Nordic Solar A/S
Annual Report 2022

ANNUAL REPORTING 2022

In addition to the annual report for 2022, we have published our annual sustainability report in which you can read more about how we work with sustainability and contribute to overcoming some of the challenges faced by our society. Furthermore, our full ESG data overview is available in the sustainability report for 2022.

By publishing our sustainability report (https://nordicsolar.eu/pdf/en/sustainabilityreport2022), we comply with section 99 a of the Danish Financial Statements Act.

Our work related to gender diversity across the organisation is reported in accordance with section 99 b of the Danish Financial Statements Act on pages 37 and 38 of this annual report.

For information concerning section 99 d of the Danish Financial Statements Act, which relates to data ethics, please see page 51 of this report.

About Nordic Solar

Nordic Solar is a leading Nordic solar park developer, EPC provider and operator. Nordic Solar currently operates industrial solar parks across 12 European countries and has 359 MWp in operation with a pipeline of an additional 1,809 MWp. The company is headquartered in Hellerup, Denmark and currently employs more than 70 people. For further information about Nordic Solar, please visit www.nordicsolar.eu.

Comparative figures

Unless otherwise stated, all figures in parentheses refer to the corresponding period for the same period last year.

Presentation of the Annual Report 2022

Nordic Solar will host an online presentation on Tuesday, 4 April 2023 at 1:00pm CET. During the event, our CEO and CFO will present the annual report after which there will be a Q&A session. Registration and details for the online event can be found via the following link: https://www.inderes.dk/videos/nordic-solar-praesentation-af-arsrapporten-2022. Please note that the event will be hosted in Danish.

01

Introduction

Picture from our solar park in Lysabild, Denmark.

Nordic Solar at a glance

67
employees (end-2022)

72.4m
revenue (EUR)

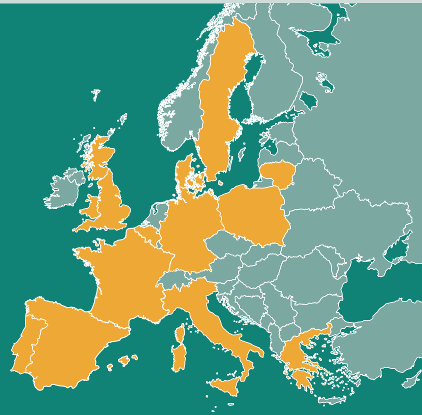
64.0%
secured revenue

Power production 2022
406.8 GWh

49.3m
EBITDA (EUR)

68.1%
EBITDA margin

Active in
12
European countries



A vision of being a leading Nordic solar company

112,000
households supplied with green power in 2022

Founded in 2010 by our current CEO

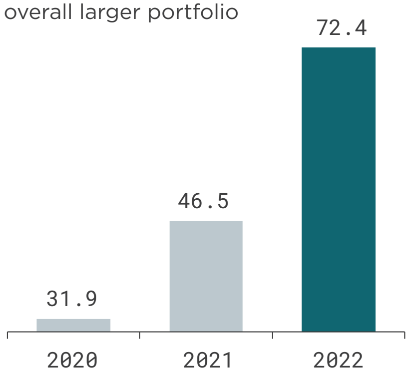
Signed project pipeline
1,809 MWp

Performance highlights 2022

REVENUE IN EUR MILLION

We saw significant revenue growth in 2022, mainly as a result of relatively higher power prices and the overall larger portfolio of operational assets.

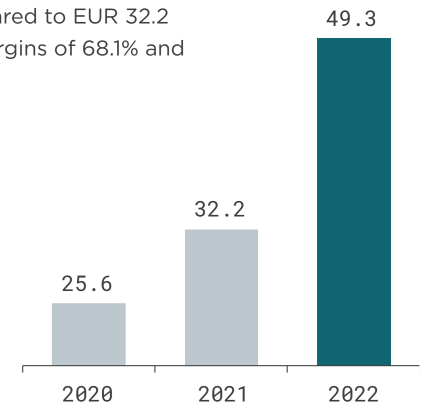
72.4



EBITDA IN EUR MILLION

EBITDA increased to EUR 49.3 million compared to EUR 32.2 million in 2021, corresponding to EBITDA margins of 68.1% and 69.4%, respectively.

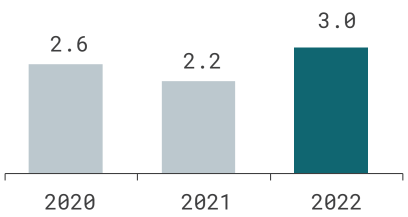
49.3



RETURN ON CAPITAL EMPLOYED (ROCE) IN PER CENT

ROCE was 3.0% for the year and was positively impacted by the strong earnings for the year and the relatively lower net interest-bearing debt, but partly offset by investments in solar parks.

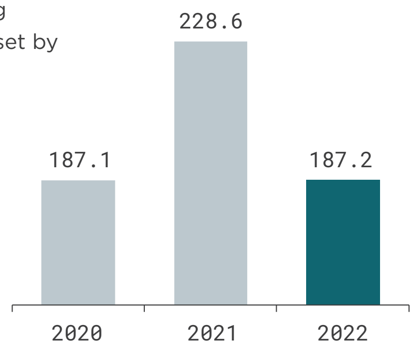
3.0%



NET INTEREST-BEARING DEBT IN EUR MILLION

Our net interest-bearing debt decreased to EUR 187.2 million, mainly as a result of the larger cash position which was driven by cash flow from operating activities and capital increases, but partly offset by investments in solar parks.

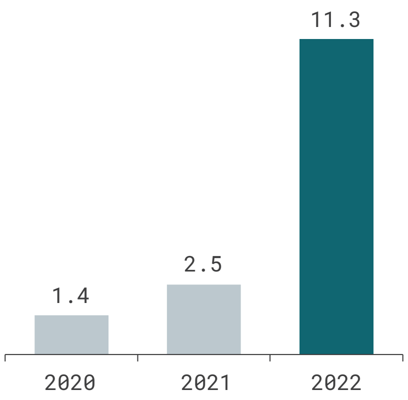
187.2



PROFIT BEFORE TAX IN EUR MILLION

Our profit before tax more than quadrupled compared to 2021, illustrating a greatly improved degree of profitability, which in large parts was driven by the relatively higher power prices in 2022 compared to 2021.

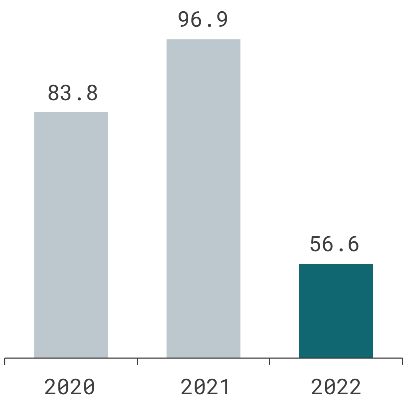
11.3



INVESTMENTS IN SOLAR PARKS IN EUR MILLION

Investments in solar parks decreased to EUR 56.6 million, mainly due to the fact that we have in large parts insourced the construction of solar parks, resulting in increased efficiency and lower costs, as well as an overall lower construction activity in the year.

56.6



Letter from the Chair and the CEO

2022 was a year of extraordinary events. The world saw its first truly global energy crisis, with far-reaching impacts on the global energy systems, including disruptions of supply and demand patterns, which caused exceptionally volatile energy markets. Despite these immense challenges, we achieved solid results—both strategically, operationally as well as financially—and we remain strongly positioned to continue our growth journey.

In 2022, revenue increased by 56%, and profitability reached new heights with EBITDA and EBIT growing by 53% and 100%, respectively, compared to 2021. Our continued strong financial performance has enabled us to continue to invest in our long-term growth strategy and the green energy transition while, at the same time, providing our shareholders with solid returns.

A YEAR CHARACTERISED BY EXTRAORDINARY MARKET CONDITIONS

The overarching theme of 2022 was undoubtedly Russia's invasion of Ukraine and the hardships and global energy market disruptions that followed. The war shed light on Europe's dependence on imported fossil fuels. To rapidly reduce the dependence on especially Russian fossil fuels and fast forward the green energy transition, the European Commission announced several plans, including the EU Solar Strategy and the updated REPowerEU plan, with solar PV described as the 'kingpin' of EU energy independence and the accelerated green transition.

During 2022, solar PV remained at the very forefront of the transition as well as the fastest growing global energy source. At the beginning of the year, we reached an impressive solar PV milestone with one terawatt of installed capacity globally. According to industry sources, this figure is expected to double in just three years.

Generally, electricity prices were high throughout most of 2022 with a declining trend towards the end of the year. To combat the relatively high prices and protect citizens, the European Commission agreed to cap the market earnings at EUR 180 per megawatt hour for certain technologies, including solar PV, from 1 December 2022 to 30 June 2023. Since the introduction of the price cap, power prices have fallen below the level of the cap, and the exact future impact is therefore unclear. In any case, the expectation of relatively lower electricity prices is reflected in our financial outlook for 2023, whether the price decline comes as a result of generally lower prices or a price cap with actual effect on financial results.

SOLAR PV TO DRIVE A SUSTAINABLE TRANSITION TO GREEN ENERGY

Climate change is more apparent than ever, and the message is clear: the world needs to significantly step up its efforts if we are to reverse the inevitable and profound effects of climate change. With more than 70% of the world's carbon emissions coming from the production and use of energy, it is key that the transition to a secure, affordable and sustainable energy system is not only continued but accelerated.

Solar PV has consistently increased its cost competitiveness over the last decade. Today, the cost of utility-scale solar PV is lower than any range of new conventional power sources. While solar PV installation costs increased in 2022 due to elevated commodity and freight prices, the competitiveness of the technology continued to improve due to much sharper increases in natural gas and coal prices. In addition, solar PV is the most easily deployed clean energy source, and continued investments in the technology thus offer clear and cost-effective opportunities to bring down global carbon emissions while at the same time reducing the cost of electricity.

The demand for solar power is constantly increasing and at a significant rate. However, with the heavy demand comes a concurrent need for suitable land. As we contribute to the build-up of green energy globally, protecting nature and biodiversity will be key to addressing the momentous difficulties arising from the growing biodiversity crisis. We are therefore very proud to have opened a new solar park in Lysabild, Denmark, which is our first solar park designed specifically with biodiversity in mind. We have also commenced construction of the solar park in Højby, Denmark, which has also been designed with a focus on biodiversity. The Lysabild and Højby solar parks will therefore set a precedent for all our existing and future solar parks in terms of the surrounding nature.

SIGNIFICANT STRIDES MADE ON OUR STRATEGIC JOURNEY

In connection with the merger of the Nordic Solar companies in June 2021, we launched a new strategy based on four strategic ambitions: implementation of the Nordic Solar model, securing continued growth, sustainability—both internally and externally—and becoming ready to pursue a potential initial public offering ("IPO"). In 2022, we made important strides as we continued our work towards meeting these strategic ambitions.

First, we have further enhanced the organisation's capabilities to maximise the value creation of each of the elements of the Nordic Solar model. We have met our target for new and signed pipeline projects and have increased our focus on the development of greenfield projects. The Operations department has been ramped up from 12 to 20 employees to accommodate the strategy of taking up a more insourced EPC role in some markets and to execute on the project pipeline. And, we have continued our work with implementing structures and processes for the partial divestment of certain assets to partly fund our growth aspirations.

These aspirations form an important foundation for the value creation of Nordic Solar, which is measured by our ability to execute on and further build upon the project pipeline. With the completion of the solar park in Lysabild, our operational portfolio increased to a total of 359 MWp. Further, our project pipeline increased by 73% to a total of 1,809 MWp, net of the completion of the construction of the solar park in Lysabild.

With regard to sustainability, we have, during 2022, focused on ensuring that we meet EU and Danish legislation, both within our own business but also across our value chain. We have identified ESG

representatives in each business area, and we have embarked on a journey to secure a cross-organisational collaboration culture, developing processes and learnings for how to measure the various ESG key performance indicators and targets for each department. Internally, we have remained focused on employee satisfaction, and we have enhanced the capabilities of the HR function to ensure sustainability and scalability of the organisation.

Since Nordic Solar was founded, it has been our ambition to pursue an IPO. The process of finding a large capital partner has been a thorough test of our IPO readiness, and we have performed due diligence investigations of the entire business. We have enhanced our investor relations capabilities and have further improved our external financial reporting, in overall quality and through the issuance of quarterly financial reports.

In any material aspect, we are now ready to pursue an IPO should we together with our shareholders decide to do so, but we recognise that there are other financing options available. The final decision will depend on what is perceived to generate long-term shareholder value.

LOOKING AHEAD

We delivered strong results in 2022—both strategically, operationally as well as financially—and we have come a long way on our path towards becoming a leading Nordic solar energy company. There is still much to be done, and we will continue to work on meeting our strategic ambitions.

In 2023, we will focus on expanding the scope and scalability of our business model. We have heightened our ambitions and now target a portfolio of 2 GWp under operational management and a 4 GWp project pipeline by the end of 2025. Within sustainability, we will continue building our foundation and working on the roadmap presented in the 2021 sustainability report, and we will also increase our efforts within HR. And finally, we will implement scalable systems and processes to manage the continued growth of both the organisation and the business in general.

THANK YOU FOR YOUR CONTINUED SUPPORT

We would like to thank our business partners, and we look forward to our continued collaboration. Together, we will continue to develop and construct efficient solar PV energy solutions so that we drive the global energy transition.

We would also like to thank our shareholders for their unstinting support. We look forward to continuing this exciting journey with you.

Finally, we would like to thank all our employees for their unflagging dedication and hard work.

CHRISTIAN SAGILD
Chair of the Board of Directors

NIKOLAJ HOLTET HOFF
Chief Executive Officer

We added 770 MWp to our project pipeline during 2022

Picture shows the bi-facial solar panels at our solar park in Lysabild, Denmark.

02

Financial outlook

Financial outlook

CHANGES TO THE FINANCIAL OUTLOOK DURING 2022

The initial outlook for 2022 was introduced on 30 March 2022 in connection with the release of the 2021 Annual Report. The guidance was based on the portfolio owned by the end of 2021.

In connection with the publication of the Interim Financial Report for Q1 2022 in June 2022, we upgraded our financial outlook as a result of relatively higher energy prices.

In September 2022, we published the Interim Financial Report H1 2022. In connection with the publication of the report, we adjusted our financial expectations for EBITDA and profit before tax, primarily as a result of higher staff costs, warrant inclusion and other costs, partly offset by a positive correction in expected interest rate payments.

In November 2022, we released the Interim Financial Report for Q3 2022 in which we maintained the financial expectations announced in September 2022.

Actual results for the full year of 2022 deviated from the latest guidance primarily as a result of lower-than-expected power prices and production in the fourth quarter. The very low production in the fourth quarter of the year was mainly the cause of relatively low irradiation and many days with significant snowfall (especially in Poland) which covered the solar panels on several occasions.

2023 FINANCIAL OUTLOOK

The financial outlook for the full year 2023 is based on the portfolio of solar parks owned as of March 2023, the assumption that electricity prices will gradually decrease through the year towards the expected average levels for 2024 as well as stable regulatory regimes.

The potential divestments of any solar park assets are not included in the financial outlook for 2023.

Based on these assumptions, we expect revenue, excluding revenue from divestments of solar parks, in the range of EUR 65 million to EUR 85 million. Further, we expect EBITDA in the range of EUR 45 million to EUR 60 million.

The expected revenue for 2023 is partly secured through the current power purchase agreements ("PPAs") and reflect 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 2023 for two key assumptions are listed in the below table:

Financial report	2021 Annual Report	Q1 2022	H1 2022	Q3 2022		2023
Date of publication	**30-Mar-22**	**23-Jun-22**	**7-Sep-22**	**25-Nov-22**	**2022 actual**	**outlook**
Revenue	62.0	75.0	75.0	75.0	72.4	65.0-85.0
EBITDA	44.0	56.0	53.0	53.0	49.3	45.0-60.0
Profit before tax	7.0	16.0	15.0	15.0	10.2	

Note: Figures in million EUR

Factors	Change	Effect on mid-point of 2023 revenue outlook	Effect on mid-point of 2023 EBITDA outlook
Electricity prices	+/- 5% (EUR per MWh)*	+/- EUR 1.5 million	+/- EUR 1.5 million
Production	+/- 1% GWh	+/- EUR 0.6 million	+/- EUR 0.6 million

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

03

Our business

Picture taken at our solar park in Vollerup, Denmark

Macro-economic growth drivers

Our business is impacted by certain structural growth drivers that transcend industries, markets and geographies. They define the framework of our business and will influence and support our growth prospects, now and in future.

CLIMATE CHANGE

More than 70% of the world's carbon emissions come from the production and use of energy. The transition to a sustainable energy system is therefore at the core of combatting climate change. With solar electricity generation expected to quadruple towards 2030 and increase its share of total renewable electricity generation to almost 40% by 2050, solar PV will be at the frontline of this transition.

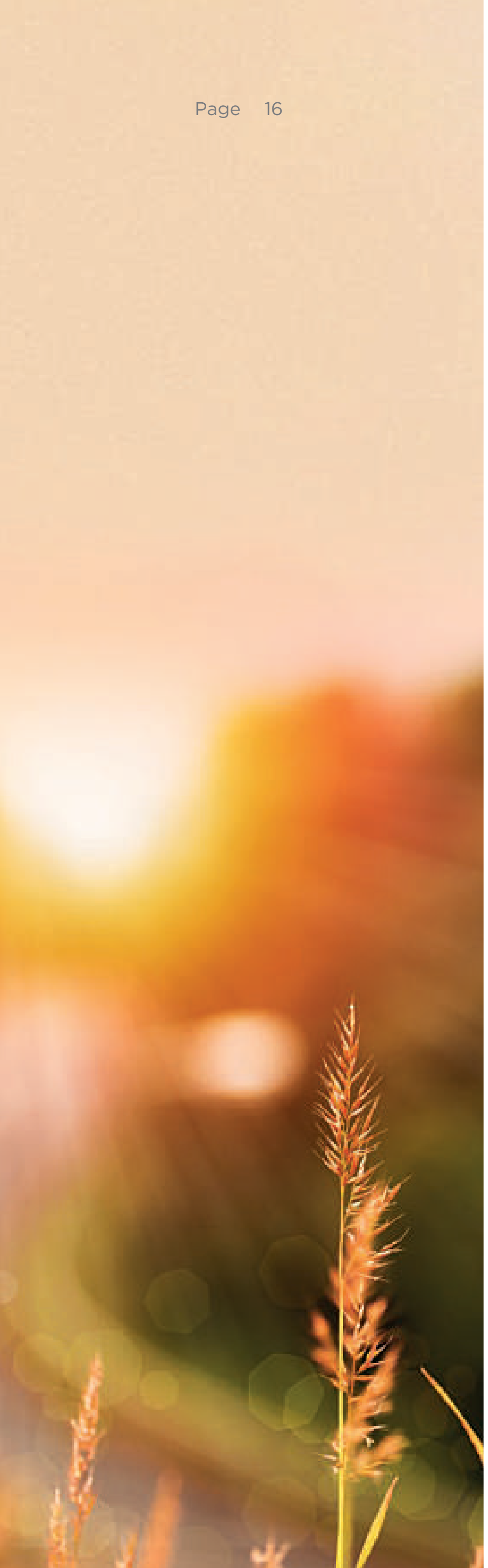
INCREASING DEMAND FOR ELECTRICITY

Global electricity demand is expected to triple towards 2050. This expectation is driven by a number of factors, including growing populations and cities, electrification of road transport, heating and cooling of buildings and industrial processes and the emergence of electrolytic hydrogen production.

GROWING POLITICAL SUPPORT AND PUBLIC INTEREST

More than 70 countries have set net-zero emission targets, covering around 75% of global emissions. In addition, global corporations are setting decarbonisation targets, seeking green solutions directly from energy providers, such as Nordic Solar.

Sources: BloombergNEF, International Energy Agency, World Energy Outlook 2022

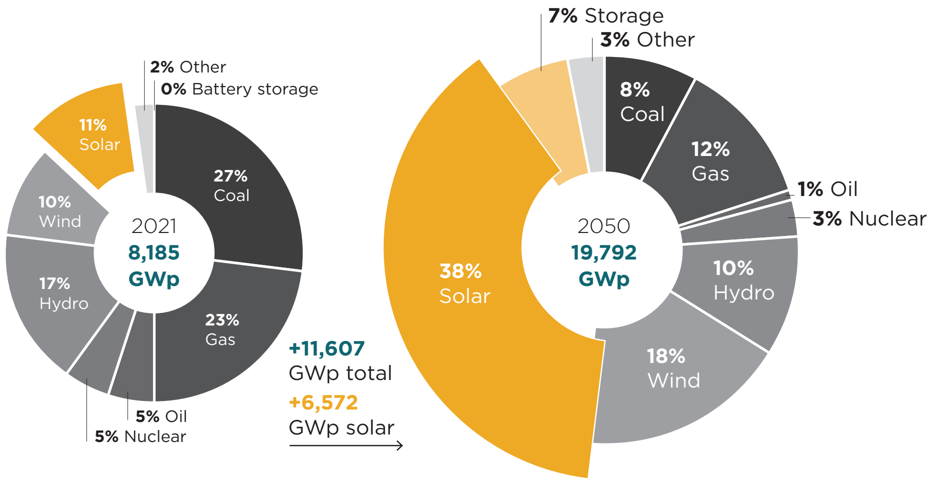


Our markets

The role of solar PV in the global energy transition is ever increasing, and the market potential for the technology is immense. Solar energy's ability to continuously improve its cost competitiveness will likely enable the technology to gain an increasingly larger market share and allow for solar PV to take a leading role in the global energy transition.

SOLAR PV TO DRIVE THE SUSTAINABLE TRANSITION TO GREEN ENERGY

Global electricity generation is expected to grow significantly towards 2030, and solar PV will take a leading role in this development. In 2021, the globally installed electricity capacity totalled close to 8,200 GWp, with solar PV accounting for approximately 11% of total capacity. Towards 2050, the globally installed electricity capacity is expected to increase by approximately 12,000 GWp, reaching a total of close to 20,000 GWp of installed capacity. Over the same period, solar PV is expected to significantly increase its share of total capacity, reaching close to 40% by 2050. Solar PV is thus projected to account for more than half of the combined growth rate in relation to the globally installed electricity capacity towards 2050.



Source: International Energy Agency, World Energy Outlook 2022

Looking closer at the solar PV development, it is expected that the technology will increase its share of the globally installed energy capacity to 25% by 2030. As mentioned, this share will have increased to almost 40% by 2050, making solar PV the largest global electricity source and account for more than half of the total capacity for renewable technologies.

Of the global solar energy market, the European market share is expected to increase from 19% in 2021 to 22% in 2026, indicating that the European market will grow faster than the global market.

The outlook for solar PV is thus very strong, and we generally see four main drivers of this development: First, an expected tripling in global electricity demand towards 2050 will drive the development. This expectation is driven by a number of factors, including growing populations and cities, electrification of road transport, heating and cooling of buildings and industrial processes and the emergence of electrolytic hydrogen production. Transportation is projected to see the fastest transition as electric vehicles increase their relative cost competitiveness, while increasing standards of living are projected to drive an increase in demand for appliances as well as heating and cooling of buildings.

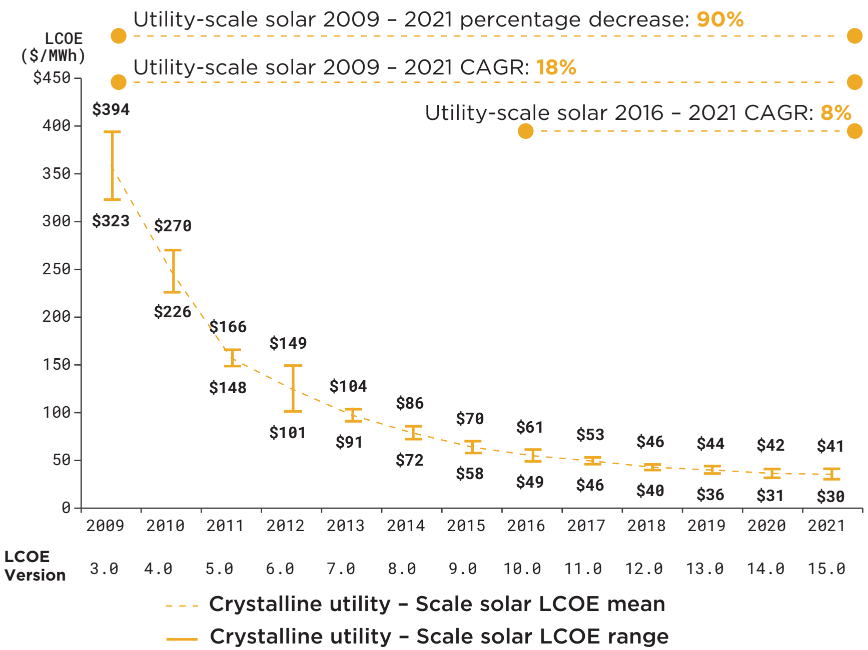
Second, renewable energy has become very cost competitive, and solar energy is now considered one of the cheapest sources of energy according to Lazard's 'Levelized Cost of Energy Analysis'. Today, the levelised cost of energy ("LCOE") for solar PV has decreased to a level that is below that of onshore wind in most geographies and well below the cost of offshore wind. Further, consistently below that of any range of new conventional power generation sources.

Third, the growing political support and public interest have clear positive impacts on the green energy sector. Most noticeable is the NextGenerationEU climate recovery plan. The recovery plan will transform the European economies by creating opportunities and jobs in a greener Europe through climate investments, corresponding to approximately EUR 800 billion.

The package focuses on mitigating the economic and social impact of the Covid-19 pandemic and making European economies and societies more sustainable and decarbonised through green investments in future-proof clean technologies, including solar PV.

And fourth, we see a tendency for professional investors to set their standards higher than formal regulations, demanding that companies in which they invest take an active part in the green energy transition. The increased focus from every side makes the transition to a cleaner future more feasible.

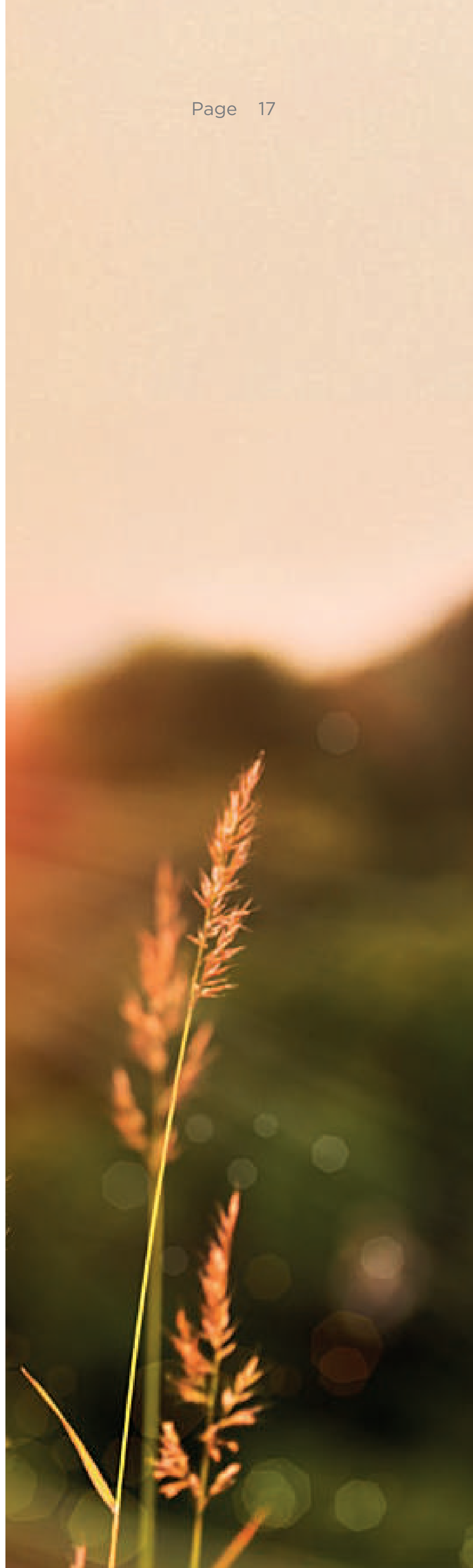
It is therefore clear that solar PV will take a leading role in the sustainable transition to a green energy system, and driven by the aforementioned factors, market opportunities for the technology will be immense.



Source: Lazard's levelized cost of energy analysis, version 15.0

THE IMPLEMENTATION OF A STORAGE OPTION HAS CLEAR BENEFITS

A precondition for solar PV becoming the primary source of electricity is the technology's ability to match the energy markets' needs. While electricity is needed around the clock, solar parks only produce electricity when the sun is shining. In addition, the electricity produced must be consumed almost immediately. Part of the solution to this issue is a diversification of the energy system by relying on several different sources of renewable energy sources, such as solar PV, wind and hydro power, if available. Another option is to ensure that electricity can be stored during periods of low demand and re-distributed to the energy market during peak periods.



Batteries provide the most advanced storage option

Battery technology used to be overly expensive and economically unviable. However, the technology has become more reliable and competitively priced, illustrated by Lazard's 'Levelized Cost of Storage Analysis', which shows that the levelised cost of storage ("LCOS") for batteries is now much more cost competitive and easier to build a business case on.

While the cost competitiveness of batteries has improved significantly, the excess battery demand, which has resulted in much higher lithium and feedstock prices, remains a key challenge for the technology. Prices remained higher for most of 2022, but the general expectations are still that the LCOS for batteries will return to a declining trend, enabling a path for batteries to become an efficient source of energy storage. Regardless of whether batteries become the prevailing storage solution, the business case of combining energy storage with solar PV remains. Studies show that the capture price of solar energy declines in the long term as the share of renewable electricity increases in the overall energy mix. The simple explanation of this development is largely supply-and-demand-driven:

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

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

In addition to the economic benefits, there are other benefits of using batteries for energy storage. Firstly, there are clear environmental benefits. This is because energy storage will provide more flexibility to the power grid, which help integrate more solar and other renewable energy sources into the energy mix, which again minimises the need for construction of new non-renewable peak power plants.

Secondly, energy storage smoothes out the delivery of variable or intermittent resources such as solar or wind by storing excess energy and delivering it when production is low. Further, in situations where demand quickly changes and flexibility is required, storage solutions support efficient delivery of electricity for inflexible baseload resources by injecting or extracting electricity to match the required loads.

Thirdly, energy storage offers reliable back-up solutions during power disruptions. The flexibility that storage options provide to the power grid can also be used to ensure uninterrupted power to consumers, whenever needed. This flexibility is critical to ensure both reliability and resilience of the power grid.

We are closely monitoring the development of batteries, especially the development in the LCOS, which is the main driver for building a sustainable business case. Several of Nordic Solar's existing grid capacities are expected to be attractive for incorporating battery storage in the future. We are currently assessing our investment cases and evaluating whether these can be improved through the introduction of energy storage to our solar parks.

Power-to-X may provide opportunities to accelerate the green energy transition

Power-to-X ("PtX") is the process of enabling indirect electrification of heavy industry, air travel and freight, marine travel and freight, trucks etc. The process is defined as the conversion of green electricity into hydrogen and subsequently, into e-fuels.

The first step is the conversion of water into hydrogen and oxygen. The process of splitting water molecules through electrolysis requires an energy source, which for PtX is mainly green electricity, such as solar PV. The generated hydrogen can then either be used as an energy source or form the basis of a refining process in which the hydrogen is combined with either nitrogen or carbon to form several other PtX fuels (collectively referred to as "e-fuels").

For instance, by adding nitrogen to hydrogen in a synthesis process, green ammonia (e-ammonia) is produced. E-ammonia can substitute fossil ammonia directly and decarbonise the agricultural sectors. By adding carbon to hydrogen in the synthesis process, e-diesel, e-methanol, e-kerosene and other substances are produced. These fuel types may directly substitute fossil fuels (e.g., in the aircraft and shipping industries).

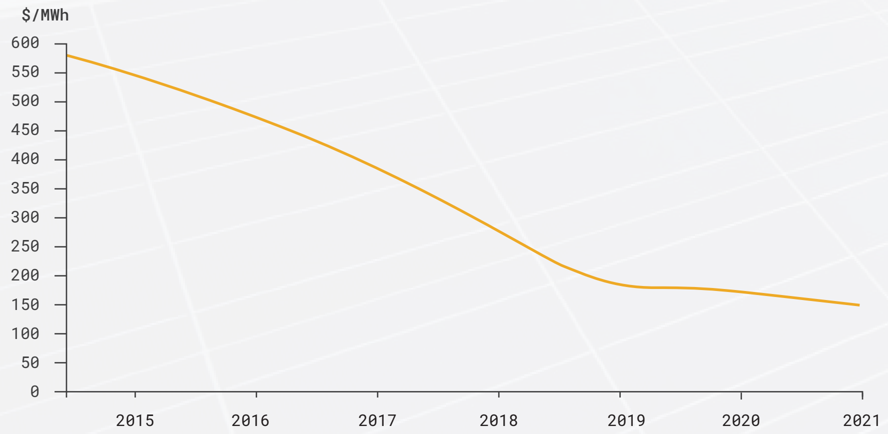
The technology is on the right track to becoming a major actor in the green transition, but it is still immature and dependent on subsidies or acceptance of higher cost prices.

In addition to the obvious environmental benefits, the introduction of e-fuels into the energy mix has several economic effects. As explained, the capture prices of solar PV are expected to decline as the share of renewable energy increases in the overall energy supply mix.

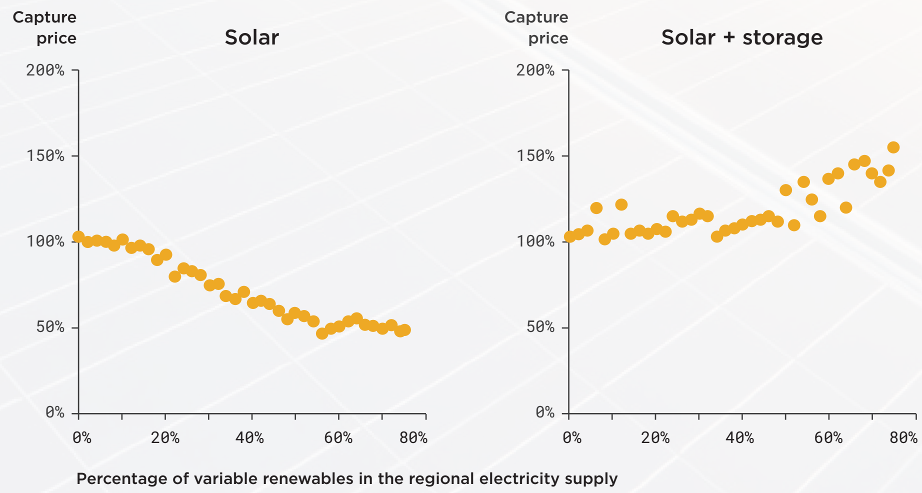
In addition to checking the market for energy storage, we are therefore closely monitoring the market for PtX, as partners within the space may become reliable off-takers of the electricity generated by our existing and future solar parks. However, we currently have no concrete agreements in place to supply electricity to PtX off-takers.

Supplying both solar electricity and e-fuels will provide a more diversified revenue stream, which may improve revenue visibility and profitability in the long term.

Levelised Cost of Storage



Solar and solar + storage capture prices



Sources: BloombergNEF, DNV Energy Transition Outlook 2022

Our strategic ambitions

Our strategy is founded on four strategic ambitions. Together, these ambitions make up our strategic growth platform as we work towards our vision of becoming the leading Nordic solar company.

THE NORDIC SOLAR MODEL

The first of our four strategic ambitions is the implementation of the Nordic Solar model. As will be described later in this report, the Nordic Solar model defines the value creation of our company and our focus in the value chain. The value creation of the Nordic Solar model is based on the value creation of development project rights to constructed, operational and financed solar parks. With a good balance of operational and development and construction 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 essential to realising our continued growth ambitions and the continued creation of shareholder value.

SECURING CONTINUED GROWTH

Over recent years, the global solar markets have experienced immense growth, unmatched by any other power generation technology, and electricity generation from solar is expected to grow at a compound annual growth rate of 17% towards 2030. It is therefore the anticipation that vast amounts of solar capacity will be installed over the coming years, providing plenty of growth opportunities to tap into for solar companies such as Nordic Solar.

Medium-term growth is to a large extent secured by the 1,809 MWp of signed project rights that are expected to reach the ready-to-build ("RTB") state during the 2023-2025 period as well as by our target of having 2,000 MWp of operational projects under management by the end of 2025. Beyond this horizon, we have set a target of having a project pipeline to be executed over the three years beyond 2025 of at least twice the size of the operational portfolio (i.e. measured in number of MWp).

IPO READINESS

Our ambition of being ready for an IPO remains, and this year, we made important strides on that journey. We have enhanced our investor relations capacities, upgraded our external reporting and put the necessary governance standards in place to match the standards of listed companies. In all materials aspects, Nordic Solar is therefore ready to pursue an IPO of its shares, if so decided. While Nordic Solar has a need for a significant amount of capital in order to execute and construct the current project pipeline and continue growing our company, it remains key to pursue the financing option creating the most value for our shareholders.

SUSTAINABILITY

The green transformation of the global energy systems is greatly accelerating and will present ever-increasing market opportunities for Nordic Solar. While generation of electricity using solar PV is inherently green, we still have the responsibility to conduct our business responsibly, both externally and internally.

We have made important strides on our sustainability journey in 2022. Key developments during the year include the identification of ESG representatives in each business area. We seek to ensure a cross-organisational collaboration culture, developing processes and learnings for how to measure the various key performance indicators ("KPIs") related to ESG and targets for each specific department. Further, we have been focusing on ensuring that we meet relevant EU and Danish legislation, both within our own company and across the value chain. This is no doubt a big task for the organisation, but we recognise that sustainability is a key part of our mission and company DNA as well as a vital and important process for the organisation and our ability to continue growing and staying competitive in the marketplace.

As mentioned, our vision is to become a leading Nordic solar energy company, and our success as we work towards this vision will greatly depend upon our ability to attract, develop and retain talented people. Our goal is to build a more sustainable organisation, and we strive for the highest levels of employee satisfaction by focusing on striking the right balance between job quality and working time quality. In doing so, we seek to match current and potential future talent with our business needs and long-term strategic ambitions.

Please see our sustainability report for 2022 for more information.

Picture taken during the construction phase of our solar park in Lysabild, Denmark

The Nordic Solar model

Buy project rights

- Invest in co-develop-ment projects
- Create a solid pipeline
- Ensure profitable growth

Build solar PV

- Construct new projects
- Act as EPC
- Direct hardware sourcing

Divest partially

- Partial divestment
- Recycle capital
- Rebalance portfolio

Operate assets

- Operational excellence
- O&M
- Sale of power

Sustainability

Reinvest proceeds

Reinvest cash flows

Dividend

Our business model

BUY DEVELOPMENT RIGHTS

Since our company was founded in 2010, we have shown a strong track record of buying and operating solar parks that were ready for operation. In 2018, we made a strategic decision to move back in the value chain by shifting our focus towards projects with a status of either co-development, RTB or greenfield development. As a result of this shift, we have managed to build a solid project pipeline securing continued growth with attractive returns, not least thanks to our team of investment professionals, engineers and project managers.

By the end of 2022, our total project pipeline amounted to 1,809 MWp, and we are targeting a pipeline of 4,000 MWp by the end of 2025.

CONSTRUCT SOLAR PARKS

In connection with the above shift in focus, we have also moved away from only investing in turn-key projects.

Today, we are a fully integrated EPC provider, meaning that we handle the full construction phase of the projects, from sourcing of hardware to planning with external construction providers. This enables a much smoother and more efficient EPC process as we are now in charge of the design and construction planning of the parks. It further increases returns as margins to contractors diminish and sourcing of hardware becomes more favourable due to our increasing project pipeline, which again enhances shareholder value.

We continuously strive for greater efficiency and innovation when constructing solar parks. One example is that we have recently developed and received a patent for a new fixed-tilt substructure design. This new design greatly improves efficiency when installing the solar panels due to fewer components and a more simple and solid design.

DIVESTMENT

We plan to either partially or fully divest shares of operational solar parks and see a number of benefits related thereto:

Firstly, divestments generate liquidity to 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 taking profits based on the relatively higher prices of assets in the operational market, which improves profitability and materialises the value creation model of Nordic Solar. Finally, divestments will balance our asset portfolio to avoid too heavy investment in operational assets.

As previously communicated, we have decided to fully divest our operational rooftop projects. This process will be carried out over the coming years and was initiated with the aim to streamline our solar park operations in line with the focus on land-based assets.

OPERATE ASSETS

We will continue to operate and perform maintenance on our portfolio of fully owned and partly owned solar parks. We will enhance efficient operations by transitioning from a more outsourced setup to an insourced analytical setup, thereby allowing our engineers to analyse the performance of the solar parks in detail.

This method will further provide our operational engineers with the necessary tools to detect operational issues and fix these with our local operation and maintenance providers. We have our own inhouse-developed solar PV monitoring sofware tool for this very purpose, which is capable of identifying underperformance down to a single string. Finally, the setup focuses on increasing the availability of all solar projects, allowing for maximum capture of solar energy.

VALUE CREATION

We create value by developing, constructing, operating and divesting solar parks across the European continent.

As a provider of green energy solutions, and as a significant contributor to the reduction of global greenhouse gas reductions, we strive to create value for both the societies in which we operate and for the planet in general.

We recognise that a successful execution of our growth strategy relies heavily on our employees, and we strive to provide them with a motivating and exciting work environment that allows them to grow professionally and to reach their potential.

Finally, we create value for our many project partners by providing them with efficient solar PV energy solutions so that we together drive the global energy transition.

Our portfolio

THE NORDIC SOLAR PORTFOLIO

We currently own and operate a 359 MWp portfolio of solar parks across nine European countries. In addition, at the end of 2022, our signed pipeline of project rights amounted to a total of 1,809 MWp to be constructed over the coming years, thereby expanding our activities to a total of 12 European countries.

The first solar park was acquired in 2010 and was located in Germany. Since then, a number of projects have been added to the portfolio, ensuring geographical diversification and greater resilience towards country-specific risks. Today, we have invested in 12 European countries and are expecting to increase this number further in the coming years. While the current portfolio is exclusively located in European countries, we remain open to expanding our operations outside of Europe.

The chart shows the geographical distribution of operational assets and assets in the project pipeline collectively referred to as our solar park portfolio. As shown in the chart, only a minor part of our solar park portfolio comprises operational assets, highlighting the value-creation potential of the signed project pipeline.

PROJECT PIPELINE

At the end of 2022, our project pipeline comprised a total of 1,809 MWp spread across seven European countries.

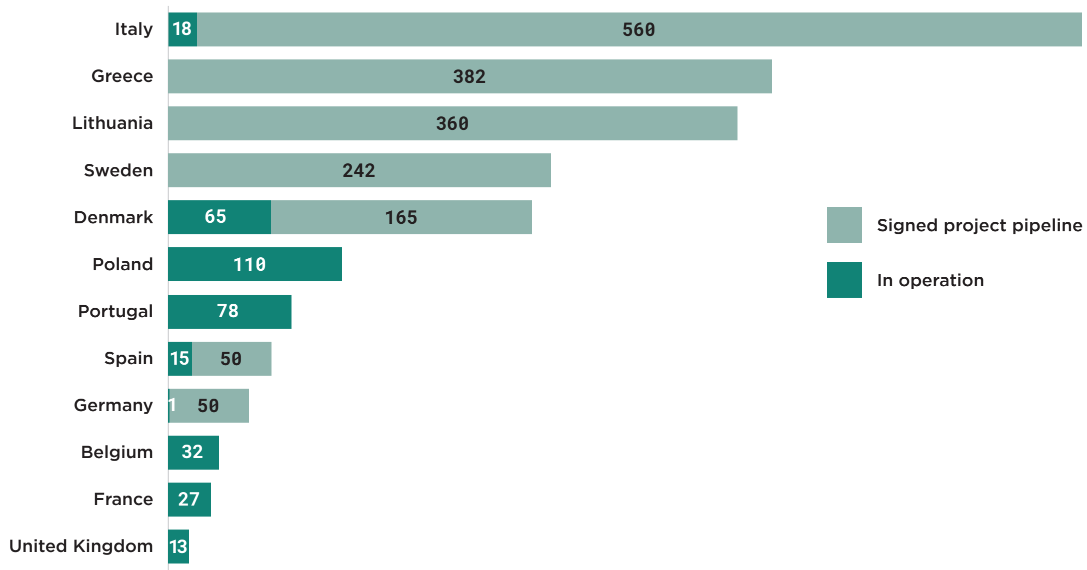
During the year, we added a total of 763 MWp to our project pipeline through the addition of projects in Denmark, Italy, Lithuania and Sweden, net of the completion of the construction of the solar park in Lysabild, Denmark.

CONSTRUCTION ACTIVITIES

During 2022, we reached an important milestone with the completion of the 33 MWp solar park in Lysabild. Further, we have taken significant steps within the development of greenfield projects as we, in early 2023, signed a major land lease agreement providing us with the rights to develop and construct a project in southern Sweden of up to 65 MWp. We expect that the development of the project will take one to two years. In the meantime, we will be exploring similar opportunities, both in Sweden and in other countries.

DIVESTMENT OF ASSETS

In line with our divestment strategy, it remains our ambition to fully divest our rooftop assets to focus the business on ground-mounted solar parks. Once the above-mentioned assets have been divested, the strategy is to fully or partly divest operational assets.

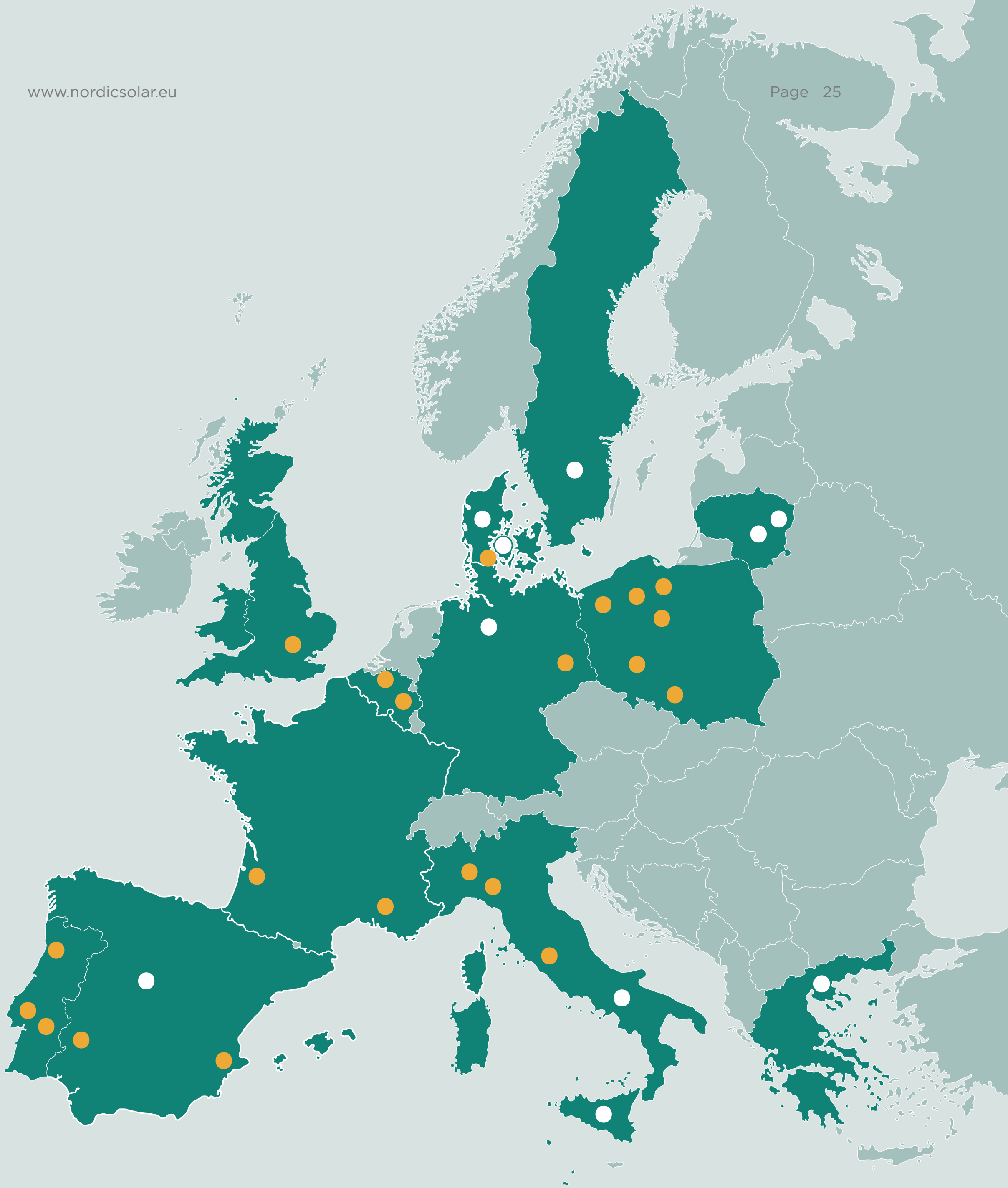


Our geographical footprint

Activities across
12 European countries

Operational portfolio of
359
MWp

Signed project pipeline of
1,809
MWp



Operational portfolio
Signed project pipeline

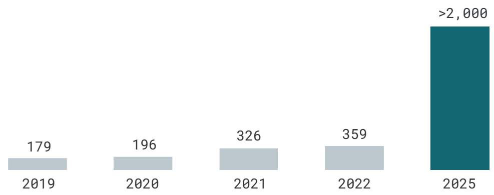
Our strategic targets

MWP IN OPERATION

Since 2019, we have doubled our number of MWp in operation. Our target is to reach at least 2,000 MWp of operational projects under management by the end of 2025, requiring a compound annual growth rate ("CAGR") of 77%.

> 2,000

MWp in operation by the end of 2025

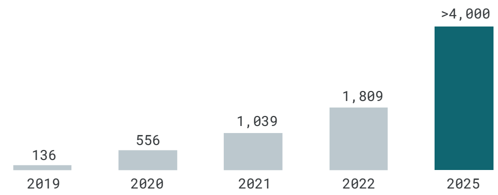


MWP IN SIGNED PIPELINE

Having a project pipeline of at least twice the size of our operational portfolio is a crucial part of our growth strategy. Since 2020, our investment team has more than tripled our project pipeline, and it has increased more than tenfold since 2019. Our target is to have a signed project pipeline of at least 4,000 MWp by the end of 2025.

>4,000

MWp in signed pipeline by the end of 2025

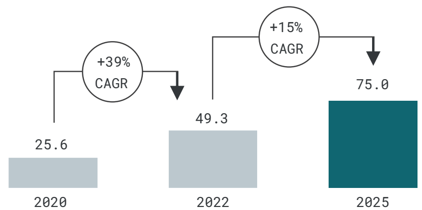


GROWTH

Since 2020, we have grown our EBITDA by a CAGR of 39% per year. Based on our medium-term strategy, our target is to increase EBITDA by a further 15% per year towards 2025 while maintaining an EBITDA margin of at least 60%. The target excludes any potential divestments of solar parks.

75m

EBITDA by 2025 (EUR) with at least 60% margin

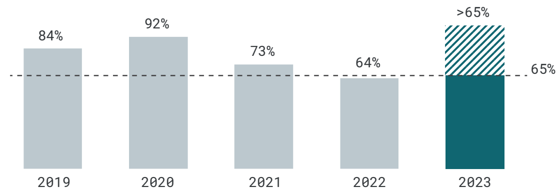


SECURED REVENUE

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

>65%

of revenue secured via FiTs or PPAs

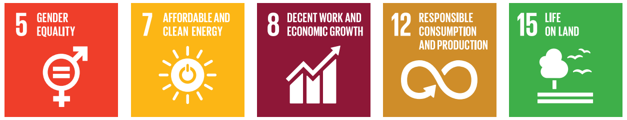


SUSTAINABILITY

Sustainability is part of our mission as well as our licence to operate, and view the matter as much more than delivering green and efficient energy solutions. We have initiated a three-year ESG project mapping of our value chain with a focus on ESG factors. We will focus our efforts on the following themes:

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

and the following Sustainable Development Goals ("SDGs"):



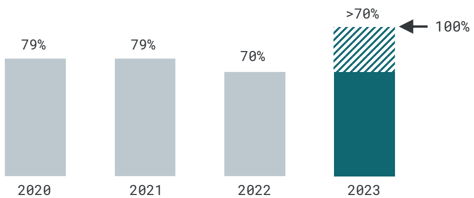
Please see our sustainability report for 2022 for further information.

EMPLOYEE SATISFACTION

Our talented and dedicated employees are the foundation upon which our achievements are built. We are well aware that employee satisfaction is crucial to attract and retain employees and, in turn, to deliver on our growth ambitions. Our target for 2023 is to increase the workplace sustainability score compared to the 2022 score.

>70%

Employee satisfaction score



Capital allocation and funding

We pursue an active growth strategy. The acquisition of project rights has created substantial value for our shareholders since Nordic Solar was founded, and we will continue to explore additional ways of growing the company further.

FINANCING STRATEGY

Executing our continued growth strategy requires a considerable amount of funding, both in the form of debt and equity. As we target a long-term solvency ratio in the range of 25% to 35% and have a current level of 48%, we need to raise more debt than equity in order to reach this target.

Historically, Nordic Solar has primarily financed its business through equity from semi-professional investors in combination with short-term construction financing and longer-term project financing. However, given the considerable capital needed over the coming years, we are exploring additional financing options.

Financing of solar parks

When a project enters the construction phase, we apply construction financing in combination with debt capital provided by a third-party financing provider through construction financing facilities.

Once the project becomes operational, the construction financing is subsequently refinanced via a longer-term, non-recourse project loan.

Divestment of solar parks

The partial divestment of our operational solar parks has become a central part of the Nordic Solar model. The aim is to rebalance the portfolio of operational assets by reducing operational activities, improving shareholder value creation and financing opportunities and reducing the external capital need.

The process of finding a capital partner

As mentioned, a large part of our financing has historically been conducted via equity capital raises. This capital raise method was discontinued as of the end of 2022.

Given the amount of capital required over the coming years, we have sought during 2022 and 2023 a strong capital partner who is ready to commit a significant amount of capital, either through debt or equity or a combination of the two, and support the potential IPO journey, which remains a key ambition.

Potential IPO of Nordic Solar

Nordic Solar wishes to secure a strong foundation for our growth journey. Since the company was founded, it has been our ambition to build a company where size and purpose would allow us to pursue an IPO of Nordic Solar's shares. We firmly believe that Nordic Solar has better growth opportunities, no matter which financing routes are being sought, if the company is IPO ready.

Generally, the ambition of being ready for an IPO remains, and in 2022, we made important strides on that journey. We have enhanced our investor relations capacities, upgraded our external reporting and put the necessary governance standards in place to match those of a listed company. Further, the process of finding a large capital partner has been a thorough test of our IPO readiness, and we have performed extensive due diligence investigations of relevant parts of the business, and, where relevant, we have changed our ways of working.

In all material aspects, Nordic Solar is ready to pursue an IPO of the company's shares, if so decided. While we identify a need for a significant amount of capital in order to execute and construct the current project pipeline and continue growing the company, it remains of key importance to pursue the financing options that create the most value for the shareholders, and we recognise that the timing needs to be right and that there are also other financing opportunities available.

CAPITAL ALLOCATION AND DIVIDEND POLICY

Our capital allocation policy is to pay out excess capital to our shareholders, taking into account 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.

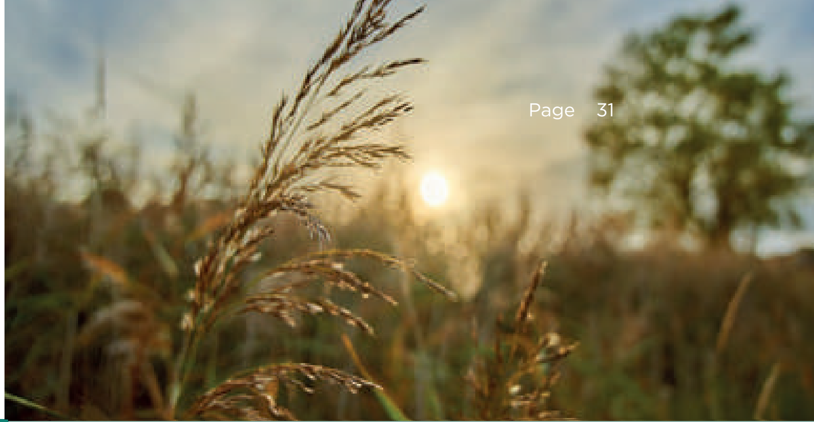
Distribution of excess capital to shareholders will take place through dividend payments, and the annual pay-out is decided based on an evaluation of the financial and market outlook, capital expenditures for continued investments in solar parks and project rights and the general expectations to cash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

For 2022, the Board of Directors proposes a dividend of DKK 3.50 per share (2021: DKK 3.50 per share), corresponding to a total dividend pay-out of EUR 9.0 million (2021: EUR 7.6 million).

04

Sustainability

* *Carbon dioxide equivalent or CO_2e means the number of metric tonnes of CO_2 emissions with the same global warming potential as one metric tonne of another greenhouse gas*



Our key figures 2022

Number of employees:

67

8 different nationalities

CO_2e savings*:

123,507 tonnes

Gender diversity on the Board of Directors:

3 men

2 women

Total MWp of solar parks:

359 MWp

Biodiversity:

28,000 m^2

Square metres with biodiversity elements

Policies implemented:

13

Location of solar parks and projects:

12 different countries in Europe

Gender diversity of the workforce:

34 men

33 women

Number of shareholders

700+

Nordic Solar's sustainability approach

In 2022, as part of the company's integrated business and sustainability strategy development process, Nordic Solar took the initial steps to develop an overarching framework for an ESG focus.

ESG: Environmental, Social and Governance areas
CO_2e: Carbon Dioxide Equivalent (drivhusgasser)
SDGs: Sustainable Development Goals (FN´s verdensmål)
SFRD: Sustainable Finance Disclosure Regulation
CSRD: Corporate Sustainability Reporting Directive
GRI: Global Reporting Initiative
PRI: Principles for Responsible Investment
SBTi: The Science-Based Targets initiative
TCFD: Task Force on Climate-related Financial Disclosures
UNGC: United Nations Global Compact
B-Corp: Certification of companies non-financial performance

OUR SUSTAINABILITY ROADMAP

Step-by-step roll-out approach

FOUNDATION - MEETING BASIC REQUIREMENTS
Creating the foundation and taking internal leadership

BEING COMPETITIVE
Top performer in the industry

LEADERSHIP
Taking industry leadership

2021

- Mapping existing efforts
- Critical focus area
- SDG mapping
- EU Taxonomy
- CO_2e basic calculation
- ESG key indicators
- Connect to PRI

BUILDING THE ESG FOUNDATION AND FIRST REPORT

2022

- Develop ESG focus areas and set goals
- Expand CO_2e assessment
- EU Taxonomy alignment assessment
- Meeting SFDR
- Prepare for meeting international frameworks TCFD, PRI, GRI and UNGC
- Strengthening partnerships
- First ESG data management system

BUILDING THE ESG BUSINESS AREA – ORGANISATION AND REPORTING TOOL

2023

- Meeting sustainability reporting requirements
- Implementation of PRI, GRI and UNGC
- Full CO_2e calculation
- IPO readiness routines and procedures
- Strengthening partnerships
- Focus area performance measurement
- Upgrade sustainability disclosure and communication platform

STRUCTURED PROCEDURES IN EACH DEPARTMENT AND REPORTING ROUTINES

2024

- Stock exchange ESG reporting
- Meeting sustainability reporting requirements
- EU Taxonomy-aligned
- Reporting against TCFD, GRI and UNGC
- External verification of ESG data
- Prepare for CSRD
- Prepare for SBTi
- Reporting carbon footprint of portfolio

FORMALISED ROUTINES BEST PRACTICE ON STANDARDS

2025-2028

- Leadership regarding climate and sustainability in the solar PV industry
- CSRD-compliant
- Innovative sustainability solutions in the solar PV industry
- SBTi commitment and target
- B-Corp registration
- Other initiatives being the Beacon of the solar PV industry

PROACTIVE INITIATIVES FOR BEST PRACTICE LIVING IN THE ORGANISATION

Key ESG initiatives in 2022

In the process of making ESG a formal business area in Nordic Solar, the company will be working systematically and methodically in 2023 to make sure that ESG will be fully integrated in all the company's procedures.

In 2021, when Nordic Solar published its first ESG report as a foundation for introducing ESG into the organisation, it outlined a staircase model showing how the company would work to implement ESG. This model has been adjusted in 2022 to reflect a more conservative timeline for how to build and launch a whole new business area. It also aims to make sure that the entire organisation is involved and engaged in developing a true ESG culture and governance, and make sure the processes and structures meet legislative requirements.

In 2022, Nordic Solar worked thoroughly with several focus areas to make them as precise, specific, transparent, tangible, and measurable as possible.

EXAMPLES OF KEY INITIATIVES IN 2022:

Expanding the Nordic Solar ESG organisation

2022 saw Nordic Solar continually expanding the ESG organisation to accommodate the ESG ambitions of the company by prioritising and allocating additional resources to this area. Nordic Solar for instance set up a steering group and ESG ambassadors representing the organisation across business areas. Nordic Solar recruited new employees for ESG reporting and communication.

Expanding focus areas across the value chain

Nordic Solar increased the number of focus areas to encompass the entire value chain and worked structurally to embed them into the entire ESG organisation. The focus areas were broken down into measurable areas with KPIs and targets to make sure all information was imported into our centralised reporting tool.

Gap analysis

Nordic Solar conducted a gap analysis to ensure that there are no gaps between the focus areas of Nordic Solar and ESG regulations. The aim of the analysis was also to look for further possibilities to go above and beyond regulations, meeting higher standards in the future.

System implementation and organisational integration

Nordic Solar built the data model on quantitative and qualitative data and took action to implement the model in the ESG backend. Also, the organisation has been involved specifically with regard to ESG ownership and responsibility to make sure we walk the talk.

Updating general material and channels meeting legislation

Nordic Solar has updated its Sustainability Policy, Investor Memorandum and website regarding sustainability in order to communicate in a transparent and accountable manner and for the company to meet the EU's ESG legislation.

Our future efforts within ESG reporting

In 2022, Nordic Solar focused on broadening the scope of relevant ESG performance indicators, increasing data transparency, and anchoring the reporting practice across the company. In the coming years, Nordic Solar will have an increased focus on strengthening the accuracy, completeness and consistency of our ESG data as it is directly linked to our decision-making processes. Continuously working to improve the quality and robustness of our ESG data is furthermore a step towards complying with the increasing regulatory requirements such as the Corporate Sustainability Reporting Directive ("CSRD") as well as enabling external assurance of our ESG data.

Nordic Solar is in the process of implementing cross-organisational data systems that can manage our ESG data so that we can continue to improve their reliability and accuracy. In addition, we will strengthen the completeness of our ESG data by systematically including relevant infor-mation on the ESG indicators. Lastly, Nordic Solar will be focusing on consistency in our ESG reporting to ensure easy comparability of the data. We are currently looking into new tools and data platforms that can support the new initiatives to strengthen the collection, documentation and controlling of our ESG data going forward.

Nordic Solar has developed an accounting practice for each reported ESG KPI, describing the data and explaining how the KPI has been calculated. The environmental, social and governance indicators cover the issues we have identified as material to Nordic Solar, in terms of importance to our business and to our stakeholders. The accounting practices applied are presented on page 48 of the sustainability report for 2022.

Members of the EPC team inspect the construction progress at our solar park in Lysabild, Denmark.

05

People and organisation

A value-driven organisation

Nordic Solar is headquartered in Hellerup, Denmark. At the end of 2022, we employed a total of 67 people from eight difference nationalities.

We rely on our ability to attract, retain and develop a highly diverse and skilled group of employees to ensure scalability of the organisation. During 2022, we introduced a middle-management layer in the organisation. By decentralising decision making in the organisation, we have increased the possibility of working across the organisation with internal stakeholders, thereby ensuring collaboration and culture development and, ultimately, meeting our goals.

OUR VISION AND CORPORATE VALUES

Nordic Solar was founded on a vision of promoting solar energy for everyone's benefit, and every process, relationship and workflow are anchored on our core values: openness, thoroughness, honesty and work-life balance.

In our fast-paced work environment, having a clear value set enables lean decision making, as the values define how we work and interact with colleagues, stakeholders and partners. Furthermore, our values provide guidance to the organisation in its daily work, ensuring that we successfully realise our strategic vision while striving to improve competences every day. We encourage decision making at every level, and we strive to be a value-driven organisation. We acknowledge the importance of providing a healthy and inspiring work environment, as we believe that this is key to achieving our strategic ambitions. We measure our ability to live by these values as our success in doing so inspires our efforts to become a leading Nordic solar company. We will continue to invest in and develop the organisation with the ambition that everyone reaches their full potential.

Management values

In addition to our four core values, we have defined a set of management values that are more explicit and specific than our core values. The reasons for defining the management values are firstly that we wish to define how the company is managed to ensure a consistent management culture across Nordic Solar today and in future. Secondly, the management values should act as guidelines for how we interact and, thirdly, they should allow us to measure our performance in relation to the management values. The eight management values are shown in the box in the top-right corner of this page.

The management values should not only be lived by the company managers but should appeal to the whole organisation. The management values are our guidance to good leadership. The values describe the principles and standards of the behaviour that shape how the management group in Nordic Solar acts, how decisions are made and how we conduct day-to-day business.

1. We take the lead.
2. We are aware of our employees and are committed to their development.
3. We trust in our employees and in each other.
4. We communicate clearly and honestly.
5. We are visible and accessible.
6. We create a workplace where it is fun to be, both professionally and socially.
7. We are loyal to joint decisions.
8. We focus on results and celebrate them.

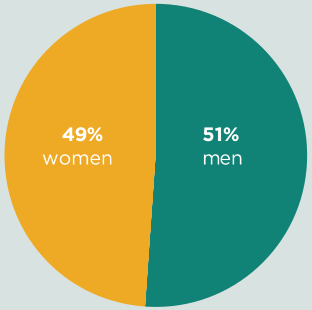
DIVERSITY IN NORDIC SOLAR

Age diversity matters a great deal when pursuing growth and innovation, and OECD has previously stated that age diversity in organisations increases the productivity of companies. Improving skill diversity naturally gives positive spillover effects on innovation and profit. We are committed to encouraging diversity, equality and inclusion amongst our workforce and to eliminating all forms of discrimination. The aim is for our workforce to be broadly represented in society, and for each individual employee to feel respected and able to fulfil their potential.

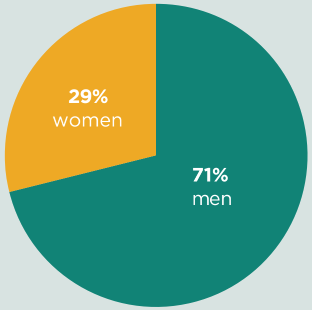
We recognise that diversity is found in any social identity, such as gender, age, culture, nationality, ethnicity, physical abilities, political and religious beliefs, sexual orientation and other attributes. To us, equality and inclusion are the processes of involving, accepting and valuing all employees according to their professional skills as demonstrated at the workplace regardless of their differences and social identity.

Gender

All of Nordic Solar

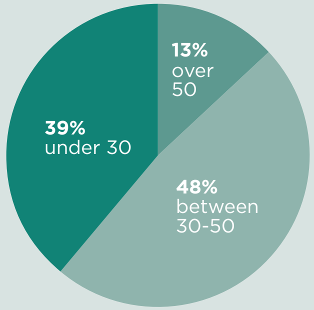


Management positions



Age

All of Nordic Solar



Nordic Solar's total workforce is composed of 49% women and 51% men. Among employees in management positions, a total of 29% are women and 71% are men. These figures include the members of the Executive Management team whose two current members are men.

We have a diverse Board of Directors with equal representation as defined under Danish law. More information about the Board of Directors can be found in the Corporate Governance section on page 48 of this report.

At the end of 2022, 39% of our 67 employees at our head office were younger than 30 years of age, while 48% and 13% were between 30 and 50 years and older than 50 years, respectively. We therefore have a fairly evenly distributed workforce in terms of age.

At the end of 2022, eight different nationalities worked at our headquarters in Denmark. We are pleased to attract skilled employees from across the world and expect this multiculturality to increase over the coming years as the company continues to grow.

Diversity policy

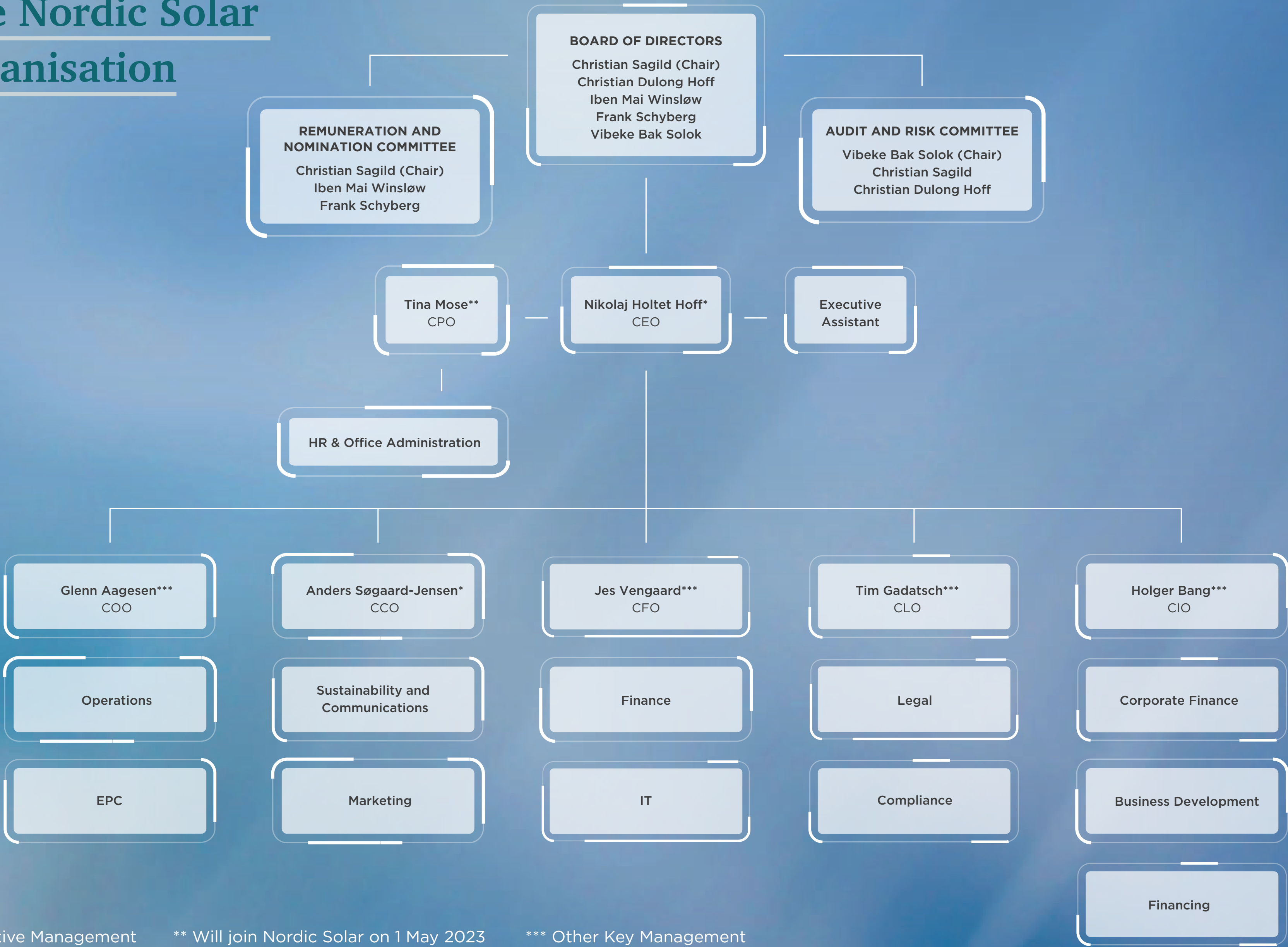
In 2022, the Board of Directors approved a diversity policy to be rolled out during 2023 with the purpose of creating a diverse company where every employee feels welcome.

Our diversity policy is founded on three core principles: firstly, we are committed to diversity across all the defined characteristics among all our employees at both management and non-management level. We consider diversity to be an important driver in helping us broaden our thinking and perspective. We strive to achieve this by ensuring a strong diversity, equality and inclusion ("DE&I") focus in the organisation and within selection and performance management processes.

Secondly, we are committed to ensuring that all employees are provided with equal opportunities and terms throughout the entire employee life cycle, be it in terms of their general working conditions, salary or career development. We strive to obtain this by having the right policies and daily practices in place and by ensuring that HR processes are designed in a way that allows managers to focus and deliver on DE&I perspectives, acknowledging and eliminating the risk of unconscious bias. We will make sure that employees are provided with equal terms, where applicable, and act upon any discrepancies that are identified within relevant areas.

Thirdly, we have zero tolerance for any kinds of discrimination, bullying and harassment, and we are committed to creating an inclusive culture free of these behaviours. Every employee should feel welcome in Nordic Solar, be comfortable with expressing themselves openly and freely and in their own voice and feel empowered to make a difference. Both managers and employees are therefore expected to demonstrate an inclusive attitude and behave in such a way that builds and fosters an inclusive culture. We therefore support and encourage the establishment of voluntary and employee-led groups that help foster a diverse and inclusive workplace. Moreover, we strive to offer flexibility in relation to employment terms wherever these can be aligned with the company's business interests and activities (e.g., through balanced remote working arrangements, part-time employment, parental leave or the like).

The Nordic Solar organisation



* Executive Management ** Will join Nordic Solar on 1 May 2023 *** Other Key Management

The Senior Management team

Nikolaj Holtet Hoff

FOUNDER AND CHIEF EXECUTIVE OFFICER (CEO)

Nikolaj has 13 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 the Executive Management team in Nordic Solar.

Anders Søgaard-Jensen

CHIEF COMMERCIAL OFFICER (CCO)

Anders has 11 years of experience with solar energy, working for Nordic Solar. Anders' capabilities cover investor relations, funding, sale, communication and marketing. Anders is a member of the Executive Management team in Nordic Solar.

Holger Bang

CHIEF INVESTMENT OFFICER (CIO)

Holger has 15 years of experience with solar energy, working as CIO at Nordic Solar and European Energy. Holger's capabilities cover solar M&A and project development, and he has been part of several multi-million euro deals across Europe.

Tim Gadatsch

CHIEF LEGAL OFFICER (CLO)

Tim has 10 years of experience with solar energy, working as CLO at Nordic Solar and Senior Legal Manager at European Energy. Tim's capabilities cover legal solar M&A, and he has been part of several multi-million euro deals across Europe.

Glenn Aagesen

CHIEF OPERATING OFFICER (COO)

Glenn has 16 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)

Jes has 9 years of experience as a CFO from positions in Nordic Solar, EjendomsInvest and M. Goldschmidt. Jes is a State Authorised Public Accountant and a former Director with PwC. Jes has capabilities within financial statements, HR, and IT.

Note: for further information about the members of the Executive Management team, please see page 59 of this report.

06 Performance

Results for 2022

INCOME STATEMENT

Revenue increased by 55.8% to EUR 72.4 million compared to EUR 46.5 million in 2021. The year-on-year increase was primarily a result of significantly higher power prices across all markets as well as a relatively larger portfolio of operational assets constituting 35.7% and 20.1% of the total increase in revenue, respectively.

Total power production increased by 72.4% to 406.8 GWh compared to 236.1 GWh in 2021, primarily as a result of the relatively larger portfolio of operational assets, a higher availability of 99.6% compared to 99.3% in 2021 as well as relatively higher average irradiation for the year, but partly offset by relatively higher temperatures in the late-summer period, which adversely impacted the performance of the operational solar parks.

Average revenue per produced MWh amounted to EUR 177.9 compared to EUR 198.8 in 2021.

Secured revenue accounted for 64.0% of total revenue for the year compared to 73.1% in 2021. The year-on-year decrease was primarily driven by increasing power prices leading to a larger share of total revenue being sold at market prices.

Direct costs increased by 37.8% to EUR 6.3 million compared to EUR 4.5 million in 2021, primarily as a result of the relatively larger portfolio of operational assets.

Other external costs increased by 48.0% to EUR 9.5 million compared to EUR 6.4 million in 2021. The year-on-year increase was, among other things, driven by the EU Commission's temporary cap on power prices and retrospective costs in Belgium related to same.

Gross profit was EUR 56.9 million compared to EUR 36.1 million in 2021, corresponding to gross margins of 78.7% and 77.7%, respectively.

EBITDA amounted to EUR 49.3 million compared to EUR 32.2 million in 2021. The year-on-year increase was primarily driven by higher revenue as a result of the relatively larger portfolio of operational solar parks and relatively higher power prices, but partly offset by higher staff costs as a result of the relatively larger organisation to support the continued growth of the company. EBITDA margins were 68.1% and 69.4% for 2022 and 2021, respectively.

Depreciation and amortisation amounted to EUR 25.3 million compared to EUR 20.2 million last year. The year-on-year increase was primarily driven by the relatively larger asset base.

EBIT amounted to EUR 24.0 million compared to EUR 12.0 million last year. EBIT margins were 33.2% and 25.9% for 2022 and 2021, respectively.

Net financial items totalled a net expense of EUR 12.8 million compared to a net expense of EUR 9.6 million last year.

Profit before tax amounted to EUR 11.3 million compared to EUR 2.5 million last year.

Tax for the year totalled a net expense of EUR 5.1 million compared to a net expense of EUR 0.9 million last year. The effective tax rate was 45.2% 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.

Profit for the year amounted to EUR 6.2 million compared to EUR 1.6 million last year.

Profit for the year is attributable to Nordic Solar A/S' shareholders by EUR 5.8 million and to non-controlling interests by EUR 0.4 million compared to EUR 1.4 million and EUR 0.2 million, respectively, last year.

Other comprehensive income amounted to an income of EUR 11.5 million compared to an expense of EUR 7.0 million last year. The year-on-year increase was primarily driven by fair value adjustment of hedging instruments, but partly offset by tax on other comprehensive income.

BALANCE SHEET AT 31 DECEMBER 2022

The balance sheet total was EUR 706.8 million at 31 December 2022 compared to EUR 592.4 million at 31 December 2021.

Net interest-bearing debt amounted to EUR 187.2 million compared to EUR 228.6 million at the end of 2021. The year-on-year decrease was primarily a result of a higher cash position of EUR 110.9 million driven by a higher free cash flow and cash flow from financing activities.

Equity totalled EUR 338.4 million compared to EUR 254.1 million at 31 December 2021. The increase since the beginning of the year was primarily driven by fair value adjustment of hedging instruments, capital increases, including related costs, and profit for the period.

Results for 2022

	2022	2021
Equity on 1 January	254,092	85,178
Profit for the period	5,123	1,552
Exchange rate adjustments regarding subsidiaries	-775	-1,189
Fair value adjustment of hedging instruments	16,466	-7,019
Tax on other comprehensive income	-4,185	1,166
Total comprehensive income for the period	16,629	-5,490
Transactions with shareholders		
Merger	0	129,384
Capital increases, including related costs	72,825	50,240
Value of share-based payments	2,170	10
Acquisition of own shares	-948	-1,344
Sale of own shares	208	1,344
Dividend paid	-7,604	-5,230
Equity on 31 December	337,372	254,092

Equity attributable to shareholders in Nordic Solar A/S amounted to EUR 337.5 million while equity attributable to non-controlling interests amounted to EUR 0.9 million.

Capital employed was EUR 888.3 million compared to EUR 705.2 million at 31 December 2021. The year-on-year increase was primarily a result of further investments in solar parks, but partly offset by the relatively lower net interest-bearing debt.

Return on capital employed ("ROCE") was 3.0% compared to 2.2% in 2021. The year-on-year increase was primarily a result of relatively higher earnings for the year and higher total equity, but partly offset by the aforementioned increase in capital employed.

CASH FLOW

Cash flow from ordinary operating activities amounted to EUR 47.6 million compared to EUR 44.5 million in 2021. The year-on-year increase was primarily a result of the relatively higher earnings for the year, partly offset by changes in net working capital, which mainly related to the merger completed in 2021.

Cash flow from operating activities amounted to EUR 32.4 million compared to EUR 33.7 million in 2021, and was adversely impacted by relatively higher net financial expenses and income taxes paid in the year.

Free cash flow from operations amounted to EUR 8.9 million compared to EUR 5.6 million in 2021. The year-on-year increase was primarily a result of the relatively higher profit for the year, relatively higher depreciation and amortisation as well as non-cash transactions under profit and loss other than depreciation, but partly offset by repayment of project-related loans.

Investments in solar parks amounted to a negative EUR 49.9 million compared to a negative EUR 96.9 million in 2021 and reflect the relatively lower construction activity in the year.

Cash flow from investing activities amounted to a negative EUR 48.7 million compared to a negative EUR 86.7 million in 2021.

Cash flow from financing activities amounted to EUR 75.5 million compared to EUR 71.0 million in 2021. The year-on-year increase was primarily driven by proceeds from borrowings to finance the growing portfolio of solar parks as well as capital increases completed during the year, but partly offset by repayment of borrowings, repayment of lease liabilities and dividends paid in the year.

MANAGEMENT REVIEW OF THE PARENT COMPANY

Profit for the year was EUR 3.6 million compared to EUR 0.3 million in 2021. The year-on-year increase of EUR 3.3 million was primarily a result of relatively higher other operating income but partly offset by significantly higher staff costs as a result of the relatively larger organisation to support the continued growth of the company.

EVENTS AFTER THE BALANCE SHEET DATE

On 5 January 2023, Nordic Solar signed an agreement to lease a plot of land in the southern part of Sweden, which includes the rights to develop and construct a 65 MWp project. The project is the first greenfield project for Nordic Solar.

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.

Five-year financial summary

All figures are in EUR '000

Key figures	2022 IFRS	2021* IFRS	2020 IFRS	2019** IFRS	2018** IFRS
Revenue	72,369	46,463	31,862	28,934	18,712
Profit before amortisation, depreciation and impairment losses (EBITDA)	49,313	32,242	25,639	23,610	15,073
Net financial items	-12,782	-9,563	-7,890	-6,696	-4,162
Profit before tax	11,253	2,450	1,398	2,427	2,197
Profit/loss for the period	6,165	1,552	94	2,148	1,509
NSE's share of profit/loss for the period	5,812	1,406	-66	2,000	1,601
Balance key figures					
Property, plant and equipment	484,672	459,709	288,540	225,061	179,214
Cash	110,876	51,741	33,791	23,389	16,817
Total assets	706,772	592,449	342,433	257,624	212,073
Equity	338,414	254,092	85,178	74,361	64,298
Investment in property, plant and equipment and right-of-use assets	56,555	94,503	83,769	41,813	68,330
Interest-bearing debt (loans)	298,052	280,338	220,868	170,145	135,193
FINANCIAL RATIOS					
EBITDA margin	68.1%	69.4%	80.5%	81.6%	80.5%
Solvency ratio	47.9%	42.9%	24.9%	28.9%	30.3%
CASH FLOW					
Profit/loss before tax	11,253	2,450	1,398	2,427	2,197
Corporation tax paid	-4,702	-1,567	-1,094	-550	-732
Non-cash transactions under profit and loss other than depreciation	4,258	350	1,877	800	271
Depreciation and impairment of property, plant and equipment	25,278	20,229	16,351	14,523	8,863
Repayment of project-related loans	-27,750	-15,872	-13,368	-12,077	-7,587
Proceeds from financing of associated companies	0	0	0	249	186
Non-controlling interests' share of free cash	558	-5	-365	-271	-45
FREE CASH FLOW FROM OPERATIONS	8,895	5,584	4,799	5,101	3,153
DIVIDEND					
Proposed dividend for the year	9,019	7,604	5,158	4,774	2,611
Dividend per share ***	0.47	0.47	0.81	0.87	0.74
Dividend per share converted at DKK 7.45 EUR/DKK	3.5	3.5	6.0	6.5	5.5

*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

Results for Q4 2022 (unaudited)

INCOME STATEMENT

Revenue decreased by 14.1% to EUR 7.4 million compared to EUR 8.6 million last year. The year-on-year decrease was primarily driven by relatively lower power prices compared to the year before, but partly offset by the overall larger portfolio of operational assets.

Total power production increased by 43.6% to 49.1 GWh compared to 34.2 GWh last year, primarily as a result of the overall larger portfolio of operational assets, but partly offset by relatively lower irradiation levels and many days with snowfall, which on several occasions covered the panels and thus adversely impacted production.

Secured revenue comprised 48.8% of total revenue for the quarter compared to 60.0% last year, primarily as a result of relatively higher market power prices leading to a larger share of total revenue being sold at market prices.

Direct cost increased by 107.7% to EUR 2.1 million compared to EUR 1.0 million in the prior year, primarily as a result of the relatively larger portfolio of operational assets.

Gross profit was EUR 2.9 million compared to EUR 6.8 million the year before, corresponding to gross margins of 39.8% and 78.6%, respectively.

EBITDA amounted to EUR 0.6 million compared to EUR 4.3 million last year. The year-on-year decrease was primarily driven by relatively lower revenue for the quarter, relatively higher staff costs due to the overall larger organisation to support the continued growth of the company as well as additional costs related to the EU Commission's temporary cap on power prices. The EBITDA margins were 8.1% and 49.9%, respectively.

Depreciation and amortisation amounted to EUR 6.8 million compared to EUR 4.4 million last year. The year-on-year increase was primarily driven by the relatively larger asset base.

EBIT amounted to a negative EUR 6.2 million compared to a negative EUR 0.1 million last year.

Net financial items totalled a net expense of EUR 2.7 million compared to a net expense of EUR 2.3 million last year.

Profit before tax amounted to a loss of EUR 8.9 million compared to a loss of EUR 2.4 million last year.

Tax for the period amounted to a net expense of EUR 0.6 million compared to a net expense of EUR 0.1 million the year before.

Profit for the period was a loss of EUR 9.5 million compared to a loss of EUR 2.4 million last year.

Profit for the period is attributable to Nordic Solar A/S' shareholders by EUR 9.2 million and to non-controlling interests by EUR 0.3 million compared to EUR 2.2 million and EUR 0.2 million, respectively, last year.

Other comprehensive income amounted to an income of EUR 0.7 million compared to an expense of EUR 6.7 million the year before. The year-on-year increase was primarily driven by fair value adjustment of hedging instruments, but partly offset by tax on other comprehensive income.

CASH FLOW

Cash flow from ordinary operating activities amounted to EUR 7.2 million compared to EUR 8.1 million last year. The year-on-year decrease was primarily a result of the relatively lower earnings for the period, but partly offset by changes in net working capital and increased depreciation and amortisation.

Cash flow from operating activities amounted to EUR 2.1 million compared to EUR 3.3 million last year. The year-on-year decrease was primarily a result of relatively higher financial expenses and income taxes paid in the period.

Cash flow from investing activities amounted to a negative EUR 14.5 million compared to a negative 15.6 million the year before. The year-on-year decrease was primarily driven by acquired cash asset deals as investments in solar parks, were on par with the level from last year.

Cash flow from financing activities amounted to EUR 16.1 million compared to EUR 15.5 million last year. The year-on-year increase was primarily driven by proceeds from borrowings, but partly offset by repayment of borrowings and repayment of lease liabilities.

Key figures for Q4 2022 (unaudited)

All figures are in EUR '000

INCOME STATEMENT	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3
Revenue	7,408	27,135	24,821	13,005	8,620	17,560
EBITDA	603	22,178	18,045	8,487	4,301	13,605
EBIT	-6,183	16,013	11,495	2,710	-111	8,293
Net financials	-2,735	-3,539	-4,196	-2,312	-2,254	-3,101
Profit before tax	-8,918	12,474	7,299	398	-2,365	5,192
Tax	-569	-2,139	-2,182	-198	-56	-719
Profit for the period	-9,487	10,335	5,117	200	-2,421	4,473
BALANCE SHEET						
Total assets	706,772	686,850	670,980	612,627	592,449	575,588
Total equity	338,414	326,435	296,303	286,651	254,092	241,532
Equity attributable to shareholders of Nordic Solar A/S	337,517	325,264	295,583	286,487	253,933	241,344
Equity attributable to non-controlling interests	897	1,171	720	164	159	188
Investment in property, plant and equipment and solar parks under construction	22,421	7,520	21,554	5,060	3,732	66,577
Interest-bearing debt	298,052	296,714	305,660	270,875	280,338	280,683
CASH FLOW						
Cash flow from ordinary operating activities	7,154	15,875	26,218	-1,614	8,139	27,633
Cash flow from operating activities	2,092	12,512	21,505	-3,753	3,311	26,676
Cash flow from financing activities	16,091	8,675	27,410	23,298	15,472	42,498
Cash flow from investing activities	-14,506	-8,850	-20,279	-5,060	-15,556	-66,577
Free cash flow from operations	-5,155	13,143	10,868	-9,961	-8,646	8,641
FINANCIAL RATIOS						
EBITDA margin	8.1%	81.7%	72.7%	65.3%	49.9%	77.5%
EBIT margin	-83.5%	59.0%	46.3%	20.8%	-1.3%	47.2%
Solvency ratio	47.9%	47.5%	44.2%	46.8%	42.9%	42.0%

07

Governance, risk and share-holders

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 our various stakeholders.

CORE VALUES

Our four core values remain the pillars of the way we conduct our business. They have been ingrained in the company since its founding. 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 People and Organisation section on pages 36 to 38 of this annual report.

GOVERNANCE STRUCTURE

Shareholders of Nordic Solar A/S exercise their rights at the general meeting, which is the supreme governing body of Nordic Solar.

Nordic Solar A/S 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.

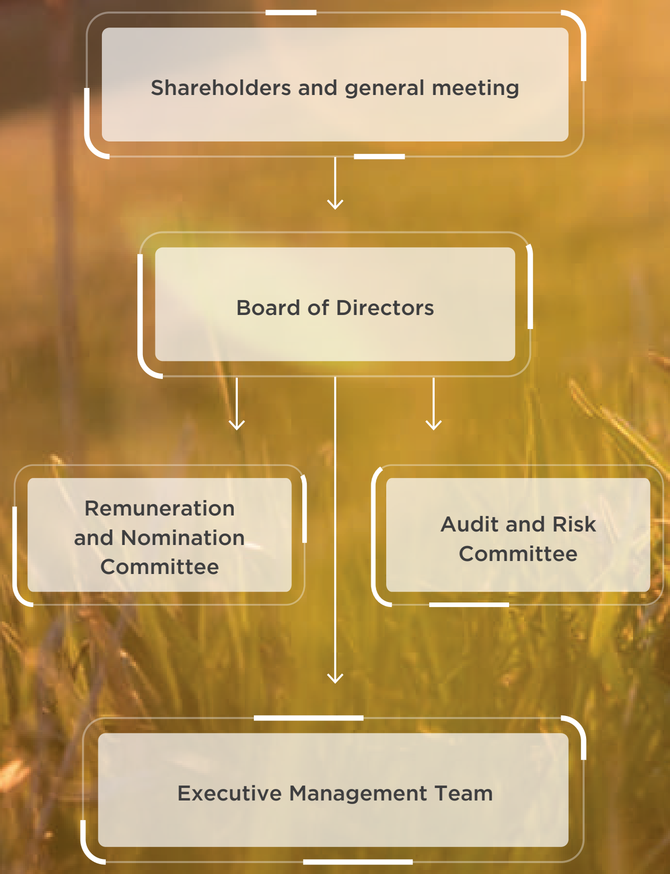
SHAREHOLDERS AND GENERAL MEETING

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 made to the company's Articles of Association, are adopted in accordance with ordinary Danish rules and regulations.

OUR CORE VALUES

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

Governance structure



General Meeting

The 2023 Annual General Meeting will be held on 26 April. The time and place will be announced in the Notice to Convene 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 General Meeting must be submitted no later than two weeks before the meeting (i.e., no later than 12 April 2023).

BOARD OF DIRECTORS

The Board of Directors must consist of three to seven members elected by the General Meeting. For the time being, our Board of Directors consists of five members, all of whom have been elected by the 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 is not 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 2022 are listed on pages 54 and 55 in this report.

We have a diverse Board of Directors, and with two female board members out of the five board members elected by the General Meeting, we have equal representation as defined under Danish law. The age of our board members spans from 52 to 63 years. Our board members have educational backgrounds within finance, economics and law and have professional experience from the insurance, law, energy, retail, executive search, accounting, commercial real estate and investment industries.

A description of the individual board members, including other executive positions, is found on pages 57 and 58 in this report. Meeting attendance during 2022 can be found in the table on the following page.

Board evaluation

The Board of Directors' annual self-evaluation procedure for 2022 was managed by an external company. Each board member provided answers to a 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 can be characterised by a high degree of trust, commitment and communication.

Based on the evaluation, the external company provided 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 external requirements for the Board of Directors in connection with a possible IPO of Nordic Solar.

The feedback received from the external company resulted in the conclusion that the collective competences 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 the 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 26 April 2023.

Board Committees

Following the 2022 ordinary general meeting, the Board of Directors terminated the former Investment Committee and appointed two new committees from among its members: an Audit and Risk Committee and a Remuneration and Nomination Committee. These

Overview of committee members

Board member	Remuneration and Nomination Committee	Audit and Risk Committee
Christian Sagild (Chair)	●	○
Iben Mai Winsløw	○	
Frank Schyberg	○	
Vibeke Bak Solok		●
Christian Dulong Hoff		○

● = Chair ○ = Member

Overview of attendance rates for meetings in 2022

MEETING ATTENDANCE

Board member	Board of Directors		Remuneration and Nomination Committee	Audit and Risk Committee
	Ordinary	Extraordinary		
Christian Sagild (Chair)	8/8	4/4	2/2	3/3
Iben Mai Winsløw	8/8	4/4	2/2	
Frank Schyberg	8/8	4/4	2/2	
Vibeke Bak Solok	8/8	4/4		3/3
Christian Dulong Hoff	8/8	4/4		3/3
Total attendance rate	**100%**	**100%**	**100%**	**100%**

Picture taken at our solar park in Lysabild, Denmark.

committees assist the Board of Directors within 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 the purposes of the Audit and Risk Committee, including, but not limited to, financial accounting, capital and liquidity planning, financial reporting, systems of internal control and risk management, external audit of the annual report, tax exposure, identification and reporting of risks covering liquidity, accounting and strategic risks, Nordic Solar's whistle-blower scheme and reporting on any whistle-blower cases to the Board of Directors and other activities delegated to the Audit and Risk Committee by the Board of Directors.

The Audit and Risk Committee must meet as often as is deemed appropriate and necessary and at least prior to the publication of an external financial report. In addition, the Audit and Risk Committee plans to meet with Nordic Solar's external auditor at least once a year.

Most 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 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 the areas of the purposes of the Remuneration and Nomination Committee, including, but not limited to, recommendations regarding the company's remuneration policy and general incentive programme guidelines, monitoring compliance with said remuneration policy and assisting 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.

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.

Most members of the Remuneration and Nominations Committee are to be considered independent as defined in the Danish Corporate Governance Recommendations applicable from time to time.

DATA ETHICS

The overall objective of our Data Ethics Policy is to establish the high standards for data ethics that we wish to adhere to and to emphasise our commitment to a responsible and sustainable collection, processing, use, sharing and deletion of data.

We strive 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.

We are 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 corporate website via the following link: https://nordicsolar.eu/pdf/en/dataethicspolicy.

ANTI-CORRUPTION AND BRIBERY

Nordic Solar has zero tolerance for corruption or bribery, or anything that could be perceived as such. Corruption and bribery can damage trust and is inconsistent with our commitment to 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.

Our Code of Conduct represents the backbone of our culture and behaviour characteristic of Nordic Solar. We believe that transparency in business involves openness, honesty, integrity and strong ethical behaviour. Through ethical decision-making and strong guiding principles, our Code of Conduct is designed to support our mission: “To make everyone benefit from solar energy” and to become a leading Nordic solar company.

We expect our employees to speak up and report ethical concerns, so that we continue to earn and maintain the trust of our stakeholders and society as a whole. Our Code of Conduct underlines that we build trust through openness, which requires that we speak up when things are wrong or do not work.

In addition, our whistle-blower scheme is a supplement to the ordinary communication channels in Nordic Solar. The programme is specifically intended to encourage and foster a “speak-up” culture and to report any breaches of law, regulation and other serious matters. Any reports will be processed anonymously and with confidentiality and is handled through a third-party whistle-blower system. In 2022, we had zero reported cases.

In 2022, our Board of Directors signed a new Financial Crime Policy. The purpose of the policy is to define the overall principles for how to prevent money laundering and terrorist financing. The policy also helps to ensure that we comply with the applicable legal requirements in the area.

Annual assessments will be carried out to confirm that all employees are familiar with our policy and its content. Assessments can take place at internal meetings, either department by department or collectively for the entire organisation, and in the form of presentations, trainings etc.

HUMAN RIGHTS

We believe that all people deserve to be treated with dignity and respect and recognise the importance of protecting human rights. We respect workers’ rights, including but not limited to equal opportunity and freedom from discrimination. Nordic Solar supports global human labour rights and does not tolerate disrespectful treatment, discrimination or harassment of employees, stakeholders, subcontractors, business partners etc.

Our highest risk concerning human rights breaches is in our interactions with 3rd parties. We have continued focus on mitigating this risk by requiring and including rights and guidelines in our construction contracts. In 2022, we received zero reports on breaches concerning human rights related to our activities.

For 2022 and the coming years, Nordic Solar will continue its focus on human rights by initiating as well as evaluating the need for further initiatives to enforce human rights, equality and embrace diversity within the company.

We have in 2022 signed our new Diversity, Equality and Inclusion policy to help us foster a more diverse and inclusive culture and at the same time protect human rights. All managers at Nordic Solar are dedicated to raising awareness of the importance of diversity, equality, and inclusion. More information about the policy can be found in the annual report for 2022.

At department level, managers will, with the support of the Executive Management team, guarantee operational focus, development and delivery on the agenda.

Key matters transacted by the Board of Directors in 2022

(including, but not limited to)

- 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 expansion of our portfolio of solar parks.
- Reviewed group-wide policies.
- Conducted the annual board evaluation and followed up on recommendations and actions provided by the external company managing the evaluation.
- Reviewed documents governing the Board of Directors and its committees as well as guidelines for the Executive Management team.
- Evaluated the 2022 general meeting.
- Provided feedback on the annual, half-year and quarterly financial reports.
- Introduced input and guidance on the development of the Nordic Solar organisation.
- Made decisions related to the long-term financing of Nordic Solar, including guidance on the ongoing process of finding a capital shareholder.

Key matters transacted by the Board Committees in 2022

(including, but 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.
- Meetings with the company's independent auditor to align on the audit schedule for 2022.
- Review of the company's IT security policy.

THE REMUNERATION AND NOMINATION COMMITTEE

- Reviewed and assessed the composition, succession planning, competences and diversity of the Board of Directors.
- Reviewed and proposed executive remuneration.
- Ensuring that actual executive remuneration is in compliance with the established remuneration policy and the review of the individual member's performance.
- Proposed fees for the members of the Board of Directors.
- Reviewed the company's remuneration policy.
- Defined the company's diversity policy.

BOARD OF DIRECTORS

From the left Christian Dulong Hoff, Vibeke Bak Solok, Christian Sagild (Chair), Iben Mai Winsløw and Frank Schyberg

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 solid financial background with an education as Actuary from the University of Copenhagen and has had a long career within the insurance and pension industries. 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 with 21,530 shares and 66,000 warrants.

Iben Mai Winsløw

BORN 1967. DANISH

Joined the Board of Directors in 2011. Member of the Nomination and Remuneration Commitee.

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. Iben is the founder and chairman of the board of Winsløw partner 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 and Zeso Alliance A/S
- Board member of Energifinans A/S, Core Property Bolig IV and Windspace A/S

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

Frank Schyberg

BORN 1963. DANISH

Joined the Board of Directors in 2011. Member of the Nomination and Remuneration Commitee.

Considered independent as defined in the Danish Corporate Governance Recommendations.

Frank has a solid financial background from his carreer 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 with 29,476 shares and 33,000 warrants.

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 solid finance and risk background, including an education as a State Authorised Public Accountant. She spent 18 years with PwC in Denmark and Germany and was an audit partner from 2006 to 2013. As of 1 April 2023, Vibeke will be the CEO of Lunar Bank A/S. Before that, 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.

Other management positions and directorships:

- CEO of Lunar Bank A/S (from 1 April 2023)
- Board member of Lunar Group A/S, Lunar Bank A/S (until end March 2023) and 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.[1]

Christian has a solid background from his carreer 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 with 152,302 shares and 53,687 warrants.

1. 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 Chief Executive Officer Nikolaj Holtet Hoff.

Executive Management

EXECUTIVE MANAGEMENT
From left: Anders Søgaard-Jensen (CCO), Nikolaj Holtet Hoff (CEO)

Nikolaj Holtet Hoff

BORN 1968. DANISH

Founder of Nordic Solar and CEO of Nordic Solar A/S since 2010.

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, that 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, 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

BORN 1967. DANISH

CCO of Nordic Solar A/S since 2021.

Background

Anders has more than eleven 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 communications, marketing and sustainability.

Education

- Degree in market economics

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

Risks and risk management

We are exposed to different risks due to the global and diverse nature of the industry in which we operate. Based on our continuously evolving risk management framework, we identify and mitigate key risks to navigate our ever-changing risk profile and to secure our business, allowing for continued growth and value creation for our shareholders.

As a leading Nordic solar park developer, EPC provider and operator, we are exposed to a variety of risks that are inherent to our business, and managing these risks is an integratal part of our daily management activities.

In addition to addressing the key risks which could materialise in the short term, we continuously monitor long-term trends and related key risks, including technological developments that may be disruptive to the industry.

The year of 2022 was characterised by highly unusual market conditions, such as volatile energy prices and increasing inflation and interest rates, which has demanded close monitoring of the market conditions to successfully navigate the ever-changing risk environment. We will also continue to closely monitor the impact on supply chains of the Covid-19 pandemic, which continues to cause uncertainties regarding the availability of certain key materials in 2023 and beyond.

We have no business partners, solar parks, affiliation or ties with neither Russia nor Russian subsidiaries. Furthermore, we do not have any economic exposure towards Ukraine, and we do not expect the war to have any direct influence on our business model or financial performance for 2023.

RISK GOVERNANCE STRUCTURE

The Board of Directors is ultimately responsible for our risk management strategy and the overall framework for identifying and mitigating key risks. The Audit and Risk Committee supervises compliance with the established framework. The Executive Management team is responsible for the day-to-day risk management processes as well as the continuous development of our risk management activities.

RISK MANAGEMENT

We operate an Enterprise Risk Management ("ERM") process whereby the key enterprise risks faced by the company are identified, assessed and mitigated at various levels of the organisation. The identified risks are structured in two overall categories:

- *Financial risks*
- *Non-financial risks*

Each of the key risks is assigned to a risk owner from the Management team in charge of mitigating all risks relevant to their respective business area. The key risks that are found to the most significant are reviewed and assessed by the Board of Directors and the Executive Management team.

Our risk management framework is based on structured risk identification, analysis and risk assessment, which form the foundation of the reporting processes and subsequent identification and initiation of relevant mitigation measures.

Our risk management processes ensure that we are able to identify, assess and mitigate key business risks that may adversely impact future growth, our ability to remain a profitable company and be a reliable partner to our customers and the communities in which we operate. We seek to have a holistic and integrated approach to assessing and prioritising the key risks identified as part of the risk management process.

KEY ENTERPRISE RISKS FOR 2023

Power price fluctuations

Description of risk

We are generally exposed to power price risk through the sale of the renewable electricity generated by our solar parks. Further, our ambition to rebalance the portfolio through the whole or partial divestment of certain projects also involves the exposure to fluctuations in power prices.

Mitigating actions

We aim to have a minimum of 70% of the expected revenue for the coming three years secured by PPAs with trusted off-takers. PPAs secure a fixed sales price for part of the electricity production over a fixed period (typically up to ten years), thus reducing cash-flow fluctuations. In 2022, the share of such secured revenue amounted to approximately 64% of total revenue for the year, compared to 73% in 2021.

In addition, geographical diversification of our development and operational projects reduces the exposure to power price risks in individual countries.

Liquidity risk

Description of risk

Our growth strategy is to a large extent reliant on our ability to execute on our pipeline of development projects, and we naturally require relatively large amounts of capital to finance the construction of these projects. If sufficient capital is not available, the development and construction of projects may be delayed or cancelled.

Mitigating actions

We apply a structured and well-defined approach to the financing of projects to ensure continued availability of capital. Once projects reach the construction phase, we will seek to secure timely and sufficient construction financing, comprising equity capital normally provided by Nordic Solar and debt capital, which is normally provided by a third-party financing provider through financing facilities, which when the projects reach the operational phase are subsequently refinanced to long-term and non-recourse project loans.

Political, regulatory and legal risks

Description of risk

To successfully develop and operate our portfolio of solar parks and solar park development projects, we rely on stable regulatory and political environments. Although solar PV has become a highly cost-efficient source of energy, already reaching market price competitiveness with conventional sources of energy, the older part of the solar park portfolio remains dependent on state subsidies in certain countries and regions, with a risk of retroactive subsidy changes and other political interventions in the existing subsidy schemes.

Mitigating actions

To reduce our exposure to country-specific changes in political and regulatory regimes, we pursue a geographical diversification of our development and operational projects. At the end of 2022, we were active in 12 European countries, and we plan to further expand our geographical footprint in the coming years. Further, all new projects are based on non-subsidised sale of energy, as opposed to the previously used feed-in tarriffs, which eliminate a large portion of the political risk.

Cyberattacks

Description of risk

We continue to view the threat of cyberattacks as a material risk to our business and operations. Our ability to ensure business continuity and to safeguard sensitive information and business data against such threats is of the utmost importance. As a leading company within solar power, we are exposed to several different cyber-related risks, including ransomware attacks, data exfiltration attacks and cyber-physical impact attacks etc. In recent years, several large corporations have experienced major cyberattacks, and we generally see an increasing threat of ransomware attacks in which financial gains are the key drivers.

Mitigating actions

The threat of cyberattacks continues to intensify but so does our ability to identify, detect, protect and respond to cyber-related threats. In 2022, we have enhanced our information security through further training initiatives, two-factor identification, blocking of access from certain countries as well as the introduction of modern workplace solutions, and we will continue to improve these on an ongoing basis.

Shareholder information

SHARE CAPITAL

On 31 December 2022, Nordic Solar's share capital was divided into 21,260,107 shares with a nominal value of DKK 25 per share. All shares enjoy the same voting rights, but there are certain differences with respect to the right to dividend.

A total of 19,163,857 shares are entitled to full dividend for the year 2022, while a total of 2,096,250 shares issued during the autumn of 2022 are only entitled to dividends insofar as the ordinary dividends distributed in 2023 exceed DKK 3.50 per share and only for the amount exceeding DKK 3.50 per share.

Once distribution of the ordinary dividend proposed by the Board of Directors has been completed, the two share classes with full and limited dividend rights, respectively, will merge into one share class, which will carry the right to full dividend.

DIVIDEND

Nordic Solar has historically had a policy of paying out all cash flow from operational solar parks as dividends. In 2022, the the company experienced an increased amount of cash flow due to the relatively higher electricity prices. Based on the need for consolidation and the expected future capital requirement, the Board of Directors proposes an ordinary dividend of DKK 3.50 per share of nominally DKK 25. The proposed dividend amounts to a total of EUR 9.0 million.

As mentioned above, only shares with full dividend rights are entitled to the proposed dividend, as the amount does not exceed DKK 3.50 per share.

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.

In 2022, Nordic Solar signed a digital investor relations agreement with H.C. Andersen Capital, which includes several live events, conference calls and an investment case deep-dive. Content arising from the agreement will be made available on Nordic Solar's website at www.nordicsolar.eu.

Financial calendar 2023

26 APRIL
2023 Annual General Meeting

25 MAY
Q1 2023 Interim Financial Report

7 SEPTEMBER
H1 2023 Interim Financial Report

29 NOVEMBER
Q3 2023 Interim Financial Report

08

Financial statements

Picture taken during the construction of our solar park in Lysabild, Denmark.

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

All figures are in EUR '000

	Note	2022	2021
Revenue	4	**72,369**	**46,463**
Direct costs		-6,255	-4,538
Other operating income		276	582
Other external costs		-9,453	-6,386
Gross profit		**56,937**	**36,121**
Staff costs	6	-7,624	-3,879
Profit before amortisation, depreciation and impairment losses (EBITDA)		**49,313**	**32,242**
Amortisation, depreciation and impairment losses		-25,278	-20,229
Operating profit (EBIT)		**24,035**	**12,013**
Financial income		3,386	836
Financial expenses	7	-16,168	-10,399
Profit before tax		**11,253**	**2,450**
Income taxes	8	-5,088	-898
Profit for the year		**6,165**	**1,552**
Profit is attributable to:			
Owners of Nordic Solar A/S		5,812	1,406
Non-controlling interests		353	146
		6,165	**1,552**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures are in EUR '000

	Note	2022	2021
Profit for the year		**6,165**	**1,552**
Items that have been or may be reclassified to the income statement			
Exchange rate adjustments on translation of subsidiaries (net)		-450	-1,189
Fair value adjustment of hedging instruments		16,141	-7,019
Tax on other comprehensive income	8	-4,185	1,166
Other comprehensive income for the year		**11,506**	**-7,042**
Total comprehensive income for the year		**17,671**	**-5,490**
Comprehensive income is attributable to:			
Owners of Nordic Solar A/S		16,933	-5,769
Non-controlling interests		738	279
		17,671	**-5,490**

CONSOLIDATED BALANCE SHEET

All figures are in EUR '000

	Note	2022	2021
ASSETS			
Goodwill	9	44,256	44,256
Property, plant and equipment	10	484,672	459,709
Non-current financial assets		163	160
Deferred tax asset	11	12,200	14,158
Other receivables	12	20,566	5,875
Non-current assets		**561,857**	**524,158**
Trade receivables	13	10,096	3,235
Other receivables	12	9,277	12,385
Prepayments	14	14,666	930
Cash		110,876	51,741
Current assets		**144,915**	**68,291**
TOTAL ASSETS		**706,772**	**592,449**

All figures are in EUR '000

	Note	2022	2021
EQUITY AND LIABILITIES			
Share capital	15	71,354	58,535
Translation reserve		-2,552	-1,794
Reserve for hedging		2,711	-9,295
Retained earnings		256,985	198,883
Proposed dividend for the year		9,019	7,604
Equity attributable to shareholders of the parent company		**337,517**	**253,933**
Non-controlling interests share, of equity		897	159
Total equity		**338,414**	**254,092**
Loans	16	250,133	225,400
Provisions	17	6,425	8,984
Other payables		29,260	29,680
Deferred tax liabilities	11	4,524	1,060
Deferred income		1,344	211
Non-current liabilities		**291,686**	**265,335**
Loans	16	43,478	50,689
Trade payables		11,057	6,436
Current income tax liabilities		1,086	1,582
Other payables		21,051	14,315
Current liabilities		**76,672**	**73,022**
Total liabilities		**368,358**	**338,357**
TOTAL EQUITY AND LIABILITIES		**706,772**	**592,449**

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 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	19	0	0	0	-1,372	0	-1,372	0	-1,372
Sale of own shares	19	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 CHANGES IN EQUITY (CONTINUED)

All figures are in EUR '000

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

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are in EUR ’000

	Note	2022	2021
Operating profit (EBIT)		**24,035**	**12,013**
Amortisation, depreciation and impairment losses		25,278	20,229
Share-based payment		2,170	10
Change in net working capital	20	-3,850	12,268
Cash flows from ordinary operating activities		**47,633**	**44,520**
Financial income		3,386	836
Financial expenses		-13,961	-10,116
Income taxes paid		-4,702	-1,567
Cash flow from operating activities		**32,356**	**33,673**
Investments in solar parks		-49,860	-96,922
Acquired cash asset deals		1,165	8,248
Acquired cash business combinations		0	1,973
Cash flow from investing activities		**-48,695**	**-86,701**
Proceeds from borrowings	21	73,328	42,647
Repayment of borrowings	21	-55,052	-12,267
Repayment of lease liabilities	21	-7,283	-3,605
Net sale and purchase, own shares		-740	-807
Capital increases		72,036	50,875
Fees related to capital increases	15	789	-635
Dividend paid		-7,604	-5,230
Cash flow from financing activities		**75,474**	**70,978**
Net cash flow for the year		**59,135**	**17,950**
Cash and cash equivalents, beginning of the year		51,741	33,791
CASH AND CASH EQUIVALENTS, END OF THE YEAR		**110,876**	**51,741**

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 International Financial Reporting Standards (IFRS) as adopted by the European Union and additional Danish disclosure requirements applying to large reporting class C entities.

BASIS OF CONSOLIDATION

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

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date when control ceases.

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

Non-controlling interests' share of the results and equity of subsidiaries 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 cost and residual values

The Group has not incorporated the possibility for prolonging existing lease agreements further ahead of the current contract's terms for valuation purpose.

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

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

Impairment test

Goodwill and all solar parks are revalued on 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.

SIGNIFICANT JUDGEMENTS

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

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

Government grant

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

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

Leases

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

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The International Accounting Standards Board (IASB) has issued amended standards that are effective for the first time in 2022. None of them required a change in our accounting policies.

4. SEGMENT AND REVENUE INFORMATION

All figures are in EUR '000

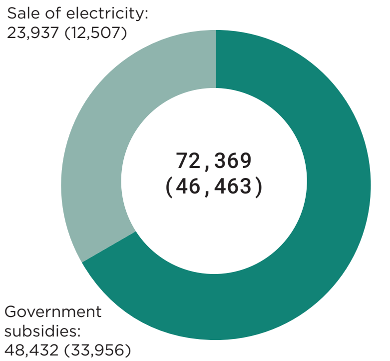
2022	Operational solar parks	Dev. & construction activities	Reportable segments	Corporate services and eliminations	Total
Income statement					
Government subsidies	48,432	0	**48,432**	0	**48,432**
Sale of electricity	23,937	0	**23,937**	0	**23,937**
Revenue	72,369	0	**72,369**	0	**72,369**
Profit before amortisation, depreciation and impairment losses (EBITDA)	53,299	-2,371	**50,928**	-1,615	**49,313**
Depreciation, amortisation and impairment	-23,431	-444	**-23,875**	-1,345	**-25,220**
Balance sheet					
Total assets	502,156	86,311	**588,467**	118,305	**706,772**
Investments in property, plant and equipment and solar parks under construction	26,977	28,915	**55,892**	663	**56,555**
Key ratios					
Free cash flow	5,829	-1,249	**4,580**	4,315	**8,895**

2021	Operational solar parks	Dev. & construction activities	Reportable segments	Corporate services and eliminations	Total
Income statement					
Government subsidies	32,874	1,082	**33,956**	0	**33,956**
Sale of electricity	12,507	0	**12,507**	0	**12,507**
Revenue	45,381	1,082	**46,463**	0	**46,463**
Profit before amortisation, depreciation and impairment losses (EBITDA)	38,166	-773	**37,393**	-5,151	**32,242**
Depreciation, amortisation and impairment	-18,761	-280	**-19,041**	-1,188	**-20,229**
Balance sheet					
Total assets	364,412	169,103	**533,515**	58,934	**592,449**
Investments in property, plant and equipment and solar parks under construction	19,614	74,889	**94,503**	0	**94,503**
Key ratios					
Free cash flow	11,500	-5,236	**6,264**	-680	**5,584**

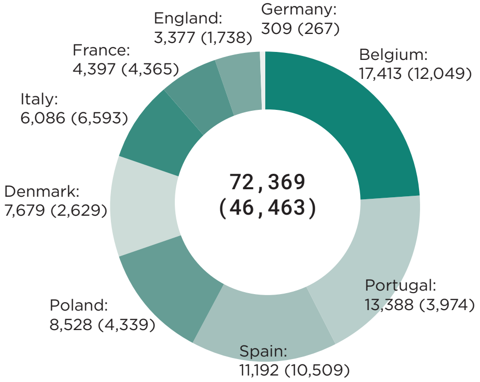
SEGMENT AND REVENUE INFORMATION (CONTINUED)

2022 (2021)
All figures are in EUR '000

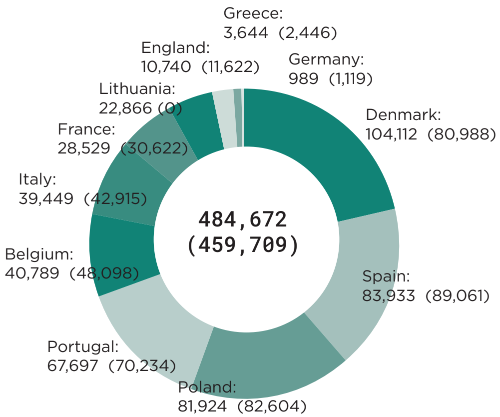
Type of revenue



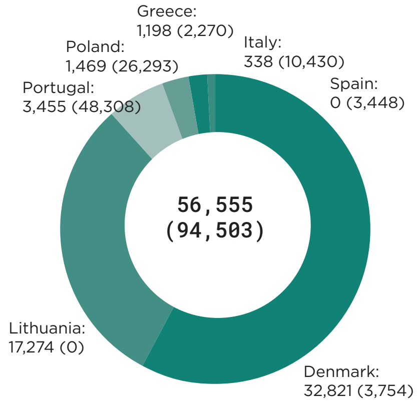
Net revenue by country



Property, plant and equipment and solar parks under construction



Investment in property, plant and equipment



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

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

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

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

Revenue from sale of produced electricity consists of sale of electricity to grid and sale of electricity to owners of the buildings, on which the Group's rooftop solar parks are placed.

Other revenue consists of government grants related to production of solar power. The government grants include Feed-In-Tariffs, Renewable Energy Certificates (ROCs) and Contracts for Differences (CfDs). Two customers from segment operational solar parks each account for more than 10% of revenue, totalling EUR 18,548k.

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

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

SEGMENT AND REVENUE INFORMATION (CONTINUED)

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

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

Contracts regarding government grants have a duration of 1-15 years at 31 December 2022.

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. AUDITOR'S FEE

All figures are in EUR '000

	2022	2021
Audit and audit-related fees:		
Statutory audit	242	166
Non-audit services:		
Tax advice	578	119
Other services	743	15
Total fees to PwC	**1,563**	**300**

6. STAFF COSTS

All figures are in EUR '000

	2022	2021
Salaries, wages and remuneration	6,010	2,247
Pensions	358	138
Other social security costs	38	15
Other staff costs	735	375
Remuneration to the Board of Directors	269	132
Share-based payment	2,170	972
	9,580	**3,879**
Capitalised staff costs	-1,956	0
	7,624	**3,879**
Average number of full-time employees	51	36

Key Management Remuneration	**Salary**	**Pensions**	**Share-based payment**	**Total**
Board of Directors	269	0	306	**575**
Executive Management	738	1	1,129	**1,868**
Other key management personnel	1,066	63	322	**1,451**

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

Accounting policies

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

7. FINANCIAL EXPENSES

All figures are in EUR '000

	2022	2021
Interest expenses, banks	9,691	6,903
Interest expenses from loans from investors	300	154
Interest expenses from lease liabilities	1,214	1,772
Exchange rate adjustments	3,287	294
Amortisation of capitalised financial expenses	719	431
Other financial expenses	957	845
	16,168	**10,399**

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.

8. TAX ON PROFIT/LOSS FOR THE YEAR

All figures are in EUR '000

	2022	2021
CURRENT TAX		
Income tax expense	-5,088	-898
Tax on other comprehensive income	-4,185	1,166
	-9,273	**268**
Current tax on profit for the year	-3,598	-2,758
Deferred tax	-1,237	1,707
Adjustment for current tax of prior periods	397	153
Other taxes and duties	-650	
INCOME TAX EXPENSE	**-5,088**	**-898**

	2022	2021
TAX RECONCILIATION		
Profit/loss before tax	11,253	2,450
Tax using the Danish corporation tax rate (22%)	-2,476	-539
Tax rate deviations in foreign jurisdictions	-836	-181
Non-taxable income	1,168	285
Non-deductible expenses	-960	-716
Deferred tax asset not recognised	-722	-10
Change in recoverability of deferred tax assets	-725	170
Capitalised fees	-284	0
Other taxes and duties	-650	0
Adjustment current tax prior year	397	93
TAX ON PROFIT/LOSS FOR THE YEAR	**-5,088**	**-898**

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

Tax for the year totalled a net expense of EUR 5.1 million compared to a net expense of EUR 0.9 million last year. The effective tax rate was 45.2% 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 proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are taxed under the Danish Tax Payment Scheme. Additions, deductions and allowances are recognised under financial income or financial expenses.

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

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

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

9. GOODWILL

All figures are in EUR '000

	2022	2021
Cost 1 January	44,256	0
Merger	0	44,256
Cost 31 December	**44,256**	**44,256**
Impairment losses 1 January	0	0
Impairment losses during the year	0	0
Impairment losses 31 December	**0**	**0**
CARRYING AMOUNT 31 DECEMBER	**44,256**	**44,256**

Management has tested the carrying amount of goodwill for impairment as per 31 December 2022. 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 2022, the impairment test is based on a 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. Only solar parks in operation during 2022 or where construction was initiated in 2023 are included in the impairment test. 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 2022, the impairment tests show that the estimated recoverable amount exceeds the carrying amount.

We have performed sensitivity analyses on WACC and operational cash flow. We have headroom for a 2%-point increase in each of the country specific WACCs and a 20% decrease in all operational cash-flows.

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.

10. 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	Solar parks under construction	Total
Cost 1 January 2022	355,556	901	56,481	39,669	79,946	532,553
Additions during the year	19,443	210	0	5,151	31,751	56,555
Remeasurements during the year	-3,601	0	0	-496	0	-4,097
Disposals during the year	0	0	0	0	-418	-418
Transfer to/from other asset type	70,686	0	14,785	684	-85,477	678
Exchange rate adjustments	-1,956	0	0	0	-400	-2,356
Cost 31 December 2022	**440,128**	**1,111**	**71,266**	**45,008**	**25,402**	**582,915**
Depreciation and impairment 1 January 2022	-46,731	-424	-21,737	-3,952		-72,844
Depreciation during 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**	**25,402**	**484,672**

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**

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Solar parks	Fixtures and fittings, tools and equipment	Leased solar parks	Leased land and roof tops	Solar parks under construction	Total
Cost 1 January 2021	266,794	432	56,481	17,256	0	**340,963**
Merger	45,565	0	0	14,818	38,030	**98,413**
Additions during the year	42,553	469	0	7,595	41,946	**92,563**
Exchange rate adjustments	644	0	0	0	-30	**614**
Cost 31 December 2021	**355,556**	**901**	**56,481**	**39,669**	**79,946**	**532,553**
Depreciation and impairment 1 January 2021	-31,667	-120	-18,039	-2,597		**-52,423**
Depreciation during the year	-14,872	-304	-3,698	-1,355		-20,229
Exchange rate adjustments	-192	0	0	0		**-192**
Depreciation and impairment 31 December 2021	**-46,731**	**-424**	**-21,737**	**-3,952**		**-72,844**
CARRYING AMOUNT 31 DECEMBER 2021	**308,825**	**477**	**34,744**	**35,717**	**79,946**	**459,709**

Commitments 2021	Share purchase agreements	Construction on agreements	Other	Total
0-1 year	69,283	6,128	470	**75,881**
1-5 years	0	22,545	0	**22,545**
	69,284	**28,674**	**470**	**98,426**

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.

Remeasurement in 2022 are mainly related to remeasurement of dismantling costs, due to change in the current market situation and changes to assumptions.

Leases

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

Right-of-use assets leases expire between year 2023-2060. In 2022, the total cash outflow for leases amounted to EUR 7,283k (2021: EUR 7,205k).

For a maturity analysis of lease liabilities, we refer to note 22 'Maturity analysis of financial assets and liabilities'.

Acquisition of solar parks

In terms of acquisition of solar parks, Management generally treat 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 up-front 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.

11. DEFERRED TAX

All figures are in EUR '000

	2022	2021
Deferred tax 1 January, net	13,098	9,895
Recognised in the income statement	-1,237	1,707
Recognised in other comprehensive income	-4,185	1,215
Changes from purchase of solar parks/merger	0	281
DEFERRED TAX 31 DECEMBER	**7,676**	**13,098**
Deferred tax relates to:		
Property, plant and equipment	-2,410	-126
Right-of-use assets	227	2
Provisions	624	-933
Tax loss carry forwards	1,805	6,626
Energy price swaps	4,381	2,938
Interest-rate swap	-1,000	4,625
Carried forward financial expenses	3,019	0
Loan costs	43	0
Warrants	745	0
Other	242	-34
	7,676	**13,098**
Of which, presented as deferred tax assets	12,200	14,158
Of which, presented as deferred tax liabilities	-4,524	-1,060
	7,676	**13,098**

The Group has recognised deferred tax assets totalling EUR 12,200k, of which EUR 1,805k 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 4,245k which relates to tax losses.

The Group's tax losses are indefinite. Poland and Portugal's tax losses are definite and set to five and eight years.

In jurisdictions where we have a history of losses, tax losses carried forward are recognised based on other convincing evidence that sufficient taxable profit will be available to utilize 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.

12. OTHER RECEIVABLES

All figures are in EUR '000

	2022	2021
Swap	13,789	5,875
Other	2,933	0
Deposit	3,844	0
Non-current receivables	**20,566**	**5,875**
Swap	895	235
VAT	5,955	717
Other	2,300	6,867
Deposit	127	4,566
Current receivables	**9,277**	**12,385**
	29,843	**18,260**

13. TRADE RECEIVABLES

All figures are in EUR '000

	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**

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

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 according to the simplified expected credit loss model, according to which the expected loss is recognised in the income statement.

14. PREPAYMENTS

All figures are in EUR '000

	2022	2021
Prepaid projects	13,901	362
Insurance	143	85
Lease rent	291	252
Other	331	231
	14,666	**930**

15. SHARE CAPITAL

All figures are in EUR '000

	2022	2021
Changes in share capital:		
Share capital 1 January	58,535	23,113
Merger	0	25,321
Capital increases	12,819	10,101
SHARE CAPITAL 31 DECEMBER	**71,354**	**58,535**
Fees related to capital increase	789	-635

The share capital consists of 21,260,107 shares of a nominal value of DKK 25, of which 2,096,250 shares only carry rights to dividend for the financial year 2022 if the dividend exceeds EUR 0.47 (DKK 3.50) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase amounts to EUR 72,036k, of which EUR 59,217k is premium.

Fees related to capital increase mainly consist of income from administration fees in relation to sale of shares.

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.

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

16. LOANS

All figures are in EUR '000

2022	Mortgage loans	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	5.3%
Of which, presented has fixed interest rate	**214,562**
Of which, presented has variable interest rate	**79,049**

2021	Mortgage loans	Lease liabilities	Other loans	Investor loans	Total
Less than 1 year	37,310	5,712	3,787	3,880	**50,689**
Between 1-5 years	62,531	23,585	2,225	0	**88,341**
Above 5 years	95,699	38,079	3,281	0	**137,059**
	195,540	**67,376**	**9,293**	**3,880**	**276,089**

Average effective interest rate	4.1%
Of which, presented has fixed interest rate	**264,216**
Of which, presented has variable interest rate	**11,873**

LOANS (CONTINUED)

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

Capitalised loan costs of EUR 4,441k have been deducted from the carrying amount.

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

The total interest expenses from lease liabilities amounts to EUR 1,404k.

For maturity analysis of lease liabilities, we refer to note 22 'Maturity analysis of financial assets and liabilities'.

Interest exposure
The Group has fixed-rate loans totalling EUR 214,562k, of which EUR 152,714k is hedged with interest rate swaps, and floating-rate loans of EUR 79,049k.

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

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

17. PROVISIONS

All figures are in EUR '000

	Dismantling	Other	Total
Provision 1 January 2022	8,886	98	**8,984**
Additions during the year	599	0	**599**
Remeasurements during the year	-3,570	0	**-3,570**
Used during the year	0	-31	**-31**
Interest element	443	0	**443**
PROVISION 31 DECEMBER 2022	**6,358**	**67**	**6,425**

In 2022, the dismantling costs have been remeasured with an impact of EUR 3,570k. Due to change in the current market situation and changes to assumptions.

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.

The provision for dismantling is expected to be used:
- Between 1-5 years EUR 227k
- After 5 years EUR 6,131k.

18. CONTINGENT LIABILITIES

Contingent liabilities

Liquid funds of EUR 19,596k are pledged as security for debt to banks of EUR 253,629k.

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

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

The value of those due within 12 months is EUR 1,448k whereas EUR 3,228k is due within 1-5 years and EUR 905k is due after 5 years.

The Group's banks have been provided with security of EUR 365,053k for loans 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.

19. OWN SHARES

It is Nordic Solar's intention to secure liquidity in the shares has in 2022 bought a total of 70,696 own shares, worth EUR 1,342k, and sold a total of 31,838 own shares, corresponding to less than 1% of the total number of shares, worth EUR 632k of shares.

At 31 December 2022, Nordic Solar A/S owned 38,858 shares.

20. CHANGES IN NET WORKING CAPITAL

All figures are in EUR '000

	2022	2021
Changes in trade receivables	-630	-701
Changes in other receivables and other prepayments	-22,734	16,207
Changes in trade payables	9,082	-2,139
Changes in other debt and deferred income	10,432	-1,099
	-3,850	**12,268**
Changes in trade receivables		
Changes with cash impact	-630	-701
Changes from acquired balances	-9	-2,630
	-639	**-3,331**
Changes in other receivables and prepayments		
Changes with cash impact	-22,734	16,207
Changes from acquired balances	0	-21,127
	-22,734	**-4,920**
Changes in trade payables		
Changes with cash impact	9,082	-2,139
Changes from acquired balances	56	2,851
	9,138	**712**
Changes in other debt and deferred income		
Changes with cash impact	10,432	-1,099
Changes in accrued interest	-170	-137
Changes in value of hedging instrument	-7,532	12,951
Changes from acquired balances	0	5,924
	2,730	**17,639**

21. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

All figures are in EUR '000

2022	Beginning of year	Proceeds from borrowings	Repay-ments	Non-cash changes	Year end
Mortgage loans	199,839	43,465	-39,001	64	**204,367**
Lease liabilities	67,375	0	-7,283	5,850	**65,942**
Other credit institutions	9,292	23,208	-5,477	0	**27,023**
Loan 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	**276,087**	**73,328**	**-62,335**	**6,531**	**293,611**

2021	Beginning of year	Proceeds from borrowings	Repay-ments	Non-cash changes	Year end
Mortgage loans	158,606	42,317	-11,500	10,416	**199,839**
Lease liabilities	49,119	0	-3,605	21,861	**67,375**
Other credit institutions, operational	10,678	25	-767	-644	**9,292**
Loan costs	-3,372	-822	0	-104	**-4,298**
Loans from investor	2,752	1,127	0	0	**3,879**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER	**217,783**	**42,647**	**-15,872**	**31,529**	**276,087**

*** including liabilities from acquired assets**

Non-cash changes in 2022 are primarily additions to lease liabilities without cash changes, which amounted to EUR 5,151k, and exchange rate differences.

22. 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 the guidelines and policies and reports to the Board of Directors on a regular basis.

MARKET RISK

Price risk

The Group's exposure to price risk arises from the development in the electricity prices for the part of the revenue which is market based. Some of the market risk is reduced through power purchase agreements (PPAs) of up to 10 years' durability. Currently, most revenue originates from government subsidies; however, future growth is within construction of non-subsidised solar parks, which changes the risk profile from subsidy risk to market price risk. The Group's revenue for the coming years is partly secured by hedging revenue and the target for the coming three years is to secure a minimum of 65% of revenue. The political risk of retroactive changes to the subsidy system is reduced through diversification on a large number of countries and through the business model change explained in the section "Business model of Nordic Solar" under "Our Business" (page 14).

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 within 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.

CREDIT RISKS

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

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit 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 on Group level by Management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom 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 undrawn borrowing facilities of EUR 4,693k that may be available for future operating activities and for settling capital commitments, and it has a reserve of EUR 671k for buying own shares to secure the share liquidity.

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows

	Impact on pre-tax profit	Impact on other components of equity
Change in market-based electricity prices by 25%	+/- 5,984	0

All other variables are held constant.

	Impact on pre-tax profit	Impact on other components of equity
10% change in exchange rates EUR/GBP	+/- 138	+/- 176
10% change in exchange rates EUR/PLN	+/- 846	+/- 698

All other variables are held constant.

FINANCIAL INSTRUMENTS (CONTINUED)

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

MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The table below analyses the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

All figures are in EUR '000

2022	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	10,096	0	0	**10,096**
Other receivables	29,843	0	0	**29,843**
Cash	110,876	0	0	**110,876**
Financial assets at amortised costs	**150,815**	**0**	**0**	**150,815**
Mortgage loans	23,955	91,208	148,350	**263,513**
Lease liabilities	5,749	23,774	37,823	**67,346**
Other credit institutions	21,761	3,821	3,043	**28,625**
Trade payables	11,057	0	0	**11,057**
Loans from investors	749	0	0	**749**
Other payables	50,311	0	0	**50,311**
Financial liabilities at amortised costs	**113,582**	**108,286**	**199,733**	**421,601**
Energy price swaps	-2,975	-11,659	-8,527	**-23,161**
Interest rate swaps	836	3,404	3,676	**7,916**
Fair value through other comprehensive income	**-2,139**	**-8,255**	**-4,851**	**-15,245**

2021	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	3,235	0	0	**3,235**
Other receivables	12,385	0	0	**12,385**
Cash	51,741	0	0	**51,741**
Financial assets at amortised costs	**67,361**	**0**	**0**	**67,361**
Mortgage loans	45,574	90,764	121,608	**257,946**
Lease liabilities	8,357	30,886	52,140	**91,383**
Other credit institutions	4,184	3,607	3,654	**11,445**
Trade payables	3,235	0	0	**3,235**
Loans from investors	4,034	0	0	**4,034**
Other payables	2,437	0	0	**2,437**
Financial liabilities at amortised costs	**67,821**	**125,257**	**177,402**	**370,480**
Energy price swaps	-9,795	-8,818	2,648	**-15,965**
Interest rate swaps	-537	-1,436	-13,650	**-15,623**
Fair value through other comprehensive income	**-10,332**	**-10,254**	**-11,002**	**-31,588**

FINANCIAL INSTRUMENTS (CONTINUED)

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 2022: 0.58%-5.76% (2021: 0.58%-4.26%). Measurement of the fair value of interest rate swaps is categorised as level 2 in the fair value hierarchy, as measurement is based on observable yield curves, as informed by the credit institutions in the Mark to Market statement.

ACCOUNTING POLICIES

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

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

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

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

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 within financial expenses.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the 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.

FINANCIAL INSTRUMENTS (CONTINUED)

	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**	

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

23. 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 6.

24. 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 2021	14.11	688,772
Exercised during the year	14.14	-802,020
Granted during the year	17.32	1,697,482
Outstanding 1 January 2022	**16.33**	**1,584,234**
Granted during the period	19.26	91,000
Forfeited during the period	17.92	-58,486
Outstanding 31 December 2022		**1,616,748**

			Assumptions			
Fair value of warrants at the grant date	Number of warrants	Fair value EUR	Share price ranges EUR	Expected lifetime (years)	Volatility	Risk-free interest rate
10 June 2021	1,552,234	6,511,630	17.30	4.50	30%	-0.43
29 December 2021	32,000	146,969	18.58	4.50	30%	-0.31
16 June 2022	46,500	248,976	19.09	4.50	30%	1.79
14 September 2022	19,500	108,039	19.68	4.50	30%	1.85
19 December 2022	25,000	144,390	19.77	4.50	30%	2.44

In 2022, costs relating to the warrant programme were recognised at EUR 2,170k (2021: EUR 1,213k).

25. BUSINESS COMBINATIONS

All figures are in EUR '000

	2022	2021
Property, plant and equipment	0	307
Non-current financial assets	0	1,272
Trade receivables	0	229
Other receivables	0	1,997
Prepayments	0	24
Cash	0	1,973
TOTAL ASSETS	**0**	**5,802**
Loans	0	684
Provisions	0	98
Deferred tax	0	10
Deferred income	0	755
Trade payables	0	85
Corporate tax	0	113
Other payables	0	1,768
TOTAL LIABILITIES	**0**	**3,513**
Fair value of acquired net assets	0	2,289
Fair value of consideration transferred	0	-46,541
GOODWILL ARISING FROM THE ACQUISITION	**0**	**44,252**

Accounting policies

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

Management judgements and estimates

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

26. EVENTS AFTER THE REPORTING DATE

On 5 January 2023, Nordic Solar signed an agreement to lease a plot of land in the southern part of Sweden, which includes the rights to develop and construct a 65 MWp project. The project will mark the first greenfield project for Nordic Solar.

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.

27. 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)

28. 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%
Orka Holding BVBA	Londerzeel, Belgien	100%
NSE France SAS	Paris, France	100%
Groupement Solaire Cestas 6 SAS	Paris, France	80%
ESF Spanien 0424 GmbH	Breklum, Germany	100%
Solarpark Zerre V ApS & Co. KG	Husum, Germany	100%
Polar Beteiligungs GmbH	Saarrücken, Germany	100%

NSE Italy SRL	Florence, Italy	100%
Polish Solar North Sp. z.o.o.	Gdansk, Poland	100%
Chatteris Investment Sp. z.o.o.	Warsaw, Poland	100%
JupiterManeuver - SGPS, S.A.	Lisbon, Portugal	100%
Qsun 22 Sp. z.o.o.	Wroclaw, Poland	100%
Qsun 23 Sp. z.o.o.	Katowice, Poland	100%
Qsun 24 Sp. z.o.o.	Katowice, Poland	100%
Qsun 26 Sp. z.o.o.	Katowice, Poland	100%
Qsun 27 Sp. z.o.o.	Katowice, Poland	100%
Qsun 28 Sp. z.o.o.	Wroclaw, Poland	100%
Qsun 29 Sp. z.o.o.	Katowice, Poland	100%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
GreenGo Energy MO6 K/S	Gentofte, Denmark	100%
GreenGo Energy M24 K/S	Gentofte, Denmark	100%
GreenGo Energy M52 K/S	Gentofte, Denmark	100%
GreenGo Energy 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%
SEnS Solar BV	Nijmegen, the Netherlands	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%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
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%
Sella BG SRL	Bolzano, Italy	100%
NSE Pellegrino SRL	Florence, Italy	100%
NSE Chignolo Po SRL	Florence, Italy	100%
Ikarus PV 1 SRL	Bolzano, Italy	100%
Ikarus PV 2 SRL	Bolzano, Italy	100%
Ikarus PV 4 SRL	Bolzano, Italy	100%
Ikarus PV 6 SRL	Bolzano, Italy	100%
Ikarus PV 7 SRL	Bolzano, Italy	100%
Sunfield 04 SRL	Bolzano, Italy	100%
Sunfield 09 SRL	Bolzano, Italy	100%
Sunfield 13 SRL	Bolzano, Italy	100%
NS Global Italy SRL	Florence, Italy	100%
Solar Polska New Energy Trzecia Sp. z o.o.	Szczecin, Poland	100%
Solar Polska New Energy 17 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 18 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 19 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 21 Sp. z.o.o.	Szczecin, Poland	100%
Solar Polska New Energy 22 Sp. z.o.o.	Szczecin, Poland	100%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
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%
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%

Indirectly owned subsidiaries	Place of registered office	Votes and ownership
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%
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%
Nordic Solar Solkraft AB	Malmö, Sweden	100%
Nordic Solar Eris AB	Malmö, Sweden	100%
Nordic Solar Tiste GmbH	Husum, Germany	100%

Picture taken from our Rixiraba solar park in Extremadura, Spain

Parent company financial statements

INCOME STATEMENT

All figures are in EUR '000

	Note	2022	2021
Other operating income		11,400	2,209
Other external costs		-3,435	-3,032
Gross profit/loss		**7,965**	**-823**
Staff costs	2	-9,579	-3,879
Profit before amortisation, depreciation and impairment losses		**-1,614**	**-4,702**
Amortisation, depreciation and impairment losses		-2,396	-1,184
Profit/loss before financial income and expenses		**-4,010**	**-5,886**
Income/loss from investments in subsidiaries	3	3,531	1,770
Financial income	4	7,393	5,254
Financial expenses	5	-1,508	-627
Profit/loss before tax		**5,406**	**511**
Income taxes		-1,807	-209
NET PROFIT/LOSS FOR THE YEAR		**3,599**	**302**

PROPOSED PROFIT DISTRIBUTION		
Proposed dividend for the year	9,019	7,604
Retained earnings	-5,420	-7,302
NET PROFIT/LOSS FOR THE YEAR	**3,599**	**302**

BALANCE SHEET 31 DECEMBER

All figures are in EUR '000

	Note	2022	2021
ASSETS			
Goodwill	6	40,937	43,150
Property, plant and equipment		315	288
Investments in subsidiaries	7	94,534	76,324
Receivables from subsidiaries	8	163,077	138,851
Receivables		2,933	0
Non-current financial assets	8	157	155
Deferred tax asset	9	699	50
Non-current assets		**302,652**	**258,818**
Receivables		24	1,012
Prepayments		2,622	240
Receivables		**2,646**	**1,252**
Cash		**42,681**	**9,039**
Current assets		**45,327**	**10,291**
TOTAL ASSETS		**347,979**	**269,109**

All figures are in EUR '000

	Note	2022	2021
EQUITY AND LIABILITIES			
Share capital	10	71,354	58,535
Reserve for exchange rate adjustments		-2,354	-1,794
Retained earnings		256,179	188,484
Proposed dividend for the year		9,019	7,604
Equity		**334,198**	**252,829**
Other credit institutions		3,769	5,465
Other provisions		67	98
Non-current liabilities		**3,836**	**5,563**
Other credit institutions		1,297	4,434
Shareholder loans		720	3,879
Trade payables		4,714	1,757
Payables to subsidiaries		2,006	0
Corporation tax		330	188
Other payables		878	459
Current liabilities		**9,945**	**10,717**
Total liabilities		**13,781**	**16,280**
TOTAL EQUITY AND LIABILITIES		**347,979**	**269,109**

STATEMENT OF CHANGES IN EQUITY

All figures are in EUR '000

	Note	Share capital	Reserve for exchange rate adjust-ments	Retained earnings	Proposed dividend	Total
Equity 1 January 2022		**58,535**	**-1,794**	**188,484**	**7,604**	**252,829**
Cash capital increases, including related costs		12,819	0	60,006	0	**72,825**
Dividend paid		0	0	0	-7,604	**-7,604**
Acquisition of own shares	12	0	0	-1,372	0	**-1,372**
Sale of own shares	12	0	0	632	0	**632**
Value of share-based payments		0	0	2,170	0	**2,170**
Equity transactions in subsidiaries	7	0	-560	11,679	0	**11,119**
Net profit/loss for the year		0	0	-5,420	9,019	**3,599**
EQUITY 31 DECEMBER 2022		**71,354**	**-2,354**	**256,179**	**9,019**	**334,198**

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 2022 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
The statement of cash flows for the parent company are not prepared. Reference is made to the consolidated statement of cash flows on page 67.

2. STAFF COSTS

All figures are in EUR '000

	2022	2021
Salaries, wages and remuneration	6,010	2,247
Pensions	358	138
Other social security costs	38	15
Other staff costs	734	375
Remuneration to the Board of Directors	269	132
Share-based payment	2,170	972
	9,579	**3,879**
Average number of full-time employees	51	36

Key management remuneration

	Salary	Pension	Share-based payment	Total
Board of Directors	269	0	306	**575**
Executive Management	738	1	1,129	**1,868**
Other key management personnel	1,066	63	322	**1,451**

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

3. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARES

All figures are in EUR '000

	2022	2021
Share of profit in subsidiaries	15,026	7,265
Share of loss in subsidiaries	-10,333	-4,386
Depreciation of revaluations	-1,162	-1,109
	3,531	**1,770**

4. FINANCIAL INCOME

All figures are in EUR '000

	2022	2021
Interest income from subsidiaries	7,203	5,001
Exchange rate adjustments	178	27
Other financial income	12	226
	7,393	**5,254**

5. FINANCIAL EXPENSES

All figures are in EUR '000

	2022	2021
Interest expenses	497	414
Exchange rate adjustments	767	0
Other financial expenses	244	213
	1,508	**627**

6. GOODWILL

All figures are in EUR '000

	2022	2021
Cost 1 January	44,256	0
Addition during the year	0	44,256
Cost 31 December	**44,256**	**44,256**
Amortisation 1 January	-1,106	0
Amortisation during the year	-2,213	-1,106
Amortisation 31 December	**-3,319**	**-1,106**
CARRYING AMOUNT 31 DECEMBER	**40,937**	**43,150**

7. INVESTMENTS IN SUBSIDIARIES

All figures are in EUR '000

	2022	2021
Cost 1 January	65,421	45,678
Merger	0	22,933
Additions during the year	486	1,310
Disposals during the year	0	-2,017
Transferred to revaluation - reclassification	0	-2,483
Cost 31 December	**65,907**	**65,421**
Revaluations 1 January	-9,993	-6,306
Merger	0	-2,369
Exchange rate adjustment	-230	1,345
Net profit/loss for the year	4,693	2,878
Dividend to the parent company	-4,813	-952
Fair value adjustment of hedging instruments	11,679	-5,981
Depreciation of revaluations	-1,162	-1,117
Disposals during the year	0	26
Transferred from cost - reclassification	0	2,483
Revaluations 31 December	**174**	**-9,993**
Equity investments with negative net asset value set off against receivables	28,453	20,896
CARRYING AMOUNT 31 DECEMBER	**94,534**	**76,324**

8. FIXED ASSET INVESTMENTS

All figures are in EUR '000

	Receivables from sub-sidiaries	Other fixed asset in-vestments
Cost 1 January 2022	159,747	153
Additions/disposals during the year	31,783	2
Cost 31 December 2022	**191,530**	**155**
Revaluations 1 January 2022	-20,896	2
Revaluations during the year	-7,557	0
Revaluations 31 December 2022	**-28,453**	**2**
CARRYING AMOUNT 31 DECEMBER 2022	**163,077**	**157**

9. DEFERRED TAX

All figures are in EUR '000

	2022	2021
Deferred tax 1 January, net	50	-40
Recognised in the income statement	649	0
Changes from merger	0	90
DEFERRED TAX 31 DECEMBER	**699**	**50**
Deferred tax relates to:		
Property, plant and equipment	-90	-50
Loan costs	44	0
Tax loss carried forward	0	100
Warrants	745	0
	699	**50**
Of which, presented as deferred tax assets	699	50
	699	**50**

10. SHARE CAPITAL

All figures are in EUR '000

	2022	2021
Changes in share capital:		
Share capital 1 January	58,535	23,113
Addition, merger	0	25,321
Additions during the year	12,819	10,101
SHARE CAPITAL 31 DECEMBER	**71,354**	**58,535**
Cost of capital increases	789	-635

Overview of investment in subsidiaries is presented in note 27 to the consolidated financial statements.

The share capital consists of 21,260,107 shares of a nominal value of DKK 25, of which 2,096,250 shares only carry rights to dividend for the financial year 2022 if the dividend exceeds EUR 0.47 (DKK 3.50) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase, including premiums and cost, amounted to EUR 72,036k.

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 0k. Any subsequent corrections to the corporate taxes and withholding taxes can lead to another amount.

The parent company has issued a letter of financial support to the relevant subsidiaries. They are limited and are expiring in April 2024.

The company's loan to NSE Flandern Group of EUR 12,357k, including accumulated interest, is subordinated NSE Flandern's loans with Triodos Bank and KBC bank of EUR 15,963k.

The company's loan to the subsidiary NSE France SAS of EUR 286k, including accumulated interest, is subordinated NSE Frances SAS' loan with Natixis of EUR 8,334k.

The company's loan to the subsidiary Chatteris Investments Sp. z.o.o. of EUR 1,168k, including accumulated interest, is subordinated Chatteris' loan with mBank of EUR 3,766k.

The company's loan to the subsidiary Jupiter-Manuver SPGS, S.A.'s of EUR 3,448k, including accumulated interest, is subordinated LRRC, S. A's and Jupiter Manuver SPGS, S.A's loan with Banco BPI of EUR 1,494k.

The company's loan to the subsidiary Orka Holding BVBA of EUR 4,145k, including accumulated interest, is subordinated Orka Holding's loans with KBC bank, Triodos, BNP Paribas, Belfius and ING bank of EUR 13,335k.

The company's loan to the group NSE Italy of EUR 846k, including accumulated interest, is subordinated NSE Italy's loans with Intesa Sanpaolo, Iccrea Banca and UniCredit of EUR 20,784k.

The company's loan to the Group NS Energy I of EUR 20,741k, including accumulated interest, is subordinated NS Energy I's loan with Banco Sabadell of EUR 50,756k.

The company's loan to Polish Solar North of EUR 3,895k, including accumulated interest, is subordinated Polish Solar North's loan with mBank of EUR 3,912k.

The company's loan to the group Polar Beteiligung of EUR 3,635k, including accumulated interest, is subordinated Polish Solar North's loan with mBank of EUR 2,188k.

The company's loan to K/S NSE Nees of EUR 128k, including accumulated interest, is subordinated K/S NSE Nees's loan with Vækstfonden of EUR 3,426k.

CONTINGENT LIABILITIES (CONTINUED)

The company's loan to K/S NSE Vollerup of EUR 215k, including accumulated interest is subordinated K/S NSE Vollerup's loan in Vækstfonden of EUR 11,977k.

The company's loan to the group NS Energy II of EUR 13,514k, including accumulated interest, is subordinated NS Energy II's loan to a third party of EUR 10,878k.

The company's loan to the group NS Global I of EUR 28,666k, including accumulated interest, is subordinated WS Bytow and Polish Solar South's loan with mBank of EUR 28,076k.

The company's loan to the group NS Global II of EUR 26,020k, including accumulated interest, is subordinated Goldalqueva's loan with Sabadell of EUR 21,807k.

The company's loan to the Group NS Global VI of EUR 14,355k, including accumulated interest, is subordinated Lysabild's loan with Sparkron of EUR 23,208k.

The parent company has issued a guarantee to Lysabild of EUR 1,073k concerning construction suppliers.

12. OWN SHARES

It is Nordic Solar's intention to secure liquidity in the shares has in 2022 bought a total of 70,696 own shares, worth EUR 1,372k, and sold a total of 31,838 own shares, corresponding to less than 1% of the total number of shares, worth EUR 632k.

At 31 December 2022, Nordic Solar A/S owned 38,858 shares.

13. RELATED PARTIES

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

Remuneration of the Board of Directors and the Executive Management is disclosed in note 6 'Staff costs' and note 24 'Share-based payments' in the consolidated financial statements.

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

09

Additional information

Statement by the Board of Directors and the Executive 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 2022 to 31 December 2022.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting 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 2022 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 2022 to 31 December 2022.

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 Nordic Solar Sustainability Report for the financial year 1 January 2022 to 31 December 2022, 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 2023 annual general meeting on 26 April 2023.

Hellerup, 30 March 2023.

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

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 2022 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2022 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2022 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 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 30 March 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Ødegaard
State Authorised Public Accountant
mne31489

Kristian Pedersen
State Authorised Public Accountant
mne35412

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 2023” on page 13 in this report. 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 (hereinafter 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 and risk management” section on pages 58 and 59 in this annual report, available at www.nordic-solar.eu, 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.

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.

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 (e.g. 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.

Colophon

BOARD OF DIRECTORS
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Frank Schyberg
Vibeke Bak Solok
Christian Dulong Hoff

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Iben Mai Winsløw
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AUDIT AND RISK COMMITTEE
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Christian Dulong Hoff

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