Nordic Solar Energy A/S

Annual report 2019

Nordic Solar Energy A/S
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DK-2900 Hellerup

CVR No. 33 36 70 23

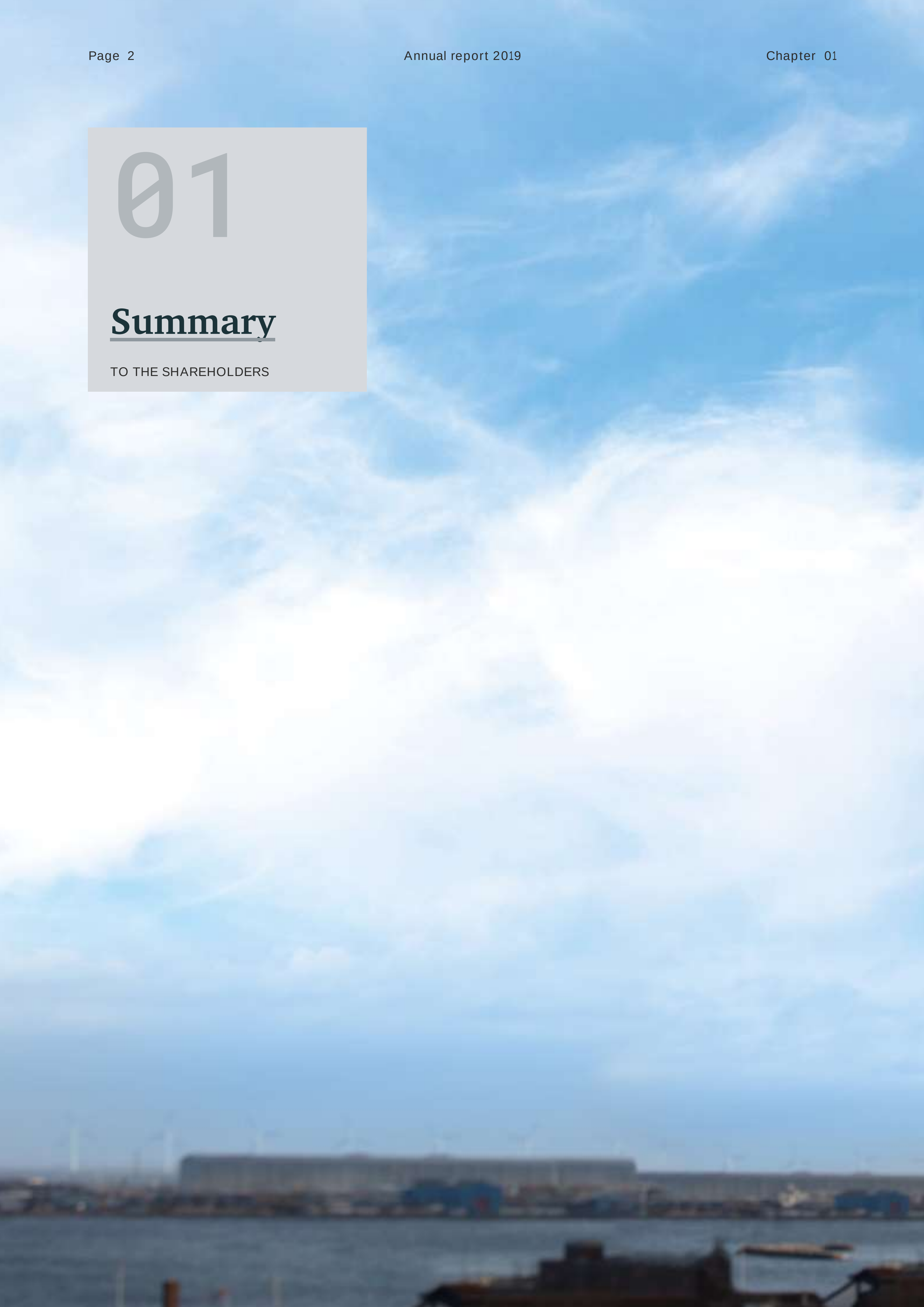
The Annual report was presented and adopted at the Annual General Meeting of the Company on 14th of May, 2020.

Attorney Claudia S. Mathiasen, Chairman

Content

NSE

Management review consist of chapter 01-03 and page 72-73.



01

Summary

TO THE SHAREHOLDERS

10 YEARS WITH SOLAR

Through dedicated work and passion for the ever-changing solar industry, Nordic Solar Energy A/S (NSE or The Group) has built up a decade long reputation as a reliable and high performing partner in solar investments. Our investors have been on the frontier of a rapidly growing and challenging business, that in 10 years, have overcome numerous changes.

In the past 10 years the industry has seen many changes in legislation and in subsidies, efficiency, technology, prices and also a general shift away from feed-in-tariffs towards auction-based competitive tenders, to now in many countries competing on marked based terms known as grid-parity.

Predictions are that solar energy will be one of the winners in the race towards a future carbon neutral green energy supply, where solar already is the cheapest and cleanest energy form in more than half the countries of the world.

DEVELOPMENT IN 2019

In 2019, the shareholders received a return of 10.2% net of all costs. The return was positively affected by better than budgeted refinancing and financing terms on new loans in Italian and Polish solar parks. Overall, the parks also had a positive budget deviation on revenue.

2019 was another year of growth for the company as NSE passed the 150 MWp milestone. With three new investments, NSE raised the production capacity by 32% from 116 to 153 MWp. NSE's assets grew by 21.5% from EUR 212.0 mill. at year-end 2018 to EUR 257.6 mill. at year-end 2019.

NSE invested in new solar parks for a total value of approx. EUR 36 mill. In July the company invested in two Danish solar parks built in 2019 with a capacity of 32 MWp. In the spring of 2019, the company acquired the remaining 51% of a 2 MWp solar park in Spain and the Polish portfolio was increased by 6 MWp solar plants purchased in June. Through its first investments in Denmark, NSE further diversified its portfolio, which now counts investments in nine European countries. The investments in Denmark, Poland and Spain brings the company's investments into balance from a risk perspective, further diversifying the portfolio. The company's objective to own and operate a diversified portfolio within the EU-countries remains one of the cornerstones of the strategy.

The budget for 2019 was an ambitious target of 200 MWp in operational assets under management, but for various reasons, the investments NSE was working on in the second half of 2019, were postponed to 2020 or closed down.

The financial performance of NSE has overall been satisfactory and in line with expectations. The growth in revenue and profit was a result of the three acquisitions that were closed in May-July 2019 as well as by the acquisitions made late 2018, that in 2019 were included with a full year's results.

In 2019, revenue grew 55% to EUR 28.9 mill. Similarly, EBITDA rose by 57% to EUR 23.6 mill.

Profit before tax for the year was EUR 2.4 mill., whereas profit after tax and non-controlling interests amounted to EUR 2.0 mill.

NSE's cash flows are strong, and EBITDA net of interest, loan repayments and taxes paid, forms a basis for the distribution of dividend.

The company has grown its equity by 16% mainly as a result of 3 capital increases of EUR 12 mill. in total which were carried out in 2019. The number of shareholders increased by 21%, from 166 to 201.

Operationally 2019 was a satisfactory year with a total energy production of 150.775 MWh, corresponding to an excess production of 1.5% compared to the budget.

Nordic Solar Management A/S (NSM), which undertakes the day-to-day management of NSE, strengthened its organisation considerably in 2019 growing from 10 to 20 employees.

OUTLOOK FOR 2020

A shareholder return at the level of 6-7%, net of all costs, is expected for 2020, but optimisation and economies of scale may impact the share price. The expectation for 2020 based on the solar park portfolio owned by end of year 2019, is a turnover of EUR 30 mill. and a net result of approx. EUR 2 mill.

A number of new investments are under negotiation in the beginning of 2020 and additional growth is expected through the acquisitions of new solar parks, and NSE's ambitious target is to reach a total production capacity of 225 MWp, equivalent to growth in installed capacity of approx. 47%. The company has an investment capacity based on investor commitments and cash at hand of approx. EUR 22.5 mill. by Q1 2020.

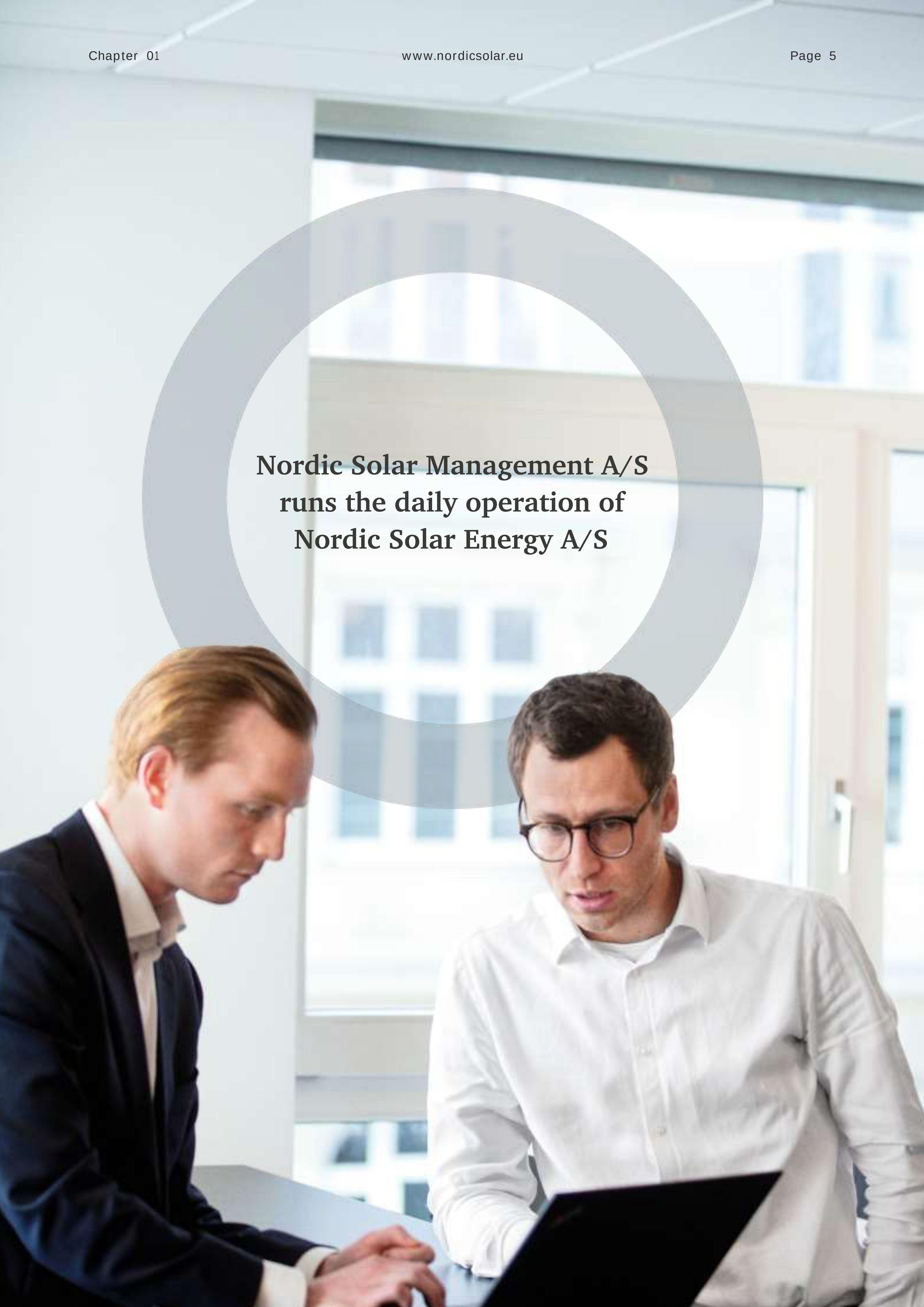
In addition to attaining the growth target, the focus in 2020 will be on further strengthening the administration, implementation of a new ERP-system and ensuring stable operations of the solar parks.

Thus, NSE will stay focused on steadily optimising the existing portfolio, while not compromising on its risk diversification and growth strategy. The strategy to build up a portfolio of well-managed solar power plants across the EU will be carried on in 2020 and it looks to be another exciting year for NSE.

The COVID-19 outbreak in 2020 will have great impact on the global economy. At this time, it is not possible to estimate the size of the potential negative COVID-19 impact, however no significant effect on group level with respect to revenue, earnings and cash flow for 2020 is expected.

Christian Sagild
Chairman

Nikolaj Holtet Hoff
Managing Director



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

5 YEARS FINANCIAL HIGHLIGHTS

The table on page 7 shows how NSE's financial highlights have developed over the past five years.

In this period balance sheet grew more than 4 times from approx. EUR 60 mill. to EUR 257.6 mill. while solvency rose to 29% from 24% stemming from repayments of debt combined with lower than average debt ratio on some of the new acquisitions made. Due to the new IFRS 16 standard implemented in the 2019 report, the balance sheet is increased by incorporation of lease payments, compared to previous years. In a comparable calculation excluding IFRS 16, the solidity has grown from 24% in 2015 to 31% in 2019. »Free cash flow from operations« simultaneously grew 7 times from TEUR 734 to EUR 5,1 mill.

For comparison reasons, EBITDA and the result for 2019 is specified with and without the effect of the new IFRS 16 lease standard in the table on page 7. As shown, the EBITDA is affected positively by EUR 1.6 mill. and net result is affected negatively with EUR 0,4 mill. by the new IFRS 16 lease standard. The reason is that following the new principles an interest cost on future leasing obligations is included in the profit and loss account. Applying the IFRS principles used in 2018, the net result after tax would have been EUR 2.5 mill. for 2019.

Solar energy investments are generally characterised by strong cash flows, even if the accounting result may be low. NSE distributes the cash flows received from its subsidiaries to the shareholders in the form of dividend, regardless of whether the dividend may exceed the profit for the year in some periods. Thus, the shareholders receive the full benefit from the strong cash flows of the portfolio. The overview on page 7 shows NSE's »free cash flow from operations«, which approximately corresponds to the cash flows generated by the solar parks which may be distributed as dividend.

5 years financial highlights

All figures are in TEUR

KEY FIGURES	2019 IFRS	2018* IFRS	2017* IFRS	2016* ÅRL	2015* ÅRL
Revenue	28,934	18,712	8,045	6,283	5,452
Profit before amortisation, depreciation and impairment losses (EBITDA)	23,610	15,073	5,614	4,616	4,010
Profit before amortisation, depreciation and impairment losses (EBITDA) ex. IFRS 16	22,013	15,073	5,614	N/A	N/A
Profit before tax	2,427	2,197	-290	60	205
Profit/loss for the period	**2,148**	**1,509**	**-541**	**-42**	**27**
Profit/loss for the period ex. IFRS 16	**2,537**	**1,509**	**-541**	**N/A**	**N/A**
NSE's share of profit/loss for the period	2,000	1,601	-325	-25	27
Balance sheet total	**257,624**	**212,073**	**140,416**	**77,766**	**60,235**
Balance sheet total ex. IFRS 16	**239,562**	**212,073**	**140,416**	**N/A**	**N/A**
Property, plant and equipment	164,964	179,214	119,854	66,982	49,427
Right of use assets	60,097	N/A	N/A	N/A	N/A
Cash	23,389	16,817	13,210	5,997	7,897
Total equity	**74,361**	**64,298**	**35,554**	**17,648**	**14,595**
Total equity ex. IFRS 16	**74,750**	**64,298**	**35,554**	**N/A**	**N/A**
Investment in Property, plant and equipment and right of use assets	41,813	68,330	58,212	22,418	21,993
Interest-bearing debt	170,145	135,193	92,740	53,744	40,211
FINANCIAL RATIOS					
EBITDA margin	81.6%	80.5%	69.8%	73.58%	73.68%
Solvency ratio	28.9%	30.3%	25.3%	22.78%	24.28%
Solvency ratio ex. IFRS 16	31.2%	30.3%	25.3%	N/A	N/A
CASH FLOW					
Profit/loss before tax	2,427	2,197	-290	60	205
Paid Corporation tax	-550	-732	-254	-78	-55
Non-cash transactions under profit and loss other than depreciations	800	271	292	0	0
Depreciation and impairment of property, plant and equipment	14,523	8,863	3,658	2,689	2,149
Repayment of project related loans	-12,077	-7,587	-2,533	-2,001	-1,566
Proceeds from financing of associated companies	249	186	36	0	0
Non-controlling interests share of free cash	-271	-45	-16	0	0
FREE CASH FLOW FROM OPERATIONS	**5,101**	**3,153**	**893**	**670**	**734**
DIVIDEND					
Proposed dividend for the year	4,774	2,611	950	1,029	749
Dividend per share **	0.87	0.74	0.60	0.74	0.81
Dividend per share converted at DKK 7,45 EUR/DKK	6.5	5.5	4.5	5.5	6.0

* Financial highlight is except IFRS 16
**Calculated for shares with full dividend right for the financial year

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

02

The business

10 YEARS AT A GLANCE
NSE was established in 2010 and celebrated its 10-year anniversary in January 2020.

The company was established by, among others, Nikolaj Holtet Hoff, Managing Director, and Marinus Boogert, Deputy Chairman of the Board of Directors, with an ambition to give investors access to attractive investments in the area of solar energy. The company was formed together with a handful of private investors, and the intention was to create an investor-controlled company.

The long-term objective was to create a »people's share« in the field of solar energy investments over the course of some years.

Looking back after the first 10 years, the growth has been considerable, even though it has become difficult to achieve the same growth rates year after year, when the company reaches a certain size. The table below shows 10 years development on key figures. Since 2010, the growth in assets measured in EUR has been on average 66% pr. year and the growth in equity approx. 70% pr. year. Measured in MWp capacity, the average annual growth of the portfolio has been 75%.

The growth of NSE in the past years, has been in a fast-growing market. In the same period, the solar market has grown by 36% per year, from 40 GWp installed capacity worldwide in 2010 to 626 GWp in 2019. After 10 years the company has built a well-diversified portfolio of solar parks across Europe and investors have received a total return of approx. 63%, consisting of 47% in dividends and the remaining 16% as share price increase. With an asset base of EUR 258 mill. and a calculated fair value of the equity of EUR 90 mill., the objective of reaching the milestone of creating a »people's share« is now within reach. The decision whether to become listed on a stock exchange is now a question of timing, preparation and size, provided this creates the highest possible shareholder value.

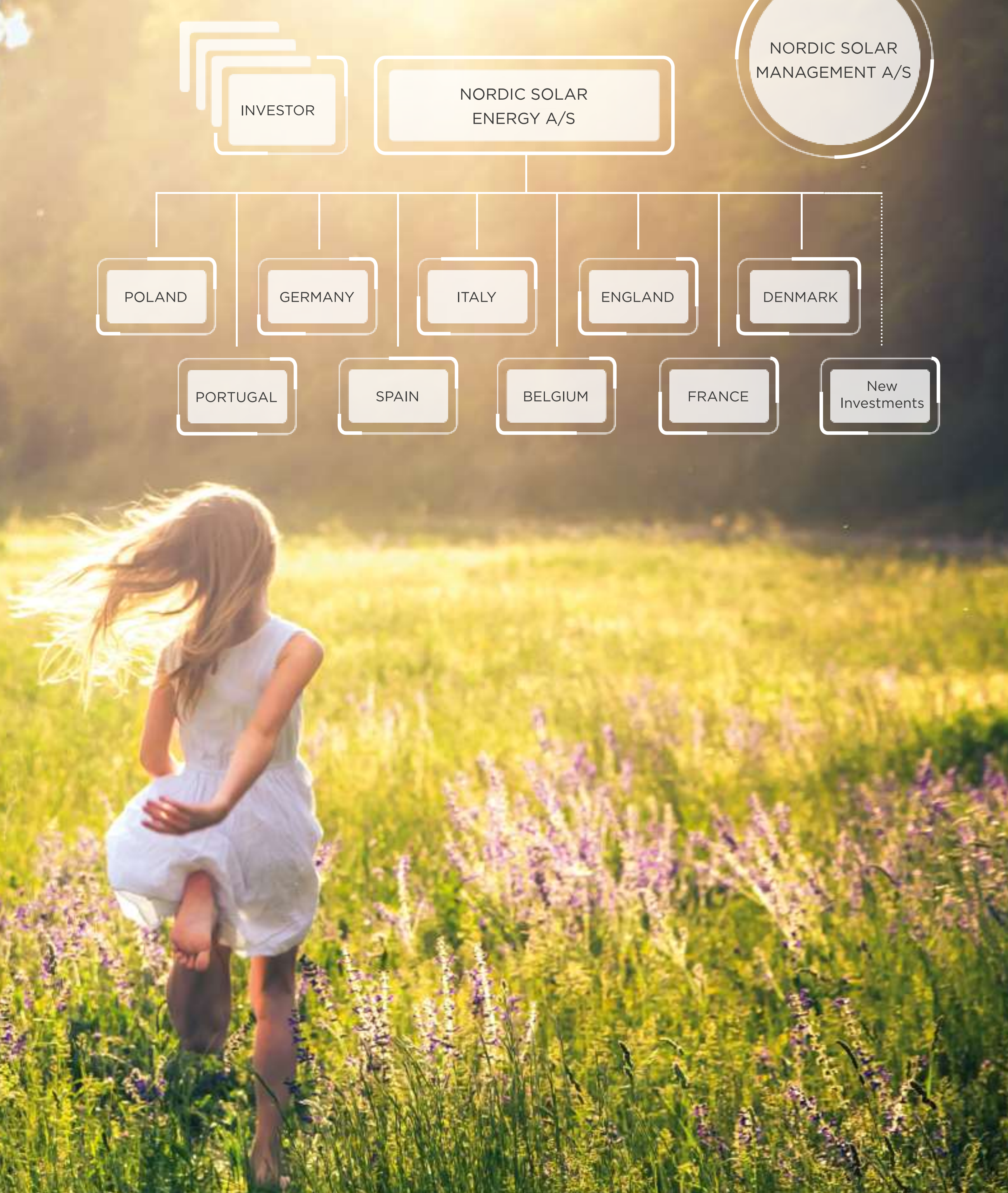
GROUP STRUCTURE
Nordic Solar Energy A/S is a limited liability company registered in Denmark and owned by 201 Danish investors and funds as well as a few foreign investors. In addition to equity from NSE's investors, the company is financed predominantly on the basis of non-recourse, fixed-rate loans. The company has bank facilities with more than 20 banks in 10 different European countries. NSE's legal group structure is illustrated on page 72-73.

10 years development

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020**
Portfolio MWp	1.0	1.6	1.6	11	11	24	32	58	116	153	225
Equity*											
EUR mill.	0.7	1.3	2	5	11	17	20	37	66	77	114
DKK mill.	5	10	15	36	85	125	147	278	491	580	850
Assets											
EUR mill.	3	6	9	39	41	60	78	140	212	257	335
DKK mill.	19	48	67	290	303	449	579	1,053	1,580	1,917	2,500
Shareholders	4	8	12	24	35	65	75	119	166	201	250

*Corrected for negative value of interest swaps.
**Expected

Business structure



NSM acts as day-to-day management of NSE, undertaking the tasks of raising capital, executing investments and managing and operating NSE. Consequently, NSE does not remunerate employees, and the expenses associated with conducting investments, including due diligence, are thus transaction-based. In this way, investments may be made directly without the involvement of intermediaries, a structure securing the best possible combination of high returns and variable costs.

To ensure that all investments are made with the objective of securing the investors the highest possible return with a manageable risk, all investments and other significant transactions are subject to approval by the Board of Directors. At the same time, all agreements between NSE and NSM may be terminated by either party based on comparable market terms. This ensures that the control of the company lies with the shareholders together with a flexible and transparent cost structure.

Based on a desire to create value and growth for the shareholders, NSM operates NSE with thoroughness, openness and honesty. NSM strives to be a serious and trustworthy partner for the investors, suppliers and employees. Keywords are openness in working methods and honest communications with respect for the work-life balance of the employees.

BUSINESS MODEL

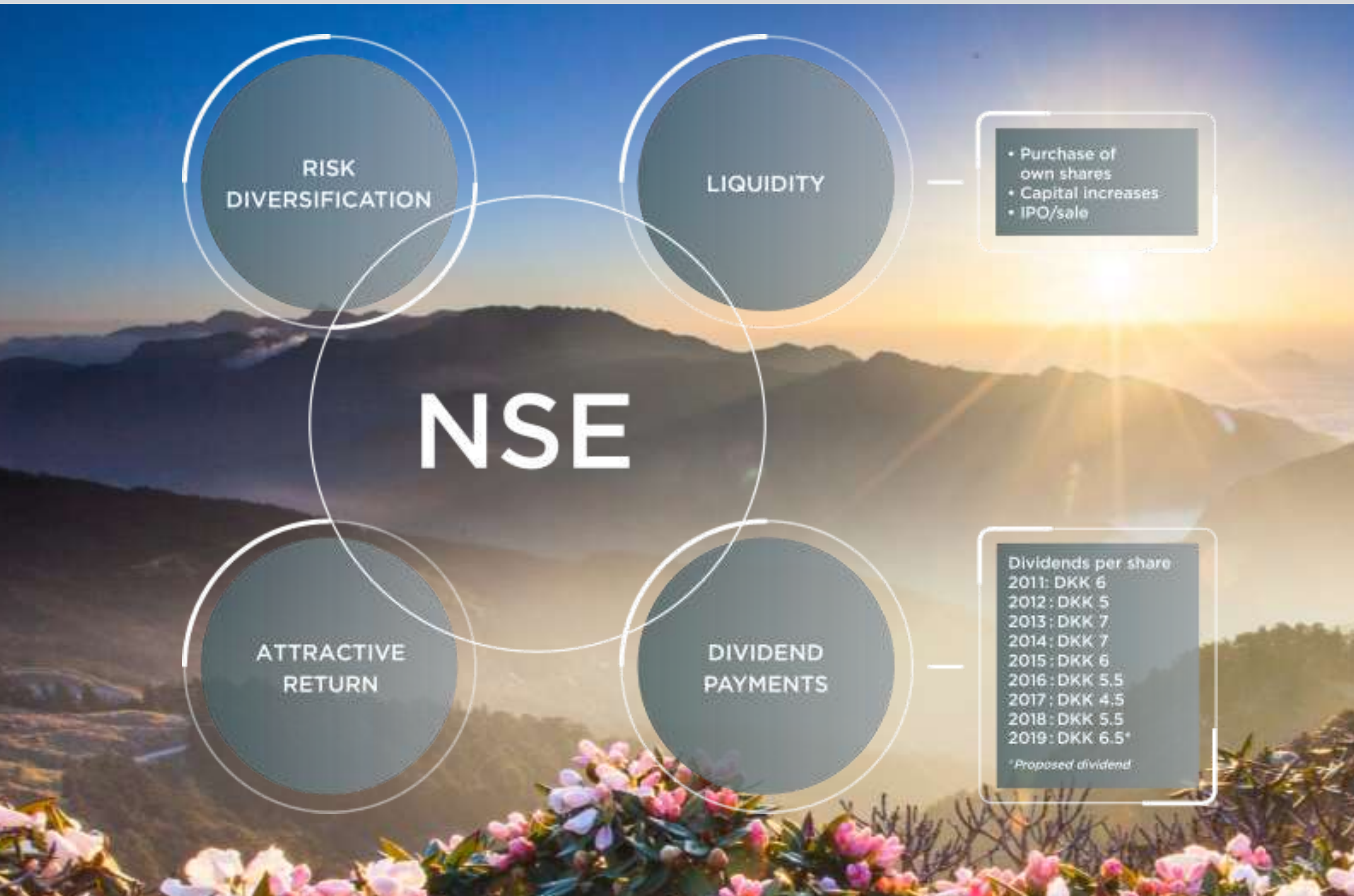
NSE's business model is built on four pillars:

1. An attractive stable return

NSE invests in solar parks securing an attractive overall portfolio return. On average the return has over the years been approximately 5%-points higher than the interest rate on a comparable basket of 10-year government bonds reflecting the relative geographical distribution of the equity investments of NSE. The return is measured as the internal rate of return (IRR) of the fair value of the budgeted cash flows, excluding scrap values of the solar parks. The objective is to arrive at a realistic fair value of the assets. The return is stable, as the solar irradiation largely is the same from year to year. A diversified portfolio also contributes to ensuring stable returns. Finally, most of the income currently stems from the sale of electricity at government-guaranteed tariffs. This is expected to change in the coming years, as subsidies are phased out and new solar projects increasingly are based on sale of electricity at market price.

2. Risk diversification

With the objective of ensuring a relatively low investment risk, NSE spreads its risks over a large portfolio of assets in a number of European countries, thus ensuring low dependency on each individual country's subsidy schemes, tax policy, energy policy, etc. In addition, the company only invests in operational solar parks, thus



avoiding risk exposure in the project development and construction period.

3. Annual dividend distributions
It is company policy to distribute the cash flows received each year from the solar parks in the portfolio in the form of dividends to NSE's shareholders. Thus, NSE has distributed dividend annually between DKK 4.5 and 7.0 per share (see the figure on page 10). Since its first full year in operation (2011) and until and including the expected distribution of dividend for 2019, the company has distributed total dividends of DKK 53.0 per share, initially priced at DKK 100.

4. Liquidity in the share
The company's share register is administrated by VP Securities, who also handles the annual distribution of dividends. The shares are freely negotiable instruments and may be placed in an ordinary custody account with any Danish bank. The general assembly has authorised the Board of Directors to facilitate buy back of own shares equivalent to 10% of the share capital. Investors wishing to sell their shares may do so at the monthly share price, calculated as the fair value based on the discounted, budgeted cash flows. NSE normally maintains cash reserves of EUR 670t (DKK 5 Mill.) to be able to handle any buy back of shares. The buy-back program may be suspended under uncertain market conditions and buy-back of larger shareholdings need to be approved by the Board of Directors. Plans are to apply for an IPO of NSE after 2020 at which time the market value of the share capital is expected to exceed EUR 134 mill. (DKK 1 bill.). An alternative exit strategy could be a sale of the entire portfolio.

VALUATION MODEL

NSE purchases and manages solar energy plants – solar parks – located in the EU. The existing portfolio is expanded regularly through new investments financed by capital increases. Each new investment is evaluated based on, among other factors, an elaborate financial model according to which the cash flows generated by each solar park during its entire expected lifetime are budgeted in detail. Thus, a detailed budget is prepared for each solar park for each year of the expected investment period. In connection with the acquisition of a new solar park, thorough due diligence is performed, and all assumptions underlying the future cash flows of each individual solar park are also reviewed by an external adviser with knowledge of local matters.

The value of a solar park is determined by discounting the future cash flows in the budget to present value. The IRR used for discounting purposes may vary from country to country and reflects a realistic, assessment of the market return in the country concerned. The weighted average return on NSE's aggregate portfolio is 6.3% by the end of 2019, following the investments made during the year. This means that if no additional investments are made in solar parks for the portfolio, the dividends received from all solar parks in the remaining forecast period of between 12 and 30 years will yield a return of 6.3%. Hence, the fair value of NSE's equity of EUR 90 mill. at year-end 2019 will be paid back to the shareholders and will, during the lifetime of the solar parks, earn interest of 6.3% p.a. The return is before operating expenses relating to the parent company. The operating expenses relating to the parent company, which mainly consist of board fees, administrative expenses and expenses for marketing, are expected to decrease in relative terms as the planned growth of NSE is achieved.

The figure on page 13 shows NSE's expected future dividends from all solar parks during their lifetime. The amounts distributed as dividend fluctuate from one year to the next, as interest payments and repayment of debt vary in each individual solar park. For instance, a solar park with a lifetime of 20 years and 15-year financing will provide a lower dividend in the initial 15-year period. Once the debt has been repaid by year 15, all cash flows will accrue to the shareholders, for which reason dividends will increase substantially in the years 16-20.

The figure on page 13 sums up the cash flows of all entities each with their debt and repayment profile. The following should be noted with regard to the calculation of future cash flows:

- The underlying budget assumptions for the remaining lifetime for each solar park is based on the subsidy period and, in some cases, supplemented by a post-subsidy period during which electricity is sold at market price, in so far as a lease for the land or the roof supports this.
- The residual value of each solar park is set at zero.
- To the widest extent possible, budgets are prepared on a conservative, yet realistic, basis. Thus, changes in operating expenses or tax rates based on actual circumstances are incorporated line by line in the budget for each individual solar park. The production budget and, hence, revenue is based on the most recent solar radiation measurement for the solar park, which in most cases is performed when the solar park is acquired. The portfolio of solar parks has on average, while owned by NSE, overperformed the original investment budget measured in kWh, by approx. 2.2%.

At the end of 2019, NSE owned 89 solar parks, whose aggregate, future repayments will amount to EUR 150 mill. according to budget. The regular disbursement of these cash flows is expected to take place through a combination of dividend distributions to the shareholders and, possibly, share buybacks. On top of this, NSE has approx. EUR 12 mill. in cash and loans not drawn yet, from the recent refinancing in Italy and Poland ready for new investments.

The budgeted future cash flows will change as NSE's planned growth materialises through acquisitions of new solar parks. Any conversions of mezzanine financing into share capital, refinancing of individual loans or optimisation of the operations can among other things also affect the future cash flows.

The above description and the figure on page 13 showing the expected future cash flows of the portfolio, illustrates the value of NSE's assets owned at year-end 2019.

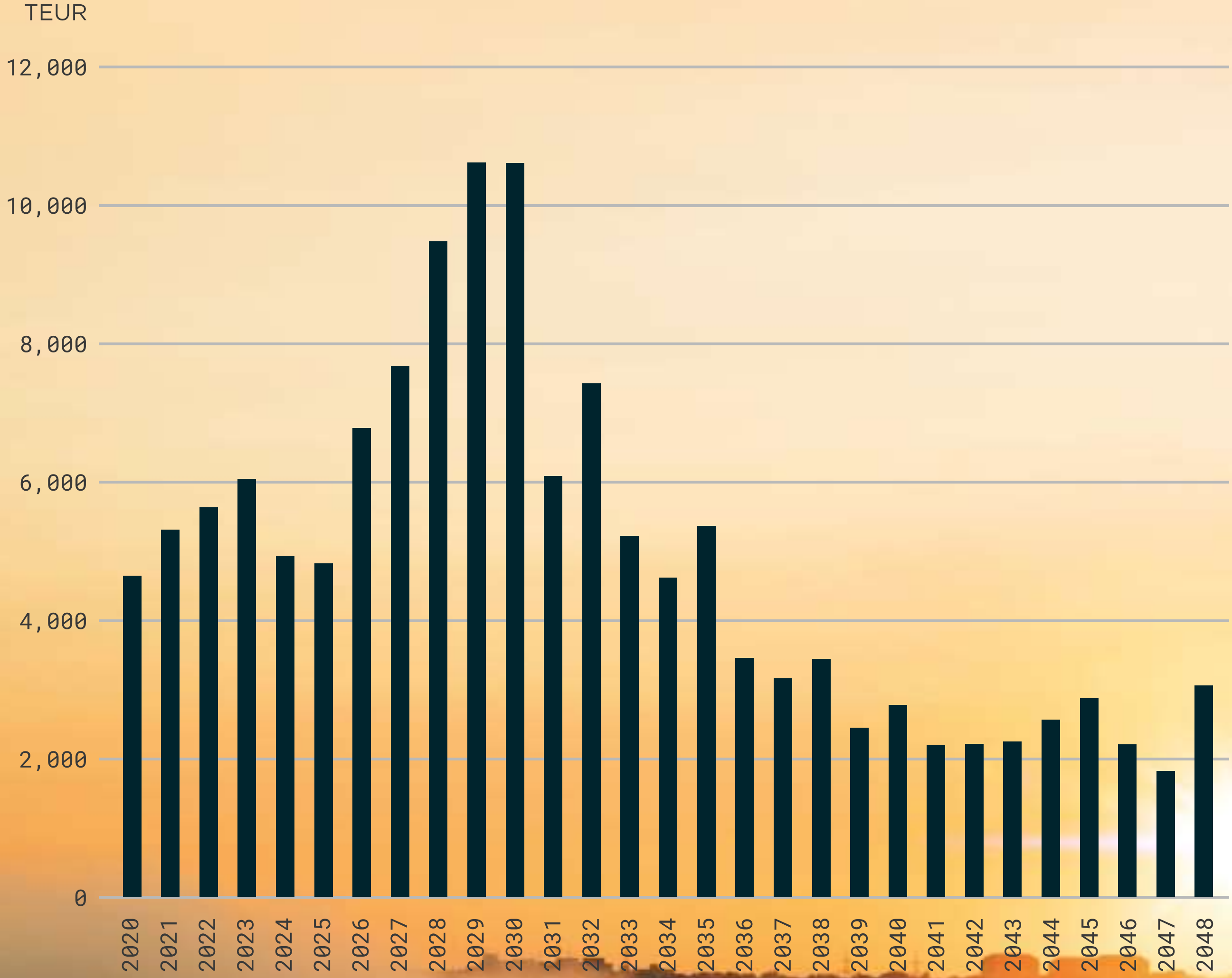
INVESTMENT STRATEGY

NSE's growth is based on investments in new solar parks for the portfolio. The company's investment policy and strategy form the basis of all investment decisions and is based on the following principles:

- Investments are made only in solar parks that are operational. When acquiring turnkey construction projects, the company cannot release large payments until the project is operational.
- Investments have an attractive return reflecting the market returns and individual project risk profile. Investment returns are measured on IRR. Demanded returns are differentiated depending on the market and among other factors the degree of electricity price risk.
- Investments in any single country does not exceed 33% of the total portfolio. The Board of Directors may, temporarily, deviate from this maximum if the ratio is expected to be reduced subsequently.
  The objective is that minimum 67% of all investments are made in EUR or DKK. The Board of Directors may also periodically deviate from this currency policy.

One of the Board of Directors' duties is to adjust the investment policy on an ongoing basis to best accommodate the investors' interests and the development of the markets.

Consolidated expected cash flow for solar parks owned end of year 2019



Note: Incl. cost of operations in the parent company.

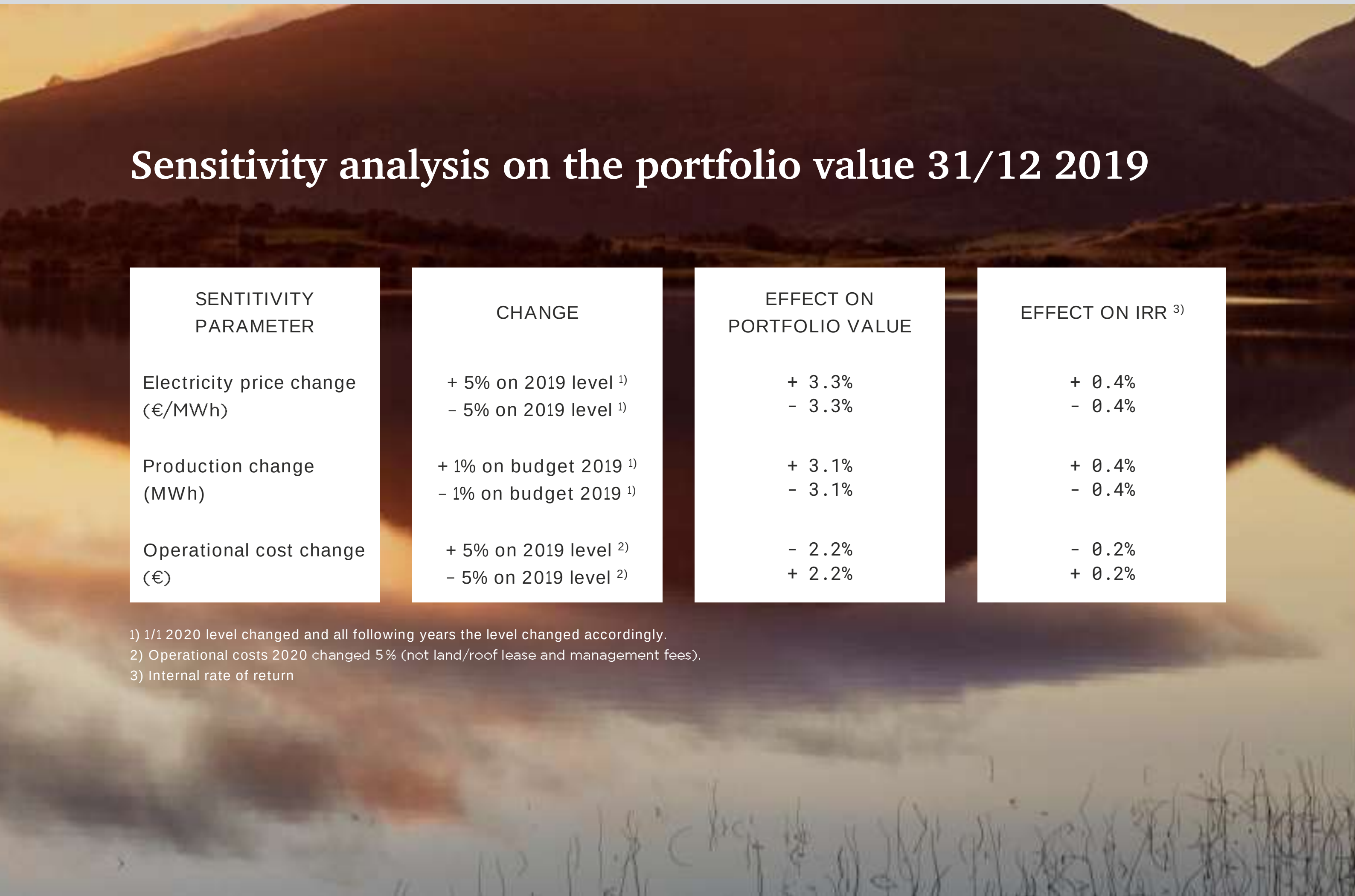
SENSITIVITY ANALYSIS

NSE strives to ensure that the investors receive the highest possible risk-weighted return at all times. Detailed calculations of how the individual solar park budgets are affected by any changes in the main assumptions and parameters are thus prepared. Key elements in NSE's sensitivity analyses are:

- Changes in revenue.
  May be due to e.g. lower than expected solar irradiation.
- Degradation of solar panels.
  Higher degradation than assumed lowers expected production.
- Inflation.
  May affect both expenses and subsidies to the degree these are adjusted for inflation.
- Change in electricity prices.
  To the extent that the solar park's revenue comes from subsidies or from the sale of electricity on market terms. Professional electricity price forecasts are used, and the sensitivity of high or low case scenarios are evaluated.
- Changes in operating expenses.
  Cover the risk of unforeseen expenses as well as the effect of cost optimisation

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

The table below shows that the return on a portfolio level is relatively robust with regards to possible changes in key assumptions. The expected shift in the portfolio from revenue predominantly based on subsidies to revenues more based on sale of electricity on market conditions, will increase the electricity price sensitivity. This has been the case from 2018 to 2019 where the effect on share price from a 5% change in electricity price rose from 1.9% to 3.3%.



Sensitivity analysis on the portfolio value 31/12 2019

SENTITIVITY PARAMETER	CHANGE	EFFECT ON PORTFOLIO VALUE	EFFECT ON IRR [3)]
Electricity price change (€/MWh)	+ 5% on 2019 level [1)] – 5% on 2019 level [1)]	+ 3.3% - 3.3%	+ 0.4% - 0.4%
Production change (MWh)	+ 1% on budget 2019 [1)] – 1% on budget 2019 [1)]	+ 3.1% - 3.1%	+ 0.4% - 0.4%
Operational cost change (€)	+ 5% on 2019 level [2)] – 5% on 2019 level [2)]	- 2.2% + 2.2%	- 0.2% + 0.2%

1) 1/1 2020 level changed and all following years the level changed accordingly.
2) Operational costs 2020 changed 5 % (not land/roof lease and management fees).
3) Internal rate of return

Portfolio overview

COUNTRY	GROUND MOUNTED MWp	ROOF MOUNTED MWp	REVENUE 2019[1)] TEUR	EBITDA[1)2)] TEUR
Belgium		32.3	12,102	9,882
Italy	4.0	13.9	5,819	4,361
Poland	25.8		1,916	1,323
UK	13.2		1,776	1,501
Spain	2.0		1,393	1,240
Denmark	31.7		1,638	1,289
France	26.8		4,528	3,698
Portugal	2.3		812	679
Germany	1.0		321	273
Total	106.8	46.2	30,305	24,246

1) Full year figure regardless of ownership period and ownership share.
2) EBITDA = Earnings before Interest, Tax, Depreciations and Amortizations.
3) Share of fair value of the portfolio calculated based on expected future cash flows excluding scrap values.

EBITDA MARGIN [1,2] %	ELECTRICITY SALES REVENUE 2019[1] TEUR	ELECTRICITY SALES SHARE OF REVENUE 2019[1]	SHARE OF FAIR VALUE 31/12/2019[3]
82%	1,500	12%	32%
75%	1,264	22%	23%
69%	-	0%	10%
85%	674	38%	9%
89%	248	18%	8%
79%	1,179	68%	7%
82%	-	0%	6%
82%	-	0%	4%
84%	-	0%	1%
80%	4,805	16%	100%

SOLAR PARKS

NSE currently owns 89 solar parks in nine different European countries. In 2019, the parks produced enough electricity to power 75% of the yearly electricity consumption of Gibraltar or half of that of the Faroe Islands.

The first solar park in the portfolio was acquired in Germany in 2010. Subsequently, investments have been made in solar parks in eight other countries: Spain, Italy, Belgium, England, France, Portugal, Poland and Denmark.

The geographical distribution of solar parks by size and share of the company's assets, measured on fair value, is shown in the portfolio overview on page 16-17.

Financially, the solar parks have a high EBITDA margin, which for the entire portfolio is approx. 80%. The distribution of the company's assets by fair value shows:

- The largest country in the portfolio is Belgium, which accounts for 32% of the portfolio's value.
- United Kingdom accounts for 9% of the portfolio with a pound sterling (GBP) exposure.
- Poland accounts for 8% with exposure in zloty (PLN).
- Denmark accounts for 7%.

Overall, the currency exposure at the end of 2019 is within the limits of the company's currency policy with a maximum of 1/3 in currencies different from EUR or DKK.

OPERATION OF THE SOLAR PARKS

As in previous years, operations of the solar parks were generally also very satisfactory in 2019.

Operation and maintenance of the solar parks are handled by local partners to ensure the highest possible productivity based on maintenance and supervision of the parks, but the overall management is handled in Copenhagen by NSM.

The technical team of NSM measures and reports on the efficiency of each solar power plant by standard of performance ratio (PR) and they also report regularly on the irradiation compared to budget. Where PR shows the ratio of actual solar irradiation that is converted into electricity, the irradiation shows the number of sunshine hours the solar parks receive. In 2019, realised PR was almost 1% higher than in 2018, whereas irradiation was +1.8% compared to expectations.

As the operation and maintenance contracts include performance guarantees from local operators – measured by reference to PR – operating expenses on a few solar parks were reimbursed in 2019.

In terms of performance, PR has improved almost 1%-point since 2018. The main reasons for this are inverter replacements on the »Chignolo Po« plant in Italy, some technical and management improvements on »Orka« in Belgium, rodent issues were solved on »Folly Farm« in the UK and improvement on the grid stability of »Montmayon« in France.

Further technical improvements are under analysis and are expected be implemented within 2020-2021.

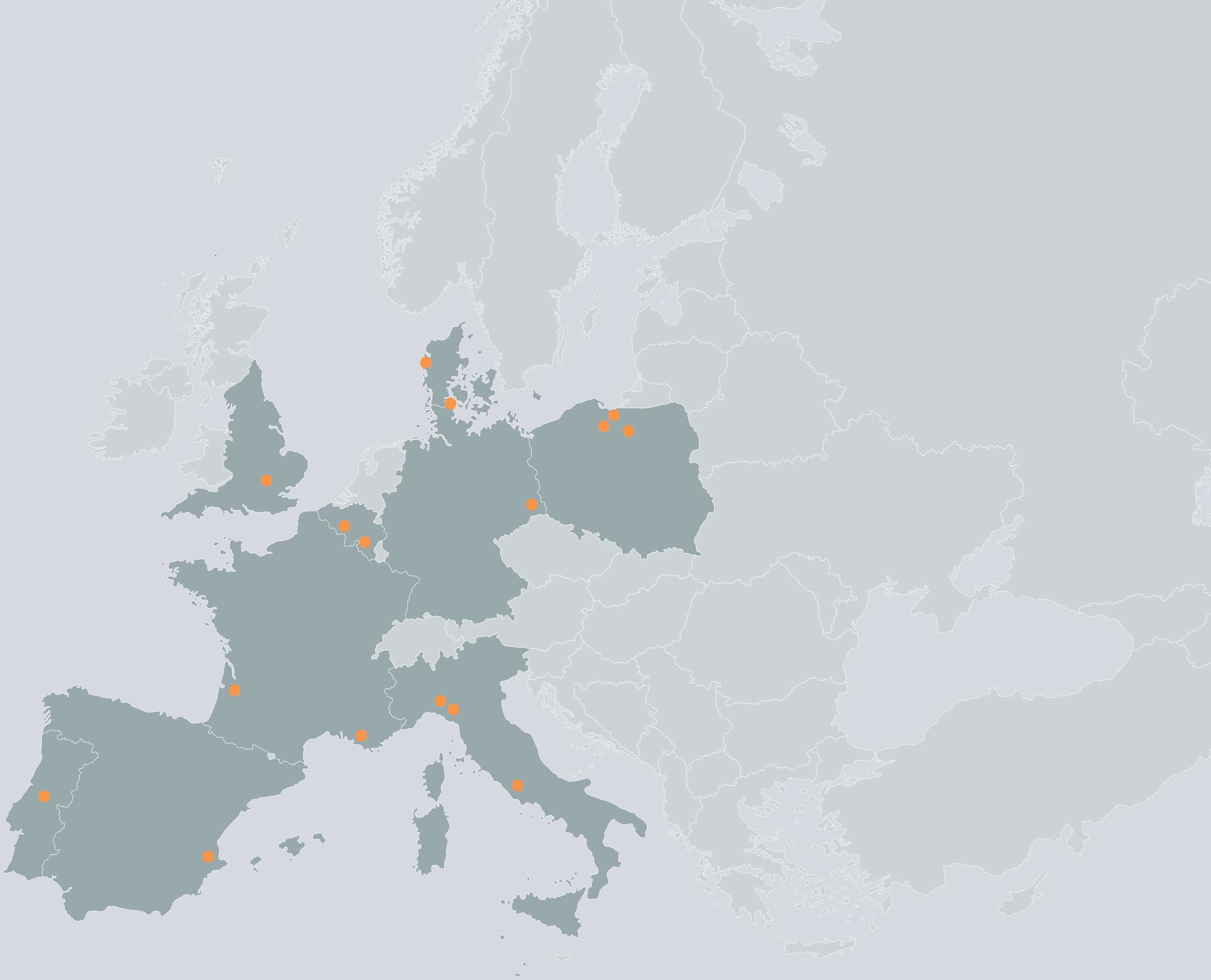
Despite better than budgeted irradiation in 2019 the irradiation was below the 2018 level and extreme climate events are increasing and causing challenges in predicting the irradiation and temperature values.

As Southern Europe was characterised by below-normal solar radiation, the solar parks produced below budget. Northern Europe, on the other hand, experienced an above average summer, and the parks in this part of Europe produced well above budget.

In 2019, there were 7 insurance claims. No major events had an adverse impact on production in 2019 and all the non-recurring expenses related to incidents of damage were covered by insurance in full, together with business interruption losses during the period of repair. Economically speaking, the technical incidents in 2019 therefore had a minimal impact on the accounts.

The NSM technical team visited during the year all the 89 solar parks within the portfolio, ensuring smooth operations, while controlling work done and planning future improvements.

The table on page 19 shows production deviations from the original investment budgets for all solar parks. The overall production of the solar parks was 1.5% above the original investment budget for 2019 and accumulated for all years of ownership a plus of 2.2% has been achieved.



REALISED PRODUCTION VERSUS BUDGET
Original investment budget = index 100

YEAR	GERMANY	SPAIN	ITALY	BELGIUM	ENGLAND	FRANCE	PORTUGAL	POLAND	DENMARK	INDEX
2010	101									101
2011	124	100								106
2012	116	109								111
2013	103	107	109	100						102
2014	114	106	92	102						103
2015	121	104	99	107	100					104
2016	111	101	98	103	103	101				102
2017	108	108	103	103	100	102	100			102
2018	125	100	90	106	103	95	89	106		103
2019	123	98	96	104	106	106	93	99	100	102
Total*	115	104	96	104	102	104	94	101	100	102

*Accumulated production index under NSE ownership

SHAREHOLDER RETURN

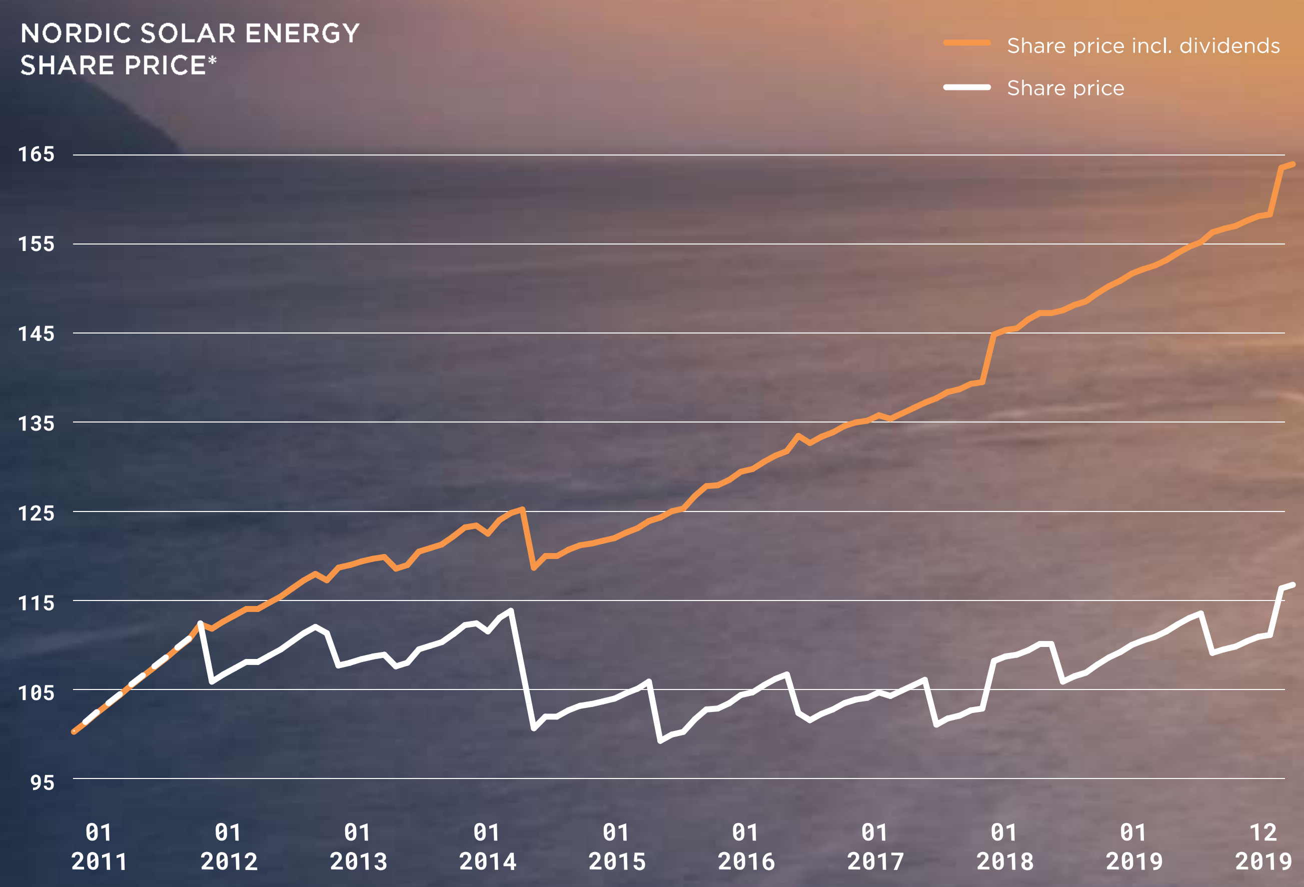
NSE recorded an above average net return of 10.2% to its shareholders in 2019, originating from a dividend payment of DKK 5.5 per share plus an increase in the share price from DKK 110.5 to DKK 116.3. The shareholder return stems from regular dividend distributions, as excess liquidity from the solar parks is distributed annually to the shareholders. The return was also positively affected by better than budgeted re-financing and financing terms on new loans in Italy and Poland as well as a slight reduction in the average return measured on IRR of the portfolio.

Since February 2011, NSE has made monthly, unaudited fair value calculations of the company's shares price. The valuation is based on the budgeted cash flows for each solar park; please see the description in section »Valuation model« on page 12. The company aims to arrive at a realistic, yet conservative, valuation of the shares. As capital increases and potential sellbacks of shares to NSE are based on the share price, the price must reflect the fair value of the company's equity. The price must not only be fair to the existing shareholders, whose shareholdings are diluted in connection with capital increases, but also to new investors wishing to become co-owners of the company.

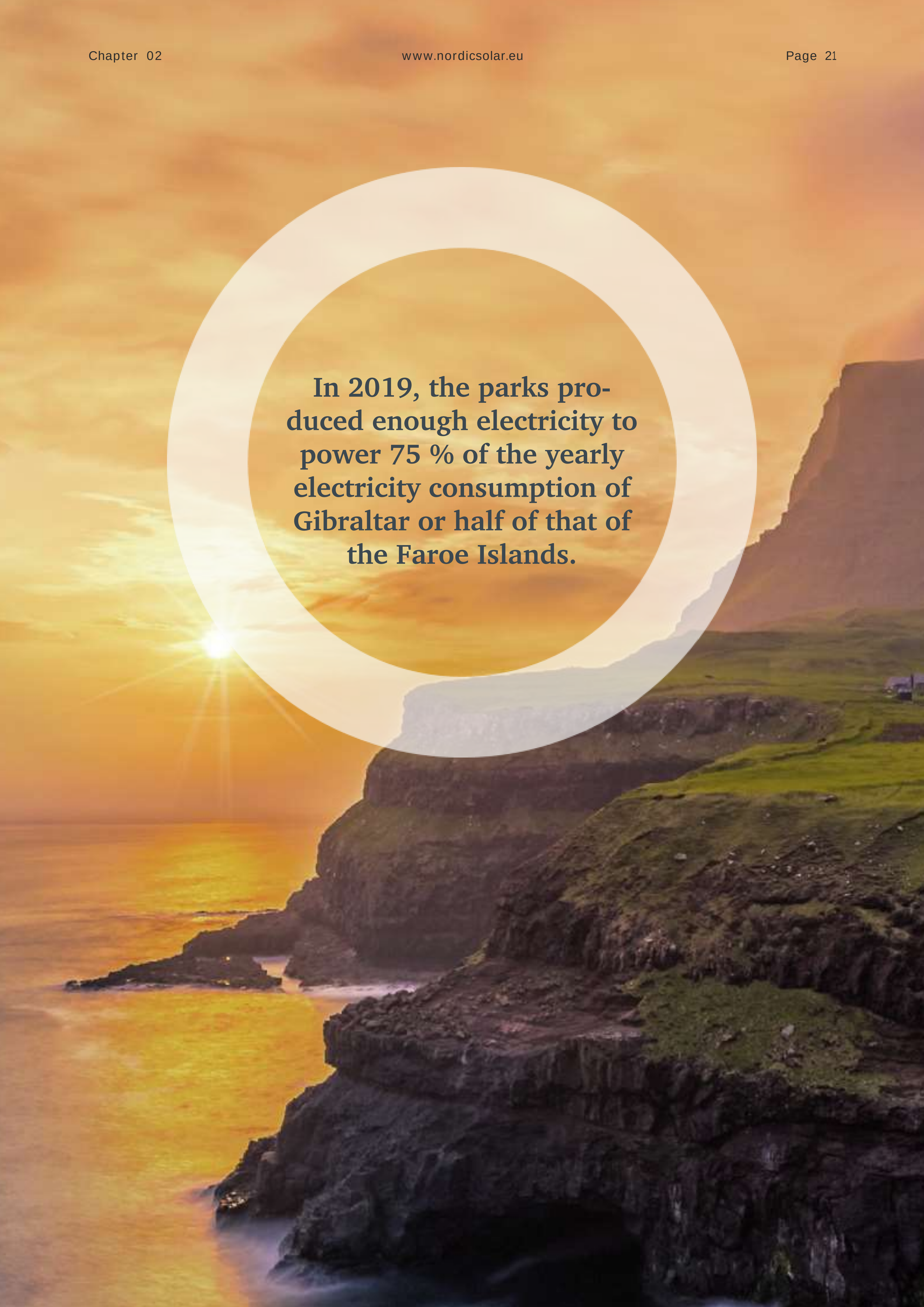
Movements in the share price since NSE was established are shown below, and the two charts respectively show the price with and without dividends. The shares have received an accumulated return of 63% since 2011. The lower chart shows the non-adjusted share price, which drops after each dividend distribution. The upper chart has been adjusted by adding the dividend distributions. Since 2011, NSE has distributed dividend of DKK 46.5 per share, excl. the dividend of DKK 6.5 proposed for 2019.

In July 2014, the share price decreased as a result of changes in the subsidies in Italy and Spain. In November 2017, the share price increased due to, among other factors, cost savings achieved after the number of service providers in the areas of insurance and operation of solar parks was reduced. In November 2019, there was an increase in the share price due to a value adjustment deriving primarily from financing and refinancing activities in Italy and Poland.

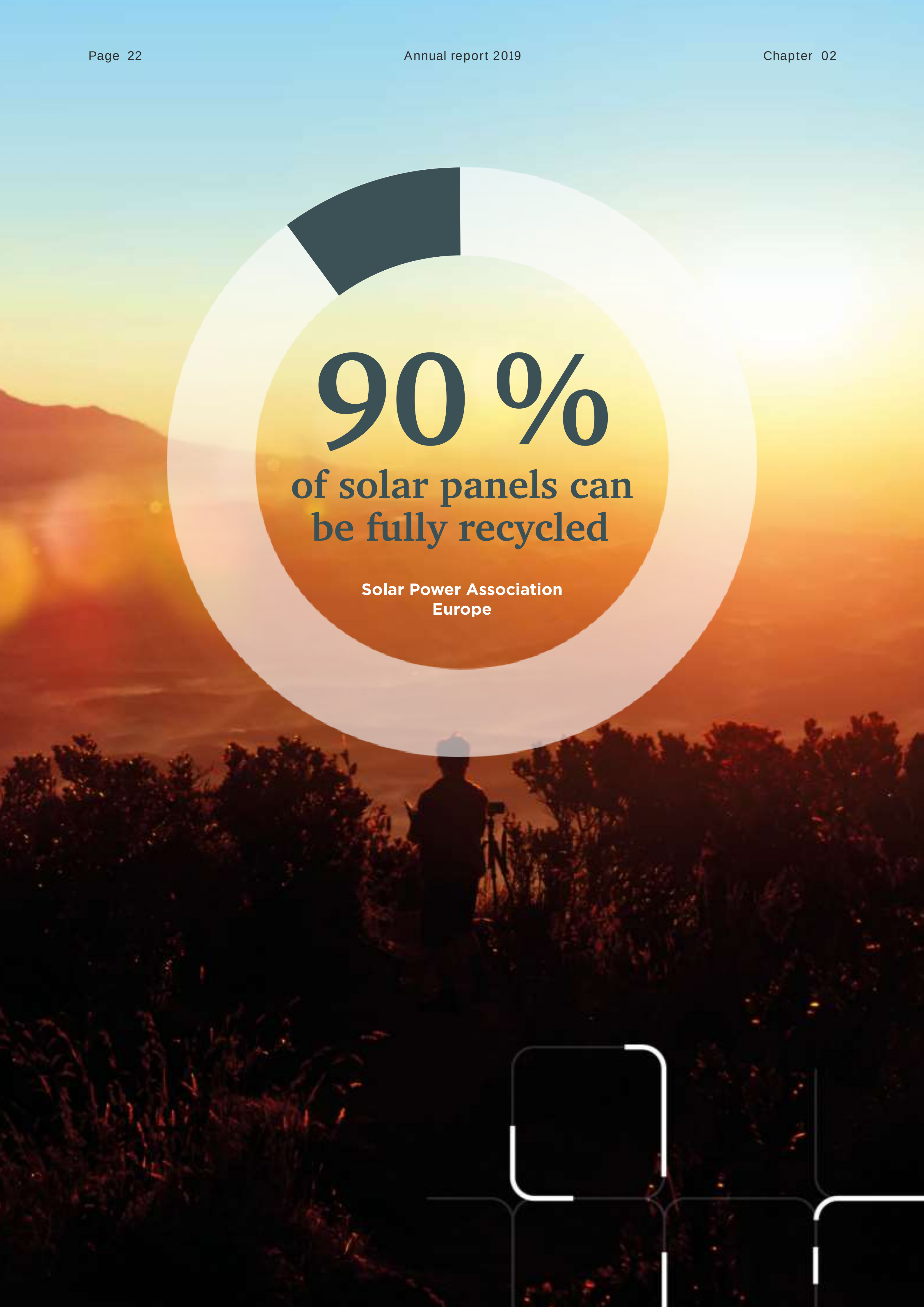
The total expected return related to the existing portfolio of solar parks is approx. 6.3% p.a., measured by IRR, which is in line with the expected return for 2020 of 6-7%.



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



In 2019, the parks produced enough electricity to power 75 % of the yearly electricity consumption of Gibraltar or half of that of the Faroe Islands.



90 %

of solar panels can be fully recycled

Solar Power Association Europe

THE ENVIRONMENT

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

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

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

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

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

Reaching the EU's 2030 renewable goals, renewable energy must rise to 57% of the electricity mix, up from 35% in 2019. In the Commission's modelling, wind more than doubles from 13% in 2019 to 26% and solar almost triples from 4% to 11% by 2030.

In 2019, NSE produced 150.775 MWh (151 GWh) green electricity, equivalent to the annual consumption of electricity of 43,000 households or energy savings of 79,300 tons of non-emitted CO_2. In comparison, the average Dane consumes 1.6 MWh of electricity a year.

Once a year, all of NSE's shareholders receive a certificate and a statement of their share of this green energy production. In 2019, a shareholder holding shares worth DKK 1 mill. (EUR 133,333) had held a share of the output of approx. 280,000 kWh green energy, corresponding to 88 households' energy consumption. On average, each of NSE's shareholders made a positive contribution of green power in 2019 equalling the energy consumption of about 260 households.

Since NSE was established in 2010, NSE's solar parks have produced approx. 350,000 MWh green energy, corresponding to the energy consumption of 100,000 households for one year, or total environmental savings of 190,000 tons of non-emitted CO_2.

03

Report 2019

MARKET DEVELOPMENT

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

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

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

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

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

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

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

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

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

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

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

Despite the political trends, the constantly decreasing cost of producing solar energy is still a significant driving force behind the global solar energy market. Consequently, many countries established solar energy production as the cheapest type of energy, and other countries have been able to substantially reduce or even abolish their subsidies to the green transition. In Europe, subsidy-free solar parks are now being built in most of Southern Europe, and the geographical border line for making such investments is moving north. In Denmark the first subsidy free solar projects are currently under development despite the relatively limited solar irradiation in the country.

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

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

Solar panel prices decreased by 96% since 2000

Source: Solar Power Association Europe

MARKET RISK

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

For the owner of a solar park, the market risk depends on, the degree to which revenue is based on subsidies or on the sale of electricity at market price. With sale of electricity in the wholesale market increasingly becoming the main revenue stream, the price development is an accumulative important factor in budgeting the future return of a solar project.

The government-guaranteed portion of revenue from NSE's portfolio of solar parks is approx. 84%, whereas the sale of electricity at market price accounts for the remaining 16%. This ratio is expected to change in the future towards a higher share of revenue coming from the sale of electricity. As the electricity price development is a complex matter, the company closely monitors the markets.

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

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

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

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

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

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

For the owner of a solar park, the market risk depends on, e.g., the degree to which revenue is based on government-guaranteed selling prices of electricity, and the degree to which revenue is based on the sale of electricity in the electricity market.

The portion of NSE's revenue which derives from the sale of electricity at market prices may vary as a result of fluctuating electricity prices. In some markets, the company therefore sells the electricity at a fixed price for the entire year. Most market players expect growing demand for electricity as well as an increase in real electricity prices from 2020 through the subsequent 10-15 years in most markets in the EU.

NSE's risk diversification strategy, currently reflected in the existing portfolio of solar parks in nine different European countries, reduces the sensitivity related to potential changes in a country's political decisions, which again reduces the risk. This is one of the unique characteristics of making an investment in NSE.

FINANCIAL RISK

For an owner of a solar park, the financial risk is generally low, as the majority of the solar parks' loan financing is based on non-recourse, fixed-rate loans with no collateral from the holding company. This is also the case for NSE's financing in the subsidiaries, where the majority of the loans consists of non-recourse fixed interest rate loans.

The valuation of solar parks and the return on new investments are associated with a certain amount of financial risk. If interest rates rise or fall, the alternative market return will change, which is expected to impact the valuation both of existing solar parks and the expected return on new investments for the portfolio. Another factor that may affect solar park valuation is the increasing acceptance of solar energy as an investment asset. The fact that more investors, including Danish and foreign pension funds, have begun to see solar energy as an attractive investment option has increased demand for solar parks, hence implying rising prices and falling returns.

Exchange rates represent another financial risk in relation to the portfolio. Today, approx. 9% of the Company's capital is invested in the UK in GBP, whereas approx. 10% is invested in Poland, in PLN. As for UK, the currency risk has been reduced by loans raised in GBP corresponding to approx. 45% of the asset value by the end of 2019. In Poland, 51% of the portfolio is financed in local currency. The Company is thus exposed to currency risks in respect of any future dividends in GBP and PLN that will be converted into DKK over the next many years. On this basis, the return on the investments is affected by potential fluctuations in the pound sterling and zloty rates.

Exchange rate fluctuations between EUR and DKK are not treated as a currency risk.

DEVELOPMENT IN 2019

In 2019, NSE passed the 150 MWp milestone with the balance sheet exceeding EUR 250 mill. in total and a fair value calculation of equity growing to EUR 90 mill.

Growth was achieved through the following 3 acquisitions:

- In May 2019, the remaining 51% of the shares in the 2 MWp Spanish solar park Beniarbeig was purchased. Thereby full ownership of the solar park was achieved.
- In June, the first Danish solar parks were added to the portfolio. Two operational solar parks with in total 32 MWp were purchased from a Danish developer. The main part of the turnover is based on sale of electricity at market prices.
- In July, closing on a 6 MWp Polish portfolio was achieved. A transaction that was signed in 2018 and closed in 2019.

NSE made a total investment of EUR 36.2 mill., growing total capacity by 32% from 116 MWp at the end of 2018 to 153 MWp at the end of 2019.

With its first investment in Denmark, NSE further diversified the risks associated with its portfolio, which now includes investments in nine EU countries. The investments meant that no country represents more than 1/3 of the portfolio as Belgium's share of about 35% of the company's portfolio at the beginning of the year had decreased to approx. 31% at year-end, measured by reference to a fair value valuation.

2019 was a year, where great effort was put into optimizing the external financing of the portfolio. In 2018 and 2019, three Polish solar portfolios had been purchased of which two were without financing and one was with a relatively short project financing. A full refinancing of the portfolio was negotiated and by the end of 2019 it was signed.

The financing is seen in the market as one of the first project financing of any solar portfolio made in Poland. Besides the local currency financing, a supplement financing for the Polish portfolio was established with The Danish Green Investment Fund, on group level.

In Italy, the 14 MWp portfolio purchased by the end of 2018 was refinanced with a lower margin and higher leverage percentage. On top of this, an intermediary recourse element that was included at the purchase moment was removed. This created a better return on the portfolio and a release of EUR 3.5 mill. cash ready for new investments.

Finally, the financing of the new Danish portfolio was improved though a release of reserve accounts.

In total, the financing activities created an extra return to the shareholders in 2019, contributing to the total return of 10.2% for the year. The financing activities also released funds for new investments.

In terms of equity, NSE recorded growth in 2019 as a result of three capital increases of EUR 12 mill. in total. This is a 16% increase in the book value of equity to EUR 74 mill. by year-end 2019. Simultaneously, the number of shareholders increased by 21%, from 166 to 201.

Capital commitments as well as free cash from refinancing activities where in place for considerable investments at the end of 2019. However, few large projects that were in the pipeline for closing at the end of 2019 were postponed for 2020 or shut down. This leaves EUR 22.5 mill. ready for new investments, before new capital raises in 2020. It is expected that a part of the commitments will be invested in Q2 or Q3 2020 as well as used for repayment of loans and investment credits.

FINANCIAL STATEMENTS FOR 2019

It was decided in 2018 to present the financial statements in accordance with the International Financial Reporting Standards, IFRS. The background for this decision is to prepare NSE either for an IPO or a sale of the entire portfolio within the next few years.

In 2019, the new IFRS standard – IFRS 16 – was implemented. For NSE, this has a significant impact, as leasing liabilities have to be included in the balance sheet. On top of this, an interest on the leasing liability is included in the profit and loss (P&L) account. In total, this impacts the EBITDA for 2019 positively with EUR 1.6 mill. whereas the net result for 2019 is negatively impacted with EUR 0.4 mill. IFRS 16 has led to an increased balance sheet per 31 December 2019 with EUR 18 mill.

Revenue increased by 55% to EUR 28.9 mill. Similarly, EBITDA increased by 57% to EUR 23.7 mill. The revenue growth stems from the acquisition of the Belgian, Polish and French solar parks at the end of 2018, which were included for the full year of 2019, and also from the solar parks acquired in Spain, Denmark and Poland, included from the acquisition dates in the summer of 2019.

Profit before tax for the year came to EUR 2.4 mill., whereas profit after tax and non-controlling interests totalled EUR 2.0 mill.

NSE's cash flows are strong, and EBITDA net of interest, debt repayments and tax payments form a basis for the distribution of dividend.

The proposed dividend pay-out and NSE's results of operations are not directly comparable, as the distribution of dividend depends on NSE's cash flows from the solar parks. Therefore, when calculating the free cash flow forming a basis for the distribution of dividend from the existing solar parks, amortisation/depreciation charges and deferred tax charges must be added, and repayment of debts in the solar parks must be deducted (see page 7).

The dividend for 2019, proposed at the general meeting, is DKK 6.5 per share for shares carrying full dividend rights for 2019. New shares issued in July and August 2019 are entitled to a dividend of DKK 3.25 per share. New shares issued in April 2020 have no right to dividends. A total dividend payment of EUR 4.77 mill. (DKK 35.54 mill.) is proposed for the year.

DEVELOPMENTS IN 2020

NSE made a capital increase of EUR 3.6 mill. in April 2020. Since the year end 2019, NSE has not completed acquisitions of further solar parks, but the land used for the Danish solar parks was acquired in March 2020.

OUTLOOK FOR 2020

A shareholder return at the level of 6-7%, net of all costs, is expected for 2020. Optimisation and realisation of economies of scale may impact the actual return. The expectation for 2020 based on the solar park portfolio owned by end of year 2019, is a turnover of EUR 30 mill. and a net result of approx. EUR 2 mill.

A number of new investments are under negotiation in the beginning of 2020 and additional growth is expected in 2020 through new acquisitions. NSE's target is to reach a total production capacity of 225 MWp, equivalent to growth in installed capacity of approx. 47%. NSE has an investment capacity based on investor commitments and cash at hand of approx. EUR 22.5 mill. by Q1 2020.

COVID-19 EFFECT

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

- The daily operations of the solar parks will not be significantly affected. However, there may, for a period, be longer reaction times on repairs. Scheduled preventive maintenance is postponed on some plants, however the expected production volume for the full year is unchanged.
- Revenue may be influenced negatively by lower than expected electricity prices on the short to medium term. However, 86% of NSE's revenue relates to government guaranteed fixed prices, consequently no significant impact is expected.
- NSE's expected growth rate may be negatively impacted by the effects of COVID-19 as the inflow of new investment commitments has been reduced in March 2020. It is uncertain how fast capital inflow will revert and at what pace. However, NSE's available commitments and cash at hand will secure a part of the expected growth, if suitable investments can be transacted as expected.
- The interest rate development can influence the Company results, however only 13% of the interest-bearing debt is based on variable interest rates. Draw-down of new loans in Poland has not yet been executed due to the government ordered shut-down, hence the interest rate level on this financing has not yet been secured. The effect hereof as well as the effect of changes in variable interest rates is not expected to be significant on a group level.

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

Board of directors and management

8.4% annual average return to the shareholders over the past four years.

Please see :
www.nordicsolar.eu
for more information

CHRISTIAN SAGILD

CHAIRMAN

MARINUS BOOGERT

VICE-CHAIRMAN

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

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

PER THRANE

BOARD MEMBER

IBEN MAI WINSLØW

BOARD MEMBER

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

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

FRANK SCHYBERG

BOARD MEMBER

NIKOLAJ HOLTET HOFF

CEO

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

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

04

Financial statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

All figures are in TEUR

	Note	2019	2018
Revenue	4	**28,934**	**18,712**
Direct costs		-3,212	-2,866
Other operating income		184	817
Other external costs		-2,137	-1,411
Gross profit		**23,769**	**15,252**
Staff costs	5	-159	-179
Profit before amortisation, depreciation and impairment losses (EBITDA)		**23,610**	**15,073**
Amortisation, depreciation and impairment losses		-14,523	-8,863
Income from investments in associates		36	149
Operating profit (EBIT)		**9,123**	**6,359**
Financial income		150	68
Financial costs	6	-6,846	-4,230
Profit before tax		**2,427**	**2,197**
Income taxes	7	-279	-688
PROFIT FOR THE YEAR		**2,148**	**1,509**

Profit is attributable to:

Owners of Nordic Solar Energy A/S		2,000	1,507
Non-controlling interests		148	2
		2,148	**1,509**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2019	2018
PROFIT FOR THE YEAR		**2,148**	**1,509**
Items that have been or may be reclassified to the income statement			
Exchange differences on translation of subsidiaries (net)		263	-39
Fair value adjustment of hedging instruments		-1,435	186
Tax on other comprehensive income	7	477	-52
Other comprehensive income for the year		**-695**	**95**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,453**	**1,604**

Profit is attributable to:

Nordic Solar Energy A/S share		1,412	1,601
Non-controlling interests		41	3
		1,453	**1,604**

CONSOLIDATED BALANCE SHEET

All figures are in TEUR

	Note	2019	2018
ASSETS			
Solar Parks	8	164,620	178,887
Other fixtures and fittings, tools and equipment	8	344	327
Right of use assets	9	60,097	0
Investments in associates	10	0	1,531
Non-current financial assets		30	1,097
Deferred tax asset	11	3,312	5,516
Non-current assets		**228,403**	**187,358**
Trade receivables	12	914	2,085
Other receivables		4,356	4,180
Prepayments		562	1,633
Cash		23,389	16,817
Current assets		**29,221**	**24,715**
TOTAL ASSETS		**257,624**	**212,073**

CONSOLIDATED BALANCE SHEET

All figures are in TEUR

	Note	2019	2018
EQUITY AND LIABILITIES			
Share capital	13	19,336	16,614
Translation reserve		127	-139
Reserve for hedging		-2,487	-1,633
Retained earnings		52,606	46,814
Proposed dividend for the year		4,774	2,611
Equity attributable to shareholders of the parent company		**74,356**	**64,267**
Non-controlling interests share of equity		5	31
Total equity		**74,361**	**64,298**
Mortgage loans	14	89,447	73,818
Lease liabilities	14	51,151	37,363
Other credit institutions	14	8,414	8,387
Provisions	15	5,274	6,092
Other payables		5,670	4,375
Deferred tax liabilities	11	1,170	407
Deferred income		255	283
Non-current liabilities		**161,381**	**130,725**
Mortgage loans	14	8,436	7,217
Lease liabilities	14	4,606	3,494
Other credit institutions	14	460	371
Shareholder loans	14	4,107	1,356
Trade payables		1,662	1,211
Current income tax liabilities		672	423
Other payables		1,939	2,978
Current liabilities		**21,882**	**17,050**
Total liabilities		**183,263**	**147,775**
TOTAL EQUITY AND LIABILITIES		**257,624**	**212,073**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures are in TEUR

		Share capital	Translation reserve
EQUITY 1 JANUARY 2018		**9,915**	**-99**
Profit for the year		0	0
Exchange differences on transition of subsidiaries		0	-40
Fair value adjustment of hedging instrument		0	0
Tax on other comprehensive income		0	0
Total comprehensive income for the year		0	-40
Transactions with owners in their capacity as owners			
Capital increases including related costs		6,699	0
Adjustment of share-based remuneration		0	0
Dividend received from own shares		0	0
Acquisition of own shares		0	0
Sale of own shares		0	0
Dividend paid		0	0
Additions, non-controlling interests		0	0
EQUITY 31 DECEMBER 2018		**16,614**	**-139**
Profit for the year		0	0
Exchange differences regarding subsidiaries		0	266
Fair value adjustment of hedging instrument		0	0
Tax on other comprehensive income		0	0
Total comprehensive income for the year		0	266
Transactions with owners in their capacity as owners			
Capital increases including related costs		2,722	0
Adjustment of share-based remuneration		0	0
Dividend received from own shares		0	0
Acquisition of own shares		0	0
Sale of own share	17	0	0
Dividend paid		0	0
Addition, non-controlling interests		0	0
EQUITY 31 DECEMBER 2019		**19,336**	**127**

Reserve for hedging	Retained earnings	Proposed dividend for the year	Equity attributable to shareholders of the parent	Non-controlling interests share of equity	Total equity
-1,767	**26,644**	**950**	**35,643**	**-89**	**35,554**
0	-1,104	2,611	**1,507**	2	**1,509**
0	0	0	**-40**	1	**-39**
186	0	0	**186**	0	**186**
-52	0	0	**-52**	0	**-52**
134	-1,104	2,611	1,601	3	**1,604**
0	21,050	0	**27,749**	0	**27,749**
0	220	0	**220**	0	**220**
0	12	0	**12**	0	**12**
0	-646	0	**-646**	0	**-646**
0	638	0	**638**	0	**638**
0	0	-950	**-950**	0	**-950**
0	0	0	**0**	117	**117**
-1,633	**46,814**	**2,611**	**64,267**	**31**	**64,298**
0	-2,774	4,774	**2,000**	148	**2,148**
0	0	0	**266**	-3	**263**
-1,261	0	0	**-1,261**	-174	**-1,435**
407	0	0	**407**	70	**477**
-854	-2,774	4,774	**1,412**	41	**1,453**
0	8,555	0	**11,277**	0	**11,277**
0	116	0	**116**	0	**116**
0	0	0	**0**	0	**0**
0	-1,591	0	**-1,591**	0	**-1,591**
0	1,486	0	**1,486**	0	**1,486**
0	0	-2,611	**-2,611**	-82	**-2,693**
0	0	0	**0**	15	**15**
-2,487	**52,606**	**4,774**	**74,356**	**5**	**74,361**

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are in TEUR

	Note	2019	2018
Operating profit (EBIT)		9,123	6,359
Amortisation, depreciation and impairment losses		14,523	8,863
Share based remuneration		116	220
Income from investments in associates		-36	-149
Change in net working capital	18	2,292	-109
Cash flows from ordinary operating activities		**26,018**	**15,184**
Interests received		83	68
Interests paid		-6,219	-4,144
Income taxes paid		-550	-732
Cash flow from operating activities		**19,332**	**10,376**
Investments in solar park		-12,630	-27,738
Cash flow from investing activities		**-12,630**	**-27,738**
Proceeds from borrowings	19	15,693	38,659
Repayments of borrowings	19	-8,915	-16,685
Repayments of borrowings from investments in associates		249	186
Repayments of lease liabilities		-4,330	0
Costs from capital increases		-301	-228
Dividends paid		-2,611	-938
Cash flow from financing activities		**-215**	**20,994**

Net cash flow for the year		**6,487**	**3,632**
Cash and cash equivalents, beginning of the year		16,817	13,210
Exchange rate adjustments on cash and cash equivalents		85	-25
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**23,389**	**16,817**

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

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

BASIS OF PREPARATION

Compliance with IFRS

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

BASIS OF CONSOLIDATION

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

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

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

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

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

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of The Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Euro (EUR), which is Nordic Solar Energy A/S's functional and presentation currency. The Group accounts are reported in TEUR.

Transactions and balances

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

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

Group companies

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

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

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

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

IMPAIRMENT OF ASSETS

The carrying amount of property, plant and equipment, right of use assets and investments in associates 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 shareholders.

Cash and cash equivalents

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

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

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

Useful life, dismantling costs and residual values

The company has not incorporated the possibility to prolong 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 exist after the end of the contract period, the future cost of this has been incorporated as part of the asset as well as a provision. In most cases it has been assumed that the owner of the land or buildings, will take over the solar park and the dismantling obligation after the end of the contract. The cost of the dismantling has therefore been added to the end value of the solar park so the value of the solar part at the end of the contract matches the dismantling obligation.

Impairment test

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

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

SIGNIFICANT JUDGEMENTS

The preparation of the consolidated financial statements requires the 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, as a judgement, decided to recognise Contract 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 recognitions of leases, management has assessed it not to be reasonably certain that the option will be extended. Based on historical experience, The Group have no history of extend lease options. This means that the recognition is based on the non-cancellable lease period.

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following accounting standards, amendments (IAS and IFRS) and interpretations have been implemented from 1 January 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over income tax treatments
- Amendment to IFRS 9 Financial instruments

Apart from the impact of IFRS 16, the adoption of new standards, amendments and interpretations has not affected the annual report for 2019.

Implementation of new accounting standards

As of 1 January 2019, NSE has adopted IFRS 16 »Leases« which replaces IAS 17 »Leases«.

The Group has applied the modified retrospective approach and comparative figures for 2018 have not been restated.

The adoption of IFRS 16 has resulted in leased land and rooftops being recognised in the balance sheet as right of use assets with corresponding lease liabilities.

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

At the date of initial application, lease liabilities have been measured at the present value of the remaining lease payments using an incremental borrowing rate. The Group estimates the incremental borrowing rate using the average borrowing rate that corresponds the interest paid to external sources. The incremental borrowing rate applied to lease liabilities at 1 January 2019 is 4.13%

Right of use assets have been measured at the amount equal to the lease liabilities adjusted for up-front payments.

The selected implementation approach has no impact on retained earnings as of 1 January 2019.

The Group has applied the following practical expedients when implementing IFRS 16:

- The Group has elected not to reassess whether a contract is a lease contract on 1 January 2019.
- The Group has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- For leases held under finance lease as at 31 December 2018 the carrying amount continues under IFRS 16.
- The Group has used the non-cancellable lease period for all leases.

The Group do not apply the recognition exemption regarding low value and short-term lease payments.

Impact of IFRS 16 Leases
The impact of IFRS 16 in NSE is illustrated in following overview.

At 1 January 2019, NSE recognised lease assets as right of use assets of TEUR 64.180 of which TEUR 45.377 was reclassified from finance leased assets under IAS 17 previously recognised as property, plant and equipment. A corresponding lease liability of TEUR 59.661 was recognised under loans of which TEUR 40.857 was reclassified from Finance leased liabilities under IAS 17.

The impact on EBIT in 2019 was positive by TEUR 232 due to a reduction in operating cost of TEUR 1,597 offset by depreciation of TEUR 1,365.

The impact from IFRS 16 on Profit for the year was negative by TEUR 499 due to financial cost related to the lease liabilities.

Deferred tax assets increased in 2019 by TEUR 110 related to IFRS 16.

All figures are in TEUR	1 January 2019			31 December 2019		
	Previous accounting policies	IFRS 16 adjustment	New accounting policies	Previous accounting policies	IFRS 16 adjustment	New accounting policies
INCOME STATEMENT						
Direct costs	0	0	0	-4,809	1,597	-3,212
Gross profit	**0**	**0**	**0**	**22,117**	**1,597**	**23,714**
Amortisation, depreciation and impairment losses	0	0	0	-13,158	-1,365	-14,523
Operating profit (EBIT)	**0**	**0**	**0**	**8,891**	**232**	**9,123**
Financial costs	0	0	0	-6,115	-731	-6,846
Profit before tax	**0**	**0**	**0**	**2,926**	**-499**	**2,427**
Income taxes	0	0	0	-389	110	-279
PROFIT FOR THE YEAR	**0**	**0**	**0**	**2,537**	**-389**	**2,148**
ASSETS						
Solar parks	178,887	-45,377	133,510	206,765	-42,145	164,620
Right-of-use assets	0	64,180	64,180	0	60,097	60,097
Deferred tax assets	5,516	0	5,516	3,202	110	3,312
TOTAL ASSETS	**212,073**	**18,804**	**230,877**	**239,562**	**18,062**	**257,624**
LIABILITIES						
Equity	64,298	0	64,298	74,750	-389	74,361
Lease liabilities	40,857	18,804	59,661	37,306	18,451	55,757
TOTAL EQUITY AND LIABILITIES	**212,073**	**18,804**	**230,877**	**239,562**	**18,062**	**257,624**

The following table shows a reconciliation from operating lease commitments as of 31 December 2018 to lease liabilities as of 1 January 2019

Operating lease commitments at 31 December 2018	48,755
Adjustment to operating lease commitments at 31 December 2018	-22,128
Adjusted operating lease commitments at 31 December 2018	**26,627**
Discounted using The Group incremental borrowing rate as of 1 January 2019	-7,823
Finance lease liabilities at 31 December 2018	40,857
Total lease liabilities recognised under IFRS 16 at 1 January 2019	**59,661**

4. REVENUE INFORMATION

All figures are in TEUR

	2019	2018
Government subsidies	24,806	16,590
Sale of electricity	4,128	2,122
	28,934	**18,712**
Revenue by country		
Belgium	12,102	12,112
France	4,527	1,475
Italy	5,819	1,704
Poland	1,916	749
Portugal	812	771
Spain	940	0
Germany	321	322
England	1,776	1,579
Denmark	721	0
	28,934	**18,712**
Property, plant and equipment and right of use assets by country		
Belgium	70,579	65,501
France	37,669	35,367
Italy	37,327	37,667
Poland	23,961	17,674
Portugal	6,546	6,771
Spain	10,973	1,532
Germany	1,351	1,407
England	16,308	14,828
Denmark	20,347	0
	225,061	**180,747**
Investment in property, plant and equipment and right of use assets by country		
Belgium	50	17
France	4,518	23,876
Italy	599	26,677
Poland	4,946	17,751
Portugal	0	9
Spain	10,923	0
Denmark	20,777	0
	41,813	**68,330**

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

Other revenue consists of government grants related to production of solar power electricity. The government grants include Feed-In-Tarifs, Renewable Energy Certificates (ROCs) and Contract for Differences (CfDs).
The internal reporting presents the production data and revenue to reflect and report the setup in NSE. Management reviews the results of The Group to assess the performance and for management decision-making. NSE has one business activity, which is investment in solar parks, thus there is only one operating segment.

Customers that individual accounts for more than 10% of the revenue consists of three customers and amounts to a total of TEUR 19,683.

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 NSE will comply with the conditions attached to the government grant, typically production of green energy, and when there is reasonable assurance that the grant will be received.

Some government grants include a cap, where the total government grant which NSE can receive over the grant period, are maximised. In such situations, the grant is recognised with the amount that can be attributed to the current sale of electricity.

Some government grant includes a penalty, if NSE during the grant period do not produce the electricity agreed upon. In such situations, NSE 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 from 4-28 years.

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 NSE are exclusive suppliers 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 NSE have a right to invoice.
Revenue contracts includes only one performance obligation, i.e. the sale of electricity. There is no variable transaction price as all contracts includes a fixed price, where some is indexed yearly with 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 the following month after production.

NSE is entitled to consideration that corresponds the produced electricity, if a customer terminates a contract before original contract expiry. Therefore, NSE has used the permitted clause in IFRS 15 and does not disclose the transaction price allocated to unsatisfied performance obligation.

5. STAFF COSTS

	2019	2018
Fee to Board of Directors	81	69
Share-based remuneration	78	110
	159	**179**
Average number of employees (consists of the Group's Executive Management	1	1

Key Management Compensation

	Salary	Bonus	Share-based benefits	Other staff costs	Total
Remuneration of key management in 2019:	148	64	78	19	309
Remuneration of key management in 2018:	153	71	110	20	354

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

6. FINANCIAL COSTS

All figures are in TEUR

	2019	2018
Interest cost from mortgage loans and credit institutions	3,866	3,785
Interest costs from shareholder loans	158	255
Interest costs from lease liabilities	2,214	0
Exchange rate adjustments	35	54
Depreciations of capitalized financial costs	317	46
Other financial costs	256	90
	6,846	**4,230**

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

7. TAX ON PROFIT/LOSS FOR THE YEAR

All figures are in TEUR

	2019	2018
CURRENT TAX		
Income tax expense	-279	-688
Tax on other comprehensive income	477	-52
TAX FOR THE YEAR	**198**	**-740**

	2019	2018
Current tax on profits for the year	-833	-548
Deferred tax	520	-155
Adjustment for current tax of prior periods	34	15
INCOME TAX EXPENSE	**-279**	**-688**

	2019	2018
TAX RECONCILIATION		
Profit/loss before tax	2,427	2,197
Share of profit/loss in associates	-36	-149
PROFIT/LOSS BEFORE TAX, ADJUSTED	**2,391**	**2,048**

	2019	2018
Tax using the Danish corporation tax rate (22%)	-526	-452
Tax rate deviations in foreign jurisdictions	-230	-181
Non-taxable income	410	196
Non-deductible expenses	-643	-446
Deferred tax asset not recognised	-112	-196
Change in recoverability of deferred tax assets	849	389
Other adjustments, net	-27	2
TAX ON PROFIT/LOSS FOR THE YEAR	**-279**	**-688**

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT

All figures are in TEUR

	Solar parks	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	200,453	382	**200,835**
Transfer of IAS 17 finance leases	-55,981	0	**-55,981**
Adjusted cost at 1 January 2019	**144,472**	**382**	**144,854**
Exchange differences	924	0	**924**
Additions during the year	40,750	50	**40,800**
Disposals during the year	-1,064	0	**-1,064**
Cost 31 December 2019	**185,082**	**432**	**185,514**
Depreciation and impairment at 1 January 2019	-21,566	-55	**-21,621**
Transfer of IAS 17 finance leases	10,605	0	**10,605**
Adjusted depreciation and impairment at 1 January 2019	**-10,961**	**-55**	**-11,016**
Exchange differences	-105	0	**-105**
Depreciation for the year	-9,396	-33	**-9,429**
Depreciation and impairment 31 December 2019	**-20,462**	**-88**	**-20,550**
CARRYING AMOUNT 31 DECEMBER 2019	**164,620**	**344**	**164,964**
Cost at 1 January 2018	132,357	244	**132,601**
Exchange differences	-96	0	**-96**
Additions during the year	68,192	138	**68,330**
Cost 31 December 2018	**200,453**	**382**	**200,835**
Depreciation and impairment at 1 January 2018	-12,700	-47	**-12,747**
Exchange differences	30	0	**30**
Depreciation for the year	-8,896	-8	**-8,904**
Depreciation and impairment 31 December 2018	**-21,566**	**-55**	**-21,621**
CARRYING AMOUNT 31 DECEMBER 2018	**178,887**	**327**	**179,214**

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises of the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives, is 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 carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level of which cash flows are separately identifiable.

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.

9. RIGHT OF USE ASSETS

All figures are in TEUR

	Solar parks	Land and roof top	Total
Transfer of IAS 17 finance leases cost	55,981	0	55,981
Transition to IFRS 16 at 1 January 2019	0	18,804	18,804
Adjusted cost at 1 January 2019	55,981	18,804	74,785
Additions during the year	500	513	1,013
Cost 31 December 2019	56,481	19,317	75,798
Transfer of IAS 17 finance leases impairment	-10,605	0	-10,605
Transition to IFRS 16 at 1 January 2019	0	0	0
Adjusted depreciation and impairment at 1 January 2019	-10,605	0	-10,605
Depreciation for the year	-3,731	-1,365	-5,096
Depreciation and impairment 31 December 2019	-14,336	-1,365	-15,701
CARRYING AMOUNT 31 DECEMBER 2019	42,145	17,952	60,097

Right of use asset comprise lease of land and roof tops and of solar parks which is the solar plants installations.

Accounting policies

Right of use assets comprise the initial measurement of the corresponding lease liability adjusted for up-front payments. The lease liability is initially measured at the present value of the remaining lease payments using the incremental borrowing rate.

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

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.

The lease terminates between year 2023-2052.

The total cash outflow for leases amounts to TEUR 6,545.

The total interest cost from lease liabilities amounts to TEUR 2,214.

The maturity analysis of lease liabilities is presented in note 21.

10. INVESTMENS IN ASSOCIATES

All figures are in TEUR

	2019	2018
Cost at 1 January	756	756
Transfer to consolidated entity	-756	0
Cost 31 December	0	756
Revaluations at 1 January	776	627
Net profit/loss for the year	35	147
Depreciation of revaluations	1	1
Transfer to consolidated entity	-812	0
Revaluations 31 December	0	775
CARRYING AMOUNT 31 DECEMBER	0	1,531

11. DEFERRED TAX

All figures are in TEUR

	2019	2018
Deferred tax at 1 January asset/(liability)	5,109	1,029
Deferred tax income/(expense) recognised in the income statement	520	-155
Deferred tax income/(expense) recognised in other comprehensive income	477	-52
Changes from purchase of solar parks	-3,964	4,287
DEFERED TAX 31 DECEMBER	2,142	5,109

Deferred tax relates to:	2019	2018
Property, plant and equipment	-1,130	-374
Right of use assets	110	0
Provisions	0	-407
Tax loss carry-forwards	1,565	5,151
Interest rate swap	1,535	736
Other	62	4
	2,142	**5,109**

	2019	2018
Of which presented as deferred tax assets	3,312	5,516
Of which presented as deferred tax liabilities	-1,170	-407
	2,142	**5,109**

The Group has non-recognised deferred tax assets of total TEUR 1,280 of which TEUR 625 relates to tax losses, which can be carried forward against future taxable income.

The Group's tax losses are indefinite.

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

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

12. TRADE RECEIVABLES

All figures are in TEUR

	Government	Non-government	Total
Not due yet	671	182	**853**
Between 31 and 90 days	44	17	**61**
More than 90 days	0	0	**0**
TRADE RECEIVABLES 31 DECEMBER 2019	**715**	**199**	**914**

	Government	Non-government	Total
Not due yet	820	204	**1,024**
Between 31 and 90 days	93	61	**154**
More than 90 days	748	159	**907**
TRADE RECEIVABLES 31 DECEMBER 2018	**1,661**	**424**	**2,085**

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

13. SHARE CAPITAL

All figures are in TEUR

Changes in share capital:	2019	2018
Share capital at 1 January	16,614	9,915
Capital increases	2,722	6,699
SHARE CAPITAL 31 DECEMBER	**19,336**	**16,614**
Cost of capital increases	301	228

The share capital consists of 5,762,243 shares of a nominal value of DKK 25 of which 580,085 shares only carries rights to dividend for the financial year 2019 if the dividend exceeds DKK 3.25 (EUR 0.44) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase amounts to TEUR 11,277 of which 8,555 are premiums.

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

During the year shareholder loans of TEUR 11,578 have been converted to equity.

The Group's objective is to invest our shareholders capital in operational solar parks within the Europe and create the best possible return with a low risk profile. The low risk is obtained through diversifying geographically reducing the dependence on a single investment, individual counties and specific currencies.

All free cash flow received from the solar parks operations is paid out to the shareholders as dividend every year.

14. LOANS

All figures are in TEUR

	2019	2018
Mortgage loans	89,447	73,818
Lease liabilities	51,151	37,363
Other credit institutions	8,414	8,387
Non-current liabilities	**149,012**	**119,568**
Mortgage loans	8,436	7,216
Lease liabilities	4,606	3,494
Other credit institutions	460	371
Shareholder loans	4,107	1,356
Current liabilities	**17,609**	**12,437**
	166,621	**132,005**
Breakdown by maturity		
Less than 1 year	17,609	12,437
Between 1-5 years	53,469	46,237
Above 5 years	95,543	73,331
	166,621	**132,005**
Type of interest rate		
Fixed	145,026	113,974
Variable	21,595	18,031
	166,621	**132,005**

	2019		2018	
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Currency exposure				
DKK	3.1-6%	28,894	3.8-7%	10,114
EUR	2.3-5.5%	124,378	2.1-5.5%	108,256
GBP	4.9%	8,582	4.9%	8,545
PLN	4%	4,767	3.9%	5,090
		166,621		**132,005**

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

Lease liabilities comprise the present value of the remaining lease payments of all lease agreements. Other credit institutions mainly relate to overdraft facilities.

Capitalised loan costs of 3,524 TEUR have been deducted from the carrying amount.

Interest exposure
The Group has loans with fixed interest rates of total TEUR 145,026 whereof TEUR 52,764 is secured with interest rate swaps, and loans with variable interest rate of TEUR 21,595. Of fixed loans TEUR 8,545 will become floating at a defined time and is secured with pre-established interest rate swaps for the remaining lifetime.

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.

15. PROVISIONS

All figures are in TEUR

	Dismantling	Other	Total
Provision at 1 January 2019	5,847	245	**6,092**
Revaluation of the provision	-824	-150	**-974**
Additions during the year	82	37	**119**
Used during the year	0	-30	**-30**
Interest element	67	0	**67**
PROVISION 31 DECEMBER 2019	**5,172**	**102**	**5,274**

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

These provisions have been capitalised as part of the cost of the solar park.
Provisions are measured at the present value of the 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 expense.

The provision of dismantling is expected to be used from year 2023.

16. CONTINGENT LIABILITIES

Contingent liabilities
Liquid funds of TEUR 6,568 are pledged as security for debt to banks of TEUR 157,118.

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

The Group has entered into long term agreements concerning supply of operating and maintenance services. The value of these due within 12 months is amount to TEUR 882, TEUR 2,148 is due within 1-5 years and TEUR 3,271 due after 5 years.

The Group's banks have collateral for loans in The Group's fixed assets worth TEUR 161,155.

17. OWN SHARES

It is NSE intention to secure liquidity in the shares and NSE has therefore bought own shares in 2019 for TEUR 1,591 – 107,104 shares, corresponding to less than 2% of the total number of shares, and subsequently sold 100,000 for TEUR 1,486.

At 31 December 2019, NSE owns 7,104 shares with a purchase price of TEUR 106.

18. CHANGES IN NET WORKING CAPITAL

All figures are in TEUR

	2019	2018
Changes in trade receivables	1,523	546
Changes in other receivables and other prepayments	2,067	-366
Changes in trade payables	329	-1,755
Changes in other debt and deferred income	-1,627	1,466
	2,292	**-109**

Changes in trade receivables

	2019	2018
Changes with cash impact	1,523	546
Changes from acquired balances	-352	-989
	1,171	**-443**

Changes in other receivables and prepayments

	2019	2018
Changes with cash impact	2,067	-366
Changes from acquired balances	-1,174	-3,839
	893	**-4,205**

Changes in trade payables and other payables

	2019	2018
Changes with cash impact	329	-1,755
Changes from acquired balances	44	162
	373	**-1,593**

Changes in other debt and deferred income

	2019	2018
Changes with cash impact	-1,627	1,466
Changes in accrued interest	209	-21
Changes in value of hedging instrument	1,435	-5
Changes from acquired balances	316	153
	333	**1,593**

19. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

All figures are in TEUR	Beginning of year	Proceeds from borrowings	Repayments	Non-cash changes including liabilities from acquired assets	Year-end
Non-current liabilities					
Mortgage loans	76,959	0	-6,829	22,455	**92,585**
Financial leases	37,363	0	-3,858	17,733	**51,238**
Other credit institutions operational	6,410	0	-404	0	**6,006**
Other credit institutions financing	2,025	1,418	-994	0	**2,449**
Loan costs	-3,188	-228	0	-108	**-3,524**
Current liabilities					
Mortgage loans	7,217	0	-606	2,067	**8,678**
Financial leases	3,494	0	-472	1,597	**4,619**
Other credit institutions	371	0	92	0	**463**
Shareholder loans	1,356	14,503	-174	-11,578	**4,107**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2019	**132,007**	**15,693**	**-13,245**	**32,166**	**166,621**

Non-current liabilities					
Mortgage loans	29,728	5,199	-3,484	45,516	**76,959**
Financial leases	40,929	0	-3,566	0	**37,363**
Other credit institutions operational	3,528	3,193	-311	0	**6,410**
Other credit institutions financing	783	6,287	-5,045	0	**2,025**
Loan costs	-562	-212	0	-2,414	**-3,188**
Current liabilities					
Mortgage loans	4,161	301	25	2,730	**7,217**
Financial leases	3,777	0	-283	0	**3,494**
Other credit institutions	309	28	34	0	**371**
Shareholder loans	9,525	23,863	-4,283	-27,749	**1,356**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2018	**92,178**	**38,659**	**-16,913**	**18,083**	**132,007**

Non-cash changes in 2019 is primarily exchange rate differences and changes from acquired solar parks which amounts to TEUR 23,508, conversion of debt which amounts to TEUR -11,578 and the implementation of IFRS 16 which amounts to TEUR 19,330.

20. FINANCIAL INSTRUMENTS

FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk e.g. political, currency and interest risk plus credit risk and liquidity risk.

The financial risks of The Group are managed centrally. The overall risk management guidelines the financial policy and the investment policy, have been approved by the board of directors. NSM manages contracts and risk exposures in accordance with the guidelines and policies and reports to the board of directors on a regular basis.

MARKET RISK

Price risk

The Group's exposure to price risk arises from the development in the electricity prices for the part of the revenue, which is market based. The major share of revenue however originates from government subsidies and the low but potential risk of retroactive changes to the subsidy system due to political changes is the main potential factor which could influence the future earnings.

Sensitivity analysis

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

All figures are in TEUR	Impact on pre-tax profit	Impact on other components of equity
Change in market-based electricity prices by 25%.	+/- 1,035	0

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 not exposed to major exchange-rate risks. Consequently, The Group treasury's risk management policy is not to hedge foreign exchange rate risks. Each investment will however be 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 unmaterial, due to the fixed currency policy between EUR/DKK.

The exchange rate is a financial risk in NSE's portfolio after the investment in the UK in 2015 and in Poland in 2018. The currency risk in both countries are reduced by the loans corresponding to approx. 40% of the investment being taken in GBP and PLN, which will be realised over the next 14-23 years. The return is therefore affected by fluctuations in the GBP and PLN exchange rates.

All figures are in TEUR	Impact on pre-tax profit	Impact on other components of equity
10% change in exchange rates EUR/GBP	+/- 25	+/- 4
10% change in exchange rates EUR/PLN	+/- 16	+/- 84

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 interests using interest rate swaps or fixing the interest rate directly.

The majority of external loans within The Group is either fixed interest loans or loans where the variable interest rate is converted to a fixed interest rate via SWAP's. Loans of TEUR 21,959 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 +/- TEUR 220.

CREDIT RISKS
Credit risk is managed on Group basis, except for credit risk relating to accounts receivables balances. The local entities have very low risk on accounts receivable since the majority of revenue are generated from government subsidies.

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

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

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

The Group has undrawn borrowing facilities of TEUR 9,034 that may be available for future operating activities and to settle capital commitments and it has TEUR 700 reserved for buying own shares to secure the shares liquidity.

Restricted cash
The cash and cash equivalents disclosed above and in the statement of cash flows include TEUR 7,530 which are placed in restricted reserve accounts.

MATURITY ANALYSIS OF FINANCIAL LIABILITIES
The table below analyses The Group's non-derivative and derivatives into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest.

All figures are in TEUR	Less than 1 year	1-5 years	Above 5 years	Total
Mortgage loans	11,611	40,532	71,075	**123,218**
Lease liabilities	6,672	27,590	34,399	**68,661**
Other credit institutions	759	3,156	7,017	**10,932**
Trade payables	1,585	0	0	**1,585**
Shareholder loans	4,413	0	0	**4,413**
Other payables	961	0	0	**961**
Non-derivates	**26,001**	**71,278**	**112,491**	**209,770**
Interest rate swaps	390	1,692	2,992	**5,074**
Derivatives financial instruments	**390**	**1,692**	**2,992**	**5,074**
31 DECEMBER 2019	**26,391**	**72,970**	**115,483**	**214,844**

All figures are in TEUR	Less than 1 year	1-5 years	Above 5 years	Total
Mortgage loans	10,016	35,784	59,378	**105,178**
Lease liabilities	5,243	23,916	20,666	**49,825**
Other credit institutions	658	3,158	7,337	**11,153**
Trade payables	1,212	0	0	**1,212**
Shareholder loans	1,410	0	0	**1,410**
Other payables	3,401	0	0	**3,401**
Non-derivates	**21,940**	**62,858**	**87,381**	**172,179**
Interest rate swaps	298	1,205	2,112	**3,615**
Derivatives financial instruments	**298**	**1,205**	**2,112**	**3,615**
31 DECEMBER 2018	**22,238**	**64,063**	**89,493**	**175,794**

DERIVATIVE FINANCIAL INSTRUMENTS

As part of its risk management, The Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.
The Group has entered into interest rate swap on borrowings, from a floating rate interest to a fixed rate interest.

Measurement of the fair value of financial instruments 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.

All figures are in TEUR	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end	Remaining contract period
Interest rate swaps	51,622	0	5,074	01.01.2020 - 30.09.2037
Interest rate CAP	1,212	0	0	01.01.2020 - 31.05.2023
31 DECEMBER 2019	**52,834**	**0**	**5,074**	

	Contract amount at year-end	Positive fair value at year-end	Negative fair value at year-end	Remaining contract period
Interest rate swaps	55,393	6	3,645	01.01.2019 - 30.09.2037
Interest rate CAP	1,911	0	0	01.01.2019 - 31.05.2023
31 DECEMBER 2018	**57,304**	**6**	**3,645**	

Accounting policies

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

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

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

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

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

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.

21. RELATED PARTIES

The Group has no controlling parties.
»Key management remuneration« is disclosed in note 5.

All figures are in TEUR	2019	2018
Transactions with board members		
Interests costs	16	22
Debt	268	268
Transactions with Nordic Solar Management A/S		
Other external expenses	1,180	625
Capitalised costs	954	1,284
Equity - capital increase costs	453	289
	2,587	**2,198**

NSE has entered into a corporate management agreement with NSM for the day to day management and operation of the Company. As part of the management agreement, NSM provides a managing director to NSE. The managing director does not receive salary by The Group.

22. SHARE-BASED PAYMENTS

The Group has established a warrant program for the management company and the managing director. Each warrant entitles the recipient to subscribe for one share in the company at a nominal value of DKK 25. The warrant is granted of each capital increase in Nordic Solar Energy A/S and is granted during the vesting period. The granted warrants have no end date.

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

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

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

Specification of outstanding warrants	Average exercise price EUR	Number of warrants
Outstanding at 1. January 2019	13.05	495,104
Granted during the year		81,122
Outstanding at 31. December 2019	**14.32**	**576,226**

Fair value of warrants at the grant date	Number of warrants	Fair value EUR
30 November 2017	33,862	471,698
28 December 2017	104,355	1,456,796
9 February 2018	19,287	270,597
22 March 2018	3,922	55,379
27 June 2018	70,000	975,100
19 December 2018	106,411	1,497,203
14 May 2019	22,112	319,297
9 July 2019	58,544	831,910
19 August 2019	466	6,622

In 2019, costs relating to the warrant programme have been recognised at TEUR 116 (2018: TEUR 220).

Assumptions	2019
Share price ranges (DKK)	105.85
Expected lifetime (years)	2.48
Volatility	20%
Risk-free interest rate	-0.71%

23. EVENTS AFTER THE REPORTING DATE

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

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

24. GROUP COMPANIES

	Place of registered office	Votes and ownership
Directly owned subsidiaries		
NSE Flandern ApS	Gentofte, Denmark	100%
NSE France SAS	Paris, France	100%
NSE Italy s.r.l.	Florence, Italy	100%
JupiterManeuver - SGPS, S.A.	Lisbon, Portugal	100%
Orka Holding BVBA	Londerzeel, Belgium	100%
Chatteris Investment Sp. z.o.o.	Warsaw, Poland	100%
Groupement Solaire Cestas 6 SAS	Paris, France	80%
Polish Solar North Sp. z.o.o.	Gdansk, Poland	100%
NSE GP ApS	Gentofte, Denmark	100%
NS Energy I ApS	Gentofte, Denmark	100%
ESF Spanien 0424 GmbH	Breklum, Germany	100%
Solarpark Zerre V BV & Co. KG	Husum, Germany	100%
Polar Beteiligungs GmbH	Saarnrücken, Germany	100%
Indirectly owned subsidiaries		
SEnS Solar BV	Nijmegen, Netherlands	100%
SEnS Solar Belgie BVBA	Gent, Belgium	100%
SEnS Solar Belgie II BVBA	Gent, Belgium	100%
Folly Farm Solar Park Limited	London, England	75%
Parc Solaire De Montmayon SAS	Paris, France	100%
NSE Pellegrino SRL	Florence, Italy	100%
NSE Chignolo Po SRL	Florence, Italy	100%
Sella BG SRL	Bolzano, 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%
LRCC – LA RAD CAMPO CHARRO – Energias Renováveis, S.A.	Lisbon, Portugal	100%
Orka Boom NV	Londerzeel, Belgium	100%
Orka Brussel NV	Londerzeel, Belgium	100%
Orka Blauve Toren NV	Londerzeel, Belgium	100%
Orka Eindhout NV	Londerzeel, Belgium	100%
Orka Harelbeke NV	Londerzeel, Belgium	100%
Orka Kontich NV	Londerzeel, Belgium	100%
Orka Lummen NV	Londerzeel, Belgium	100%
Orka Puurs NV	Londerzeel, Belgium	100%
Orka Zellik NV	Londerzeel, Belgium	100%
Centrale Solaire Constantin 18 SAS	Paris, France	80%
Centrale Solaire Constantin 19 SAS	Paris, France	80%

PV Polska III Sp. Z.o.o.	Gdansk, Poland		100%
K/S NSE Nees	Gentofte, Denmark		100%
K/S NSE Vollerup I	Gentofte, Denmark		100%
K/S NSE Vollerup II	Gentofte, Denmark		100%
ESF Spanien 0424 GmbH	Husum, Germany		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 Cuarenta y Tres, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta y Cuatro, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta y Cinco, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta y Seis, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta y Siete, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta y Ocho, S.L.U	Denia, Spain		100%
Sun Invest Iberia Cuarenta 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%
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%

The legal group structure is presented on page 72-73

Parent company financial statements

INCOME STATEMENT

All figures are in TEUR

	Note	2019	2018
Other operating income		822	517
Other external costs		-1,472	-947
Gross profit/loss		**-650**	**-430**
Staff costs	2	-159	-179
Profit/loss before financial income and expenses		**-809**	**-609**
Income/loss from investments in subsidiaries	3	1,691	1,185
Income from investments in associates	4	36	149
Financial income	5	1,798	1,421
Financial costs	6	-548	-556
Profit/loss before tax		**2,168**	**1,590**
Income taxes		-168	-83
NET PROFIT/LOSS FOR THE YEAR		**2,000**	**1,507**

PROPOSED PROFIT DISTRIBUTION		
Proposed dividend for the year	4,774	2,611
Retained earnings	-2,774	-1,104
NET PROFIT/LOSS FOR THE YEAR	**2,000**	**1,507**

BALANCE SHEET 31 DECEMBER

All figures are in TEUR

	Note	2019	2018
ASSETS			
Investments in subsidiaries	7	38,039	35,205
Investments in associates	8	0	1,532
Receivables from subsidiaries	9	44,794	41,874
Receivables from associates	9	0	1,068
Other fixed asset investments	9	29	29
Non-current assets		**82,862**	**79,707**
Receivables from subsidiaries		3,127	1,524
Prepayments		152	172
Receivables		3,279	1,696
Cash		1,905	897
Current assets		**5,184**	**2,593**
TOTAL ASSETS		**88,046**	**82,300**

	Note	2019	2018
EQUITY AND LIABILITIES			
Share capital	10	19,336	16,614
Retained earnings		50,246	45,042
Proposed dividend for the year		4,774	2,611
Equity		**74,356**	**64,267**
Other credit institutions		8,411	8,387
Provisions		0	5,848
Deferred tax liabilities		40	0
Non-current liabilities		**8,451**	**14,235**
Other credit institutions		463	371
Shareholder loans		4,107	1,356
Trade payables		221	115
Corporation tax		128	72
Other payables		320	1,884
Current liabilities		**5,239**	**3,798**
Total liabilities		**13,690**	**18,033**
TOTAL EQUITY AND LIABILITIES		**88,046**	**82,300**

STATEMENT OF CHANGES IN EQUITY

All figures are in TEUR

	Note	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January		16,614	45,042	2,611	**64,267**
Capital increases including related costs		2,722	8,555	0	**11,277**
Dividend paid		0	0	-2,611	**-2,611**
Dividend received from own shares			0		**0**
Acquisition of own shares	12	0	-1,591		**-1,591**
Sale of own shares	12		1,486		**1,486**
Adjustment of share-based remuneration		0	116	0	**116**
Equity transactions in subsidiaries		0	-588	0	**-588**
Net profit/loss for the year		0	-2,774	4,774	**2,000**
EQUITY 31 DECEMBER		**19,336**	**50,246**	**4,774**	**74,356**

Notes to the parent financial statements

1. ACCOUNTING POLICIES

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

There are no changes in the accounting policies compared to last year.

Unless otherwise indicated, the Annual Report for 2019 is presented in EUR thousands (TEUR).

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

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

Investments
The parent company measure 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 in 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 DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Receivables
Receivables are measured at amortised cost.

2. STAFF COSTS

All figures are in TEUR

	2019	2018
Fee to Board of Directors	81	69
Share-based remuneration	78	110
	159	**179**

Average number of employees (consists of the company's Executive Management)	1	1

3. INCOME/LOSS FROM INVESTMENTS IN SUBSIDIARES

	2019	2018
Share of profit in subsidiaries	3,717	2,801
Share of loss in subsidiaries	-1,187	-613
Depreciation of revaluations	-839	-1,003
	1,691	**1,185**

4. INCOME FROM INVESTMENTS IN ASSOCIATES

All figures are in TEUR

	2019	2018
Share of profit in associates	35	147
Depreciation of revaluations	1	2
	36	**149**

5. FINANCIAL INCOME

All figures are in TEUR

	2019	2018
Interest income from subsidiaries	1,716	1,386
Interest income from associates	11	34
Other financial income	71	1
	1,798	**1,421**

6. FINANCIAL COSTS

All figures are in TEUR

	2019	2018
Interest costs	524	455
Exchange rate adjustments	19	47
Other financial costs	5	54
	548	**556**

7. INVESTMENTS IN SUBSIDIARIES

All figures are in TEUR

	2019	2018
Cost at 1 January	35,055	25,242
Additions for the year	7,713	9,813
Disposals for the year	-5,781	0
Transferred from investments in associates	756	0
Cost 31 December	**37,743**	**35,055**
Revaluations at 1 January	-3,241	-3,199
Exchange adjustment	155	-40
Net profit/loss for the year	2,529	2,188
Dividend to the parent company	-2,757	-1,321
Fair value adjustment of hedging instruments	-854	134
Depreciation of revaluations	-839	-1,003
Transferred from investments in associates	812	0
Revaluations 31 December	**-4,195**	**-3,241**
Equity investments with negative net asset value amortised over receivables	4,491	3,391
CARRYING AMOUNT 31 DECEMBER	**38,039**	**35,205**

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

8. INVESTMENTS IN ASSOCIATES

All figures are in TEUR

	2019	2018
Cost at 1 January	756	756
Transfer to investments in subsidiaries	-756	0
Cost 31 December	**0**	**756**
Revaluations at 1 January	776	627
Net profit/loss for the year	35	147
Depreciation of revaluations	1	2
Transfer to investments in subsidiaries	-812	0
Revaluations 31 December	**0**	**776**
CARRYING AMOUNT 31 DECEMBER	**0**	**1,532**

9. FIXED ASSET INVESTMENTS

All figures are in TEUR

	Receivables from subsidiaries	Receivables from associates	Other fixed asset investments
Cost at 1 January	45,265	1,068	27
Additions/disposals for the year	4,020	-1,068	0
Cost 31 December	**49,285**	**0**	**27**
Revaluations at 1 January	-3,391	0	2
Revaluations for the year	-1,100	0	0
Revaluations 31 December	**-4,491**	**0**	**2**
CARRYING AMOUNT 31 DECEMBER	**44,794**	**0**	**29**

10. SHARE CAPITAL

All figures are in TEUR

	2019	2018
Changes in share capital:		
Share capital at 1 January	16,614	9,915
Additions for the year	2,722	6,699
SHARE CAPITAL 31 DECEMBER	**19,336**	**16,614**
Cost on capital increases	301	228

The share capital consists of 5,762,243 shares of a nominal value of DKK 25 of which 580,085 shares only carries rights to dividend for the financial year 2019 if the dividend exceeds DKK 3.25 (EUR 0.47) per share and then only for the excess amount.

The total capital increase inclusive premiums and cost amounts to TEUR 11,278.

Apart from this, no shares carry any special rights.

11. CONTIGENT LIABILITIES

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

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

The parent company has issued a letter of financial support to the subsidiaries NSE Flandern ApS and Folly Farm Solar Park Limited until May 2021.

The company has provided a loan to the subsidiary ESF Spain 0424 GmbH of TEUR 2,072 incl. accumulated interest. The loan was provided in relation to the company's acquisition of shares in the associate. The loan principal minus repayments respects the associated company's debt to the bank HSH Nordbank AG of TEUR 4,561.

The company's loan to NSE Flandern group of TEUR 13,170 incl. accumulated interest is subordinated NSE Flandern's loan in Triodos Bank and KBC bank of TEUR 21,018.

The company's loan to the subsidiary NSE France SAS of TEUR 349 incl. accumulated interest is subordinated NSE Frances SAS' loan in Natixis of TEUR 9,998.

The company's loan to the subsidiary Chatteris Investments SP Z. O O.'s of TEUR 1,163 incl. accumulated interest is subordinated Chatteris's loan in mBank of TEUR 4,767.

The company's loan to the subsidiary Jupiter-Manuver SPGS, S.A.'s of TEUR 2,593 incl. accumulated interest is subordinated LRRC, S. A's and Jupiter Manuver SPGS, S.A's loan in Banco BPI of TEUR 2,410.

The company's loan to the subsidiary Orka Holding BVBA of TEUR 2,082 incl. accumulated interest is subordinated Orka Holding's loan in KBC bank, Triodos, BNP Paribas, Belfius and ING bank of TEUR 25,867.

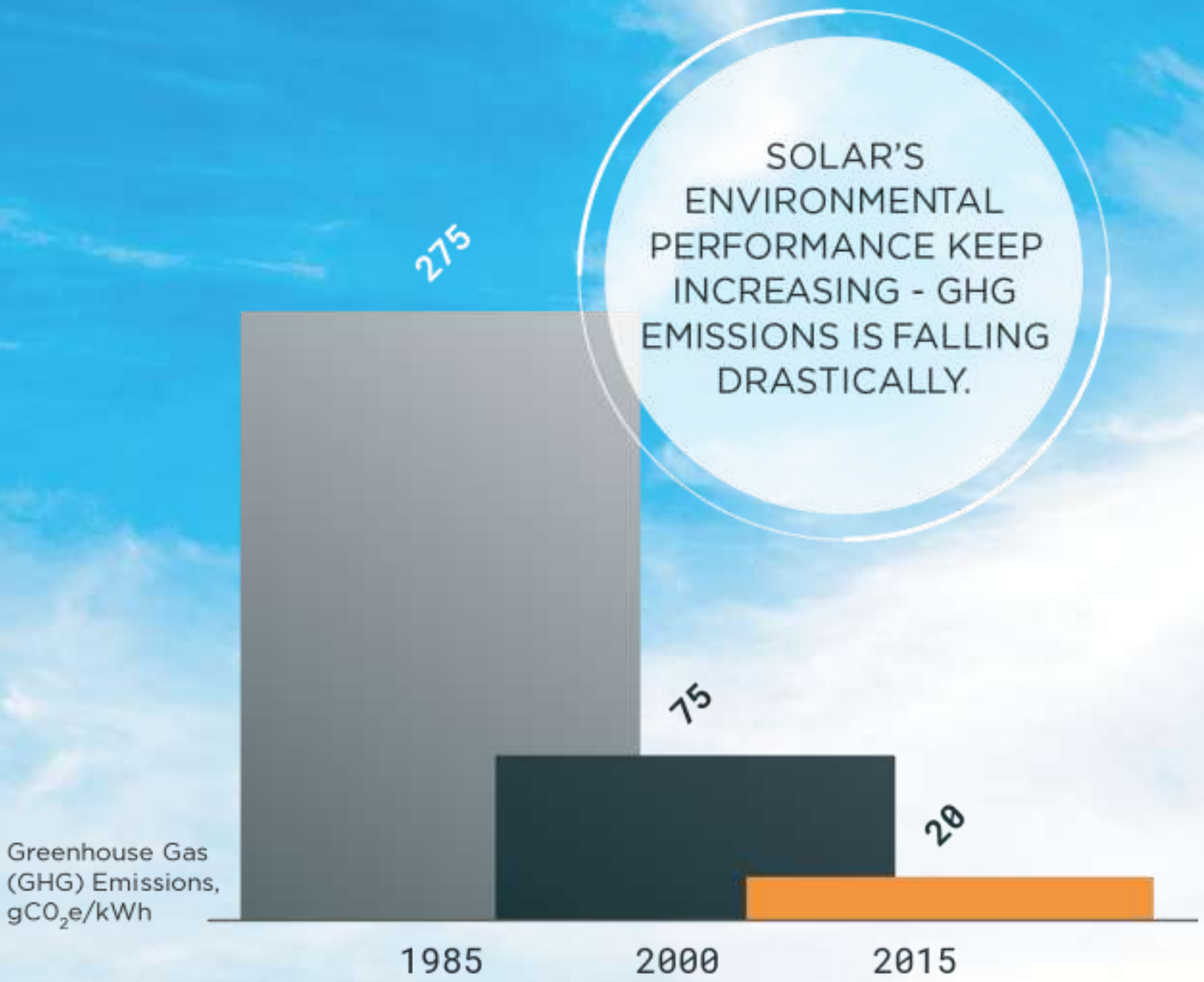
The company's loan to The Group NSE Italy of TEUR 13,308 incl. accumulated interest is subordinated NSE Italy's loan in Intesa Sanpaolo, Iccrea Banca and UniCredit of TEUR 26,706.

12. OWN SHARES

It is Nordic Solar Energy's intention to secure liquidity in the shares and Nordic Solar Energy has therefore bought own shares in 2019 for TEUR 1,591 – 107,104 shares, corresponding to less than 2% of the total number of shares, and subsequently sold 100,000 for TEUR 1,486.

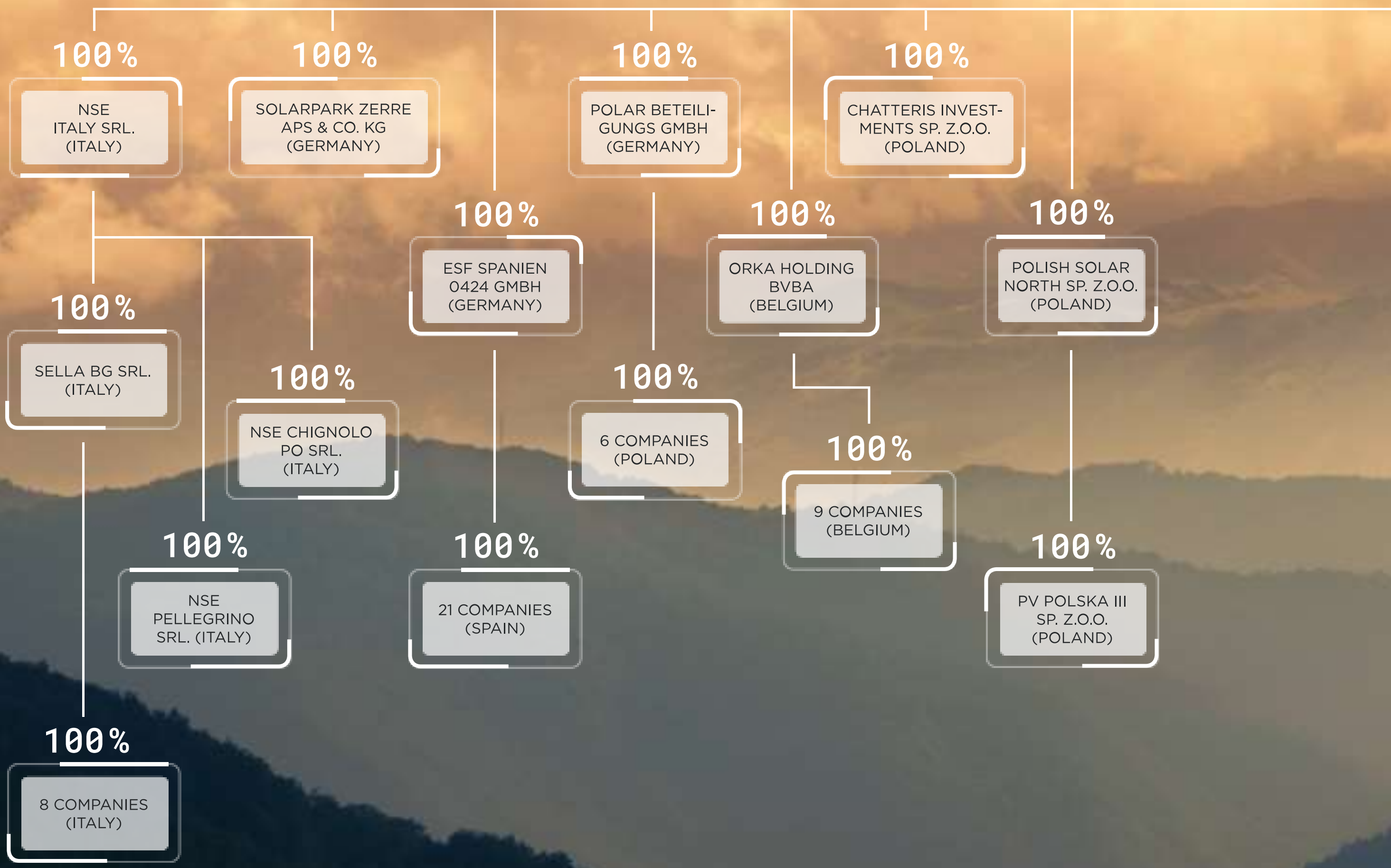
At 31 December 2019 Nordic Solar Energy A/S owns 7,104 shares booked at purchase price TEUR 106.

Solar panels get more sustainable every year



Source: Solar Power Association Europe

Legal group structure



Company details

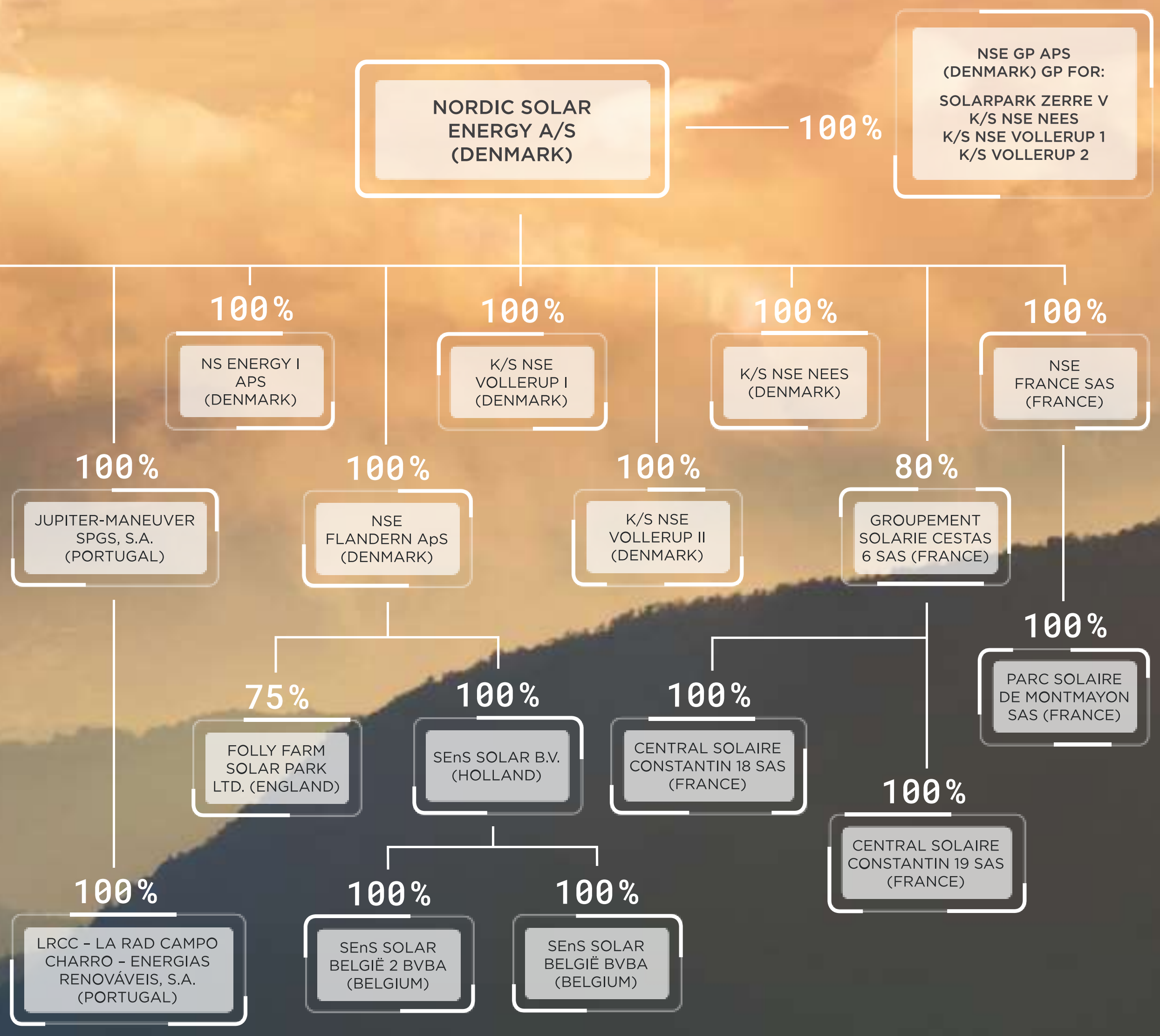
Nordic Solar Energy A/S
Strandvejen 102E 3rd floor
DK-2900 Hellerup
CVR No. 33 36 70 23

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

EXECUTIVE MANAGEMENT
Nikolaj Holtet Hoff, Managing Director

AUDITORS
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial year:	1st of January – 31st of December 2019
Incorporated:	8th of December 2010
Domicile:	Gentofte


NORDIC SOLAR ENERGY A/S (DENMARK)
100%
NSE GP APS (DENMARK) GP FOR:
SOLARPARK ZERRE V
K/S NSE NEES
K/S NSE VOLLERUP 1
K/S VOLLERUP 2
100%
NS ENERGY I APS (DENMARK)
100%
K/S NSE VOLLERUP I (DENMARK)
100%
K/S NSE NEES (DENMARK)
100%
NSE FRANCE SAS (FRANCE)
100%
JUPITER-MANEUVER SPGS, S.A. (PORTUGAL)
100%
NSE FLANDERN ApS (DENMARK)
100%
K/S NSE VOLLERUP II (DENMARK)
80%
GROUPEMENT SOLARIE CESTAS 6 SAS (FRANCE)
100%
PARC SOLAIRE DE MONTMAYON SAS (FRANCE)
75%
FOLLY FARM SOLAR PARK LTD. (ENGLAND)
100%
SEnS SOLAR B.V. (HOLLAND)
100%
CENTRAL SOLAIRE CONSTANTIN 18 SAS (FRANCE)
100%
CENTRAL SOLAIRE CONSTANTIN 19 SAS (FRANCE)
100%
LRCC - LA RAD CAMPO CHARRO - ENERGIAS RENOVÁVEIS, S.A. (PORTUGAL)
100%
SEnS SOLAR BELGIË 2 BVBA (BELGIUM)
100%
SEnS SOLAR BELGIË BVBA (BELGIUM)

Statement by management

The Executive Management and Board of Directors have have today considered and adopted the Annual Report of Nordic Solar Energy A/S for the financial year 1 January – 31 December 2019.

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

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

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

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EXECUTIVE MANAGEMENT

NIKOLAJ HOLTET HOFF
Managing Director

BOARD OF DIRECTORS

CHRISTIAN SAGILD
Chairman

MARINUS BOOGERT
Deputy Chairman

PER THRANE

IBEN MAI WINSLØW

FRANK SCHYBERG

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

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

Hellerup, 22nd of April 2020

Independent auditor's report

To the Shareholders of Nordic Solar Energy A/S

OPINION

In our opinion, the consolidated financial statements (pages 35-61) give a true and fair view of the group's financial position at 31 December 2019 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the parent company financial statements (pages 63-70) give a true and fair view of the parent company's financial position at 31 December 2019 and of the results of the parent company's operations for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the parent company financial statements of Nordic Solar Energy A/S for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as statement of comprehensive income and cash flow statement for the group (»financial statements«).

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for management's review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 22nd of April 2020.

PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
CVR No. 33 77 12 31

HENRIK ØDEGAARD
State Authorised Public Accountant
mne31489

KRISTIAN PEDERSEN
State Authorised Public Accountant
mne35412

Nordic Solar
Energy A/S

Miljømærket tryksag
5041 0546

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