials and components from various suppliers both inside and outside Europe. This mapping has provided us with an overview of material sourcing networks and geographies within our value chain for the five main components of our solar parks: mounting racks, PV modules, cables, inverters and transformers. The Tier 1 suppliers' activities were traced and mapped as far back as possible and supplemented by general research and review of existing literature. Market statistics and trade data were used to inform the likely scenarios in the far upstream end of the supply chain where information is not readily available. Going forward, we will use the insights from the supply chain mapping to look more into our entire use of resources, the carbon footprint of these resources as well as how we can avoid, reduce or mitigate our adverse impact in our supply chain.

In 2024, we will also examine our opportunities within circular economy. We will develop a policy for this area, as part of our work on becoming CSRD compliant, and strive to establish partnerships with off-takers for recycling and/or reuse of solar park components.

Internal resource use at HQ

While our biggest use of resources is found in our supply chain and construction of solar parks, we will also look at how we manage our resources internally at Nordic Solar's HQ in Denmark. In 2023, we moved to new and bigger office facilities where we took over much of the used furniture from the previous tenant. The inventory from our old premises was either brought to the new office, resold to employees or bought by the moving company for resale purposes. One of the first things that was established at our new premises was an exchange market where employees bring their unwanted reusable items, actively promoting responsible consumption and reducing unnecessary waste. At the same time, it also supports our efforts in creating a culture of sustainable thinking at Nordic Solar. For our new canteen facilities, we have chosen a supplier that holds a B Corp (The Benefit Corporation) certification and is highly focused on reducing food waste.

In 2024, we will, among other things, continue our efforts on increasing the reuse of products through resale or agreements with environmentally conscious companies. This applies to IT equipment (excl. hard drives), furniture, and inventory. We also aim to collaborate with the local community such as schools and leisure clubs on reusing inventory.

Social

Social

Material topics and sub-topics	**Own workforce** Working conditions Equal treatment and opportunities for all	**Workers in the value chain** Working conditions Equal treatment and opportunities for all Other work-related rights (supply chain outside the EU)	**Affected communities** Communities' economic, social, and cultural rights Communities' civil and political rights Particular rights of indigenous communities
The challenge	Intense competition exists for skilled professionals in the energy sector. To attract and retain talent, companies must offer purpose-driven jobs that enable employees to flourish both personally and professionally.	In the solar value chain, ensuring fair working conditions, equal treatment and opportunities for all remains a challenge. Workers may face varying standards, posing risks to their well-being and job security. Upholding other essential work-related rights, such as collective bargaining and occupational safety, is also imperative to foster a sustainable and responsible global solar industry.	The green transition must benefit and include local communities. Ensuring local support for renewable energy projects is key and builds on stakeholder engagement to address concerns and meet expectations.
Our ambition	We have high ambitions when it comes to being an attractive workplace. In practice, this means that we prioritise ensuring attractive working conditions and have a strong focus on fostering a company culture of diversity, equity and inclusion.	By joining forces with relevant industry partners, we want to increase our leverage and find ways of navigating the difficult challenge of improving human and labour rights in the global solar value chain.	In order to address concerns, ensure fair compensation, and promote sustainable development that benefits both the environment and affected communities, we aim to engage in transparent and participatory processes with people in the local communities in which we operate.
Key initiatives and highlights from 2023	• We offered all employees a health check performed by a third-party provider. • To foster inclusion and collaboration across the company, we held a three-day company trip focusing on team dynamics and collaboration. • We updated our Diversity, Equity and Inclusion (DEI) policy. • We intensified our focus on diversity in recruitment by bias checking our job posts and requiring a diverse field of candidates from external providers.	We developed a Supplier Code of Conduct, which requires our business partners, service providers and suppliers to respect internationally recognised human rights as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.	
Short-term targets (2024)	• We will introduce a new internal engagement platform to collect employee feedback regularly. • We will sign the Confederation of Danish Industries' "Diversity Pledge" and set targets within the framework of the pledge. • We will include DEI in our manager training and onboarding of new employees. • We will offer ***DSB erhvervskort*** (business travel card) to employees who use public transportation. • We will develop and execute awareness campaigns and evaluate employee benefits. • We will encourage daily physical activity and continue to offer physical health checks to all employees every second year. • We will develop a Health, Safety and Environment (HSE) policy.	We will actively contribute to a project on human and labour rights in the solar value chain to identify social risks and find ways to address these.	We will continue to develop our internal processes concerning local stakeholder engagement to address any concerns and ensure fair compensation.
Long-term targets (2024-2026)	• We will continue the collaboration with our local job centre to integrate socially disadvantaged groups into the workforce and set targets for increasing employment under special conditions. • We will increase the intake of students and trainees, setting a target for continuous intake.	• We will set targets to reduce identified social risk. • We will strive to ensure local job opportunities in value chain operations.	• We will develop a Community Engagement policy. • We will develop local stakeholder engagement plans and provide grievance mechanisms whereby our local stakeholders can communicate their concerns. • We will undertake a minimum of one community engagement project in Denmark and another one abroad each year, contributing to societal well-being.
UN SDG contribution	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH	8 DECENT WORK AND ECONOMIC GROWTH 15 LIFE ON LAND

Our workforce

At Nordic Solar, we believe that people are key in terms of creating a future running on renewable energy. Ensuring a strong organisation is also vital for us to achieve our short and long-term targets. Consequently, our ability to attract and retain the right talent is crucial in ensuring that we have the right knowledge resources in our Nordic Solar team.

In 2023, Nordic Solar welcomed many new team members, and we saw our organisation grow from 67 to 113 people. At the end of the year, the organisation was composed of 55 women and 58 men. The extended senior management included 10 women and 14 men. Our policy and targets to promote gender balance in Management ensures an active focus on this area as we strive to have an "even distribution by gender", which is considered met when one gender is represented by at least 40% or the closest figure to 40%. For 2023 this figure was met in both our Board of Directors and the extended senior management. The figures for the gender balance in management can be found in the section "ESG key figures" of this report.

In terms of the split in age and nationality, 29 of our workforce were younger than 30 years of age, while 74 were between 30 and 50 years, and 9 were older than 50 years. At the end of 2023, 19 different nationalities worked at Nordic Solar.

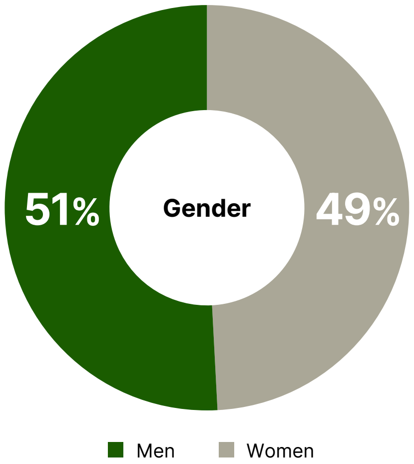
As can be seen from these figures, the Nordic Solar team represents a diverse blend of gender, age and nationalities. We believe this is essential to our success and the way we work in Nordic Solar, complementing our commitment to the UN Sustainable Development Goal 5: "To create an inclusive and diverse work environment, promoting gender equity and empowerment for all".

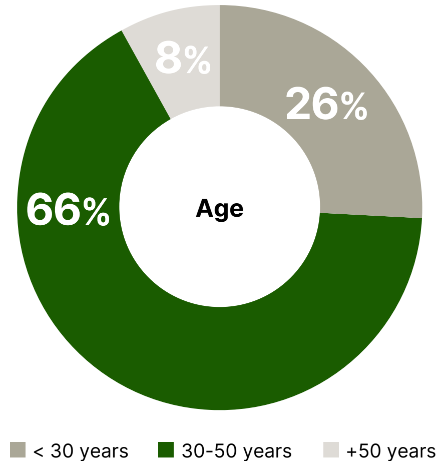
Diversity, Equity and Inclusion (DEI)

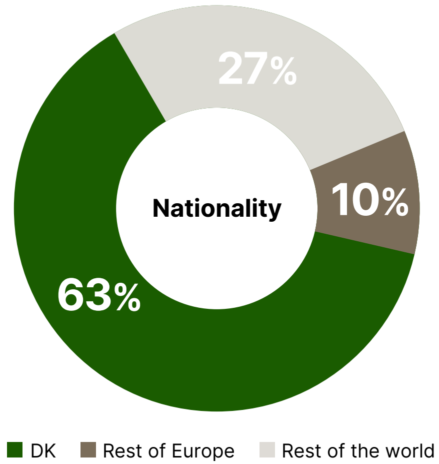
In Nordic Solar, we are focused on building a collaborative culture and an inclusive workplace where everyone feels welcome and empowered to make a difference. This focus is reflected in our Diversity, Equity and Inclusion (DEI) policy, which was updated in 2023. We have refined the content based on inspiration from Danish Standards 5001 on Equality and Diversity. We have clarified our commitment to DEI, to sharpen our focus, prioritise our efforts and ensure that we deliver meaningful impact for our employees. Our DEI focus, commitment and future efforts will be described in the following.

Firstly, we consider diversity to be an important driver for success, as it helps us be both thorough and innovative in our thinking and in our solutions. Our goal is to cultivate a diverse workforce that embodies a wide range of characteristics. We work towards this ambition by including a DEI perspective in our people processes, such as recruitment and career progression. The ambition is for our processes to be free of bias and to enable diversity at all levels.

In terms of equity, Nordic Solar is committed to providing fair terms and opportunities throughout the employee life cycle, considering the circumstances and characteristics of the individual and their area of work. We strive to obtain this by designing our employment terms in a way that mitigates the risk of discrimination and enables managers to provide relevant support and flexibility to their employees. The aim is that the working conditions in Nordic Solar enable each employee to be at their best, professionally as well as personally. For instance, this includes avoiding unlawful discrimination in the access to training and development opportunities. We will work towards being able to conduct pay gap analyses to ensure fairness in compensation across all employee groups. Furthermore, we will continuously collect feedback, for instance via engagement surveys and in dialogues such as one-to-one conversations between manager and employee.







Last, but not least, we are focused on inclusion. Everyone working at Nordic Solar should feel welcome and empowered to make a difference. This requires that people are comfortable expressing themselves openly, both verbally and in their behaviour, without fear of judgement. It is therefore expected that all employees demonstrate an open mind and behave in a way that reflects our inclusiveness. We encourage employees to make their opinions heard via the various available channels, such as our Work Environment Committee (Danish: AMO), the Workplace Assessment (Danish: APV), engagement surveys and in general ongoing dialogues with their peers and managers. Furthermore, we strive to offer flexible employment terms, allowing for the inclusion and fair treatment of a diverse group of people, in a way that is aligned with Nordic Solar's business interests and activities. For instance, this includes our offer to work from home, part-time employment, parental leave and similar. We will provide training to managers on how to lead in a way that minimises bias and enables equity, for example in relation to decision-making and meeting facilitation. We also encourage and support the establishment of voluntary, employee-led groups that help foster an inclusive work environment.

Employee well-being

At Nordic Solar, we aim to have a team that achieves results by sustaining a collaborative and aspirational culture. The people in Nordic Solar are the most valuable asset and knowledge resource and, consequently, a prerequisite for our value creation. Thus, we rely on our ability to attract, retain and develop a highly diverse and skilled group of employees to ensure scalability of the organisation. We ensure decentralised decision-making across the organisation to ensure agility and speed in how we operate and meet our strategic targets.

When it comes to being an attractive workplace, we have high ambitions. In practice, this means that we offer attractive working conditions and employee benefits. We continuously evaluate these benefits to ensure that they match the needs of our growing workforce. For instance, in 2023, we conducted a survey regarding our employees' commuting habits and found that 44% use public transportation for commuting to and from work. Based on this finding, we will offer a business travel card for commuting, to reduce travel costs and incentivise use of public transportation. Gathering these kinds of insights from our employees is essential in order to ensure an attractive employee value proposition. In 2024, our People and Culture department will implement a new engagement platform to collect regular feedback.

Examples of employee benefits at Nordic Solar

- Work-from-home options
- Attractive maternity/paternity leave policy for both parents
- Massage subsidised by Nordic Solar
- Functional training sessions with instructor during work hours
- Physical health checks
- Employee seminars
- Employee-driven activities such as indoor football and winter bathing
- Social events such as Friday bar gatherings, summer and Christmas parties
- An annual company trip
- Pension scheme and health insurance
- Cross-company knowledge-sharing sessions
- Psychotherapy subsidised by Nordic Solar

Employee health and safety (HSE)

Ensuring the health and safety of our employees is of utmost importance to Nordic Solar. This includes the provision of a safe and healthy work environment at our offices as well as our solar park sites. When constructing and operating solar parks, occupational health and safety is of great importance, and we want to continuously improve our processes and procedures to decrease the risk of, for ijnstance, injuries to the greatest extent possible for our employees as well as for our contractors.

Our Workplace Environment Committee (AMO) focuses on ensuring a healthy and productive work environment for all employees. The committee consists of our CEO, CPO and three employee representatives. In 2023, the AMO received no cases of work-related accidents with absence and no work-related fatalities among employees from Nordic Solar or our contractors.

In the coming years, we will continue to increase our focus on and strenghen the structure of our HSE work through, for example, our scope and approach, rolling out an improved incident reporting system for both the employees at Nordic Solar as well as our contractors, raising the awareness of health and safety, and more.

Workers in the value chain

In the solar value chain, ensuring fair working conditions, equal treatment and opportunities for all remains a challenge for the entire sector. Workers may face varying standards, posing risks to their well-being and job security. Upholding other essential work-related rights, such as collective bargaining and occupational safety, is also imperative to foster a sustainable and ethical global solar industry.

As stated in our Sustainability Policy, Nordic Solar strives to avoid, reduce or mitigate any adverse impact on people when conducting our business. At the same time, we are committed to the UN Sustainable Development Goal 8: to promote responsible business practices that prioritise fair labour practices, decent work for all and contribute to sustainable economic development. This includes the people working in our value chain. Consequently, all Nordic Solar's suppliers must enact practices to maintain a respectful and safe workplace and support and respect internationally recognised human rights as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

However, we acknowledge that more needs to be done. Consequently, by joining forces with relevant industry partners, we aim to increase our leverage and work together to find ways to navigate the difficult challenge of improving human and labour rights in the global solar value chain. More information on this work can be found in the section on 'Human rights' of this chapter.

Affected communities

To ensure a just transition that does not create adverse impact for people, the green transition must benefit and include the local communities in which renewable energy projects are located. Ensuring local support for solar energy projects is key and builds on stakeholder engagement and dialogue to address concerns and meet expectations. This engagement and dialogue should be conducted throughout the solar park's lifecycle – from the development and construction phases, but also once the park is in operation and when it is decommissioned.

Nordic Solar's aim is to engage in transparent and participatory processes with people in the local communities in which we operate in order to address concerns, ensure fair compensation and promote sustainable development that benefits both the environment and the affected communities. In 2024, we will further develop these efforts and develop a policy on community engagement as part of our work on becoming CSRD compliant. In the coming years, we will also investigate how we can add additional value to the local communities in which we operate by engaging in local community projects that contribute to societal well-being.

Governance

Governance

Material topics and sub-topics	**Business conduct** Protection of whistleblowers Anti-corruption and anti-bribery
The challenge	Ensuring the protection of whistleblowers is essential for uncovering potential issues and promoting accountability. Moreover, there is an ongoing need to address concerns related to corruption and bribery, as these practices can impact the integrity of the sector.
Our ambition	We strive to foster transparent and ethical business practices across all facets of our operations and encourage an internal “speak-up” culture, where any breaches are reported.
Key initiatives and highlights from 2023	• We extended our whistleblower scheme beyond our own workforce. • We developed a Supplier Code of Conduct, which requires our business partners, service providers and suppliers to align with the standards defined in UNGP and OECD.
Short-term targets (2024)	• We will finalise and implement an anti-corruption and anti-bribery policy. • We will finalise and implement a policy on human rights. • We will facilitate training in anti-corruption, anti-bribery and human rights. • We will communicate and implement our Supplier Code of Conduct. • We will engage in supplier evaluation and feedback processes to enhance our understanding of our suppliers and their ESG initiatives. • We aim to prioritise the procurement of environmentally friendly products for internal use, incl. office supplies and gifts.
Long-term targets (2024-2026)	• We aim at including ESG performance scores, emphasising sustainability in our business relationships. • We will conduct regular audits to assess our suppliers' compliance with our Code of Conduct.
UN SDG contribution	8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible business conduct

As a value-driven organisation, our values openness, honesty, thoroughness and work-life balance form the foundation for the way we conduct our business to ensure Nordic Solar’s mission: To make everyone benefit from solar energy. These values guide our daily work, while we strive for high standards of integrity, sustainability and responsibility in accordance with the global minimum standard for responsible business conduct as defined by the UN Guiding Principles on Business and Human Rights (UNGP) and the OECD Guidelines for Multinational Enterprises (OECD). In 2024, we will develop an overarching policy for Responsible Business Conduct, which will build on existing policies such as “Conflict of interest”, “Data ethics”, “Whistleblower scheme”, etc., to ensure an overall framework for policies on how we conduct our business at Nordic Solar.

Supplier Code of Conduct

In addition to running our own business according to UNGP and OECD guidelines, we also strive to ensure that our business partners, service providers and suppliers have made or will make a similar commitment. Consequently, we have developed a Supplier Code of Conduct (SCoC). This SCoC describes Nordic Solar’s expectations to our business partners, service providers and suppliers and how they demonstrate responsible business conduct and implement and maintain a management system aligned with the globally agreed minimum standard to manage adverse impacts on internationally agreed principles for environmental, social and economic sustainability.

In 2024, we will roll out the SCoC as a supplement to our contractual agreements with our business partners, service providers and suppliers. Nordic Solar’s Strategic Procurement department will lead the supplier auditing process to verify compliance with Nordic Solar’s SCoC. Additionally, Strategic Procurement will maintain an ongoing dialogue with the suppliers to monitor their progress in adhering to the process of adapting the Code of Conduct.

Responsible procurement

In terms of procurement, our strategy goes beyond the immediate transaction as we are aiming at creating a ripple effect in our own supply chain that positively impacts the broader ecosystem. By continuously incorporating ESG criteria into every stage, from suppliers to end-users, we intend to build a more responsible and environmentally conscious global supply chain. In 2024, we will continue this work by incorporating an advanced ESG supply chain control to increase transparency and support our efforts when screening, selecting and working with our suppliers. Based on this, we will engage in supplier evaluation and feedback processes to enhance our understanding of our suppliers and their ESG initiatives.

Anti-corruption and anti-bribery

As stated in our Supplier Code of Conduct, Nordic Solar is opposed to all forms of corruption and bribery and strives to meet the highest ethical standards across our business activities. Corruption and bribery damage trust and are inconsistent with our commitment to ensuring integrity and respect for all our internal and external stakeholders and our society. Building a strong company culture that promotes trust is a shared responsibility, which we take seriously. We believe that transparency in business involves openness, honesty, integrity and strong ethical behaviour. We expect our employees to speak up and report any ethical concerns, so that we continue to earn and maintain the trust of our stakeholders and society.

Nordic Solar's policy on anti-corruption and anti-bribery is under development and will be implemented during the first half of 2024 as part of the Policy for Responsible Business Conduct. We will also implement yearly awareness training for selected departments to guide and empower these teams in navigating the ethical challenges that may arise in relation to corruption and bribery.

Whistleblower scheme

As a supplement to the ordinary communication channels in Nordic Solar, we have a whistleblower scheme. The scheme is specifically intended to encourage and foster an internal "speak-up" culture and to report any breaches of law, regulation and other serious matters. Any reports are processed anonymously, with confidentiality and through a third-party whistleblower system. In 2023, we had no reported cases. We will continue to raise awareness of our whistleblower scheme so that all employees and business partners are aware of and well-equipped to report on misconduct, if necessary.

Respect for human rights

As stated in our Supplier Code of Conduct, Nordic Solar adheres to the principles of the Universal Declaration of Human Rights and does not tolerate human rights violations in any form. All our business partners, service providers and suppliers must enact practices to maintain a respectful and safe workplace and support and respect internationally recognised human rights as stated in the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. Nordic Solar's policy on human rights is under development and will be implemented during the first half of 2024 as part of our Sustainability Policy.

Human rights in the supply chain

The highest risk concerning human and labour right breaches comes from our interactions with third parties – for instance in our international supply chain and in the construction phase of our solar park projects. Consequently, this is a continued focus for Nordic Solar as we try to mitigate these risks and improve our social responsibility. For the latter, we have a continued focus on mitigating this risk by requiring and including rights and guidelines in our construction contracts. In 2023, we received no reports on breaches concerning human rights related to our activities.

In terms of the risks related to the supply chain, this is not just a challenge for Nordic Solar, but for the entire solar industry. Within the solar value chain, establishing equitable working conditions, uniform treatment and equal opportunities for all remains an ongoing challenge. Workers may encounter diverse standards, potentially jeopardising their well-being and employment stability. It is crucial to uphold fundamental labour rights, including collective bargaining and occupational safety, to promote a sustainable and ethically responsible global solar industry.

Industry collaboration

At Nordic Solar, we believe that cross-industry challenges are best solved jointly at industry level. Consequently, we are actively working with our industry peers through our Danish industry association, Green Power Denmark, and our European industry association, SolarPower Europe. As part of this work, we have committed to a project initiated by Green Power Denmark and led by the Danish Institute for Human Rights. The project focuses on human and labour rights in the solar value chain and includes various Danish companies working across the solar value chain. The project will be conducted during 2024 and, as part of the project's Steering Committee, we hope that this work will support the industry's efforts in finding ways to navigate this difficult challenge of improving human and labour rights in the global solar value chain.

By way of our involvement in national and international partnerships, for example through industry associations, we continue to support the solar energy sector's shared efforts within ESG areas. By joining forces with relevant industry actors, we work towards enhancing the industry best practice as well as increasing our bargaining power to generate positive impacts and managing negative impacts within our business relationships.

Data ethics

Nordic Solar strives to ensure a high and adequate level of data protection as we recognise that privacy plays an important role in gaining and maintaining the trust of our employees, partners, suppliers and other stakeholders. While we do not process large amounts of personal data, we acknowledge the importance of safeguarding such data.

We further acknowledge that the use of artificial intelligence ("AI") may present some ethical dilemmas which need to be managed appropriately. Nordic Solar is committed to complying with all applicable personal data protection laws, including section 99 d of the Danish Financial Statements Act, and all employees developing, purchasing, or otherwise working with technology and data science-based uses of data must be informed about the data ethics principles. We do not purchase, sell or broker data or otherwise profit from separate data transfers from or to third parties. We do not currently carry out data processing using AI, such as machine learning, as a natural part of our business. Potential future uses may relate to operational optimisation, logistics and marketing optimisation.

Whether we process personal data or other types of data, we always apply our standards for data ethics to the way we work, making sure that our processing activities and security measures match the requirements for the data we are handling. Our Data Ethics Policy can be found on our website via the following link: nordicsolar.eu/data-ethics-policy

ESG key figures

Subject	Data point	Units	2023	2022	2021	* Note
Scope 1	CO2e emissions	Tonnes	1.6	0.0	0.0	2023 is the first reporting year this is material for Nordic Solar
Scope 2	CO2e emissions – Market-based	Tonnes	915	9.4*	2.4**	*Electricity consumption from parks not included **District heating also not included
Scope 2	CO2e emissions – Location-based	Tonnes	583	12.3*	4.7**	*Electricity consumption from parks not included **District heating also not included
Scope 3	CO2e emissions	Tonnes	122,211	115	0*	*Not measured
Avoided emissions	CO2e emissions	Tonnes	135,909	133,601	80,896	
Energy consumption	Renewable electricity share – HQ	Percentage	100%	100%	100%	
Energy consumption	Energy consumption – HQ	GJ	799	410.5	56.7*	*District heating was not included in 2021
Energy consumption	Energy consumption – solar park portfolio	GJ	6,044	*	*	*Park data not available
Biodiversity	Area of biodiversity elements in solar park portfolio	Square metre	66,468	28,000	0	
Employees	Average full-time equivalents during the year	FTE	84.2	51.0	36.2	Contractors/Consultants not included (2FTE)
Employees	Headcount at year-end	Headcount	111	67	44	Contractors/Consultants not included (2 counts)
Employees	Students with part-time job / internship	Headcount	6	5	*	*Data not available
Employees	Number of FTEs who left the company in the reporting year	FTE	13.4	14.5	*	*Data not available
Employees	Employee turnover rate	%	15.7	28.4	*	*Data not available
Employees	Average seniority at year-end	Years per employee	1.8	2.0	2.03	
Employees	Work-related accidents with absence/fatalities – HQ	Number	0	0	0	
Employees	Short-term sickness	Percentage	2.1%	3.5%	3.1%	
Diversity	Number of male employees	Headcount/percentage	56 / 50.5%	51%	55%	
Diversity	Number of female employees	Headcount/percentage	55 / 49.5%	49%	45%	
Diversity	Age distribution among employees	Headcount	<30 years = 30 (27%) 30-50 years = 74 (65%) >50 years = 9 (8%)	<30 years = 26 (39%) 30-50 years = 32 (48%) >50 years = 9 (13%)	<30 years = 17 (31%) 30-50 years = 27 (49%) >50 years = 11 (20%)	
Diversity	Nationalities	Headcount	19	8	8	
Diversity	Gender distribution among Board of Directors	Headcount/percentage	2 women / 40% 3 men / 60% 5 people	2 women / 40% 3 men / 60% 5 people	2 women / 40% 3 men / 60% 5 people	
Diversity	Gender distribution among extended senior management	Headcount/percentage	10 women / 42% 14 men / 58% 24 people	4 women / 29% 10 men / 71% 14 people	2 women / 25% 6 men / 75% 8 people	Top two management levels below the BoD
Board of Directors	Ordinary board meeting attendance rate	Percentage	89%	100%	97%	
Whistleblower	Whistleblower reports	Number	0	0	0	

ESG accounting practices

This section describes the accounting practices applied to the ESG key figures for Nordic Solar's Annual Report 2023.

Framework for climate accounting

The CO_2e emissions presented on page 51 represent Nordic Solar's emissions associated with the financial year 2023. The calculations have been performed in line with the guidance described in the Greenhouse Gas Protocol ("GHG Protocol"), which is the globally recognised standard for accounting and reporting on greenhouse gas emissions. More specifically, the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (scope 3) Accounting and Reporting Standards were applied. These have provided a standard for how to scope, account and report on GHG emissions tied to Nordic Solar's' operations in 2023.

Setting organisational boundaries

Nordic Solar follows the equity share approach for setting organisational boundaries for our GHG inventory.

Operational boundaries

The GHG Protocol distinguishes between three scopes within climate accounting:

Scope 1: Direct emissions comprise emissions from the combustion from on-site energy production (e.g. boilers, furnaces and gasses used in the company's own operations) and emissions from vehicles that are owned and/or leased by the company.

Scope 2: Indirect emissions related to the production of energy purchased from external sources but consumed by the reporting company in its own operations (e.g. consumption of electricity, district heating and cooling).

Scope 3: Indirect emissions related to the reporting company's upstream and downstream value chain and other activities necessary for the company to operate (e.g. purchased goods and services, capital goods, business travel and employee commuting). Scope 3 includes 15 categories within which the reporting company must account for its emissions. All 15 categories will not necessarily be applicable for every company.

2021 was the baseline year for Nordic Solar's sustainability reporting and the 2021 sustainability report presented Nordic Solar's first ever account of the scope 1 and 2 emissions. The disclosure of the emissions was backed by the commitment to expand our GHG accounting towards 2024. The reporting year 2023 marks a significant milestone for Nordic Solar's GHG inventory, as we have been able to include all relevant scope 3 categories in the annual report.

The table below presents the scoping of this year's GHG reporting, and the methodology applied to determine the emissions under each scope.

Scope 1 CO_2e emissions

Scope 1 emissions denote direct emissions from the energy production of assets owned by Nordic Solar. For the first time, scope 1 emissions have become material to Nordic Solar due to the acquisition of a leased company car in the spring. These emissions were calculated using a fuel-based method, with the total volume of fuel sourced through invoices linked to the company card. The emission factor applied is from DEFRA (2023).

Scope 2 CO_2e emissions

Scope 2 emissions for 2023 were calculated based on actual electricity consumption (kWh). Our approach, adhering to both the market-based and the location-based methods for electricity, covers scope 2 emissions from electricity consumed in our parks, reflecting a substantial increase in GHG emissions reported. Unfortunately, it was not feasible to gather activity data for parks for 2022 and 2021. Country-specific emission factors obtained from AIB 2022 have been applied to all parks and our HQ. For our headquarters, the cancellation of Guarantee of Origin (GO) certificates resulted in zero market-based emissions.

District heating consumption was estimated based on the data from the previous year (2022), adjusted for inflation. Emissions were calculated using the latest emission factor from Fors A/S (2021). Activity data on heat consumption relied on the actual invoiced consumption in kWh by our landlord, facilitating an estimation of specific kWh/m^2. This estimate was then multiplied by our office area in 2023, assuming that consumption is uniformly distributed across the area.

Scope 3 CO_2e emissions

To calculate the emissions from the value chains related to the development of solar parks (including the lifecycle of purchased solar PV modules, steel frames and emissions from transportation and landscaping machinery etc.) more specific data sets are required. Identification of potential data sources and product-specific emission factors will be necessary, and Nordic Solar will work towards disclosing these in the 2023 sustainability report.

Category 1: Emissions from purchased electronics
In 2023, Nordic Solar filled 56 new positions. It has been presumed that each new employee has been set up with one computer/laptop and one smartphone. The emissions associated with the purchased electronics have been calculated using our ESG reporting software. The emission factor sources used in the calculation are based on emission factors from klimakompasset.dk.

Category 2: Capital goods
Nordic Solar's reported scope 3 category 2 emissions for 2023 employ a hybrid methodology aligned with the GHG Protocol. This approach integrates specific component data, emphasising product-level data for significant contributors, and supplements with spend-based EXIOBASE data for minor contributors. The model distinguishes between detailed, supplier-specific activity data and secondary data to ensure accuracy and comprehensiveness. Emission factors from recognised standards and databases, including EPDs and ISO-compliant LCAs, form the foundation of our calculations, providing a cradle-to-gate assessment of our solar park construction and maintenance activities. Our methodological transparency supports our commitment to environmental accountability and sustainability. Due to information gaps, restating category 2 for 2022 and 2021 was not feasible.

Category 3: Fuel and energy-related activities
Emissions that occur in the extraction, processing and transportation phases from fuels and energy produced in connection with the activities of the reporting company. The activity data utilised for scope 1 and scope 2 emissions is multiplied by the appropriate emission factors. For mobile combustion, DEFRA (2023) emission factors are used, for grid electricity, factors are obtained from AIB (2022), and for district heating, emission factors from DEFRA (2022) are applied.

Category 4: Upstream transportation and distribution
For 2023, we have incorporated upstream transportation of materials into our GHG inventory. We calculate transportation emissions (life cycle stage A4 per EPD EN 15804:2012+A1:2013) using Ecoinvent v. 3.9.1 factors per tonne-km, assuming EURO5 trucks, with generic averages for sea and air freight. Distances were estimated from supplier locations to project sites via ecoTransit.com. Due to information gaps, restating category 4 for 2022 and 2021 was not feasible.

Category 5: Waste generated in operations
With a relatively larger portfolio of solar parks owned and developed by Nordic Solar, the generation of waste may increase in the years to come. Nordic Solar was not able to obtain sufficient data on the waste footprint for 2023 but will continue to work towards mapping the waste streams and account for their footprint accordingly.

Category 6: Business travel
Emissions related to the transportation of employees for business-related travel (air, rail, road/taxi and hotel stays) are included in our calculation. Nordic Solar organises all its travel activity through a travel agency from which emissions related to the Company's combined travel activity were obtained.

Category 7: Employee commuting
In 2023, Nordic Solar conducted an employee commuting survey to gather data on commuting patterns. We collected details on the distance between each employee's home and our office in Hellerup, Denmark, their main mode of transportation, and how often they work from home. From this, we estimated the total km travelled per transportation method and applied the relevant emission factors to calculate emissions. The factors used were diesel, petrol cars and buses: NTM (2018), plug-in hybrid and battery electric, vehicles: DEFRA (2022); regional train and subway/metro: NTM (2018, 2021) and home energy consumption during remote work: DEFRA (2023). Emissions from walking and bicycling are assumed to be zero g CO_2e per km.

Category 8: Upstream leased assets
This refers to emissions from operating assets leased upstream. In 2023, Nordic Solar did not lease upstream assets.

Category 9: Downstream transportation and distribution
Since Nordic Solar does not sell products for onward distribution, downstream transportation is not considered applicable.

Category 10: Processing of sold products
Nordic Solar does not sell intermediate products that require processing.

Category 11: Use of sold products
Nordic Solar does not sell products whose use-phases should be reported on.

Category 12: End-of-life treatment of sold products
No solar parks were decommissioned in 2023.

The emissions from the disassembly and end-of-life treatment of installed modules will expectedly be reported in the year of decommissioning.

Category 13: Downstream leased assets
In 2023, Nordic Solar did not lease any downstream assets.

Category 14: Franchises
Nordic Solar is not franchising any of its business activities.

Category 15: Investments
Nordic Solar did not invest in any activities that are material.

Avoided emissions
To calculate the avoided CO_2e emissions per year for every country in which Nordic Solar has operational solar parks, a CO_2e emission factor in $kgCO_2/kWh$ was taken from public sources (data source: Association of Issuing Bodies). From these values, an assumed life-cycle emission factor for solar PV of 0.04kg of CO_2/kWh is deducted (data source: The National Renewable Energy Laboratory (NREL)). The resulting figure is multiplied by the production in kWh for each country, in order to determine the avoided CO_2e emissions in kg. The final avoided CO_2e emissions for 2022 constitute a sum of all avoided CO_2e emissions for each country in which Nordic Solar has operations.

For the calculations of the number of households provided with green electricity by Nordic Solar, the total production in kWh in 2022 is divided by the EU average for the annual electricity consumption per household in kWh (data source: Odyssee Mure).

Renewable electricity share, HQ (%)
Our Hellerup, Denmark headquarters fully sources its electricity from renewable sources, validated by cancelled Guarantee of Origin (GO) certificates. This highlights our commitment to sustainability.

Biodiversity
The indicator is based on the total area used for biodiversity initiatives, where initiatives have been installed and completed. Nordic Solar has a clear strategy of implementing biodiverse initiatives in new parks starting from 2022 and onwards. This is an accumulative measure.

Average full-time equivalents
Average Full-Time Equivalents (FTEs) are calculated as the average number of employees on a full-time equivalent basis during the reporting period. This is determined using contracted hours per employee, extracted directly from our HR system. Contractors and consultants are not included.

Headcount at year end
The headcount is based on the number of employees at the end of the reporting period. Contractors and consultants are not included.

Average seniority
The average seniority is calculated as the estimated time from the commencement of each employment to the end date of the reporting year. The average number of years is calculated based on those calculations.

Gender diversity
This metric gauges the gender composition within our top two management levels: Board of Directors and extended senior management, which comprises senior and middle management — the latter defined as individuals reporting directly to senior management and possessing managerial duties.

Data is calculated by tallying the number of people within each group by gender, then representing these figures as a percentage of the overall employee count. In 2023, to improve clarity and conform to updated diversity guidelines, we revised the definitions for our top three management levels. Consequently, we have restated the 2022 and 2021 data to maintain consistency with our current reporting framework.

Age distribution
The age distribution of Nordic Solar employees is based on a headcount figure and data on the employees. Age groups consistent with those used in previous years have been applied.

Nationalities
The data for nationalities is based on a headcount of the different nationalities represented in Nordic Solar.

Sick leave - long-term
This metric indicates the percentage of long-term sick leave taken during the reporting year. The calculation considers average FTEs, total possible workdays, holidays and the number of sick days. It excludes regular sickness, maternity/paternity leave, and other types of absence. Long-term sickness is defined as any absence from work due to illness lasting a minimum of 30 consecutive workdays.

Accidents
Accidents are reported to the Workplace Environment Commitee (AMO), and data is provided through registrations. The data is only a reflection of own employees working at the Danish HQ and our solar park sites.

Board meeting attendence rate
The attendance rate is calculated as the number of meetings each board member attended compared to the total number of meetings held during the reporting year. Observer attendance is not included in the calculation.

Chapter 06

Corporate governance and risk management

Corporate governance

Corporate governance is a key aspect of Nordic Solar. We are continuously developing and aligning our corporate governance to our strategic development and targets, as well as to our goals and achievements, the external environments and input from various stakeholders.

Core values

Our four core values remain the pillars of the way we conduct business. They have been ingrained in the Company since its foundation. They are continuously promoted throughout the organisation, and they serve as guiding principles for employees and leaders across Nordic Solar. Read more about our corporate values in the Annual Report section "A value-driven organisation".

Governance structure

Shareholders of Nordic Solar exercise their rights at the general meeting, which is the supreme governing body of Nordic Solar. Nordic Solar has a two-tier management system in which the Board of Directors and the Executive Management team are responsible for the Company's affairs. No persons hold dual membership of the Board of Directors and the Executive Management team. The Executive Management team is responsible for the day-to-day management of the Group, while the Board of Directors supervises the work of the Executive Management team and is responsible for the overall management and strategic direction of the Company.

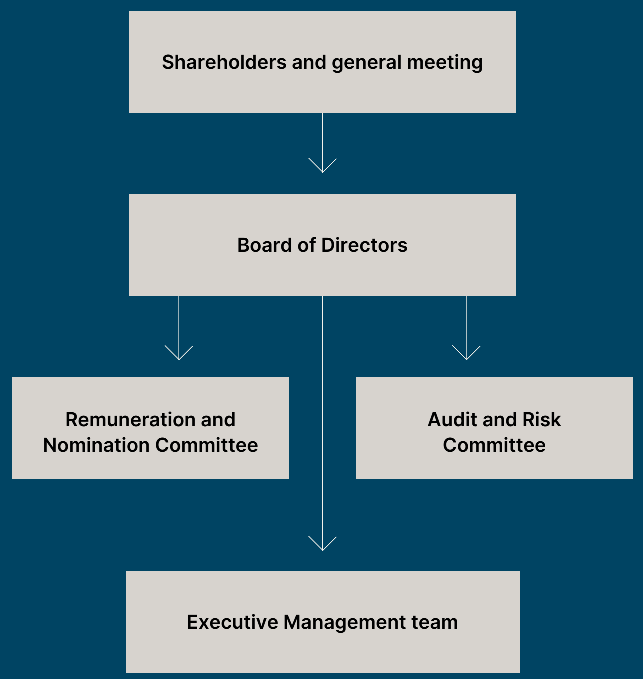
Shareholders and general meeting

All shareholders may exercise their rights and vote at the general meeting based on a one-share-one-vote principle. Decisions adopted by the general meeting, such as the election of the Board of Directors and any changes to the Company's Articles of Association, are adopted in accordance with ordinary Danish rules and regulations.

General meeting

The 2024 Annual General Meeting will be held on 24 April. The time and place will be announced in the notice convening the Annual General Meeting, which will be shared electronically with shareholders entered in the shareholder's register having requested such notice, as well as on the Company's website, no earlier than four weeks and no later than two weeks prior to the general meeting. Shareholder proposals for the agenda of the Annual General Meeting must be submitted no later than two weeks before the meeting.

Governance structure



Board of Directors

The Board of Directors must consist of three to seven members elected by the Annual General Meeting according to our Articles of Association. For the time being, our Board of Directors consists of five members, all of whom have been elected by the Annual General Meeting. Four of the five members are considered independent as defined by section 3.2 of the Danish Corporate Governance Recommendations. Christian Dulong Hoff cannot be considered independent due to his family relations with Nordic Solar CEO Nikolaj Holtet Hoff. The Board of Directors is responsible for the overall strategic management of the Company and makes decisions concerning major investments and divestments, the capital structure, key policies, control and audit matters, risk management and significant operational issues. The most material matters transacted by the Board of Directors in 2023 are listed on the following pages. On an annual basis, the Board of Directors has nine ordinary meetings scheduled (exclusive of committee meetings), and in addition extraordinary board meetings may be scheduled if required. The latter may occur at short notice, for which reason board members in that case also may review and comment on written material prior to the meetings that they are not able to attend.

We have a diverse Board of Directors, and with two female board members out of the five board members elected by the Annual General Meeting, we have equal representation as defined under Danish law. The age of our board members spans from 53 to 64 years. Our board members have educational backgrounds within finance, economics and law. Furthermore, they have professional experience from the insurance, law, energy, retail, executive search, accounting, commercial real estate and investment industries. As part of the loan facility agreement obtained in mid-2023, EIG Partners has an observer role on the Board. The individual board members are described on the following pages, including their meeting attendance rates during 2023.

Board evaluation

The Board of Directors' annual self-evaluation procedure for 2023 was conducted by having each board member and senior management member respond to an externally provided questionnaire concerning various subject matters related to Nordic Solar and the Board of Directors' work. The evaluation concluded that the Board of Directors is functioning well, and that the board meetings are characterised by a high degree of trust, commitment and communication. The evaluation highlighted a list of subjects to be considered by the Board of Directors based on Nordic Solar's overall strategy, including, but not limited to, the future alignment of competencies represented on the Board to ensure they reflect the ongoing developments in Nordic Solar's business and organisation.

The conducted evaluation verified that the collective competencies of the Board of Directors match the overall needs of Nordic Solar, considering the Company's risks and opportunities, that the number of board members is appropriate and that there is a close and efficient collaboration between the individual board members, between the Board of Directors and Executive Management and between the Chairman and the Board of Directors. In light of the annual board evaluation, and in order to safeguard the strong performance delivered by Nordic Solar in recent years, the Board of Directors will propose that all current board members are re-elected at the Annual General Meeting on 24 April 2024.

Board Committees

The work of the Board of Directors is further divided into separate working committees, consisting of an Audit and Risk Committee and a Remuneration and Nomination Committee. These committees assist the Board of Directors in selected areas. Each of the two committees has a charter, which sets out the committee's purpose, responsibilities and procedural matters. Further, each Committee annually conducts and evaluates its work and reviews its charter.

Audit and Risk Committee

The Audit and Risk Committee consists of Vibeke Bak Solok (Chair), Christian Sagild and Christian Dulong Hoff. The function of the Audit and Risk Committee is to assist the Board of Directors by reviewing information within the areas of responsibility of the Audit and Risk Committee, including, but not limited to:

- Financial accounting and reporting
- Capital and liquidity planning
- Review of the finance department's organisation
- Systems of internal control and risk management
- ESG compliance and reporting
- External audit of the annual report
- Tax exposure and transfer pricing
- Identification and reporting of risks covering liquidity, accounting, IT and strategic risks
- Nordic Solar's whistleblower scheme and reporting on any whistleblower cases to the Board of Directors
- Ethics rules
- Other activities delegated to the Audit and Risk Committee by the Board of Directors.

The Audit and Risk Committee has five annual meetings, but must meet as often as is deemed necessary and at least prior to the publication of an external financial report. The Audit and Risk Committee meets with Nordic Solar's external auditor at all five scheduled meetings. The majority of the members of the Audit and Risk Committee are to be considered independent as defined in the Danish Corporate Governance Recommendations applicable from time to time and have relevant financial experience. The Chair of the Board of Directors cannot also be Chair of the Audit and Risk Committee.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Christian Sagild (Chair), Iben Mai Winsløw and Frank Schyberg. The function of the Nomination and Remuneration Committee is to monitor, review and assist the Board of Directors by making recommendations within relevant areas, including, but not limited to:

- Make recommendations regarding the Company's remuneration policy and general incentive programme guidelines
- Prepare and present decision proposals on the framework for remuneration packages of the Board of Directors and Executive Management
- Prepare and present decision proposals on the targets (bonus levels and performance targets) for performance-based incentive programmes for executive managers of the Company
- Monitor compliance with the remuneration policy
- Assist the Board of Directors in ensuring that appropriate plans and processes are in place for the nomination of candidates to the Board of Directors and the Executive Management team
- Ensure that the Board of Directors conducts a self-evaluation survey every year
- Ensure that policies and plans are in place with regard to succession planning for the Executive Management and certain other key roles in the organisation.

The Remuneration and Nomination Committee must meet as often as its roles and responsibilities reasonably require, but must not have less than four meetings per financial year. The majority of the members of the Remuneration and Nominations Committee are to be considered independent as defined in the Danish Corporate Governance Recommendations.

Overview of
Board and committee
memberships and attendance rates in 2023

2023	Board meetings Meeting attendance			Audit and Risk Committee meetings		Remuneration and Nomination Committee meetings	
Board member	Role	Ordinary	Extraordinary	Role	Attendance	Role	Attendance
Christian Sagild	Chair	9/9	4/4	Member	4/5	Chair	4/4
Iben Mai Winsløw	Member	7/9	4/4			Member	4/4
Frank Schyberg	Member	7/9	3/4			Member	4/4
Vibeke Bak Solok	Member	9/9	4/4	Chair	5/5		
Christian Dulong Hoff	Member	8/9	3/4	Member	5/5		
Total attendance rate		**89%**	**90%**		**93%**		**100%**

Additional governance-related matters are further outlined in the Governance section of the ESG chapter in this Annual Report.

Key matters transacted by the

Board of Directors in 2023

The Board of Directors' key matters in 2023 included, but were not limited to:

Board of Directors

- Provided the Executive Management team with relevant advice and input with regard to the strategy and continued growth, including M&A projects.
- Made investment decisions regarding the expansion of our portfolio of solar parks.
- Reviewed group-wide policies.
- Conducted the annual board evaluation and followed up on recommendations and actions.
- Reviewed documents governing the Board of Directors and its committees as well as guidelines for the Executive Management team.
- Evaluated the 2023 general meeting.
- Provided feedback on the annual, half-year and quarterly financial reports.
- Introduced input and guidance on the development of Nordic Solar's organisation.
- Made decisions related to the long-term financing of Nordic Solar, including guidance on securing the next long-term financing.

Key matters transacted by the

Board committees in 2023

The two Board committees' key matters in 2023 included, but were not limited to:

The Audit and Risk Committee

- Review of the annual and interim financial reports.
- Oversaw the implementation of the Company's enterprise risk management framework and processes.
- Reviewed key enterprise risks and related mitigation plans.
- Met with the Chief Financial Officer, other functional leaders and external auditors.
- Oversaw the financial results and financial outlook.
- Reviewed and accepted the 2024 budget.
- Meetings with the Company's independent auditor to align on the audit schedule for 2023.
- Review of the Company's IT security policy and risk levels, as well as ongoing preparation for the coming NIS2 legislation.
- Oversaw initiatives on ESG reporting and future CSRD compliance.

The Remuneration and Nomination Committee

- Reviewed and assessed the composition, succession planning, competencies and diversity of the Board of Directors.
- Reviewed and proposed executive remuneration.
- Ensured that actual executive remuneration is in compliance with the established remuneration policy and the individual member's performance.
- Proposed fees for the members of the Board of Directors.
- Reviewed the Company's remuneration policy.
- Reviewed the Company's diversity, equity and inclusion policy.


Frank Schyberg
Board member
Vibeke Bak Solok
Board member
Christian Sagild
Chair
Christian Dulong Hoff
Board member
Iben Mai Winsløw
Board member

Board of Directors

Christian Sagild

Chair

Born 1959. Danish

Joined the Board of Directors in 2018. Chairman since 2018. Chairman of the Nomination and Remuneration Committee and member of the Audit and Risk Committee.

Considered independent as defined in the Danish Corporate Governance Recommendations.

Christian has a financial background with an education as actuary from the University of Copenhagen and has had a long career within the insurance and pension industries. Christian was employed with Topdanmark from 1996 to 2018, acting as CEO from 2009 to 2018.

Other management positions and directorships:
- Chairman of Penneo A/S
- Board member of Royal Unibrew A/S and Ambu A/S

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

Iben Mai Winsløw

Born 1967. Danish

Joined the Board of Directors in 2010. Member of the Nomination and Remuneration Committee.

Considered independent as defined in the Danish Corporate Governance Recommendations*.

Iben is a lawyer from the University of Copenhagen and has the right to appear before the High Court in Denmark. Iben is the founder and chairman of the board of Winsløw law firm company with expertise in real estate, commercial leasing and property development.

Other management positions and directorships:
- Founder and Chairman of Winsløw Advokatpartnerselskab
- Chairman of Zeso Architects A/S, Zeso Alliance A/S and Invensa ApS
- Board member of Energifinans A/S, Core Property Bolig IV and Windspace A/S

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

Frank Schyberg

Born 1963. Danish

Joined the Board of Directors in 2010. Member of the Nomination and Remuneration Committee.

Considered independent as defined in the Danish Corporate Governance Recommendations*.

Frank has a financial background from his career in the banking and insurance industries. Extensive knowledge within recruitment from his time as CEO of the Danish Career Institute and as Nordic Managing Director of Stepstone.

Other management positions and directorships:
- CEO and co-owner of IQ Cooling ApS

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

*The Board of Directors have reviewed the independence in the light of the period that Iben Mai Winsløw and Frank Schyberg have been on the board. As the merger in 2021 changed the Company's structure and board composition, and both Iben Mai Winsløw and Frank Schyberg act as independent in the board meetings, they are viewed as independent.

Vibeke Bak Solok

Born 1970. Danish

Joined the Board of Directors in 2021.
Chairman of the Audit and Risk Committee

Considered independent as defined in the Danish Corporate Governance Recommendations.

Vibeke has a finance and risk background, including an education as a state authorised public accountant. Vibeke is CEO of Lunar Bank A/S. Prior to this, Vibeke was CFO of ATP Ejendomme and has previously worked at Danske Bank as Executive Vice President of Group Financing and as COO of Group Risk Management. She spent 18 years with PwC in Denmark and Germany and was an audit partner from 2006 to 2013.

Other management positions and directorships:
- CEO of Lunar Bank A/S and Chief Banking Officer of Lunar Group
- Board member of Dampskibsselskabet NORDEN A/S

Vibeke holds 33,000 warrants in Nordic Solar.

Christian Dulong Hoff

Born 1963. Danish

Joined the Board of Directors in 2021.
Member of the Audit and Risk Committee

Not considered independent as defined in the Danish Corporate Governance Recommendations.*

Christian has a background from his career within energy and retail. Christian is a former CEO of 7-eleven Denmark and a former CEO of XY Energi in Denmark and Norway. Today, Christian focuses on investments in long-term assets and scale-up companies and holds various board positions.

Other management positions and directorships:
- Chairman of Easytranslate A/S, Comadso A/S and Dulong Fine Jewelry A/S
- Board member of Semler Gruppen A/S

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

*Christian Dulong Hoff is not considered independent as defined in section 3.2 of the Danish Recommendations on Corporate Governance due to his family relations with Nordic Solar's Chief Executive Officer Nikolaj Holtet Hoff.

Executive Management

Nikolaj Holtet Hoff

Founder and CEO of Nordic Solar A/S since 2010

Born 1968. Danish

Background
Nikolaj has more than 20 years of experience with investments as well as managing and operating businesses, and he has worked for AT Kearney, IC Companys, the Velux Group and SR Private Brands. Nikolaj founded Nordic Solar Energy, Nordic Solar Global and Nordic Solar Management, which merged in 2021. Nikolaj is responsible for the day-to-day operations of Nordic Solar. Nikolaj is a former board member of the Semler Group, Dulong Fine Jewelry, Unidrain and Chairman of the Board of Nørrebro Brewery and Ticket to Heaven.

Education
- M.Sc. in Economics, University of Copenhagen

Holds a total of 1,573,387 shares in Nordic Solar A/S and a total of 687,500 warrants.

Anders Søgaard-Jensen

CCO of Nordic Solar A/S since 2021

Born 1967. Danish

Background
Anders has more than 12 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 is part of the Executive Management team and responsible for ESG & sustainability, communications & marketing, and shareholder support.

Education
- Degree in market economics

Holds a total of 261,274 shares in Nordic Solar A/S and a total of 119,280 warrants.

Holger Bang

CIO of Nordic Solar A/S since 2017

Born 1976. Danish

Background
Holger has 16 years of experience within the renewable energy industry, working as CIO at Nordic Solar and European Energy. Holger's capabilities cover M&A and project development, structured and project finance as well as energy storage. Throughout the years, Holger has completed a large number of renewable energy transactions across Europe and has transaction experience within the industry. Holger is a member of Executive Management at Nordic Solar.

Educations
- M.Sc. in Business Administration, Copenhagen Business School
- CEMS MIM, Copenhagen Business School/WU Wien

Holds a total of 148,291 shares in Nordic Solar A/S and a total of 92,418 warrants.

Risk management

Nordic Solar is exposed to a variety of risks due to global trends, project specifics and our engagement in different European markets. Our risk management activities are focused on identifying, assessing, prioritising and responding to risks in a manner that supports the overall strategy of Nordic Solar. In addition, effective risk management helps to ensure informed decision-making as part of our daily business and effectively address any perceived vulnerabilities. To operationalise our risk management efforts, we assess risks across three separate categories:

Business risks are the potential risks arising from day-to-day operations and processes within the organisation as well as within our broader supply chain.

Market risks are the potential risks arising from the external market environment in which the organisation operates. These risks may include macroeconomic trends, geopolitical developments and regulatory frameworks.

Strategic risks are potential risks related to reaching the aims within the overall business strategy and potential threats and opportunities connected to executing the strategy.

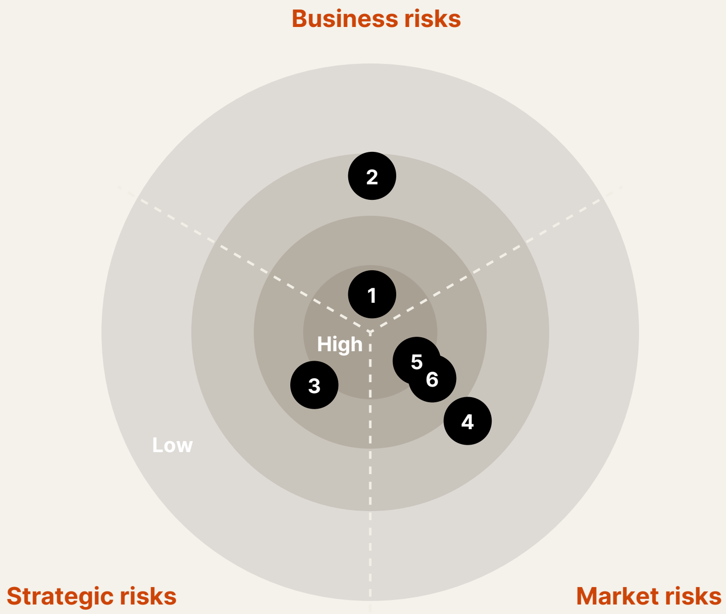
The assessment of risks arising from each of these categories' measures both the potential financial and operational impact on Nordic Solar's business. In addition, we also consider the safeguarding of value among the stakeholders across Nordic Solar's value chain, including, but not limited to, business partners, suppliers, shareholders, the local community and energy off-takers. We apply a proactive approach to addressing the identified risks and strive to minimise the impact of adverse events on our operations and related stakeholders. Our overall focus is to reduce our exposure to negative events to ensure that Nordic Solar remains a reliable and resilient business partner to our many stakeholders.

Risk management practices not only safeguard against potential disruptions but also contribute to enhanced operational efficiency and productivity. By identifying and addressing operational weaknesses, we can improve efficiency and reduce downtime in our solar parks. This focus on risk mitigation leads to a more streamlined and cost-efficient operating model that supports Nordic Solar's strategy.

Fostering a strong risk management culture across our organisation leads to an increased sense of accountability. By involving employees in the risk management process, we ensure informed risk assessment and a broadly anchored risk management approach.

Risk map
Identified key risks

Nordic Solar categorises enterprise risks into three distinct categories that reflect their origin and the focus needed to mitigate them.



1 Cyberattacks
2 Supply chain transparency
3 Capital raising
4 Geopolitical disruptions
5 Macroeconomic & market volatility
6 Regulatory compliance

Internal risk management structure

Board of Directors

- Ultimately responsible for the risk management strategy and the overall framework for identifying, assessing and responding to risks.

Audit and Risk Committee

- Supervises compliance with the established framework.

Risk Management team

- Responsible for implementing the enterprise risk management framework.
- Facilitates the identification, assessment and response plans for key risks.
- Responsible for reporting the development of key risks and the approved response plans.
- Responsible for cultivating a risk-aware culture in Nordic Solar.

Risk owners / Senior management

- Responsible for the day-to-day management of the risks that are assigned to them.
- Responsible for developing strategies and implementing them.

We apply an enterprise risk management (ERM) process whereby risks are identified, assessed, prioritised and treated. Risks are identified using a bottom-up approach to understand the daily risks faced by the organisation after which workshops are conducted to assess the risks with middle management and subsequently reviewed by senior management.

These assessments lay the foundation for identifying key risks, which will be prioritised for further consideration. The key risks are assigned to an executive sponsor in senior management, who is responsible for defining the risk appetite and the response strategy and being accountable for successfully implementing the response strategy. After defining the response strategy, the Risk Management team submits and presents the final risk landscape to the Audit and Risk Committee. Subsequently, the risk landscape is reported to the Board of Directors for approval.

Reporting on the development of the key risks and the response strategies is provided to the Board of Directors to ensure that the given risks stay within the defined risk appetites. When a risk approaches a level that could surpass the defined appetite, increased attention is given, and actions are taken to either lower the risk level or reassess whether the landscape has changed.

Identified key risks

Risk area	Key risk	Risk description	Risk appetite	Mitigating actions
Business risks	**1** Cyberattacks	As we are expanding, we become more digitalised with more systems and, hence, more entry points and threats to the IT and operational technology (OT) security landscape, which can be penetrated by hostile parties. Such a cyberattack could disrupt operations and/or result in data security breaches.	Nordic Solar strives to avoid access to and compromise of data and physical infrastructure, by increasing cyberhygiene and response capabilities. Furthermore, increased requirements regarding cybersecurity as set out in the NIS2 Directive will be applied in our organisation and in the supply chain.	Nordic Solar is increasing governance for data protection and access to physical infrastructure using globally renowned security standards as point of reference. A workgroup has been established to strengthen the IT and OT security level in general.
	2 Supply chain transparency	ESG-related risks play a significant role when it comes to global supply chains in terms of climate, biodiversity, pollution, human rights and labor standards, corruption, transparency, and diversity. Non-compliance in the supply chain such as environmental damage, modern slavery or child labour poses a risk in terms of not ensuring sufficient standards from our counterparties.	We want to ensure transparency, third-party verification, and adherence to standardised ESG frameworks across the full supply chain.	We have taken steps to increase ESG accountability in our supply chain by proactively managing suppliers and performing risk assessments. Furthermore, we ensure transparency by providing explanations of our methodologies, using third-party verification for the purpose of ensuring accuracy in our data, and collaborating with suppliers to embed ESG principles into their operating model.
Strategic risks	**3** Capital raising	Nordic Solar has an ambitious growth strategy as well as an extensive project development portfolio, necessitating capital investments. The risk is that sufficient capital will not be obtained or would be obtained expensively, impacting execution of the strategy and pipeline.	Nordic Solar seeks to ensure that the current pipeline can be executed without significant delays and without lowering our growth targets.	Nordic Solar manages the long-term liquidity need on a daily basis through all possible financing channels. A process of raising new long-term capital has been initiated in 2024.
Market risks	**4** Geopolitical disruptions	The recent year has seen increased geopolitical tension across the globe. Further escalation might have an immediate impact on the supply chain, particularly if the outcomes are trade disputes, sanctions, changes in government policies or military conflicts.	We strive to have alternative procurement channels assessed and ready in the medium term to accommodate potential geopolitical escalations.	We continuously monitor geopolitical developments, while looking into supply chain diversification and conducting scenario planning, which form the basis for contingency plans for quick response in case of disruptions.
	5 Macroeconomic and market volatility	Macroeconomics, domestic policy and geopolitical changes influence variable parts of Nordic Solar's revenue stream and the profitability of the project pipeline. Recent years have shown a volatile energy price market, resulting in volatile revenue levels. Additionally, higher inflation levels, volatile exchange rates and higher interest rates affect the profitability of the project pipeline.	Nordic Solar seeks to reduce the impact and amount of revenue originating from variable sources and has a minimum target of 65% of revenue being secured through contracts with fixed prices. Furthermore, volatility in interest rates and foreign exchange rates can significantly impact the future cashflow of development projects. The financial impact of these two risks is therefore mitigated through the use of hedging instruments.	Nordic Solar limits the amount of revenue coming from variable sources by entering into PPAs or FiTs, which ensures that revenue is fixed and not impacted by volatile energy prices. The currency exposure is limited through financial hedges, while interest rates on loans are fixed to the extent possible.
	6 Regulatory compliance	Nordic Solar is increasing in size and continues to expand into new markets. This increases the level of regulatory compliance Nordic Solar needs to undertake, in order to avoid authoritative warnings or fines.	We strive to protect our development, construction and operational activities from changing and new legal frameworks by ensuring compliance in all active countries.	Nordic Solar stays updated on changing legislation through its network of advisers to be able to react swiftly to new requirements. Furthermore, impacts from adverse changes are minimised by market diversification and reduced dependency on tariff systems.

Share information

About the share

ISIN code	DK0060475564
Number of shares	21,260,107
Nominal value per share	DKK 25
No. of shareholders	725
Share classes	1
Voting and ownership restrictions	None

As of 31 December 2023, Nordic Solar's share capital consisted of 21,260,107 shares, each with a nominal value of DKK 25 per share. All shares hold equal voting rights and entitlement to dividends.

Capital allocation and dividend policy

Our capital allocation policy is to pay out excess capital to our shareholders, considering the Board of Director's assessment of key factors, including our growth strategy, business development as well as leverage and financing needs.

This capital allocation strategy ensures that Nordic Solar has sufficient financial flexibility to meet the strategic growth targets while maximising the value creation for its shareholders.

Distribution of excess capital to shareholders takes place through dividend payments, and the annual pay-out is decided based on an evaluation of the financial and market outlook, capital expenditures related to continued investments in solar parks and project rights and general cash flow expectations.

Since entering into the loan agreement with EIG Partners in 2023, covenants relating to the agreement stipulate that excess capital should be applied to the ongoing execution of the development portfolio.

Based on current earnings levels, and to ensure ongoing execution of our development and construction portfolio, we propose that no dividends be distributed in 2024 based on the 2023 full-year results.

Investor relations

The purpose of Nordic Solar's financial communications and other investor relations activities is to ensure that relevant, accurate and timely information is made available to shareholders. In that respect, Nordic Solar seeks an active and transparent dialogue with all financial market participants.

To accommodate our shareholders, Nordic Solar provides monthly reports, newsletters, press releases, webinars, and physical events in addition to our publicly available quarterly, half-year and annual reporting. To service our shareholders and other external stakeholders, Nordic Solar provides content through live webinars, which can be accessed on our website: www.nordicsolar.eu.

Financial calendar 2024

24 April	Annual General Meeting
16 May	Q1 2024 interim financial report
3 September	Q2 2024 interim financial report
21 November	Q3 2024 interim financial report
Share classes	1
Voting and ownership restrictions	None

Chapter 07

Financial statements

Consolidated financial statements

Consolidated income statement

All figures are in EUR '000

	Note	2023	2022
Revenue	4	**58,932**	**72,369**
Direct costs	5	-9,669	-6,255
Other operating income		265	276
Other external expenses		-5,823	-9,453
Other operating expenses		-466	0
Gross profit		**43,239**	**56,937**
Staff costs	7	-10,422	-7,624
Profit before amortisation, depreciation and impairment losses (EBITDA)		**32,817**	**49,313**
Amortisation, depreciation and impairment losses		-26,685	-25,278
Operating profit (EBIT)		**6,132**	**24,035**
Financial income	8	6,858	3,386
Financial expenses	9	-20,405	-16,168
Profit/loss before tax		**-7,415**	**11,253**
Income taxes	10	-1,813	-5,088
Profit/loss for the year		**-9,228**	**6,165**
Profit/loss is attributable to:			
Owners of Nordic Solar A/S		-9,483	5,812
Non-controlling interests		255	353
		-9,228	**6,165**

Consolidated statement of comprehensive income

All figures are in EUR '000

	Note	2023	2022
Profit/loss for the year		**-9,228**	**6,165**
Items that have been or may be reclassified to the income statement			
Exchange rate adjustments on translation of subsidiaries (net)		980	-450
Fair value adjustment of hedging instruments		3,580	17,931
Of which recycled to financial items		1,773	-1,790
Tax on other comprehensive income	10	-1,277	-4,185
Other comprehensive income for the year		**5,056**	**11,506**
Total comprehensive income for the year		**-4,172**	**17,671**
Comprehensive income is attributable to:			
Owners of Nordic Solar A/S		-4,341	16,933
Non-controlling interests		169	738
		-4,172	**17,671**

Consolidated balance sheet

All figures are in EUR '000

	Note	2023	2022
ASSETS			
Goodwill	11	44,256	44,256
Property, plant and equipment	12	601,063	498,573
Non-current financial assets		2,038	163
Deferred tax asset	13	12,459	12,200
Other receivables	14	11,557	20,566
Non-current assets		**671,373**	**575,758**
Trade receivables	15	7,047	10,096
Other receivables	14	6,983	9,277
Prepayments	16	1,315	765
Cash		115,403	110,876
		130,748	**131,014**
Assets held for sale	17	5,838	0
Current assets		**136,586**	**131,014**
TOTAL ASSETS		**807,959**	**706,772**

All figures are in EUR '000

	Note	2023	2022
EQUITY AND LIABILITIES			
Share capital	18	71,354	71,354
Translation reserve		-1,687	-2,354
Reserve for hedging		6,861	2,386
Retained earnings		249,979	257,112
Proposed dividend for the year		0	9,019
Equity attributable to shareholders of the parent company		**326,507**	**337,517**
Non-controlling interests' share of equity		987	897
Total equity		**327,494**	**338,414**
Loans	19	369,656	250,133
Provisions	20	10,556	6,425
Other payables		23,146	29,260
Deferred tax liabilities	13	5,560	4,524
Deferred income		160	1,344
Non-current liabilities		**409,078**	**291,686**
Loans	19	46,205	43,478
Trade payables		12,026	11,057
Current income tax liabilities		552	1,086
Other payables		9,024	21,051
		67,807	**76,672**
Liabilities relating to assets held for sale	17	3,580	0
Current liabilities		**71,387**	**76,672**
Total liabilities		**480,465**	**368,358**
TOTAL EQUITY AND LIABILITIES		**807,959**	**706,772**

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 2023		**71,354**	**-2,354**	**2,386**	**257,112**	**9,019**	**337,517**	**897**	**338,414**
Loss for the year		0	0	0	-9,483	0	**-9,483**	255	**-9,228**
Exchange rate adjustments regarding subsidiaries		0	973	0	0	0	**973**	7	**980**
Fair value adjustment of hedging instruments		0	0	5,481	0	0	**5,481**	-128	**5,353**
Tax on other comprehensive income		0	-306	-1,006	0	0	**-1,312**	35	**-1,277**
Total comprehensive income for the year		**0**	**667**	**4,475**	**-9,483**	**0**	**-4,341**	**169**	**-4,172**
Transactions with shareholders									
Value of share-based payments		0	0	0	2,350	0	**2,350**	0	**2,350**
Dividend paid		0	0	0	0	-9,019	**-9,019**	-79	**-9,098**
Equity 31 December 2023		**71,354**	**-1,687**	**6,861**	**249,979**	**0**	**326,507**	**987**	**327,494**

Share premium reserve: Retained earnings include the share premium reserve of EUR 60,006k (2022: EUR 60,006k) representing the excess of the amount of subscribed for share capital over the nominal value of shares in connection with capital increases.

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 2022		**58,535**	**-1,794**	**-9,295**	**198,883**	**7,604**	**253,933**	**159**	**254,092**
Profit for the year		0	0	0	-3,207	9,019	**5,812**	353	**6,165**
Exchange rate adjustments regarding subsidiaries		0	-433	0	0	0	**-433**	-17	**-450**
Fair value adjustment of hedging instruments		0	-127	15,684	0	0	**15,557**	584	**16,141**
Tax on other comprehensive income		0	0	-4,003	0	0	**-4,003**	-182	**-4,185**
Total comprehensive income for the year		**0**	**-560**	**11,681**	**-3,207**	**9,019**	**16,933**	**738**	**17,671**
Transactions with shareholders									
Capital increases, including related costs		12,819	0	0	60,006	0	**72,825**	0	**72,825**
Value of share-based payments		0	0	0	2,170	0	**2,170**	0	**2,170**
Acquisition of own shares		0	0	0	-1,372	0	**-1,372**	0	**-1,372**
Sale of own shares		0	0	0	632	0	**632**	0	**632**
Dividend paid		0	0	0	0	-7,604	**-7,604**	0	**-7,604**
Equity 31 December 2022		**71,354**	**-2,354**	**2,386**	**257,112**	**9,019**	**337,517**	**897**	**338,414**

Consolidated statement of cash flows

All figures are in EUR '000

	Note	2023	2022
Operating profit (EBIT)		**6,132**	**24,035**
Amortisation, depreciation and impairment losses		26,685	25,278
Share-based payment		2,350	2,170
Other non-cash transactions		1,824	-58
Change in net working capital	23	851	-3,820
Cash flows from ordinary operating activities		**37,842**	**47,605**
Interest received		4,422	3,386
Interest paid		-14,217	-13,933
Income taxes paid		-4,594	-4,702
Cash flow from operating activities		**23,453**	**32,356**
Investments in solar parks		-126,733	-49,860
Acquired cash asset deals		0	1,165
Divested cash asset deals		7,313	0
Cash flow from investing activities		**-119,420**	**-48,695**
Proceeds from borrowings	24	132,807	73,328
Repayment of borrowings	24	-17,037	-55,052
Repayment of lease liabilities	24	-5,201	-7,283
Net sale and purchase, own shares		0	-740
Capital increases		0	72,036
Fees related to capital increases	18	0	789
Dividend paid		-9,019	-7,604
Cash flow from financing activities		**101,550**	**75,474**
Net cash flow for the year		**5,583**	**59,135**
Cash and cash equivalents, beginning of the year		110,876	51,741
Cash and cash equivalents, end of the year		**116,459**	**110,876**

Of which EUR 1,056k is presented as assets held for sale (note 17)

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.

Basis of preparation

The consolidated financial statements of Nordic Solar A/S are prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements applying to large reporting class C entities. The accounting policies have been applied consistently to last year except for minor changes to classifications.

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.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

Statement of cash flow

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

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

Cash flows from investing activities comprise cash flows from acquisitions 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 contracts' terms for valuation purposes.

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 included in the solar park at the end of the contract matches the dismantling obligation.

Impairment test

Goodwill and all solar parks are revalued on an annual 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 (further detailed in note 11).

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 representative share of lease agreements having terminated, the Group has no reliable history of extending lease options. This means that the recognition is based on the non-cancellable lease period.

Fair value of derivative financial instruments
The Group has a loan under which the lender is entitled to receive an exit payment and/or a performance payment if certain triggering conditions related to each payment are met. Management has assessed that the exit payment and performance payment must be separated from the host contract and recognised separately as one derivative.

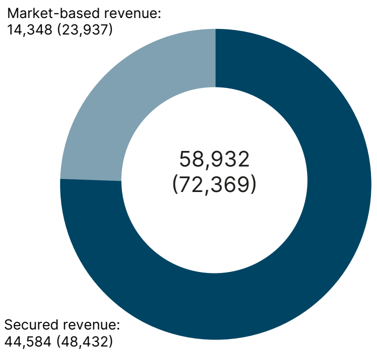
3. New accounting standards, amendments and interpretations

The International Accounting Standards Board (IASB) has issued amended standards that are effective for the first time in 2023. None of them required a change in our accounting policies.

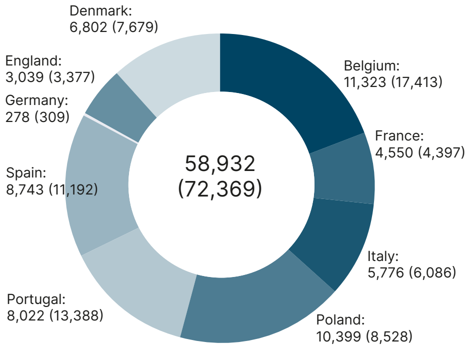
4. Revenue information 2023 (2022)

All figures are in EUR '000

Type of revenue



Net revenue by country



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.

Revenue is split in market-based revenue and secured revenue. Market based revenue is merchant and the price is variable. Secured revenue contains a fixed price at least for a certain period. Secured revenue includes PPA revenue, FIT revenue and government grants.

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 had a duration of 1-14 years at 31 December 2023.

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 to 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 obligations.

5. Direct costs

All figures are in EUR '000

	2023	2022
Operation and maintenance costs	6,710	4,154
Insurance	888	620
Taxes not related to income	1,557	1,097
Other costs	514	384
	9,669	**6,255**

6. Auditor's fee

All figures are in EUR '000

	2023	2022
Audit and audit-related fees:		
Statutory audit	257	242
Non-audit services:		
Tax advice	316	578
Other services	664	743
	1,237	**1,563**

7. Staff costs

All figures are in EUR '000

	2023	2022
Salaries, wages and remuneration	9,525	6,010
Pensions	652	358
Other social security costs	61	38
Other staff costs	1,308	735
Remuneration to the Board of Directors	303	269
Share-based payment	2,350	2,170
	14,199	**9,580**
Capitalised staff costs	-3,777	-1,956
	10,422	**7,624**
Average number of full-time employees	85	51

Key management remuneration

	Salary	Pensions	Share-based payment *	Total
Board of Directors	303	0	306	**609**
Executive Management	767	1	1,129	**1,897**
	1,070	**1**	**1,435**	**2,506**
Other key management personnel	1,173	69	335	**1,577**
	2,243	**70**	**1,770**	**4,083**

Other key management personnel consist of the management team, excluding the Executive Management.

** Refer to note 27 "Share-based payments" for futher details.*

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.

8. Financial income

All figures are in EUR '000

	2023	2022
Interest income, banks	3,631	976
Exchange rate adjustments	3,172	2,378
Other financial income	55	32
	6,858	**3,386**

Accounting policies

Financial income include interest, financial income with respect to debt, realised and unrealised exchange adjustments.

9. Financial expenses

All figures are in EUR '000

	2023	2022
Interest expenses, banks	12,973	9,691
Interest expenses from loans from investors	29	300
Interest expenses from lease liabilities	2,287	1,214
Exchange rate adjustments	1,075	3,287
Amortisation of capitalised financial expenses	1,335	719
Other financial expenses	2,706	957
	20,405	**16,168**

Accounting policies

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

10. Tax on profit/loss for the year

All figures are in EUR '000

	2023	2022
Current tax		
Income tax expense	-1,813	-5,088
Tax on other comprehensive income	-1,277	-4,185
	-3,090	**-9,273**
Current tax on profit for the year	-1,879	-3,598
Deferred tax	194	-1,237
Adjustment for current tax of prior periods	-57	397
Other taxes and duties	-71	-650
Income tax expense	**-1,813**	**-5,088**

	2023	2022
Tax reconciliation		
Profit/loss before tax	-7,415	11,253
Tax using the Danish corporation tax rate (22%)	1,631	-2,476
Tax rate deviations in foreign jurisdictions	-885	-836
Non-taxable income	0	1,168
Non-deductible expenses	-2,083	-960
Deferred tax asset not recognised	-428	-722
Change in recoverability of deferred tax assets	80	-725
Capitalised fees	0	-284
Other taxes and duties	-71	-650
Adjustment for current tax prior year	-57	397
Tax on profit/loss for the year	**-1,813**	**-5,088**

Other taxes and duties comprise taxes paid for tax-transparent subsidiaries as well as taxes calculated on another basis than taxable income.

Tax for the year totalled a net expense of EUR 1.8 million compared to a net expense of EUR 5.1 million last year. The effective tax rate was a negative 24% and was impacted by non-favourable deviations in tax rates across the Nordic Solar Group, impairment of tax assets and other taxes not related to income.

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 proportions 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 in 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 makes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

11. Goodwill

All figures are in EUR '000

	2023	2022
Cost 1 January	44,256	44,256
Cost 31 December	44,256	44,256
Carrying amount 31 December	**44,256**	**44,256**

Sensitivities to changes in goodwill at 31/12-2023	**Change (EURm)**
Headroom	125.8
Electricity spot price adjustment (+5%)	47.2
Electricity spot price adjustment (-5%)	-47.4
Production volume (+2.5%)	37.0
Production volume (-2.5%)	-37.2
CAPM (+1.0%)	-83.3
CAPM (-1.0%)	100.1

Management has tested the carrying amount of goodwill for impairment at 31 December 2023. 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.

For 2023, the impairment test is a discounted free cash flow to equity value-in-use calculation. The value-in-use calculation is based on a series of assumptions related to the expected future cash flows from operational solar parks and solar parks under construction.

These assumptions include future production estimates and market conditions, market prices, estimated discount rates, estimated useful lives of the projects, etc.

The income is based on the current split of revenue between merchant and fixed prices where merchant prices are based on third-party expectations. For new projects, 70% of the revenue is expected covered by a 10-year PPA. The costs are based on contracts and management expectations. We have included relevant country-specific risk related to tariff stability, interest-rate levels, average risk-free interest rate applied to reduce the volatility, etc.

The impairment test is based on budgets covering the useful economic life of each solar park project, which is estimated to 30 years. No terminal value has been included in the calculation and it has been assessed that there is no material demolition cost at the end of the useful economic life.

When calculating the recoverable amount of solar parks under construction, other material assumptions include the expected completion costs and the commissioning dates.

For 2023, the impairment tests show that the estimated recoverable amount exceeds the carrying amount.

We have performed sensitivity analyses on the most uncertain assumptions, which includes the merchant electricity prices, production volume and the used CAPM. The sensitivity range shown for merchant prices is considered reasonable based on the current forward indications. The sensitivity on production volume reflects deviations to budget, including timing of new solar parks. The CAPM sensitivity is calculated at a 1% change.

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.

12. 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	Prepayments on solar parks	Solar parks under construction	Total
Cost 1 January 2023	440,128	1,111	71,266	45,008	13,901	25,402	**596,816**
Additions during the year	23,200	929	0	21,939	8,424	94,542	**149,034**
Remeasurements during the year	19	0	0	1,867	0	35	**1,921**
Disposals during the year	-32,117	-523	0	-2,510	0	0	**-35,150**
Transfer to/from other asset type	41,977	0	0	0	-8,063	-33,914	**0**
Transferred to assets held for sale	-7,305	0	0	0	0	0	**-7,305**
Exchange rate adjustments	5,550	0	0	0	0	-11	**5,539**
Cost 31 December 2023	**471,452**	**1,517**	**71,266**	**66,304**	**14,262**	**86,054**	**710,855**
Depreciation and impairment 1 January 2023	-50,704	-622	-40,212	-6,705			**-98,243**
Depreciation for the year	-20,523	-238	-3,702	-2,581			**-27,044**
Disposals during the year	12,055	322	0	1,173			**13,550**
Transferred to assets held for sale	2,610	0	0	0			**2,610**
Exchange rate adjustments	-665	0	0	0			**-665**
Depreciation and impairment 31 December 2023	**-57,227**	**-538**	**-43,914**	**-8,113**			**-109,792**
Carrying amount 31 December 2023	**414,225**	**979**	**27,352**	**58,191**	**14,262**	**86,054**	**601,063**

Commitments 2023

	Share purchase agreements	Construction on agreements	Other	Total
0-1 year	52,204	40,680	5,877	**98,761**
1-5 years	60,807	4,664	8,384	**73,855**
	113,011	**45,344**	**14,261**	**172,616**

Our commitments related to property, plant and equipment at 31 December 2023 related mainly to share purchase agreements and construction of PV farms.

Property, plant and equipment (continued)

All figures are in EUR '000

	Solar parks	Fixtures and fittings, tools and equipment	Leased solar parks	Leased land and roof tops	Prepayments on solar parks	Solar parks under construction	Total
Cost 1 January 2022	355,556	901	56,481	39,669	362	79,946	**532,915**
Additions during the year	19,443	210	0	5,151	13,539	31,751	**70,094**
Remeasurements during the year	-3,601	0	0	-496	0	0	**-4,097**
Impairment during the year	0	0	0	0	0	-418	**-418**
Transfer to/from other asset type	70,686	0	14,785	684	0	-85,477	**678**
Exchange rate adjustments	-1,956	0	0	0	0	-400	**-2,356**
Cost 31 December 2022	**440,128**	**1,111**	**71,266**	**45,008**	**13,901**	**25,402**	**596,816**
Depreciation and impairment 1 January	-46,731	-424	-21,737	-3,952			**-72,844**
Depreciation for the year	-19,018	-198	-3,700	-2,304			**-25,220**
Remeasurements during the year	0	0	0	255			**255**
Transfer to/from other asset type	14,801	0	-14,775	-704			**-678**
Exchange rate adjustments	244	0	0	0			**244**
Depreciation and impairment 31 December 2022	**-50,704**	**-622**	**-40,212**	**-6,705**			**-98,243**
Carrying amount 31 December 2022	**389,424**	**489**	**31,054**	**38,303**	**13,901**	**25,402**	**498,573**

Commitments 2022

	Share purchase agreements	Construction on agreements	Other	Total
0-1 year	47,941	22,422	707	**71,070**
1-5 years	70,240	0	5,832	**76,072**
	118,181	**22,422**	**6,539**	**147,142**

Our commitments related to property, plant and equipment at 31 December 2022 related mainly to share purchase agreements and construction of PV farms.

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.

Remeasurements in 2023 are mainly related to remeasurement of leases.

Leases

We mainly lease land, solar parks and roof tops related to solar parks.

Right-of-use asset leases expire between year 2024-2068. In 2023, the total cash outflow for leases amounted to EUR 5,201k (2022: EUR 7,283k).

For a maturity analysis of lease liabilities, we refer to note 25 “Maturity analysis of financial assets and liabilities”.

Acquisition of solar parks

In terms of acquisition of solar parks, Management generally treats such acquisitions as an asset deal. Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities, which are inherently 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 balance sheet.

Accounting policies

Property, plant and equipment which are not leased are measured at cost less accumulated depreciation and impairment losses. Cost comprises 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 upfront payments. The subsequent measurement of right-of-use assets is 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.

13. Deferred tax

All figures are in EUR '000

	2023	2022
Deferred tax 1 January, net	7,676	13,098
Recognised in the income statement	194	-1,237
Recognised in other comprehensive income	-971	-4,185
Deferred tax 31 December	**6,899**	**7,676**
Deferred tax relates to:		
Property, plant and equipment	-4,713	-2,410
Right-of-use assets	454	227
Provisions	1,570	624
Tax loss carry forwards	2,163	1,805
Energy price swaps	1,952	4,381
Interest-rate swap	423	-1,000
Carried forward financial expenses	3,254	3,019
Borrowing costs	62	43
Warrants	1,259	745
Rental discount	287	0
Capitalised payroll costs	188	0
Other	0	242
	6,899	**7,676**
Of which, presented as deferred tax assets	12,459	12,200
Of which, presented as deferred tax liabilities	-5,560	-4,524
	6,899	**7,676**

The Group has recognised deferred tax assets totalling EUR 12,459k, of which EUR 2,163k relates to tax losses. Based on the budget and business plans for the coming years, it is expected that the tax loss will be utilised against future taxable income.

The Group has non-recognised deferred tax assets of a total of EUR 4,231k (EUR 3,802k) which relates to tax losses.

The majority of the Group's tax losses are indefinite. Poland's tax losses are definite and set to five years.

In jurisdictions where we have a history of losses, tax losses carried forward are recognised based on ongoing structuring efforts to ensure that sufficient taxable profit will be available to utilise against the tax losses. The other convincing evidence is based on Board-approved business plans and budgets, as well as sufficient taxable temporary differences against which the unused tax losses can be used.

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.

14. Other receivables

All figures are in EUR '000

	2023	2022
Swap	8,387	13,789
Other	0	2,933
Deposit	3,170	3,844
Non-current receivables	**11,557**	**20,566**
Swap	423	895
VAT	1,205	5,955
Coporation tax	874	0
Other	4,326	2,300
Deposit	155	127
Current receivables	**6,983**	**9,277**
	18,540	**29,843**

15. Trade receivables

All figures are in EUR '000

	Government	Non-government	Total
Not due yet	4,323	921	**5,244**
Between 31 and 90 days	340	308	**648**
More than 90 days	1,136	19	**1,155**
Trade receivables 31 December 2023	**5,799**	**1,248**	**7,047**

	Government	Non-government	Total
Not due yet	3,997	3,948	**7,945**
Between 31 and 90 days	1,634	25	**1,659**
More than 90 days	492	0	**492**
Trade receivables 31 December 2022	**6,123**	**3,973**	**10,096**

Trade receivables mainly consist of receivables from governments, where no credit loss is expected.

Accounting policies

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

16. Prepayments

All figures are in EUR '000

	2023	2022
Insurance	177	143
Lease payments	620	291
Other	518	331
	1,315	**765**

17. Assets held for sale

All figures are in EUR '000

	2023	2022
Additions from property, plant and equipment	4,695	0
Additions from cash	1,056	0
Additions from receivables	87	0
Carrying amount 31 December	**5,838**	**0**
Liabilities relating to assets held for sale		
Loans	3,483	0
Trade payables	14	0
Corperation tax	29	0
Other payables	54	0
Carrying amount 31 December	**3,580**	**0**

Accounting policies

Assets held for sale include solar parks for which a binding sales agreement is in place, with the transfer to the buyer anticipated within 12 months of the reporting date. Solar parks are measured at the lower of carrying amount before classification as held for sale and fair value and are recognised under current assets. Assets held for sale are not depreciated. Assets and directly related liabilities in relation to assets held for sale are recognised in separate items in the statement of financial position.

18. Share capital

All figures are in EUR '000

	2023	2022
Changes in share capital:		
Share capital 1 January	71,354	58,535
Capital increases	0	12,819
Share capital 31 December	**71,354**	**71,354**
Fees related to capital increase	0	789

The share capital consists of 21,260,107 shares of a nominal value of DKK 25.

No shares carry any special rights.

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 partial divestment of solar parks. See the detailed description in the section "The Nordic Solar model" in Management's Review.

19. Loans

All figures are in EUR '000

2023	Project and construction financing	Lease liabilities	Other loans	Investor loans	Total
Less than 1 year	13,949	6,479	25,057	720	**46,205**
Between 1-5 years	165,046	25,390	7,397	0	**197,833**
Above 5 years	118,934	50,360	2,530	0	**171,824**
	297,929	**82,229**	**34,984**	**720**	**415,862**

Average effective interest rate	5.4%
Of which, subject to a fixed interest rate	342,239
Of which, subject to a floating rate of interest	73,622

2022	Project and construction financing	Lease liabilities	Other loans	Investor loans	Total
Less than 1 year	15,470	5,788	21,500	720	**43,478**
Between 1-5 years	56,794	23,198	1,747	0	**81,739**
Above 5 years	131,438	36,956	0	0	**168,394**
	203,702	**65,942**	**23,247**	**720**	**293,611**

Average effective interest rate	4.2%
Of which, subject to a fixed interest rate	214,562
Of which, subject to a floating rate of interest	79,049

Loans (continued)

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. Other credit institutions mainly relate to overdraft facilities.

Capitalised borrowing costs of EUR 9,244k have been deducted from the carrying amount.

Leases

Lease liabilities comprise the present value of the remaining lease payments of all lease agreements.

Total interest expenses from lease liabilities amounted to EUR 1,831k.

For maturity analysis of lease liabilities, we refer to note 25 "Maturity analysis of financial assets and liabilities".

Interest exposure

The Group has fixed-rate loans totalling EUR 342,239k, of which EUR 160,803k is hedged with interest rate swaps, and floating-rate loans of EUR 73,622k.

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.

Derivatives embedded in financial liabilities which are triggered by certain events, such as additional payments related to an exit event or performance-based payments, are separated and accounted for separately when the risks of the derivative and the debt host contract are dissimilar. Such derivatives are initially measured at fair value and recognised in borrowings. The derivatives are subsequently measured at fair value through profit or loss with fair value changes recognised in financial income and expenses.

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 of the lease liabilities and interest expenses.

20. Provisions

All figures are in EUR '000

	Dismantling	Other	Total
Provision 1 January 2023	6,358	67	**6,425**
Additions during the year	1,282	2,715	**3,997**
Remeasurements during the year	53	0	**53**
Used during the year	-360	-80	**-440**
Interest element	521	0	**521**
Provision 31 December 2023	**7,854**	**2,702**	**10,556**

In 2023, the dismantling costs have been remeasured with an impact of EUR 53k.

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 at 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.

	2023	2022
The provision for dismantling is expected to be used		
Between 1-5 years	43	227
After 5 years	7,811	6,131
	7,854	**6,358**

21. Contingent liabilities

Liquid funds of EUR 40,161k are pledged as security for debt to banks of EUR 342,761k.

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

The value of those due within 12 months is EUR 1,390k whereas EUR 2,528k is due within 1-5 years and EUR 547k is due after 5 years.

The Group banks have for their loans been provided with security of EUR 456,463k in the Group's fixed assets.

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.

We are party to a number of court cases and legal dispute. In our assessment, none of these will significantly impact the Group's financial position, nither individually nor collectively.

22. Own shares

Nordic Solar did not buy or sell own shares in 2023.

At 31 December 2023, Nordic Solar A/S owned 38,858 shares worth EUR 740k, corresponding to less than 1% of the total number of shares.

23. Changes in net working capital

All figures are in EUR '000

	2023	2022
Changes in trade receivables	1,977	-630
Changes in other receivables and other prepayments	3,310	-22,734
Changes in trade payables	-3,356	9,082
Changes in other debt and deferred income	-1,080	10,462
	851	**-3,820**
Changes in trade receivables		
Changes with cash impact	1,977	-630
Changes from acquired balances	0	-9
Changes from divested balances	1,001	0
	2,978	**-639**
Changes in other receivables and prepayments		
Changes with cash impact	3,310	-22,734
Changes from divested balances	624	0
	3,934	**-22,734**
Changes in trade payables		
Changes with cash impact	-3,356	9,082
Changes from acquired balances	0	56
Changes from divested balances	-452	0
	-3,808	**9,138**
Changes in other debt and deferred income		
Changes with cash impact	-1,080	10,462
Changes in accrued interest	-259	-170
Changes in value of hedging instrument	-17,481	-7,532
	-18,820	**2,760**

24. Changes in liabilities arising from financing activities

All figures are in EUR '000

2023	Beginning of year	Proceeds from borrowings	Repayments	Non-cash changes	Year end
Project and construction financing	204,367	135,794	-15,530	-17,456	**307,175**
Lease liabilities	65,942	0	-5,201	21,487	**82,228**
Other credit institutions	27,023	7,959	-1,507	1,509	**34,984**
Borrowing costs	-4,441	-10,946	0	6,141	**-9,246**
Loans from investor	720	0	0	0	**720**
Cash flow from financial items 31 December 2023	**293,611**	**132,807**	**-22,238**	**11,681**	**415,861**

2022	Beginning of year	Proceeds from borrowings	Repayments	Non-cash changes	Year end
Project and construction financing	199,839	43,465	-39,001	64	**204,367**
Lease liabilities	67,375	0	-7,283	5,850	**65,942**
Other credit institutions, operational	9,292	23,208	-5,477	0	**27,023**
Borrowing costs	-4,298	-760	0	617	**-4,441**
Loans from investor	3,879	7,415	-10,574	0	**720**
Cash flow from financial items 31 December 2022	**276,087**	**73,328**	**-62,335**	**6,531**	**293,611**

25. 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. Management handles contracts and risk exposure in accordance with 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 Group's revenue for the coming years is partly secured by hedging revenue and the target is to secure a minimum of 65% of total production the coming 7 years. The political risk of retroactive changes to the subsidy system is reduced through diversification on a large number of countries.

Sensitivity analysis

The table below summarises the impact of increases/decreases of contracts with variable 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 in the Group are either fixed-interest loans or loans where the variable interest rate is converted to a fixed interest rate via swaps. Loans of EUR 5,988k 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 +/- EUR 60k (impact on equity EUR 47k).

Credit risks

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

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure 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 at 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 with respect to 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 a cash position of EUR 115,403k and undrawn borrowing facilities of EUR 196,686k that are available for future operating activities and for settling capital commitments.

	Impact on pre-tax profit	Impact on equity
Change in market-based electricity prices by 25%	+/- 3,587	+/- 2,798

All other variables are held constant

	Impact on pre-tax profit	Impact on equity
10% change in exchange rates EUR/GBP	+/- 113	+/- 292
10% change in exchange rates EUR/PLN	+/- 862	+/- 2,055

All other variables are held constant

Financial instruments
(Continued)

All figures are in EUR '000

2023	Less than 1 year	1-5 years	Above 5 years	Total Cash flow	Total Carrying amount
Trade receivables	7,047	0	0	**7,047**	**7,047**
Other receivables	18,540	0	0	**18,540**	**18,540**
Cash	115,403	0	0	**115,403**	**115,403**
Financial assets at amortised cost	**140,990**	**0**	**0**	**140,990**	**140,990**
Project and construction financing	37,624	283,381	142,967	**463,972**	**297,929**
Lease liabilities	6,639	26,128	51,291	**84,058**	**82,228**
Other credit institutions	25,351	8,363	3,383	**37,097**	**34,984**
Trade payables	12,026	0	0	**12,026**	**12,026**
Loans from investors	747	0	0	**747**	**720**
Other payables	32,170	0	0	**32,170**	**32,170**
Financial liabilities at amortised cost	**114,557**	**317,872**	**197,641**	**630,070**	**460,057**
Derivative financial instruments (exit payment)	0	7,182	0	**7,182**	**7,182**
Liabilities at fair value through profit and loss	**0**	**7,182**	**0**	**7,182**	**7,182**
Energy price swaps	-3,528	-3,855	-2,589	**-9,972**	**-9,972**
Interest rate swaps	198	706	-448	**456**	**456**
Fair value through other comprehensive income	**-3,330**	**-3,149**	**-3,037**	**-9,516**	**-9,516**

Financial instruments
(Continued)

All figures are in EUR '000

2022	**Less than 1 year**	**1-5 years**	**Above 5 years**	**Total** **Cash flow**	**Total** **Carrying amount**
Trade receivables	10,096	0	0	**10,096**	**10,096**
Other receivables	29,843	0	0	**29,843**	**29,843**
Cash	110,876	0	0	**110,876**	**110,876**
Financial assets at amortised cost	**150,815**	**0**	**0**	**150,815**	**150,815**
Project and construction financing	23,955	91,208	148,350	**263,513**	**203,702**
Lease liabilities	5,749	23,774	37,823	**67,346**	**65,942**
Other credit institutions	21,761	3,821	3,043	**28,625**	**23,247**
Trade payables	11,057	0	0	**11,057**	**11,057**
Loans from investors	749	0	0	**749**	**720**
Other payables	50,311	0	0	**50,311**	**50,311**
Financial liabilities at amortised cost	**113,582**	**118,803**	**189,216**	**421,601**	**354,979**
Derivative financial instruments (exit payment)	0	0	0	**0**	**0**
Liabilities at fair value through profit and loss	**0**	**0**	**0**	**0**	**0**
Energy price swaps	-2,975	-11,659	-8,527	**-23,161**	**-23,161**
Interest rate swaps	836	3,404	3,676	**7,916**	**7,916**
Fair value through other comprehensive income	**-2,139**	**-8,255**	**-4,851**	**-15,245**	**-15,245**

Financial instruments
(Continued)

Restricted cash
The cash and cash equivalents disclosed above and in the statement of cash flows include EUR 6,368k placed in restricted reserve accounts.

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's 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 following the investment in the UK, Sweden and in Poland. The currency risk is in these countries reduced by the loans corresponding to the investment. The return is therefore affected by fluctuations in the GBP, SEK 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.

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 instrument. 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 the PPA is categorised as level 2 in the fair value hierarchy as measurement is based on observable yield curves.

The Group has entered into an interest rate swap on borrowings, from a floating-rate interest to a fixed-rate interest. The interest rate swap ranges from 0.76%-5.76% in 2023 (2022: 0.58%-5.76%). 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.

Measurement and fair value hierarchy
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Recurring fair value measurements
Financial liabilities measured at fair value as level 3 include exit payment derivative amounting to EUR 7,182k at 31 December 2023 (2022: EUR 0).

For financial assets and liabilities of a short-term nature, such as trade receivables and trade payables, the carrying amount approximates their fair value. For borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates.

Exit payment derivative
The fair value of the exit payment derivative is based on the probability-weighted discounted cash flows reflecting possible triggering events, the probability and expected timing.

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 under reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss under other income or other expenses.

Financial instruments
(Continued)

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 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 under 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 forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Exit payment derivatives are based on the probability-weighted discounted cash flow reflecting possible triggering events, the probability and expected timing.

	Contract amount at year end	Positive fair value at year end	Negative fair value at year end	Remaining contract period
Interest rate swaps	120,037	6,238	5,782	01.01.2024 - 30.09.2037
Energy price swap	9,972	2,572	12,543	01.01.2024 - 14.06.2031
31 December 2023	**130,009**	**8,810**	**18,325**	

	Contract amount at year end	Positive fair value at year end	Negative fair value at year end	Remaining contract period
Interest rate swaps	250,493	11,788	3,871	01.01.2023 - 30.09.2037
Interest rate CAP	47	0	0	01.01.2023 - 31.05.2023
Energy price swap	23,162	2,896	26,058	01.01.2023 - 14.06.2031
31 December 2022	**273,702**	**14,684**	**29,929**	

Financial instruments
(Continued)

Value participation fee	**EUR '000**
Beginning of the year	0.0
Additions during the year	7,165
Fair value adjustment recognised in financial items	17
End of the year	**7,182**

Sensitivities to changes in fair value at 31/12-2023	**Change (EUR '000)**
Exit payment	7,182
Share price sensitivity (+ 10%)	695
Share price sensitivity (- 10%)	-701
Expected share price volatility (+ 10%)	-42
Expected share price volatility (- 10%)	28
Probability of pre repayment (25%)	-19
Probability of pre repayment (50%)	-65

If the assumed development in the share price deviates by +/- 10%, it reduces/increases the exiayment obligation by EUR 695/-701k.

Changing the comparison to peers by changing volatility will decrease the value by EUR 42k with a 10% increase in volatility and a EUR 28k increase with a 10% decrease in volativity.

The higher the probability of prepayment prior to maturity date, the lower the value of the exit payment. If the likelihood increases to 25% the value decreases by EUR 19k. If the likelihood increases to 50% the value decreases by EUR 65k.

The value of the exit payment is calculated based on a Monte Carlo simulation of the probability of certain share price developments, the terms of the facility agreement and assumptions related to the risk-free interest rate and the share price volatility.

26. Related parties

Related parties to the Nordic Solar Group include members of the Board of Directors and the Executive Management and main shareholders of the parent company, Nordic Solar A/S. There were no major transactions with related parties.

"Key management remuneration" is disclosed in note 7.

27. 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 the 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 2022	16.33	1,584,234
Granted during the year	19.26	91,000
Forfeited during the period	17.92	-58,486
Outstanding 1 January 2023	**16.45**	**1,616,748**
Granted during the period	20.53	178,000
Forfeited during the period	19.07	-25,454
Outstanding 31 December 2023		**1,769,294**

Fair value of warrants at the grant date	Number of warrants	Fair value EUR	Assumptions: Share price ranges EUR	Expected lifetime (years)	Volatility	Risk-free interest rate	Fair value
10 June 2021	1,552,234	6,511,630	17.30	4.50	30%	-0.43	4.20
29 December 2021	32,000	146,969	18.58	4.50	30%	-0.31	4.59
16 June 2022	46,500	248,976	19.09	4.50	30%	1.79	5.35
14 September 2022	19,500	108,039	19.68	4.50	30%	1.85	5.54
19 December 2022	25,000	144,390	19.77	4.50	30%	2.44	5.78
15 July 2023	95,500	548,576	19.19	4.50	30%	2.84	5.74
1 December 2023	82,500	532,221	22.08	4.50	30%	2.45	6.45

In 2023, costs relating to the warrant programme were recognised at EUR 2,350k (2022: EUR 2,170k).

28. Events after the reporting date

On 7 February 2024, Nordic Solar signed a closing agreement on the sale of the shares in one of the solar parks in Portugal with a capacity of 2.3 MWp and a contribution of EUR 2.7 million to EBITDA.

Other than the above, no events have occurred after the balance sheet date that will have a material impact on the parent company's or the Nordic Solar A/S Group's financial position.

29. Financial definitions

Key financial figures

EBITDA:
Operating profit before depreciation, amortisation and financial items.

EBIT:
Operating profit before financial items.

Net interest-bearing debt:
Interest-bearing debt less cash.

Capital employed:
Assets and liabilities, excluding equity, less net interest-bearing debt.

Financial ratios

Gross margin
= (Gross profit x 100)/Revenue

EBITDA margin
= (EBITDA x 100)/Revenue

EBIT margin
= (EBIT x 100)/Revenue

ROCE
= (EBIT x 100)/(Average capital employed)

Solvency ratio
= (Total equity)/(Total assets)

Book value per EUR 1 share
= (Year-end equity attributable to shareholders of Nordic Solar A/S)/(Number of shares)

30. 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%
Nordic Solar IX ApS	Gentofte, Denmark	100%
Nordic Solar X ApS	Gentofte, Denmark	100%
Nordic Solar EPC ApS	Gentofte, Denmark	100%
Nordic Solar XI ApS	Gentofte, Denmark	100%
Nordic Solar XII ApS	Gentofte, Denmark	100%
Nordic Solar XIII ApS	Gentofte, Denmark	100%
Nordic Solar XIV ApS	Gentofte, Denmark	100%
Nordic Solar XIX ApS	Gentofte, Denmark	100%
Nordic Lysabild Holding ApS	Gentofte, Denmark	100%
Nordic Solar Administration ApS	Gentofte, Denmark	100%
Nordic Butera 1 ApS	Gentofte, Denmark	100%
Nordic Butera 2 ApS	Gentofte, Denmark	100%
Nordic Gela ApS	Gentofte, Denmark	100%
Nordic Mazzarino ApS	Gentofte, Denmark	100%
Nordic Jonava 4 Holding ApS	Gentofte, Denmark	100%

Directly owned subsidiaries	Place of registered office	Votes and ownership
Nordic Svencionys Holding ApS	Gentofte, Denmark	100%
Nordic M24 Holding ApS	Gentofte, Denmark	100%
Nordic M65 Holding ApS	Gentofte, Denmark	100%
Nordic Solar BESS ApS	Gentofte, Denmark	100%
Nordic BEES Borup ApS	Gentofte, Denmark	100%
Nordic Visby Holding ApS	Gentofte, Denmark	100%
Nordic Örebro Holding Aps	Gentofte, Denmark	100%
Nordic Funbo Holding ApS	Gentofte, Denmark	100%
Nordic Hultsfred Holding ApS	Gentofte, Denmark	100%
Nordic Lindesberg Holding ApS	Gentofte, Denmark	100%
Orka Holding BVBA	Londerzeel, Belgium	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 ApS & Co. KG	Husum, Germany	100%
Polar Beteiligungs GmbH	Saarnrücken, Germany	100%
NSE Italy SRL	Florence, Italy	100%
Polish Solar North Sp. z.o.o.	Katowice, Poland	100%
Chatteris Investment Sp. z.o.o.	Katowice, Poland	100%
JupiterManeuver - SGPS, S.A.	Lisbon, Portugal	100%
Qsun 22 Sp. z.o.o.	Katowice, 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.	Katowice, 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 M65 K/S	Gentofte, Denmark	100%
GreenGo Energy M68 K/S	Gentofte, Denmark	100%
Nordic Hoejby K/S	Gentofte, Denmark	100%
Nordic Lysabild ApS	Gentofte, Denmark	100%
Nordic M24 ApS	Gentofte, Denmark	100%
Nordic M65 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%
Centrale Solaire Constantin 19 SAS	Paris, France	80%
NSE Pellegrino SRL	Florence, Italy	100%
NSE Chignolo Po SRL	Florence, Italy	100%
Ikarus PV 2 SRL	Bolzano, Italy	100%
NS Global Italy SRL	Florence, Italy	100%
Nordic Solar Administration Italy S.r.l	Firenze, Italy	100%
Solar Polska New Energy Trzecia Sp. z o.o.	Katowice, Poland	100%
Solar Polska New Energy 17 Sp. z.o.o.	Katowice, Poland	100%
Solar Polska New Energy 18 Sp. z.o.o.	Katowice, Poland	100%
Solar Polska New Energy 19 Sp. z.o.o.	Katowice, Poland	100%
Solar Polska New Energy 21 Sp. z.o.o.	Katowice, Poland	100%
Solar Polska New Energy 22 Sp. z.o.o.	Katowice, 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%
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%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
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%
NS Energy Spain SL	Denia, Spain	100%
Rixiraba Energía Solar SL	Denia, Spain	100%
NS Global Spain SL	Denia, Spain	100%
Eresma Solar, S.L.	Denia, Spain	100%
Renovables Segovia 400kV S.L.	Madrid, Spain	9%
Helios Invest Alpha S.M.P.C.	Athens, Greece	100%
Helios Invest Beta S.M.P.C.	Athens, Greece	100%
UAB Molsolar	Vilnius, Lithuania	100%
UAB Sai-Ignalina	Vilnius, Lithuania	100%
UAB PV Investment Group	Vilnius, Lithuania	100%
UAB Nordic Solar Administration Lithuania	Vilnius, Lithuania	100%
Nordic Solar Solkraft AB	Malmö, Sweden	100%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
Nordic Solar Eris AB	Malmö, Sweden	100%
Nordic Solar Opera AB	Stockholm, Sweden	100%
Nordic Solar Maple Hill AB	Stockholm, Sweden	100%
Nordic Solar Merope AB	Stockholm, Sweden	100%
Nordic Solar Tiste GmbH	Husum, Germany	100%

Parent company financial statements

Income statement

All figures are in EUR '000

	Note	2023	2022
Other operating income		16,893	11,400
Other external expenses		-4,922	-3,435
Gross profit/loss		**11,971**	**7,965**
Staff costs	2	-14,195	-9,579
Profit/loss before amortisation, depreciation and impairment losses		**-2,224**	**-1,614**
Amortisation, depreciation and impairment losses		-2,445	-2,396
Profit/loss before financial income and expenses		**-4,669**	**-4,010**
Income/loss from investments in subsidiaries	3	-14,422	3,531
Financial income	4	10,652	7,393
Financial expenses	5	-2,001	-1,508
Profit/loss before tax		**-10,440**	**5,406**
Income taxes		-1,256	-1,807
Net profit/loss for the year		**-11,696**	**3,599**
Proposed profit/loss distribution			
Proposed dividend for the year		0	9,019
Retained earnings		-11,696	-5,420
Net profit/loss for the year		**-11,696**	**3,599**

Balance sheet 31 December

All figures are in EUR '000

	Note	2023	2022
Assets			
Goodwill	6	38,724	40,937
Property, plant and equipment		3,358	315
Investments in subsidiaries	7	86,916	94,534
Receivables from subsidiaries	8	273,808	163,077
Receivables		161	2,933
Non-current financial assets	8	1,122	157
Deferred tax asset	9	1,355	699
Non-current assets		**405,444**	**302,652**
Receivables		155	24
Prepayments		324	2,622
Receivables		**479**	**2,646**
Cash		**37,050**	**42,681**
Current assets		**37,529**	**45,327**
Total assets		**442,973**	**347,979**

All figures are in EUR '000

	Note	2023	2022
Equity and liabilities			
Share capital	10	71,354	71,354
Reserve for exchange rate adjustments		-1,683	-2,354
Retained earnings		251,308	256,179
Proposed dividend for the year		0	9,019
Equity		**320,979**	**334,198**
Other credit institutions		3,577	3,769
Loans		110,383	0
Other provisions		2,459	67
Non-current liabilities		**116,419**	**3,836**
Other credit institutions		241	1,297
Shareholder loans		719	720
Trade payables		1,060	4,714
Payables to subsidiaries		2,406	2,006
Corporation tax		139	330
Other payables		1,010	878
Current liabilities		**5,575**	**9,945**
Total liabilities		**121,994**	**13,781**
Total equity and liabilities		**442,973**	**347,979**

Statement of changes in equity

All figures are in EUR '000

	Note	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed dividend	Total
Equity 1 January 2023		**71,354**	**-2,354**	**256,179**	**9,019**	**334,198**
Dividend paid		0	0	0	-9,019	**-9,019**
Value of share-based payments		0	0	2,350	0	**2,350**
Equity transactions in subsidiaries	7	0	-451	4,475	0	**4,024**
Value adjustment of equity transactions		0	1,428	0	0	**1,428**
Tax of equity transactions		0	-306	0	0	**-306**
Net profit/loss for the year		0	0	-11,696	0	**-11,696**
Equity 31 December 2023		**71,354**	**-1,683**	**251,308**	**0**	**320,979**

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 C). There are no changes in the accounting policies compared to last year. Unless otherwise indicated, the Annual Report for 2023 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.

Goodwill

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less amortisation. Goodwill is amortised over 20 years as it is the approximate remaining lifetime of the solar parks in operation at the time of the merger.

Statement of cash flows

No statement of cash flows is prepared for the parent company. Reference is made to the consolidated statement of cash flows on page 87.

2. Staff costs

All figures are in EUR '000

	2023	2022
Salaries, wages and remuneration	9,522	6,010
Pensions	652	358
Other social security costs	60	38
Other staff costs	1,308	734
Remuneration to the Board of Directors	303	269
Share-based payment	2,350	2,170
	14,195	**9,579**
Average number of full-time employees	85	51

Key management remuneration

	Salary	Pension	Share-based payment	Total
Board of Directors	303	0	306	**609**
Executive Management	767	1	1,129	**1,897**
	1,070	**1**	**1,435**	**2,506**

3. Income/loss from investments in subsidiares

All figures are in EUR '000

	2023	2022
Share of profit in subsidiaries	3,814	15,026
Share of loss in subsidiaries	-17,053	-10,333
Depreciation of revaluations	-1,183	-1,162
	-14,422	**3,531**

4. Financial income

All figures are in EUR '000

	2023	2022
Interest income	480	0
Interest income from subsidiaries	8,351	7,203
Exchange rate adjustments	1,020	178
Other financial income	801	12
	10,652	**7,393**

5. Financial expenses

All figures are in EUR '000

	2023	2022
Interest expenses	81	497
Exchange rate adjustments	706	767
Other financial expenses	1,214	244
	2,001	**1,508**

6. Goodwill

All figures are in EUR '000

	2023	2022
Cost 1 January	44,256	44,256
Addition during the year	0	0
Cost 31 December	**44,256**	**44,256**
Amortisation 1 January	-3,319	-1,106
Amortisation during the year	-2,213	-2,213
Amortisation 31 December	**-5,532**	**-3,319**
Carrying amount 31 december	**38,724**	**40,937**

7. Investments in subsidiaries

All figures are in EUR '000

	2023	2022
Cost 1 January	65,907	65,421
Additions during the year	91	486
Cost 31 December	**65,998**	**65,907**
Revaluations 1 January	174	-9,993
Exchange rate adjustment	-451	-230
Net profit/loss for the year	-13,239	4,693
Dividend to the parent company	-1,441	-4,813
Fair value adjustment of hedging instruments	4,475	11,679
Depreciation of revaluations	-1,183	-1,162
Revaluations 31 December	**-11,665**	**174**
Equity investments with negative net asset value set off against receivables	32,583	28,453
Carrying amount 31 December	**86,916**	**94,534**

8. Fixed asset investments

All figures are in EUR '000

	Receivables from subsidiaries	Other fixed asset investments
Cost 1 January 2023	191,530	155
Additions/disposals during the year	114,861	965
Cost 31 December 2023	**306,391**	**1,120**
Revaluations 1 January 2023	-28,453	2
Revaluations during the year	-4,130	0
Revaluations 31 December 2023	**-32,583**	**2**
Carrying amount 31 December 2023	**273,808**	**1,122**

9. Deferred tax

All figures are in EUR '000

	2023	2022
Deferred tax 1 January, net	699	50
Recognised in the income statement	656	649
Deferred tax 31 December	**1,355**	**699**
Deferred tax relates to:		
Property, plant and equipment	-244	-90
Borrowing costs	53	44
Tax loss carried forward	287	0
Warrants	1,259	745
	1,355	**699**
Of which, presented as deferred tax assets	1,355	699
	1,355	**699**

10. Share capital

All figures are in EUR '000

	2023	2022
Changes in share capital:		
Share capital 1 January	71,354	58,535
Additions during the year	0	12,819
Share capital 31 december	**71,354**	**71,354**
Cost of capital increases	0	789

Overview of investments in subsidiaries is presented in note 30 to the consolidated financial statements.

The share capital consists of 21,260,107 shares of a nominal value of DKK 25.

No shares carry any special rights.

11. 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 amounted to EUR 139k. Any subsequent corrections to the corporate taxes and withholding taxes can lead to another amount.

The parent company has issued letters of financial support to the relevant subsidiaries. They are limited and will expire in June 2025.

The Company's loan to NSE Flandern Group of EUR 10,329k, including accumulated interest, is subordinated NSE Flandern's loans with Triodos Bank and KBC bank of EUR 14,382k.

The Company's loan to the subsidiary NSE France SAS of EUR 663k, including accumulated interest, is subordinated NSE Frances SAS' loan with Natixis of EUR 7,255k.

The Company's loan to the subsidiary Chatteris Investments Sp. z.o.o. of EUR 1,619k, including accumulated interest, is subordinated Chatteris' loan with mBank of EUR 3,697k.

The Company's loan to the subsidiary Orka Holding BVBA of EUR 2,178k, including accumulated interest, is subordinated Orka Holding's loans with KBC bank, Triodos, BNP Paribas, Belfius and ING bank of EUR 10,330k.

The Company's loan to the group NSE Italy of EUR 1,954k, including accumulated interest, is subordinated NSE Italy's loans with Mediocredit Italiano S.p.A. and UniCredit of EUR 4,623k.

The Company's loan to the Group NS Energy I of EUR 21,055k, including accumulated interest, is subordinated NS Energy I's loan with Banco Sabadell of EUR 48,471k.

The Company's loan to Polish Solar North of EUR 4,702k, including accumulated interest, is subordinated Polish Solar North's loan with mBank of EUR 3,840k.

The Company's loan to the group Polar Beteiligung of EUR 4,524k, including accumulated interest, is subordinated Polish Solar North's loan with mBank of EUR 2,148k.

The Company's loan to K/S NSE Nees of EUR 29k, including accumulated interest, is subordinated K/S NSE Nees's loan with Vækstfonden of EUR 3,298k.

The Company's loan to K/S NSE Vollerup of EUR 57k, including accumulated interest, is subordinated K/S NSE Vollerup's loan with Vækstfonden of EUR 11,541k.

Contingent liabilities
(Continued)

The Company's loan to the group NS Energy II of EUR 13,661k, including accumulated interest, is subordinated NS Energy II's loan from a third party of EUR 10,112k.

The Company's loan to the group NS Global I of EUR 32,887k, including accumulated interest, is subordinated WS Bytow, WS Olsztynek, Polish Solar South and Energy Solar's loan with mBank of EUR 27,934k.

The Company's loan to the group NS Global II of EUR 26,578k, including accumulated interest, is subordinated Goldalqueva's loan with Sabadell of EUR 20,268k.

The Company's loan to the Group Nordic Lysabild Holding ApS of EUR 9,819k, including accumulated interest, is subordinated Lysabild's loan with Jyske Bank of EUR 16,522k.

The parent company has issued a guarantee to Sparekassen Kronjylland of EUR 31,171k concerning the construction financing loan of Nordic Hoejby K/S, Nordic Solar Opera AB and Nordic Solar Maple Hill AB.

The parent company has issued a guarantee to UAB Molsolar of EUR 27,460k concerning construction suppliers.

The parent company has issued a guarantee to Nordic Solar Opera AB of EUR 6,655k concerning construction suppliers.

The parent company has issued a guarantee to Eresma Solar S.L. of EUR 24,725k concerning construction suppliers.

The parent company has issued a guarantee to Tokio Marine of EUR 15,407k concerning the grid connection for Helios Invest Alpha S.M.P.C., Helios Invest Beta S.M.P.C. and Nordic Solar Tiste GmbH.

The parent company has issued a guarantee to SEB Lithuania of EUR 5,100k concerning the grid connection for UAB Molosolar, UAB PV Investment Group and UAB Sai-Ignalina.

The parent company has issued a guarantee to Sparkassen Kronjylland of EUR 2,039k concerning the grid connection for Nordic Solar Maple Hill AB.

The parent company has issued a guarantee to Danmarks Grønne Investeringsfond of EUR 2,760k concerning the Company's loans to K/S NSE Nees and K/S NSE Vollerup I.

Nordic Solar A/S has uncalled capital contributions of EUR 2,013 to K/S NSE Vollerup I.

Nordic Solar A/S has uncalled capital contributions of EUR 403k to K/S NSE Nees.

The company has entered a lease on office premises. At 31 December 2023, the total lease commitmant was 11,156k.

12. Own shares

Nordic Solar did not buy or sell own shares in 2023.

At 31 December 2023, Nordic Solar A/S owned 38,858 shares worth EUR 740k, corresponding to less than 1% of the total number of shares.

13. Related parties

Related parties are the Board of Directors, the Executive Management and Nordic Solar A/S' subsidiaries.

Remuneration of the Board of Directors and the Executive Management is disclosed in note 7 "Staff costs" and note 27 "Share-based payments" to the consolidated financial statements.

Our related-party transactions are made on arm's length terms.

Statement by the Management

The Board of Directors and the Executive Management team have today considered and adopted the Annual Report of Nordic Solar A/S for the financial year 1 January 2023 to 31 December 2023.

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards ("IFRS") as adopted by the European Union and further requirements in the Danish Financial Statements Act. The financial statements of the parent company, Nordic Solar A/S, have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements provide a true and fair view of the Nordic Solar Group's and the parent company's assets, liabilities and financial position at 31 December 2023 as well as of the results of the Nordic Solar Group's and the parent company's operations and the Nordic Solar Group's cash flows for the financial year 1 January 2023 to 31 December 2023.

In our opinion, the management review section of this Annual Report provides a true and fair account of the developments in the Nordic Solar Group's and the parent company's operations and financial circumstances, of the results for the year and of the overall financial position of the Nordic Solar Group and the parent company as well as a description of the most significant risks and uncertainties facing the Nordic Solar Group and the parent company. The management review section of this Annual Report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated ESG statements, as presented in the ESG section of this Annual Report, provide a reasonable, fair and balanced representation of the Nordic Solar Group's social responsibility and sustainability performance and have been prepared in accordance with the stated accounting policies.

We recommend that the Annual Report be adopted at the 2024 annual general meeting on 24 April 2024.

Hellerup, 18 March 2024

Board of Directors

Christian Sagild, Chair

Iben Mai Winsløw

Frank Schyberg

Vibeke Bak Solok

Christian Dulong Hoff

Executive Management

Nikolaj Holtet Hoff, CEO

Anders Søgaard-Jensen, CCO

Holger Bang, CIO

Independent auditor's report

To the Shareholders of Nordic Solar A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 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 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, 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 Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with IFRS Accounting 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 scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

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

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

Hellerup, 18 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Kristian Pedersen
State Authorised Public Accountant
mne35412

Chapter 08

Glossary

Glossary

Alternating current ("AC") is an electric current, which periodically reverses direction and changes its magnitude continuously with time in contrast to direct current (see: "Direct current ("DC")"), which flows only in one direction. AC is the form in which electric power is delivered to businesses and residences, and it is the form of electrical energy that consumers typically use when they plug kitchen appliances, televisions, fans and electric lamps into a wall socket.

Availability of a power plant is the amount of time that it can produce electricity over a certain period, divided by the amount of time in the period.

CAGR means "Compound annual growth rate" and defines the annualised growth rate over a number of years.

CfD means "Contract for Difference" and is a subsidy scheme which guarantees the off-taker the price difference between the market reference price and the exercise price in the contract.

COD means "Commercial Operating Date" and specifies the point in time when a solar park is producing electricity and is taken into commercial use.

Direct current ("DC") is the type of power generated from solar cells. DC is one-directional flow of electric charge. The electric current flows in a constant direction, distinguishing it from alternating current (see: "Alternating current ("AC")").

Engineering, Procurement and Construction ("EPC") is the part of our business that handles the purcase of hardware as well as the construction and installation of solar parks.

FID means "Final Investment Decision" and marks the point in time when the Board of Directors approves major investments for the construction of projects.

GWh is the abbreviation of gigawatt hour. The measure is equal to one gigawatt (one thousand megawatts (see: "MWh"), one million kilowatts (see "kWh") or one billion watts) of electricity used continuously for one hour.

Households corresponds to the number of average European households supplied with electricity, assuming a metric of 3.55 MWh used annually per household.

Irradiance is the power per unit area received from the sun in the form of electromagnetic radiation measured as kilowatt per square metre.

Irradiation is the accumulated power per unit received from the sun in the form of electromagnetic radiation measured as kilowatt-hours per square metre.

kWh is the abbreviation of kilowatt hour. The measure is equal to one kilowatt (one thousand watts) of electricity used continuously for one hour.

MWh is the abbreviation of megawatt hour. The measure is equal to one megawatt (one thousand kilowatts (see: "kWh") or one million watts) of electricity used continuously for one hour.

MWp is the abbreviation of megawatt peak, a solar power measure in the photovoltaic (see: "Solar PV") industry to describe a unit's nominal power (i.e. the capacity of solar cells, modules and systems).

NTP means "Notice to Proceed" and specifies a point in time when construction of a solar park is cleared to commence.

Operations & Maintenance ("O&M") is the part of our business that operates and maintains solar parks after they have reached the COD (see: "COD") state.

Power purchase agreement ("PPA") is an agreement between us and a buyer to purchase the power we generate and it outlines all commercial terms (price, delivery, volume, etc.).

PtX means "Power-to-X" and is a collective term for conversion technologies that turn electricity into carbon-neutral synthetic fuels, such as hydrogen, synthetic natural gas, liquid fuels or chemicals. May also be referred to as "P2X".

RTB means "Ready to Build".

Solar PV or solar photovoltaics is the conversion of light into electricity through the conversion of solar irradiance (see: "Irradiance") that is incident on a surface.

TWh is an abbreviation of terawatt hour. The measure is equal to one terawatt (one million megawatts (see: "MWh"), one billion kilowatts (see: "kWh") or one trillion watts) of electricity used continuously for one hour.

Chapter 09

Additional information

Disclaimer and cautionary statements

The Annual Report contains certain forward-looking statements, including but not limited to, the statements and expectations contained in the section “Financial outlook for 2024”. Statements herein, other than statements of historical fact, regarding our future results of operations, financial condition, cash flows, business strategy, plans and future objectives are forward-looking statements. Words such as “targets”, “ambition”, “believe”, “expect”, “aim”, “intend”, “plan”, “seek”, “will”, “may”, “should”, ”anticipate”, “continue”, “predict” or variations of these words, as well as other statements regarding matters that are not historical facts or regarding future events or prospects, constitute forward-looking statements.

Nordic Solar A/S (referred to as “Nordic Solar” or “the Company”) has based these forward-looking statements on its current views with respect to future events and financial performance. These views involve a number of risks and uncertainties, which could cause actual results to differ materially from those predicted in the forward-looking statements and from the past performance of Nordic Solar. While the Company believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect and actual results may materially differ due to a variety of factors, including, but not limited to, changes in temperature, solar irradiance, precipitation levels, the development in the power, coal, carbon, gas, oil, currency and interest rate markets, changes in legislation, regulation or standards, the renegotiation of contracts, changes in the competitive environment in the Company’s markets and reliability of supply, as well as customer-created delays affecting product installation, grid connections and other revenue-recognition factors.

All forward-looking statements contained in the Annual Report are expressively qualified by the cautionary statements contained or referred to in this statement. Undue reliance should not be placed on forward-looking statements. Additional factors that may affect future results are contained in the “Risk management” section in this Annual Report, and these factors should also be considered. Each forward-looking statement speaks only as of the date of this Annual Report. Unless required by law, Nordic Solar is under no duty and undertakes no obligation to update or revise any forward-looking statement after the distribution of this Annual Report, whether as a result of new information, future events or otherwise.

Colophon

Board of Directors
Christian Sagild, Chair
Iben Mai Winsløw
Frank Schyberg
Vibeke Bak Solok
Christian Dulong Hoff

Remuneration and Nomination Committee
Christian Sagild, Chairman
Iben Mai Winsløw
Frank Schyberg

Audit and Risk Committee
Vibeke Bak Solok, Chairman
Christian Sagild
Christian Dulong Hoff

Executive Management
Nikolaj Holtet Hoff, CEO
Anders Søgaard-Jensen, CCO
Holger Bang, CIO

Auditors
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