



# **BETTER ENERGY**

ANNUAL REPORT 2017

# LETTER FROM THE CEO

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### BETTER ENERGY - ENGINEERS OF A SUSTAINABLE FUTURE

Our vision is to be engineers of a sustainable future. We want to power up the world with unlimited and affordable green energy. To achieve this, we need to connect the dots to drive a renewable energy revolution.

Solar energy has been favoured by many years of growing demand for renewable energy, and in recent years, solar energy has been gaining market share. Political focus on climate change has indeed been a positive factor for the industry, but today we are less reliant on public subsidies than ever before. We are on the threshold of a solar energy future without governmental support.

The real driver is energy demand. There is a dire global need to meet the continuously rising demand from economic and population growth, and this tremendous pressure on the energy supply will only intensify. Already today, solar energy is the most price competitive new energy source in most markets and is expected to expand more than any other renewable energy technology over the next five years.

Better Energy saw the opportunities in solar energy early and focused on mastering this energy technology. That decision has brought us to the forefront – breaking records in the fastest-growing source of energy in the largest industry in the world. We are pioneers in the industry setting new standards for what is possible.

We have a proven track record of developing and constructing large-scale solar energy parks and an innovative approach with full coverage of the entire value chain. Mastering the entire value chain enables us to reduce overall capital expenditure while increasing lifetime and performance of solar energy systems. This not only enhances our

competitive edge but also strengthens our ability to drive down the cost of solar energy. We will utilise upcoming subsidy auctions and tariff schemes, but our ambition – and part of our reason for being – is to be engineers of a sustainable future without subsidies.

We want to change the way the world is powered. To achieve impact on a significant scale, we work to establish ourselves in markets where we can play a pivotal role in the deployment of solar energy. We approach every market with the same vision. Our goal is to repower a country and empower its people.

### RESULTS IN 2017

In 2017, we continued our journey as one of the fastest growing solar energy companies in Europe. We achieved a strong EBITDA of DKK 90.9 million. Our return on equity increased from 96% in 2016 to 139% in 2017.

We constructed and grid connected phase two of Horslunde solar park with a total capacity of 17.4 MW in September. Three months later, we completed a 50 MW solar park in Nees, Denmark. Both solar parks were partly divested to Danish utility NRGi and form the foundation of our future partnership.

On the technology side, we refined and improved our solar systems. After engineering and manufacturing our own mounting systems in 2016 to achieve reduced cost and construction time, and at the same time, enhanced durability and longevity, we further optimised the systems in 2017. In addition, we redesigned our transformer stations so that they take up less space and can thus be placed optimally within the solar park, minimising shading and reducing cable loss and cable shutdown. >



We entered into a supply partnership with Huawei Technologies, adding market-leading inverter technology to our solar systems. Working closely together as partners enables us to integrate the inverters more efficiently in our systems and share knowledge to boost innovation.

We further reduced our cost price and capital expenditures on our solar systems in 2017. This reduction benefits not only our company but also our partners, our investors, and society on the whole.

We streamlined our development, construction and operation processes, making them more lean and efficient. We added the special functions of Capital & Strategy and Legal & Compliance to our organisation. We now have vital talent, structures and processes in place. Our matrix organisation allows for both dynamic process orientation and a high degree of specialisation.

Another major step forward in 2017 was the expansion of our own local service and maintenance technology centre located in Sønderborg, Denmark. With nearly 200 MW solar energy capacity already under management, Better Energy will monitor and analyse solar parks daily to facilitate predictive service and maintenance as well as performance optimisation.

We have increased our development activities in Denmark and expanded to the Netherlands, Poland and Ukraine. Prioritising depth over breadth, we have established our own local development teams in each market, thereby securing thousands of hectares of land with low initial costs. We are working closely together with local municipalities and utilities, selecting the most convenient land locations.

We have dedicated time to securing land in our target markets, preparing for an energy future without subsidies. We saw a new era coming within the deployment of renewable energy and changed our approach in 2017. This approach will provide us with greater market depth and will enable us to accelerate and scale up progress in the green energy evolution.

#### LOOKING FORWARD

In 2018, we will construct our ready-to-build solar parks in Denmark, the Netherlands, Poland and Ukraine. In addition, we will continue our development activities and strengthen our leading role in the northern European market.

With a market-leading position, Better Energy stands well prepared to integrate our value chain further with public grid balancing responsibilities and direct agreements with large corporations and utilities looking to source green power.

The extended durability and lifespan of our solar systems combined with our asset management competencies and know-how have enabled us to introduce 30-year full-service asset management on our solar parks that protects operations cash flow for the benefit of our financial partners and investors.

We understand what it takes to get large-scale solar parks financed, and we will continue to build on our successful record of attracting and raising capital and forging partnerships with international investors and financial institutions.

In research and development, we will continue working on our storage solutions and hybrid systems to provide increased system

efficiency as well as greater grid balancing in the energy supply. Furthermore, we intend to take our Better Energy EcoPark concept to a new level combining solar energy production with organic farming, social engagement, and support for biodiversity.

Demand for renewables is strengthening at a faster pace than ever before due to growing world population, increasing wealth and demand for energy. We will devote time and resources to accurately assess the potential and feasibility of each market. When we know we can make a difference and control the risk factors, we can establish local presence in new markets. Expansion in markets with high demand for energy is part of our future, but we will continue to prioritise depth over breadth and focus on markets where we can achieve impact on a significant scale.

Incredible potential remains, and we must manage the renewable energy revolution wisely and efficiently.

#### BE BETTER ENERGY

Better Energy is a principle, a revolution in the industry. Our people are not hired. They join. I would like to thank all those who have joined us so far. Their talent, spirit, and dedication enable us to be excellent, be disruptive, be world changing!

**Rasmus Lildholdt Kjær**  
Chief Executive Officer





A group of five business professionals are gathered around a conference table in a modern office setting. They are dressed in business casual attire, including light blue shirts and a dark blue blazer. The men are looking towards the left side of the frame, appearing engaged in a discussion or presentation. The room features a large window in the background, a potted plant, and a laptop on the table.

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the future

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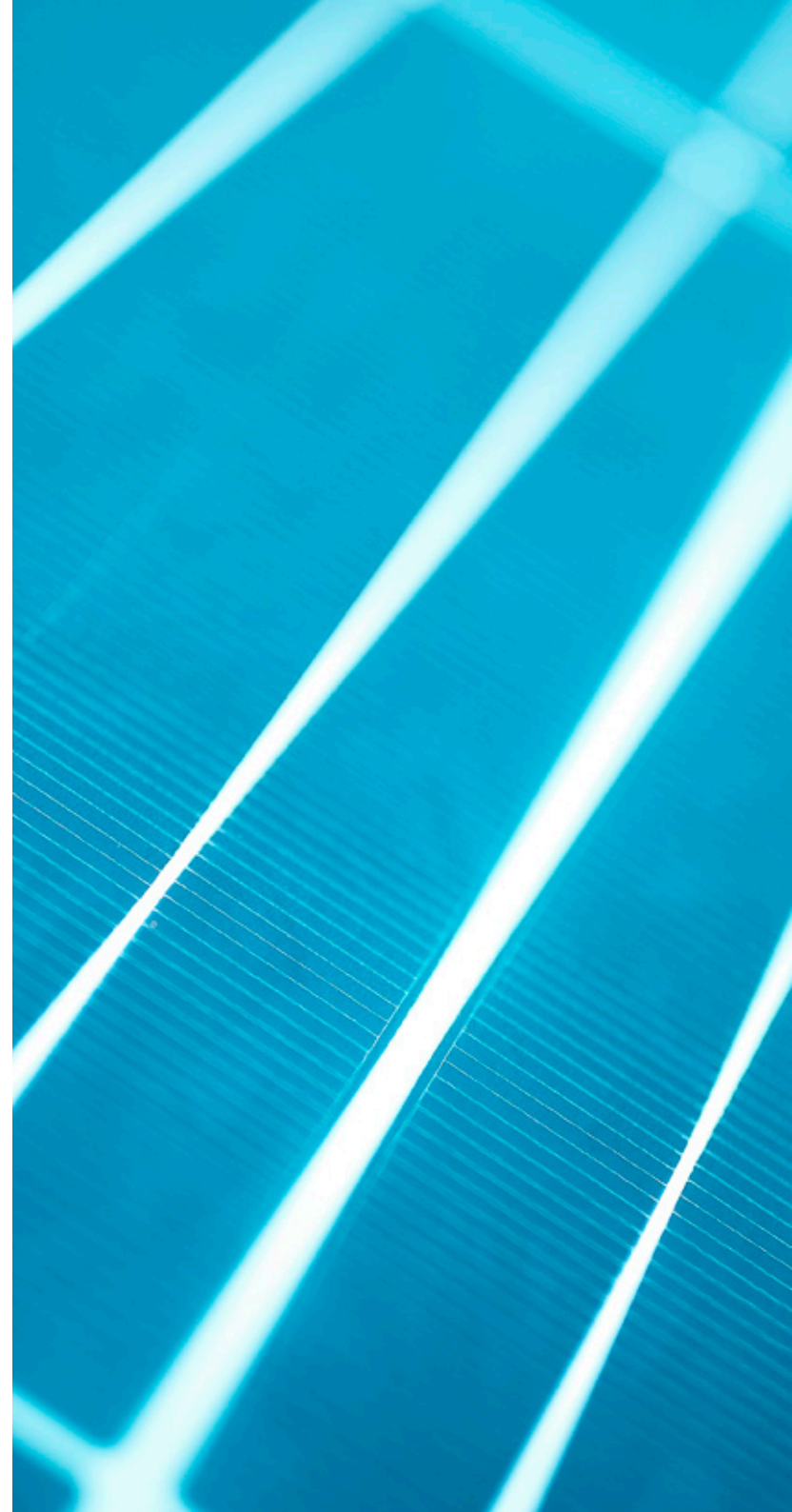
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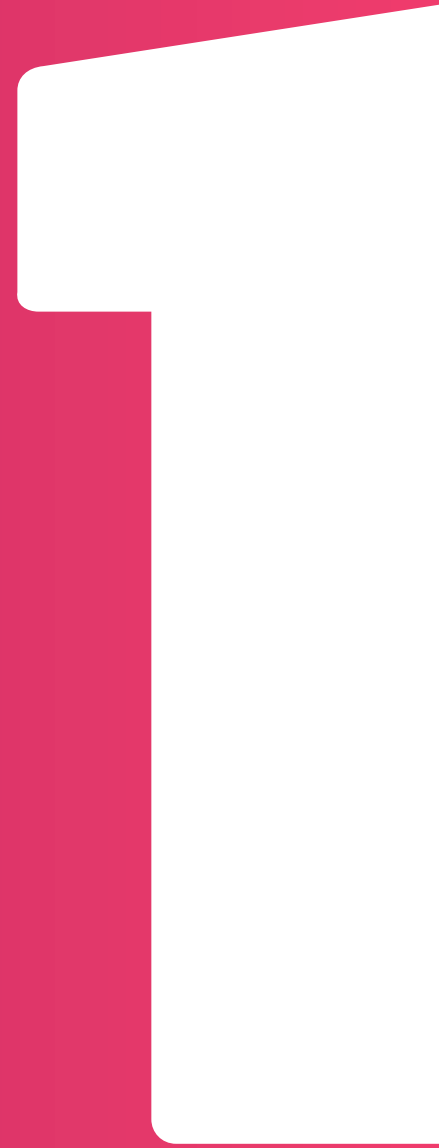
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**WHO WE  
ARE**







**be** ENGINEERS OF A  
SUSTAINABLE FUTURE

**VISION**

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# POWER UP THE WORLD WITH UNLIMITED & AFFORDABLE GREEN ENERGY

**MISSION**



# MANIFESTO

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## **PERCEPTION IS REALITY**

We shape our reality - we shape our world. We control our future. We write our own stories. If we believe in something, we can make it happen. Every moment begins with a decision to see things differently. A choice to make things better.

## **REAL CHANGE IS POSSIBLE**

Tomorrow does not have to be like today. Real change is possible when we change the way we work. The world needs novel, intelligent solutions and better working models to ensure a healthy, safe and clean planet. People must believe that real change is possible, and we must show them how it can be done. The only thing that makes sense is making the world a better place.

## **VISION: BE ENGINEERS OF A SUSTAINABLE FUTURE**

We are driven by the vision of a healthy, safe and sustainable future. We know that sustainable development is not possible without cleaner, renewable sources of power. Advancing renewable energy will promote economic growth, create new jobs, improve the lives of people, reduce climate change and protect the environment.

Our business has a purpose beyond just making money. We want our work to create something larger than ourselves. We want to lead the way and show others how to shape our energy future in a way that benefits society. And we need to make sure that people are moving ahead. We want to actively contribute to the development of new energy solutions. We will be active, not passive, in the process of global change.

**MISSION: POWER UP THE WORLD WITH UNLIMITED AND AFFORDABLE GREEN ENERGY**

We want to improve the lives of people and the environment with power that is clean, reliable, safe and sustainable. Renewable energy has enormous potential to transform how electricity is generated and to improve millions of lives. Green energy sources can help meet the rapidly growing energy demand and the need to expand access to energy.

Time is short. We cannot continue along our current path. We must engineer new ways to make renewable energy efficient and affordable.

- **Explore new directions, markets, financial structures, technologies**

We see the invisible and do the impossible. We connect the dots in new ways. We can drive the renewable energy industry forward if we find new ways to strengthen market policy, mobilise funds and challenge technology.

- **Advance the deployment of renewable energy as rapidly as possible**

We want to change the way the world thinks about a clean energy future. We want to promote the widespread and sustainable use of renewable energy. Global policymakers, innovators, investors and consumers are facing unprecedented choices, and we want to shape the choices they make.

- **Deliver renewable energy at the lowest possible cost**

Cost reductions will open new markets for rapid growth and drive the adoption of renewable energy. We want renewable energy to be the least expensive energy option. We work to make green energy competitive without financial support and we work to drive developments that will make large-scale integration of green energy possible.

**GUIDING PRINCIPLES:**

- **Better and Better: We will constantly challenge the status quo, push boundaries and create new possibilities.**

We question best practices, also the ones that we have created.

We foster an optimisation culture – constantly striving to make our designs, systems and decisions as perfect, functional and effective as possible.

We create new choices and a new energy reality.

- **We will grow our business with opportunities that offer the greatest business potential in areas where we can make the greatest impact.**

A reliable and affordable source of energy contributes to both economic development and improved human welfare. We focus our resources on those areas where our efforts deliver both financial returns and human benefits.

- **We will be disruptive, dynamic, agile, and always willing to explore and respond to change.**

What makes us successful today might not tomorrow. In a complex and volatile environment, we must learn new skills, adapt and grow. Our potential to learn and change, not our credentials, will be the real key to our future success.





# A VALUES-DRIVEN COMPANY



## ENTREPRENEURIAL SPIRIT

We go first. We challenge norms and conventions. We work to stay lean, agile and able to recognise new opportunities. We find new approaches and new market opportunities. We embrace change and make it work for us.



## DETERMINATION

We go the distance. We are determined to find the right solutions. Turning a vision into a viable business means moving forward, even in the face of challenges. We maintain a positive mindset in the face of adversity.



## EXCELLENCE

We outperform. We are driven to excel. We set the bar high and constantly challenge ourselves. Everyone has a role in delivering the best solution, and we are all committed to delivering superior results. We are constantly looking for a better way to perform.



## PROFITABILITY

We create value. We invent new business models that produce value for society and for future generations. We manage risk and capitalise on opportunity. We ensure change is beneficial for all and create a strong base for future growth.



## INTEGRITY

We tell it like it is. We set high professional standards and act responsibly. We can be trusted to deliver quality and reliability. We stand behind what we say and do. We are honest and fair in our relationships.



## ACCOUNTABILITY

We deliver. We take action and hold ourselves accountable for results. We are dedicated. We think independently and believe in self learning. We are all leaders and act decisively. We follow through and make it happen.



## RESILIENCE

We are organised for change. Resilience means strength with flexibility. We work to create sustainable, long-term value for all stakeholders. We fight for difficult goals and learn from adversity. The choices we make every day determine how resilient we are in the future.



## RESPECT

We value differences. We welcome people with new perspectives. We foster creativity, flexibility, innovation and sense of ownership. We reach beyond boundaries and succeed by being ourselves – truly ourselves.



# INFOGRAPHICS

ACTIVE IN  
**6 COUNTRIES**



**218**<sub>GWh</sub>  
ACTUAL  
PRODUCTION IN 2017



**164**<sub>MWp</sub>  
ESTABLISHED CAPACITY  
TOTAL 2012-2017



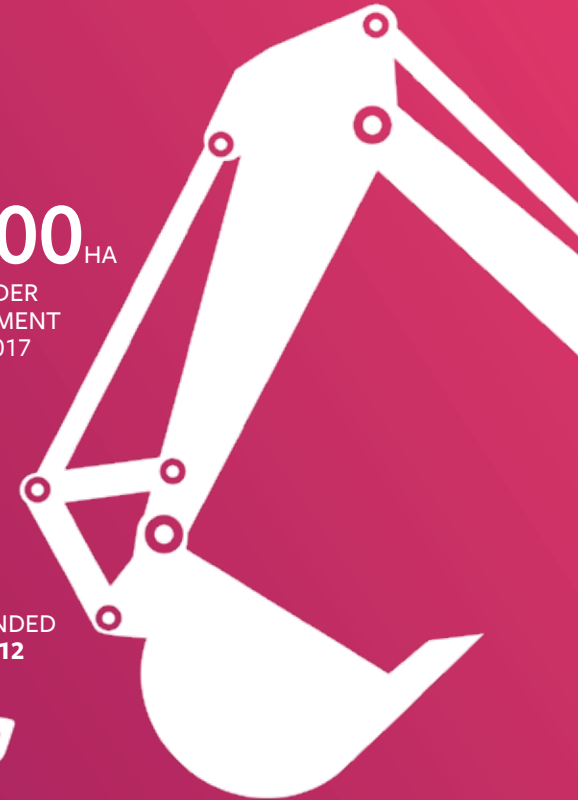
**36** SITES  
ESTABLISHED  
SOLAR PARKS  
TOTAL 2012-2017



FOUNDED  
IN **2012**



**3,500**<sub>HA</sub>  
LAND UNDER  
DEVELOPMENT  
BY END 2017





# FINANCIAL HIGHLIGHTS

| Key figures DKK '000    | 2017    | 2016   | 2015   |
|-------------------------|---------|--------|--------|
| <b>Income statement</b> |         |        |        |
| Revenue                 | 351,701 | 31,320 | 24,111 |
| Gross profit            | 98,754  | 16,131 | 8,726  |
| EBITDA                  | 90,894  | 6,750  | 4,852  |
| Operating profit        | 89,907  | 6,373  | 4,792  |
| Net financials          | 1,821   | 620    | 362    |
| Profit for the year     | 77,539  | 15,987 | 4,077  |
| <b>Balance sheet</b>    |         |        |        |
| Balance sheet total     | 221,148 | 49,110 | 19,737 |
| Equity                  | 86,646  | 24,760 | 8,431  |
| <b>Ratios</b>           |         |        |        |
| Gross margin            | 28%     | 52%    | 36%    |
| EBITDA margin           | 26%     | 22%    | 20%    |
| Profit margin           | 22%     | 51%    | 17%    |
| Return on equity        | 139%    | 96%    | 97%    |
| Solvency ratio          | 39%     | 50%    | 43%    |

Financial highlights are defined and calculated in accordance with *Recommendations & Ratios 2017* issued by the Danish Society of Financial Analysts. Please see the *Financial highlights* section in the *Basis of preparation* for definitions of financial ratios.







**OUR  
COMPANY**



# GROUP STRUCTURE

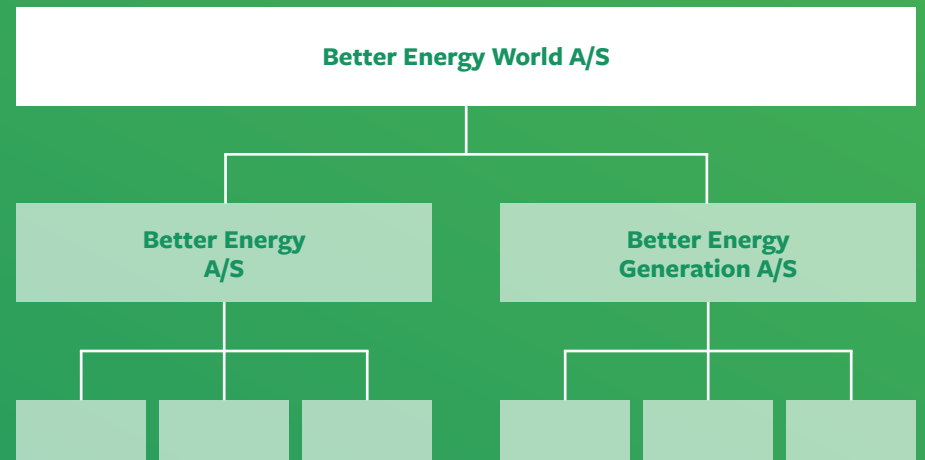
The primary companies in the Better Energy group (Better Energy) are as follows:

## BETTER ENERGY WORLD A/S

Better Energy World A/S is the Parent Company and holding company for all subsidiaries and related companies in Better Energy. The Parent Company owns assets and does not have any active business operations itself. Better Energy World A/S operates through two segments. The first segment includes our engineering, procurement and construction (EPC) and asset management (AM) businesses. The second segment is our power generation business. The Parent Company supports the other companies of the group by lowering cost of capital.

## BETTER ENERGY A/S

Better Energy A/S is an operating company with employees who are involved in all business activities. The company actively develops, engineers, procures, finances, constructs and manages



*Illustration of Better Energy group structure*

renewable energy assets. Better Energy A/S business activities span the entire life cycle of an energy system from the identification of a suitable piece of land to the sale of electricity.

## BETTER ENERGY GENERATION A/S

Better Energy Generation A/S is the power generation business of Better Energy. It is a middle holding company for country market holdings. The company owns related companies, project rights and renewable power generation assets in several markets. The green power generated by these facilities is sold to off-takers through power purchase agreements (PPAs) or directly into the spot electricity market.







# PROJECT COMPANIES

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## SPECIAL PURPOSE VEHICLES

Better Energy has a group structure comprising a considerable number of companies. This is due to the fact that many of the solar parks are held by special purpose vehicles (SPVs).

It is common practice for developers and equity partners to form an SPV at the beginning of the development process.

## REDUCING RISK

SPVs enable Better Energy to isolate the solar projects and thereby protect the assets.

All necessary project rights, in the form of land leasing agreements, construction and operation permits, insurance contracts, interconnection contracts, operations service agreements, power purchase agreements, and financing commitments from debt and equity investors are placed in a closed system in the SPV. Working capital requirements and equity and debt repayments are taken from project cash flows. Activities and transactions are clear and easily controlled within the SPV.







#### **REDUCING COST OF FINANCING**

The SPV structure is also an advantage when financing a project, as the credit evaluation is limited to the SPV itself, and not the larger Better Energy entities within the group or any other liabilities which are not relevant to the given project. This reduces the cost of financing.

With a project financing structure, projects are typically held in an SPV that holds all project assets and liabilities. Better Energy raises capital through the SPV. Equity and debt holders can earn returns from the future cash flows and revenues of the SPV.

Loans are made based on the strength of project revenue, with no recourse to Better Energy. The SPV owns the project, and Better Energy (and possibly other partners) own the SPV.

#### **EASIER SALES**

Another advantage to this structure is that it makes any sale of a solar park significantly easier, as the project may be sold as a single legal entity by transferring the ownership shares in the specific SPV. An SPV allows ownership by several parties and allows for easy transfer between parties or sale to third parties.

# MARKETS

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## POWERING UP THE WORLD

We want to change the way the world is powered. To achieve impact on a significant scale, we work to establish ourselves as market leaders in markets where we can play a pivotal role in the development of new renewable energy capacity.

Our market strategy is created with a long-term vision on how to improve the level of green energy in selected countries. We carefully select markets, projects and activities that deliver the most long-term value to the business and the greatest impact in the transition to a clean energy economy.

## UNDERSTANDING UNIQUENESS OF LOCAL MARKETS

Countries around the world are at different stages in the adoption of new energy sources. Each country sets its own policies, regulations, plans and schemes, and each country offers a unique mix of challenges, resources and opportunities.

We approach each new market opportunity with a proof of concept. This pilot project serves to demonstrate the market viability of our system in a new context. If further development could provide significant economic and social impact, we consider this a target market.

We firmly establish local presence in target markets, whether through partners, joint ventures or subsidiaries. Working together with local partners who have extensive market knowledge and established local contacts speeds up the pace of implementation and ensures that we achieve long-term change in different country contexts.

## MARKET DEPTH TO ACHIEVE REAL IMPACT

New opportunities in new markets present themselves every day. We analyse growth options on an ongoing basis.

We approach every market with the same vision. Our ultimate goal is to repower a country and empower its people.

Market planning involves pursuing new energy models and new financial structuring, pursuing a paradigm shift and not just a quick profit. Profitability alone does not guarantee change.

We devote time and resources to accurately assess the potential and feasibility of each growth option. When we know we can make a difference and control the risk factors, we commit. >

**DENMARK**

Drive energy supply to 100% renewables

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**POLAND**

Establish solar energy supply system

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**UKRAINE**

Establish solar energy supply system

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**THE NETHERLANDS**

Drive energy supply to 100% renewables

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**GERMANY**

Contribute with green energy production

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**UNITED KINGDOM**

Contribute with green energy production

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## CONTROLLING RISK

We use a three-step approach to market risk management:

- 1 **PEOPLE**  
The integrity and competence of the people within our organisation and those we choose as partners
- 2 **LEGAL**  
Experienced in-house legal expertise in designing contracts to mitigate risk combined with specialised local counsel
- 3 **CORPORATE**  
Structuring of project assets and liabilities in separate and independent project companies

We keep our processes as simple as possible because we know that timing is important to take advantage of the narrow windows of opportunity.

## HOW OPPORTUNITIES TURN INTO MARKETS

Transforming opportunities into successful market presence naturally involves some risks. We devote time to thoroughly research and understand a market landscape.

There is no one-size-fits-all approach to market development. Each target market context must be assessed individually. Drawing from our experience in the industry, we have identified several determining factors in market selection, including:

- Our potential impact on the green transition in the market
- The possibility of establishing a local presence
- Electricity market prices
- Infrastructure, grid access
- Financial opportunities and risks
- Access to capital and cost of capital
- Bankability and marketability of projects
- On-site technical analysis
- Political and regulatory situation

## MATURE, INSIGHT-FOCUSED MARKETS

We consider Denmark and the Netherlands to be mature energy markets and our home markets. Grid infrastructure is well established, and the financial structures we use in Denmark can also be applied to the Netherlands.

Mature markets are focused on optimising the value of the grid for both producers and consumers. In these countries, we can increase the scale and effectiveness of the green transition by leveraging our technology and by providing value with predictive data insight. We can establish PPAs and sell green energy on the energy market.

We can quickly take over utility-scale and retail opportunities in these markets. Our EPC business provides customised solar systems sold directly to residential, commercial and industrial consumers.

## DEVELOPING, SYSTEM-FOCUSED MARKETS

There is enormous potential in developing energy markets such as Poland and Ukraine. Fast-growing populations and industrialisation are increasing the demand for affordable energy in countries where it is already a challenge to meet existing demand. The focus here is on establishing a stable, reliable, affordable energy system and grid infrastructure.

Better Energy can provide a scalable, sustainable approach to energy access and support countries such as Poland and Ukraine in transforming their energy sectors away from fossil fuels and nuclear. We can reduce the power deficit, improve the energy mix, reduce price volatility, and ensure greater affordability and access to energy. Our projects will pave the way for future projects and hopefully act as a catalyst for accelerating market adoption of renewable energy.







**OUR  
BUSINESS**



# CORE BUSINESS ACTIVITIES

## INCREASING SCALE AND IMPACT

Our core business activities are the means to achieving our mission of *Powering up the world with unlimited and affordable green energy.*

Better Energy develops, finances, constructs and operates utility-scale solar energy systems producing millions of MWh of green energy to the public grid. In addition, Better Energy provides solutions for large corporations and utilities looking to source green power.

Utility-scale energy systems enable us to increase both the scale and the effectiveness of our impact on the green energy transition:

- Delivering the greatest amount of kWh of green energy to the energy grid as rapidly as possible
- Driving down the kWh price of green energy as rapidly as possible

|  CORE BUSINESS ACTIVITIES |  REVENUE STREAMS |  MARKETS |
|--|---|---|
| IPP  | SALE OF GREEN ENERGY & DIVESTMENTS  | DK, PL, UA  |
| EPC  | SALE OF BETTER ENERGY SOLAR SYSTEMS   | DK, NL  |
| AM (O&M)   | SALE OF ASSET MANAGEMENT & SERVICE CONTRACTS  | DK, PL, UA, NL, DE, UK  |

Better Energy has the following three core business activities:

### 1. INDEPENDENT POWER PRODUCTION (IPP)

Our primary business activity and strategy for change is IPP, and we are expanding our business as an electricity power producer. Better Energy is an IPP company, and our utility-scale systems are standalone IPP units. The Better Energy Solar System is a technologically advanced and reliable system.

Worldwide demand for solar power projects has been far outstripping supply. During the past few years, we have fully divested our IPP systems, in part to meet the pressing market demand for projects and also to create a cash flow for our growing business and the construction of additional projects.

To deliver a deeper impact on our target markets, we tailor our approach to fit the distinct needs and circumstances of each market. In some cases, co-creating solutions with partners may be the

best approach. In 2017, we partially divested two utility-scale parks, Horslunde and Nees, to Danish utility NRGi, forming the foundation of our future partnership.

We partner for purpose and progress. Both financial capital and strategy come into play. Our business model and capabilities provide us with an opportunity to grow. Strategic partnering enables us to exploit our full capabilities, scale up our operations and achieve greater impact. Larger scale also results in lower prices.

Better Energy has spent the past few years extending our operations within our value chain. We are now a vertically integrated IPP with our own engineering, procurement and construction (EPC), and asset management (AM) services. We have built up extensive in-house technologies and competencies to prepare for large-scale operations. As a result, these services have become strong business areas of their own.

## 2. ENGINEERING, PROCUREMENT, CONSTRUCTION (EPC)

The demand for renewable energy systems has spread to a wider base of customers across industries. Large commercial consumers are looking for complete on-site or near-site turnkey solutions. Examples of large-scale commercial power systems are the rooftop solar installations for the University of Southern Denmark and the Technical University of Denmark that we completed in 2017.

Constructing utility-scale parks as an independent power producer brings us economies of scale that reduce costs for commercial customers. Additionally, we can offer to structure financing.

## 3. ASSET MANAGEMENT (AM)

Asset management is a continuously increasing business area for Better Energy. The need to manage growing portfolios of both IPP and commercial power systems in multiple markets is driving demand for professional asset management and operations and maintenance (O&M) services.

Asset management has become more complex with grid balancing responsibilities and power sales. Although still in the early stages on many markets, these services will become critical in future energy systems with renewable energy power sources.

We perform asset management services for all the systems that we construct. We expect that operation of our solar parks will steadily become a greater part of our business and hence a greater part of our revenues.

## REVENUE STREAMS

As an IPP, we generate income from the sale of electricity. We also have the option of fully or partially divesting IPP systems. The market is changing and access to capital is critical. We determine the best way to fund operations in each market.

EPC is a business of its own, delivering turnkey solar systems on-site to large commercial and industrial energy consumers. The electricity produced by the systems feeds directly into the supply of these energy consumers. Alternatively, customers can arrange PPAs and purchase green power without owning a power system.



We also earn income by selling asset management service contracts. Better Energy offers a comprehensive range of services that are supported by our technology centre. Customers can leverage our in-house technical, financial, legal, and O&M expertise and create individual solutions tailored to meet their specific needs.

## MARKETS

Our main markets for utility-scale IPP systems are Denmark, Poland and Ukraine. In Denmark, we grid connected more than 85% of the country's large-scale solar systems in 2017. In Poland and Ukraine, IPP systems provide a sustainable solution to the rapidly growing demand for clean, affordable energy. We can provide the most value for these societies at the lowest cost.

Our primary markets for EPC are Denmark and the Netherlands. Both countries are mature energy markets with advanced energy infrastructure and many opportunities for direct sale to corporate, commercial and industrial consumers.

We provide asset management and O&M services in Denmark, Poland, Ukraine, the Netherlands, Germany and the United Kingdom.



# SCALABLE BUSINESS MODEL



**A**dvancing renewable energy on a transformative scale requires the adoption of new business models and financial structures. A scalable business model and high demand are the real basis for long-term growth and profit.

Better Energy has an innovative, proven, successful, profitable, cash-flow positive business model that allows our business to scale globally. This model covers the entire value chain and is strongly favoured by a growing global demand for renewable energy.

Our business model can quickly adapt to market demands and changing industry environments. A full palette of expertise ensures business partners that a complex development process will be coordinated internally, making it as seamless as possible. We provide comprehensive and competitive end-to-end renewable energy systems.

#### **A FULLY INTEGRATED VALUE CHAIN**

Since Better Energy was founded in 2012, we have continuously worked on the integration of our value chain in order to reduce the development, construction and operational costs of solar parks.

Today, Better Energy incorporates all the critical areas of a solar system life cycle, from planning and design to financing, procure-

ment, construction, asset management and sale of electricity. We control the entire value chain, thus optimising work processes and delivery times and achieving economies of scale. Ultimately, this reduces the time to bring green energy to market and leads to the lowest cost of energy.

#### **INTEGRATION CREATES VALUE**

Vertical integration enables Better Energy to find cost efficiencies and create more value for stakeholders in all aspects of the value chain, from the purchasing of equipment to the cost of financing to the cost of installation.

This not only enhances our competitive edge but also strengthens our ability to drive down the cost of solar energy. Better Energy can offer rates which are below those of competitors who do not have the same degree of vertical integration.

Tight integration also provides flexibility to innovate and respond rapidly to external events in a complex and volatile energy market. We are able to work efficiently and capture market opportunities as first movers.



**the solution**



# INDEPENDENT POWER PRODUCER (IPP) PROCESSES

## DEVELOPMENT

Although we have a large pipeline of suitable land, the specific circumstances of each target market determine how many projects and how much capacity we send into development. This depends on a number of factors, including the capacity and infrastructure of the local electricity grid.

When Better Energy has identified specific opportunities in power markets that offer favourable value-versus-risk profiles, we create projects and initiate development. We take great responsibility in our target markets and ensure that more green energy is added to the energy mix.

The development phase brings projects from greenfield opportunities to ready-to-build (RTB) status. A greenfield site is an area of land that has not been previously developed, so there are no existing facilities or infrastructure. The process starts by identifying a suitable piece of land and covers feasibility studies, due diligence, permitting, and project planning. Developing projects from the ground up provides us with design flexibility. Development is also needed for repowering sites with new components and technology.

A project is RTB when all feasibility studies have been concluded and all necessary permits, approvals and agreements have been secured. Once projects have reached RTB status, they are ready to be financed and put into construction.

## CONSTRUCTION

Better Energy transforms RTB projects into innovative and technologically advanced systems with minimum levelised cost of electricity (LCOE). Our own utility-scale system, the Better Energy Solar System, is the result of several years of experience and optimisation.

The construction phase requires substantial financial capital. Bringing strategic partners earlier into the construction phase enables us to bring more projects into construction and accelerate the green transition.

After the construction phase, the system is fully built, tested, commissioned and authorised to operate. The commercial operation date (COD) is the day when the solar power system becomes fully operational and begins delivering electricity to the grid.

## OPERATION

The operation phase starts once projects have been connected to the grid and put into commercial operation.

Operations in Better Energy are covered by a comprehensive portfolio of asset management services. Partners and customers can choose the service level they need, from handpicked solutions to full service agreements.

Services are provided for projects under our own management (our own solar parks), developed, constructed or acquired and divested parks (parks that are wholly or partially sold to partners).

Service contracts are often made for 20-30 years. Better Energy has worked to improve the durability and lifetime of solar parks. Through research and development, we have engineered our Better Energy Solar System to last for generations.

Solar projects have evolved from a focus on subsidies to a focus on technology to systems thinking and a combination of technologies - hybrid solutions.



# ORGANISATION



**W**e have the vital talent, streamlined processes, and essential structures in place to efficiently execute our large pipeline of projects. Our matrix organisation allows for both dynamic, process orientation and a high degree of specialisation.

#### **MATRIX ORGANISATION**

Recognising and converting sound business opportunities into transformative projects – from greenfield to green energy – takes talent and efficiency.

We have worked for several years to make our development, construction and operation processes and workflows leaner, more efficient and more effective. Streamlined workflows mean that we can now do more with less.

We continued to refine our processes further in 2017 with new capabilities and perspectives to meet changing industry and investor needs. We have a complete IPP development team and we have achieved total integration of the construction process. Better Energy has reached a scale where we are ready to integrate our value chain further with public grid balancing responsibilities and direct agreements with large corporations and utilities looking to source green power through PPAs. Our technology has brought us to the forefront of the industry and we now can offer a larger scope of services.

In 2017, Better Energy expanded its executive management and management teams with experienced industry talent and finalised its matrix organisation to lay a foundation for future growth and international expansion.

Better Energy works within the entire value chain, and this requires a series of highly skilled specialists who are leaders in their respective fields and who can perform specific functions as projects move through the chain. In 2017, we supplemented our lean value chain processes with two specialist functions: Capital & Strategy and Legal & Compliance.

#### **CAPITAL & STRATEGY**

This specialist function connects capital resources with our strategy to accelerate the green transition, from greenfield to green energy. As the industry transitions from governmental support to market prices, energy financing will take new, more complex forms. Unique to the industry, Better Energy is able to create targeted financial products and solutions that support both the scale of our IPP strategy and the specific needs of partners and investors.

As projects move through the development, construction and operation phases, they are continually linked to Capital & Strategy. The team is talented in raising capital and structuring innovative financial options and has experience in managing multiple sources of capital at all levels of the capital stack.

Capital & Strategy continually coordinates with our Market & Projects, Technology & Solutions, and Asset Management & Power Sales business sections. These sections are responsible for development, construction and operation activities. Capital needs and capital supply are reviewed, and possible solutions, collaborations and partnerships are discussed. Together, our teams define the form and focus of financial product and service offerings on three levels: project, market and corporate.

#### **Customised investment opportunities**

Capital & Strategy starts by examining market needs – the true needs of the customers – and these needs are conveyed to the development, construction and operation teams. Investor needs and criteria concerning risk appetite, returns, and value creation are analysed. The development, construction and operation teams continually ensure that there is a sufficient pipeline and portfolio of product and service offerings.

Our expertise and experience allow us to develop the optimal financing structure, while our network of debt and equity relationships provide scale and capacity. We create value by optimising our business and by safeguarding the interests of our partners and investors. >



## LEGAL & COMPLIANCE

Legal & Compliance tailors and structures agreements with our suppliers, partners and customers and ensures compliance with the increasing number and complexity of tax and regulatory schemes in the industry. Better Energy works together with leading international law firms to ensure specialist insight and compliance in active market jurisdictions.

The processes of developing, financing, producing, selling, and trading renewable energy entail many complex legal and financial arrangements. Renewable energy projects involve many parties. Strong contractual agreements, and legal and compliance frameworks are crucial to providing the best conditions to control risks, align incentives and create value for all parties.

Our in-house Legal & Compliance team comprises renewable energy specialists with long-term experience in drafting and negotiating energy project and financing contracts. We formalised and expanded the team in 2017.

## Compliance obligations

Energy production is a heavily regulated industry, and compliance obligations are increasing. Complex demands of legislation such as the General Data Protection Regulation (GDPR) are handled in house by Legal & Compliance. The team provides oversight, corporate guidance, monitoring and enforcement to ensure continuous compliance.

## Unconventional agreements

We have developed contracts which open up new forms of cooperation between the Better Energy group and its partners. By bringing partners earlier in the project development process, these unconventional contracts minimise risks and generate new upsides and bankable options.

 We have the vital talent, streamlined processes and essential structures in place to efficiently execute our large pipeline of projects. Our matrix organisation allows for both dynamic, process orientation and a high degree of specialisation. 





# DEVELOPMENT



The development phase brings projects from greenfield opportunities to ready-to-build (RTB) status.

Development comprises the following steps:

- Market Research & Analysis
- Land Acquisition or Leasing
- Licences, Permits & Approvals
- Yield & Production Assessment
- Business & Financial Structuring

**DEVELOPMENT PROCESS**

We start by carefully researching market conditions, considering country regulations and available energy infrastructure.

A site-specific assessment is performed which covers legal and technical access to the site as well as irradiation and estimated energy yield of the project. All this is critical for the financial analysis. If a site is promising, we secure the land-use rights and carry out further environmental, technical and financial assessments.

We obtain all required planning and building licences, permits, authorisations and approvals. We manage all interconnection agreements and contractual arrangements.

Financial models and production estimates are prepared to determine the commercial viability of the project. We look at factors such as expected terms and conditions of PPAs in the market.

**RTB**

If assessments are positive, the financial structure is sound, and all rights and permits have been secured, the project is considered RTB. When the timing is right, RTB projects are moved into the construction phase.

**IN-HOUSE EXPERTISE ADDS VALUE**

Developing a solar PV project is a process involving many stages and it requires a team of experts in many fields.

Our in-house team of technical, commercial, regulatory, legal and financial specialists work in parallel on separate development

activities. Many project development activities are related, so the work of one specialist influences the work of others.

This requires close coordination. Having all expertise under one roof is a substantial competitive advantage.

**VALUE CREATION TRADE-OFFS**

We consider many factors when deciding whether to proceed to the construction phase, including the risk-versus-reward benefits to both ourselves and our partners.

A key project development challenge is to design a solar system that is optimally balanced in terms of cost and performance for a specific site. This balance is also important in determining to repower a site with new technology.

Already in the development phase, we carry out many feasibility studies to ensure that our projects will create future value for financial stakeholders as well as society. >

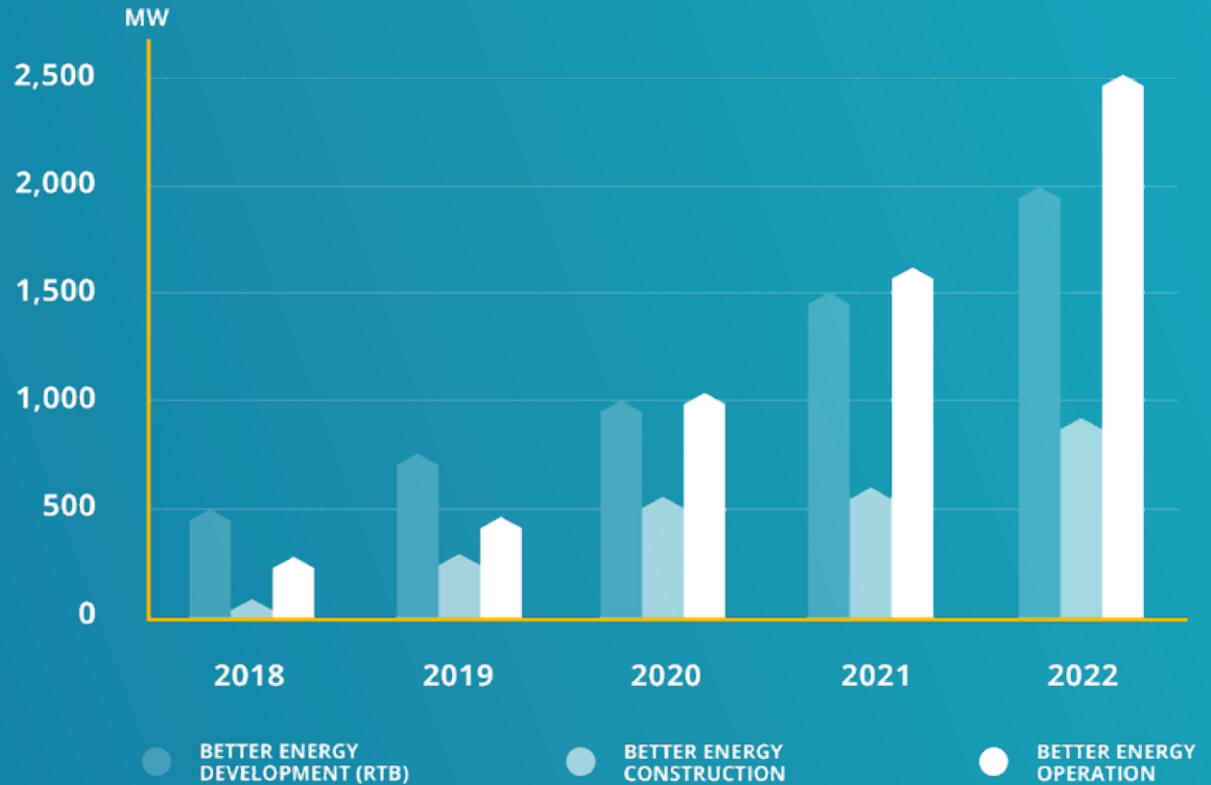


## BETTER ENERGY MAKING STRONG ADVANCES TOWARDS A CARBON-NEUTRAL SOCIETY

**EXPAND DEVELOPMENT ACTIVITIES**  
with low initial cost and leverage

**UTILISE UPCOMING SUBSIDY AUCTIONS**  
and tariff schemes

**WORK TOWARDS BUILDING WITHOUT SUBSIDIES**  
and at market level within 3-5 years



### SCALABILITY

A large pipeline of projects and an efficient business model enable us to quickly scale up in markets to achieve the capacity needed to make an impact.

The entire development process, from greenfield to ready-to-build, is covered in house. We continually fill our pipeline with thousands of hectares of suitable land and many projects that are under development. This business model provides great advantages. With a large development pipeline and geographic spread, we can decide how many projects we want to bring to the ready-to-build stage – at low costs, when and where we need them.

Securing a large pool of suitable sites requires both time and expertise. Suitability of a location includes planning and permitting considerations as well as grid connection considerations, irradiation and estimated energy yield. The larger the system, the greater the requirements for location, for example, proximity to higher capacity grid cables.

It takes approximately 12 months to bring a piece of land from greenfield to ready-to-build. We develop enough projects to the RTB stage to cover our construction activities for the upcoming year. In this way, we can scale up our operations on short notice. We do not run out of sites and we can develop with low initial cost and leverage.

With lowest cost of capital and lowest cost of energy, we are working towards building without subsidies and at market level within the coming years.





## CASE STUDY

# BETTER ENERGY ECOPARK

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## BETTER ENERGY ECOPARK IS PIONEERING LAND MANAGEMENT

Since 2015, Better Energy has been developing its Better Energy EcoPark concept. In 2016, livestock started grazing on solar parks in Denmark and Germany which doubled the land use. Now we have taken it to a whole new level with an entire ecosystem model, maximising the benefits of solar power, organic farming, social engagement and biodiversity.

Better Energy EcoPark is a new way to power communities. It is an entire ecosystem business model providing clean energy, jobs, organic food, new revenue options and increased biodiversity – all on the same piece of land.

“We take a piece of land and literally give it new life and purpose, maximising benefits for the environment, the economy, schools, farmers, landowners and municipalities. The concept is called Better Energy EcoPark because it represents an entire ecosystem, a community of plants, animals and people interacting with each other and their environment. Our EcoPark offers a smart form

of farming, profitable land management and a more integrated vision of green energy production,” explains Executive Vice President, Business Development & Public Relations Michael Vater from Better Energy.

Better Energy EcoPark helps farmers stay in business, landowners profit from their land, municipalities gain substantial cost-savings on energy and maximise their use of land.

## A FRUITFUL RELATIONSHIP

Better Energy and farmer Jens Hansen first met when they were planning to establish a solar park with organic livestock on some of his land in Holm, Denmark. The local technical and environmental committee cancelled the plan. Instead of simply going their separate ways, Better Energy and Jens founded a joint venture cooperation that will produce organic rabbits on solar parks in Denmark. Jens Hansen was born and raised on a family farm in Nordals. He earned an educational degree, and twenty years ago, Jens bought his own farm called Augustenhoff. Today, he is a successful pig farmer with five farms in the area.





## LAND-USE REVOLUTION

Danish farmer Jens Hansen is passionate about the Better Energy EcoPark idea and the values behind it, and ready for a revolution. Jens is currently working together with Better Energy to implement a full-scale solar park ecosystem. He plans to raise free-range organic livestock such as rabbits and ducks on a solar park and feed them with organic crops. Rabbit is now considered a “super meat” and a new global trend. The organic meat will be sold to match the rising market demand, and the organic crops will alleviate the growing national concern over groundwater quality.

“This solves so many problems at once. Many farmers are caught in a vicious cycle, expanding their farms to service their debt. Just building a new stall next door costs DKK 34 million. Expenses of all kinds are rising, regulations are increasing, and resources are disappearing,” says Jens Hansen. “Change is no longer a choice. It’s a must. This is a completely different way of thinking and it makes so much sense.”

In cooperation with the local municipality, Jens is exploring ways to use unemployed workers from a back-to-work programme to help with the animals, and he also hopes that schools will incorporate a visit to the park as a part of their curricula.

Better Energy engineers, finances, constructs and manages the solar park and sale of electricity under a 30-year service agreement so that Jens can concentrate on what he does best and manage a successful organic farm at a low initial cost.

Every solar PV park has the potential to become a unique ecosystem that can benefit the environment and the surrounding community.

## HOW DOES IT WORK?

The goal is to use the same land area for multiple purposes and productions. It starts in the development phase of a solar park. A Better Energy EcoPark adapts to what is unique about a particular site, geographic region and social community. This makes it highly adaptable and attractive to foreign markets.

A Better Energy EcoPark is specially designed and engineered with dual-land use in mind, for example, a solar park can be combined with raising livestock and growing crops, conventional and organic, food or non-food. Crops that do not use pesticides positively affect biodiversity and endangered wildlife such as bees.

Solar parks can also serve as protected spaces for vegetation and long-term havens for wildlife. The shade under the rows of modules protects plants and animals from weather conditions, and the ground stays relatively undisturbed for decades. The parks are large enough to be divided up and used for several purposes.

## MAKING THE MOST OF YOUR LAND

Solar park installations typically use less than 5% of the land. That leaves 95% of the land available for other activities such as crop production, livestock grazing and biodiversity enhancement. Each solar park is an opportunity to add value to the land.

A Better Energy EcoPark with multi-purpose use of land turns a one-time investment into a steady stream of income for over 25 years. Landowners can diversify their land use, increasing revenues and overall land value. Previously unused land can suddenly be double farmed and provide long-term, predictable income.





# PROJECT FINANCING

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## BETTER ENERGY INCREASING SOLAR ENERGY CAPACITY

**B**etter Energy is pioneering new financial models in the energy industry. We have a successful record of raising and attracting capital and forging relationships with international investors and financial partners. We optimise the capital stack for each project and minimise the amount and cost of capital required for a project.

### DEBT AND EQUITY

Solar projects are typically financed with a combination of equity and non-recourse debt in the SPV. Often, equity financing is used to explore a project opportunity and debt is established later for construction.

Generally, debt is cheaper than equity and it is an attractive way to finance projects. However, solar energy projects may be financed entirely with equity if debt is not available at acceptable terms or if specific requests are made by investors.

### PROJECT FINANCING FOR SOLAR PARKS

Project financing is a common form of financing for utility-scale projects in both developed and emerging economies. Up to now, Better Energy has secured non-recourse project financing for solar parks for more than DKK 1.0 billion.

### ADVANTAGES

Through project financing, the stand-alone project company is separated from the other activities of Better Energy. Better Energy does not have to tie up corporate assets as security or provide long-term guarantees. This frees up equity to invest in more projects.

Project financing allows projects to secure less expensive debt for longer terms, thus reducing the overall cost of capital.

### LEVERAGING PARTNERSHIPS TO ADD VALUE

We build financing together with partners and investors to ensure that all parties reach their objectives. Strong relationships enable us to create more innovative solutions with unique revenue opportunities. We provide partners and investors with opportunities to invest in many layers of the capital stack and in larger portfolios.

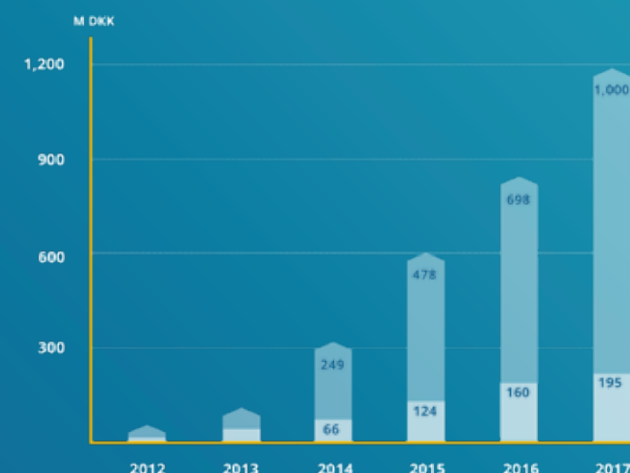
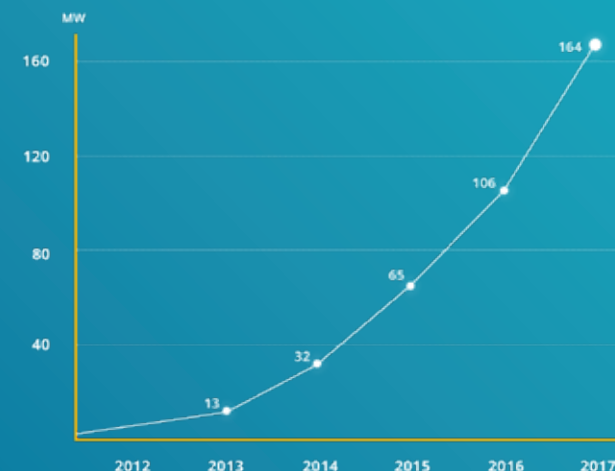
There is a growing tendency for investors to enter at earlier stages in the project development process, and this gives rise to new financial solutions. Better Energy can continue to take an active role in managing the assets and project portfolios. This is determined case by case.

### ADDING VALUE IN EMERGING MARKETS

If Better Energy finds a high-return opportunity in a developing economy, equity financing is sometimes an attractive option.

In emerging markets, long-term financing may be more difficult to secure, and guarantees may be required. Equity can be mobilised more quickly than debt. In the construction phase, Better Energy may finance the entire project with equity or in partnership with a renewable energy fund in order to take advantage of the high-return opportunity.

Once the project is completed, Better Energy has the possibility to refinance the project with cheaper debt financing.



● CUMULATIVE SOLAR ENERGY CAPACITY - MW  
 ● CUMULATIVE EQUITY INVESTMENTS - M DKK  
 ● CUMULATIVE SENIOR NON-RECOURSE FINANCE - M DKK



# CONSTRUCTION





Once financing is in place for an RTB project and initial steps have been taken (for example, geotechnical studies, raming pole tests, clearing of site), the project moves into the construction phase.

Construction comprises the following steps:

- Technical Design & System
- Manufacturing & Procurement
- Logistics & Supply Management
- Construction Management
- Completion & Grid Connection

### CONSTRUCTION PROCESS

Engineering innovative and technologically advanced parks with minimum levelised cost of electricity (LCOE) is one of Better Energy's key areas of expertise. We know what the value drivers are.

The Better Energy Solar System is our own utility-scale park design. It is the result of several years of experience and continual

development and optimisation of every aspect of installation and the electrical system. Our solar PV park design is the foundation of an operationally efficient park.

Better Energy manages the entire construction process from site design to grid connection and sale of electricity.

All this is combined with planning of the optimal financial structure and the ongoing operation and optimisation of energy production.

### OPTIMAL TECHNICAL DESIGN

Designing a high-performance, cost-effective solar PV park requires considerable technical expertise and experience. Our technical, research & development, procurement, and own EPC teams continually work to optimise design features.

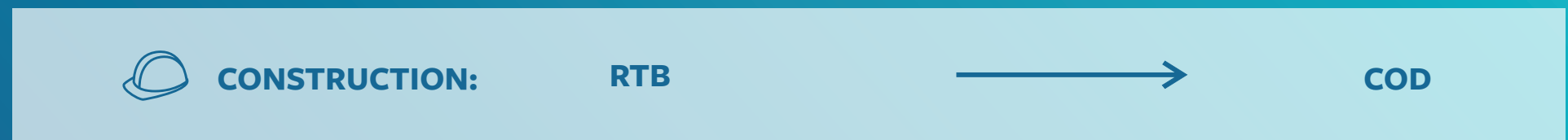
Initial design is based on a solar irradiation assessment of the geographic location and projected energy yield. Energy yield is also a critical factor in project finance. Major design considerations include the type, size, tilting angles and orientation

of PV modules, mounting systems, inverters, module placement, row spacing to minimise shading, and cable layout to minimise losses.

### SELECTING AND ENGINEERING COMPONENTS

Components perform differently under various technical and environmental conditions, and all components must be compatible, making the selection of the right technology challenging. For example, PV modules perform differently under shading depending on their orientation, configuration, how they are connected in a string, and how strings are connected. Inverters must be carefully integrated with modules to optimise lifetime and performance. Conversion efficiency, load, weather conditions, sizing, reliability, maintenance and monitoring are all factors affecting inverter selection and the final revenue and performance of the park.

Furthermore, all components and wiring systems must conform to local country codes and regulations. Data acquisition and communication must function flawlessly. >





### MANAGING LOGISTICS

Every aspect of logistics and supply must be planned down to the smallest detail, including traffic plans, timeline, and workflow. Inexperienced teams completing tasks in the wrong order can cause significant errors, delays and cost overruns.

A 50 MW park such as Better Energy's project in Nees, Denmark, covers 63 hectares of land and hosts 160,000 modules, 980 inverters and 70 transformer stations. The timing, delivery and placement of these three components alone require masterful coordination and continuous flow to ensure that the team can be as productive as possible. Components arrive on 350 lorries with 40-foot containers. Over 3,000 modules are mounted each day in the construction phase, and all modules need to be delivered at the right place, at the right time, every day. Pallets and packaging must be sent for reuse, recycling, or disposal, and transportation of outgoing materials must also be timed and coordinated.

### OUTSTANDING TECHNICAL CONSTRUCTIONS

Construction is managed by our in-house team of specialists who coordinate and oversee field processes and procedures, review technical design and installations, and report on progress. Our construction team is experienced in installation methods and site procedures, ensuring that components and installations comply with requirements during all phases of construction.

Better Energy parks receive some of the highest evaluations in the industry in technical reviews that are performed by internationally renowned consultancies. Technical due diligence entails rigorous



### LEVELISED COST OF ELECTRICITY (LCOE)

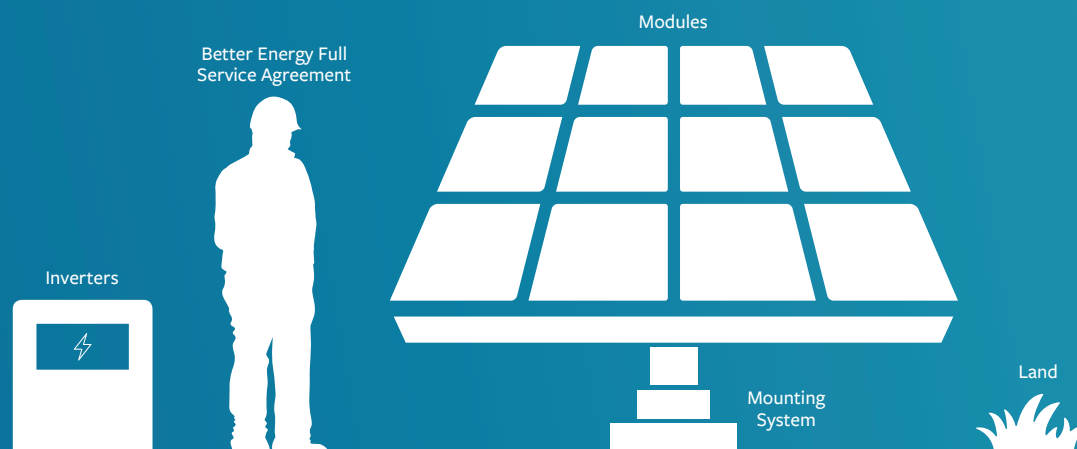
LCOE is a measure used to compare the cost of energy produced by different generating technologies. It represents the cost of every unit of energy (kWh, MWh) generated by a project.

For a solar project, the LCOE is calculated by dividing the total cost of park construction and operation by the total energy output generated over its lifetime.

The LCOE includes all costs over an asset lifetime such as financing, operations and maintenance.

When the cost of producing power from solar PV is equal to or less than buying from the grid, this point is called grid parity.

As renewable energy is on the rise and new energy sources are being introduced, comparing the relative costs of various forms of power generation is important to policymakers, developers and investors. It can also be seen as the average price that a generating project must receive in a market (or the revenue that must be delivered) to break even over its lifetime.



**A Better Energy Solar System is built to produce generations of energy.**

testing and assessment of park reliability and performance. Ground survey, park layout, performance measures of modules, inverters and other components, technical installations, operational monitoring, safety, ease of maintenance and land management are all factored into the evaluations.

Outstanding construction translates into faster completion and grid connection, as technical installations need no major changes or adjustments.

### GRID CONNECTION

Superior engineering, components and design ensure that a Better Energy Solar System is up and running from day one. In December 2017, solar park Nees was completed. All 980 inverters started up immediately without error, and the full performance ratio was achieved on the first day. Performance ratio is the ability of the park to convert solar irradiation into energy (array yield). Since grid connection, the performance ratio has been better than predicted.

### VALUE CREATION TRADE-OFFS

There are trade-offs to be considered between technology input and financial output. A park designed to reduce costs in the present could lead to increased costs and lost revenue due to high maintenance requirements and low performance in the future.

Throughout the innovation process, we seek to strike a balance between technology we innovate ourselves and available technology.

Better Energy has experience in achieving a high-performance system at a reasonable cost.

### EPC FOR CORPORATE CUSTOMERS

We offer comprehensive, end-to-end EPC solutions to large corporate and industrial customers. We provide professional support and insight to companies on financing, trends and technology to improve performance and reduce costs. Better Energy helps corporations adopt clean energy.

### POWERING FOR GENERATIONS

Our solar parks and services are engineered to last for generations:

- Tier 1 suppliers with high innovation, quality, capacity, and delivery security
- Solid partnership with Huawei Technologies on inverters and world-leading information and communication technology (ICT) solutions
- Economies of scale through leveraged purchasing
- 30+ years park lifetime
- 5-year EPC warranty
- 30-year full asset management

Our EPC warranty is for five years instead of the industry standard warranty of two years. In addition to this 5-year warranty, we are introducing a 30-year full asset management offering, so we can now provide the best guarantee package in the industry coupled with full asset management.





## CASE STUDY

# BETTER ENERGY SOLAR SYSTEM



*Interview with Mikkel Dau Jacobsen, Executive Vice President, Technology & Solutions*

### WHAT IS THE BETTER ENERGY SOLAR SYSTEM?

Good question. People often ask: “What’s your secret? What technology do you use to get the price down?” It’s not about that.

“Better Energy Solar System” is a principle. Every step in the life cycle - every element in the system - should have a purpose, should create value. We cut costs and complexity by stripping away the unnecessary elements – in business transactions, technology and design.

### HOW DID IT START?

We literally wiped the slate clean. We knew we needed to take a whole new approach. Our goal is to speed up and scale up progress in the green transition. Existing systems and methods were living off subsidies, burdening governments and not moving fast enough. Trying to optimise a system that didn’t work just didn’t make sense to us.

So we started over from square one. We assembled a team of technical, legal and financial experts with experience in the design, development and construction of renewable systems.

We sat down together and went through the entire solar system life cycle and asked the question “Why?” again and again. We stripped out everything that didn’t bring true value to the final system and to the parties involved.

### WHAT DID YOU CHANGE?

First, we integrated the value chain under one roof. This eliminated time and transactions costs. Adding more parties only adds more complexity and cost.

Next, we wanted to develop a technical system that appeared simple, without reducing the functionality. We looked at all the stakeholders and asked what simplicity was for them.

A certain level of complexity cannot be avoided. The point is to ensure that complexity is tempered with robust processes.

‘Better Energy Solar System’ is a principle. Every step in the life cycle - every element in the system - should have a purpose, should create value.

**WHAT IS UNIQUE ABOUT THE SYSTEM?**

We think in terms of the whole value chain when we design a park. The whole development process, not just the components.

The trick is finding the right balance between insourcing and outsourcing. Trade-offs. What will create the most value in the long term?

For example, it might seem practical to have our own building team. But it only takes a few months to build a park and we are working in six markets. In the end, it's not a viable solution.

**WHAT ABOUT INNOVATION? AREN'T WE JUST TALKING ABOUT OPTIMISATION?**

No. Definitely not. For example, we have engineered our own mounting system. Now it only takes one installer, not two, reducing time and resources.

We were the first in Denmark to remove combiner boxes and run directly from inverters to transformer stations. Now, others are doing it with great success.

Innovation is many things. Also financing. Components have to arrive in the right flow and be sourced at exactly the right time. The financing has to be there. We have formed partnerships with Tier 1 component suppliers, utility companies and international financial institutions. We innovate new ways of working together that benefit all parties.

**WHAT'S NEXT?**

A Better Energy Solar System is in a constant state of development. We are currently looking into hybrid and storage solutions.

Information and communications technology will also play a key role in the future. Especially with respect to asset management and grid balancing. That's why strong partnerships with technology suppliers such as Huawei are so critical. We're not just looking at inverters; we're testing and implementing new energy technology.





A photograph of three men in a meeting. One man with a beard and glasses is pointing at a laptop screen while smiling. Two other men are looking at the screen. The word 'OPERATION' is overlaid in large white letters on the bottom left of the image.

# OPERATION



**A** sset management covers the commercial, technical, financial and administrative management of renewable energy assets.

Asset management comprises the following:

- Commercial Management
- Operations & Maintenance
- Power Sales & Balancing
- Stakeholder Management
- Controlling & Reporting

**THE RISE OF ASSET MANAGEMENT**

The global rise of renewable energy capacity is changing energy grid systems and how energy is distributed, consumed, bought and sold. Asset management has evolved from physical monitoring and maintenance of parks to digital prediction, optimisation, and real-time response to supply, demand, and energy market trading. Managing renewable assets today – both physical assets and global investment portfolios – requires a whole new league of data, skills and expertise. Asset management has grown from an EPC add-on to a mature industry of its own, from products to solutions.

**BETTER ENERGY FULL-SERVICE ASSET MANAGEMENT**

Combined with our Better Energy Solar System design and construction, we can offer a full-service asset management package. We monitor and manage all performance and commercial activities throughout the project life cycle. The goal is to achieve a higher asset value and reduce risk by optimising processes and on-the-ground performance.

Customers benefit from having highly trained professional teams proactively manage and operate their assets. Better Energy covers operational risk and optimises return for customers. Better Energy benefits from a stable long-term revenue stream to finance and build new renewable energy projects.

**BIG DATA, INTERNET OF THINGS, PREDICTIVE ANALYTICS**

Big data has disrupted and revolutionised asset management to a point where data mining, machine learning, algorithms and statistical models are all part of a day’s work. Massive amounts of data are being generated by renewable power assets, utilities and the growing Internet of Things. However, petabytes of data are worthless unless you have the experience and skill to understand how to use them.

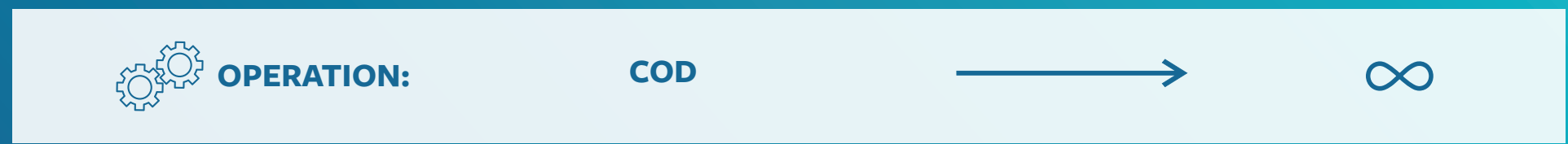
Better Energy analyses historic energy data to find underlying patterns and trends and combines these patterns with real-time data to create accurate and reliable prediction models and to forecast future performance.

**BETTER ENERGY O&M: PREDICTIVE MAINTENANCE**

Better Energy offers market-leading O&M services. We collect and process data streaming in every single day from over 600,000 solar modules across three countries. This data tells us how the modules are performing according to numerous data points.

We have gained knowledge over the years by tracking irradiation, temperature, wind speed, transformer status, and studying the relationships between variables. Experience helps us to predict mechanical issues, plan maintenance and avoid downtime.

Better Energy uses data and experience to forecast and maximise yield, design and plan new parks, forecast the weather, schedule maintenance, manage demand response and predict long-term revenues. Accurate prediction on future performance and long-term revenues in turn makes our projects more bankable and attractive for investors.



**ADDING VALUE WITH END-TO-END EXPERIENCE**

Better Energy’s integrated business model combines management, financial, economic and engineering services under one roof.

We can leverage our expertise as owners, operators and investors to deliver on a solar system’s expected energy performance and return on investment. We extract useful information from big data and implement it throughout the value chain to make value-driven decisions to optimise performance and profitability.

**GRID BALANCING & GREEN POWER SALES**

Better Energy solar parks produce highly predictable and long-term operating income. As governmental support diminishes, green power is increasingly being sold at market conditions and through PPAs.

**AT THE GRID’S EDGE**


Focus of a new integrated energy system will be on local management and balancing of power generation, storage, supply and demand. Power demand will be adapting to production rather than production adapting to power demand. Power producers will have a greater responsibility in predicting generation and balancing the grid. Wholesale energy market trading will be on the rise as energy producers switch from subsidised rates to opportunities on the free market.

Better Energy gathers and processes an enormous amount of data across the energy chain. Using real-time monitoring and analytics, we can optimise our production of electricity and react in real-time to market signals on the wholesale energy market.

As intermittent renewable resources such as wind and solar increase, storage systems are important to the efficiency of energy systems. Better Energy is forming a team dedicated to the development and implementation of storage solutions.







**Better Energy gathers and processes an enormous amount of data across the energy chain. Using real-time monitoring and analytics, we can optimise our production of electricity and react in real-time to market signals on the wholesale energy market.**

#### ADDING VALUE FOR CORPORATE AND INDUSTRIAL (C&I) CUSTOMERS

C&I customers have great influence on the green transition. As the prices for green energy continue to drop, they are becoming more interested in green energy projects to reduce their carbon emissions, boost their green profiles and save money on energy costs.

As feed-in tariff revenue from projects declines in the coming years, C&I customers and institutional investors will be searching for ways to avoid market price fluctuations, complex transactions and the risk of penalties from grid forecasting.

Better Energy is now perfectly positioned to step in and provide new methods of financing projects without subsidies and utilise new models for managing assets, including storage and PPAs.

#### PPA

A PPA is an agreement to purchase renewable energy at a fixed price and for a fixed number of years.

Businesses and governments can purchase green energy from Better Energy. Customers can enjoy the upsides of a solar system without having the responsibilities of a system operator.

Companies benefit from knowing their future energy costs, reaching their climate change goals, and demonstrating corporate leadership in the industry.

#### DIVESTMENT

Better Energy may choose to hold, partially divest, or sell a project in its entirety. We are able to divest during all three phases of development, construction, and operation. Projects are evaluated individually. A mix of financial and strategic drivers determine a decision to hold or sell, and the decision is always rooted in value creation.

Divestment can be an appropriate strategy if the future buyer can offer a strategic partnership with long-term perspectives or if we can optimise our deployment of capital by investing money in new projects. Divestment of assets enables us to quickly invest in new development opportunities or spread the risk with partnerships in emerging countries. The decision to divest is made if selling a project results in the greatest value creation for the company and its partners.

Even if we completely sell a solar system, we can continue to provide asset management or operations and maintenance for the lifetime of the project. As engineers of the system, we are adept at managing the system to deliver the greatest value.





**PERFORMANCE  
IN 2017**





# FINANCIAL PERFORMANCE

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The year 2017 was a satisfying and productive year for Better Energy and a year of continuing business development and opportunities. We delivered positive results and built up a strong foundation for the future.

Effective capital management enhanced our competitiveness by providing us with the resources to prioritise and take advantage of the best opportunities to scale up the green transition.

The resources dedicated to advancing our energy technology were well spent. Our systems are outstanding and performing well. We also invested resources in onboarding new talent for our executive management and management teams. We continued to refine our business processes of development, construction and operation, and expanded our value chain. These factors contributed positively to our overall growth, return on invested capital and our strong margins.

Income was positively influenced by substantial gains from the partial divestment of two utility-scale solar parks, Horslunde and Nees, in Denmark. These sales impacted revenue and direct costs, and thus net profit.

The figures for 2017 cannot be compared directly to the figures for 2016 due to Better Energy's acquisition of the remaining 50% stake of Better Energy Holding ApS. In 2016, Better Energy Holding ApS was reported as an associated company, but after the acquisition, the company is now treated as a subsidiary.

Furthermore, during the year Better Energy purchased 60% of the shares in AT-Solar ApS. This has had a positive impact on the income statement and contributed with a net profit of DKK 3.3 million.

## INCOME STATEMENT

### Revenue

Consolidated revenue increased significantly to DKK 351.7 million from DKK 31.3 million in 2016. This revenue was generated by the partial divestment of solar parks, income from asset management and other fees.

In 2017, Better Energy's greatest source of revenue was the divestment of solar parks. This revenue totalled DKK 324.8 million. There is no comparative figure for 2016, as divestment activity was previously placed through Better Energy Holding ApS (previously owned by 50%).

The revenue from electricity sales slightly decreased from DKK 10.7 million in 2016 to DKK 10.0 million in 2017. This revenue is generated by the power sales from two large German solar parks, the same two generating facilities accounted for in 2016. The slight decline between 2016 and 2017 is attributed to seasonally lower solar irradiation levels in Germany.

Income from asset management contributed DKK 3.8 million in 2017, which is DKK 0.4 million higher than in 2016. Other revenue amounted to DKK 13.1 million up from 6.8 million in 2016 and comprises revenue earned from the sale of other construction works. Most of this revenue was derived from the construction works of the subsidiary AT-Solar ApS.

### EBITDA

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) rose to DKK 90.9 million from DKK 6.8 million in 2016. This increase was driven by gains from the partial divestment of two large solar parks.

### EBIT

Operating profit (EBIT) came to DKK 89.9 million against DKK 6.4 million in 2016, which is due to a higher EBITDA. Depreciation has increased from 0.4 million in 2016 to DKK 1.0 million in 2017. This increase is due to the depreciation of goodwill on consolidation regarding the purchase of AT-Solar ApS.

### Financial income/expenses

Net financial income increased to DKK 1.8 million up from DKK 0.6 million in 2016. This increase is mainly attributable to the fact that fair value adjustments from other equity interests amounted to a gain of DKK 2.5 million compared to 0.0 in 2016. In 2017, Better Energy incurred additional financing costs resulting from increased construction activities during the year.

### Tax

Tax on profit amounted to DKK 13.7 million, compared with DKK 1.7 million in 2016. The effective tax percentage in 2017 was 15% and affected by non-taxable sales from the divestment of project Nees.

## BALANCE SHEET

Total assets increased from DKK 49.1 million at the end of 2016 to DKK 221.1 million at the end of 2017. This increase is due to a higher activity level and has affected both fixed assets and current assets with increases of DKK 35.3 million and DKK 133.8 million, respectively.

Furthermore, equity and liabilities increased by DKK 61.9 million and DKK 111.1 million, respectively. >

### Equity

At the end of 2017, equity amounted to DKK 86.7 million compared with DKK 24.8 million at the end of 2016. This net increase of DKK 61.9 million was due to the net profit less paid dividend.

### CASH FLOW STATEMENT

Cash flows from operating activities came to DKK 102.1 million in 2017 against DKK 12.6 million in 2016. This includes a positive change in net working capital of DKK 12.2 million. Cash flow from operating activities was highly affected by the partial sale of the two solar parks in 2017.

Cash flows from investing activities came to DKK -38.8 million in 2017 against DKK -17.3 million in 2016.

In 2017, major investments included the following:

- Construction of solar park
- Purchase of land
- Acquisition of shares

The major disposals in 2017 were:

- Sale of securities
- Sale of subsidiaries

Cash flows from financing activities totalled DKK 18.7 million in 2017 against 4.3 million in 2016. In 2017, Better Energy received proceeds from borrowings (long-term loans from credit institutions) and from issuing bonds. In total, Better Energy has received 35.7 million from borrowings and bonds. This was offset by the payment of DKK 16.5 million in dividends to shareholders. During the year, Better Energy issued a bond of DKK 10.1 million which will mature in December 2022. Furthermore, a bond of DKK 4.5 million will mature in December 2019. The Executive Board plans to repay the outstanding amounts with available cash at maturity. The net increase of cash and cash equivalents came to DKK 82.1 million in 2017 against DKK -0.4 million in 2016.

### CAPITAL MANAGEMENT

Better Energy constantly monitors liquidity in order to mitigate any shortage of funds. At the end of 2017, the cash balance

amounted to DKK 83.1 million of which DKK 73.2 million was free cash. The Executive Board and the Board of Directors evaluate that Better Energy has sufficient available cash.

The Board of Directors and the Executive Board are continuously investigating opportunities for corporate finance, equity finance partners, and long-term non-recourse project finance to optimise the capital stack at the lowest cost of capital. The Board of Directors and the Executive Board expect to be able to attract further funding for development opportunities, construction projects and long-term finance.

### VALUATION OF INVENTORY AND PROJECTS

There is risk involved in the valuation of inventory and projects, particularly projects that are in the development process. Evaluation is dependent on the success of projects. The Executive Team continually assesses the financial viability of projects according to current internal and external conditions.

“The year 2017 was a satisfying and productive year for Better Energy and a year of continuing business development and opportunities. We delivered positive results and built up a strong foundation for the future.”



DRIVERS OF A RENEWABLE  
ENERGY REVOLUTION





## CASE STUDY

# BETTER ENERGY ENTERS UKRAINE

**B**etter Energy signed preliminary agreements for new projects in northwestern Ukraine in 2017. Identifying Ukraine as a target market was the result of a careful selection process. Market assessment started by researching the general market context at a national level, including opportunities to impact the green transition, the political and regulatory environment, prices and structure of the power market, permitting, predicted energy yield, costs and revenues.

## FAVOURABLE MARKET CONDITIONS

There is a large unmet demand for electricity in Ukraine. Generation capacity is limited, the main sources of power are coal, gas, and nuclear, and the power sector is heavily reliant on energy imports. Increased industrialisation and growing demand for affordable electricity from a population of over 44 million people have made greater energy independence a major political objective. Supportive government policies such as green tariffs are in place as incentives. The country is aiming to increase the share of renewables in its energy mix from approximately 1% in 2017 to the IMF target of 11% by 2020.

Ukraine is one of the top countries in the world in terms of solar radiation, and according to the National Agency for Energy Saving and Energy Efficiency, the solar potential of Ukraine is higher than that of Germany. Better Energy has the technology and innovation to help Ukraine transition to a cleaner power system and accelerate progress on a significant scale.

## SECURING FINANCE

The right financing is critical to the bankability and marketability of renewable assets in new markets. Feasibility studies included financial assessments to calculate the viability of the project. Solar facilities in Ukraine are primarily financed by private investment combined with international funds. Better Energy is responsible for financial structuring and is working together with NEFCO (Nordic Environment Finance Corporation) on the first pilot project.



### A SOLID FOUNDATION

Establishing a local presence in a country is critical to long-term growth and the successful transitioning of foreign energy systems. In Ukraine, we have chosen to build up our own local subsidiary with experienced Ukrainian employees who are knowledgeable about country-specific practices and regulations. Better Energy's Executive Vice President, Business Development & Public Relations Michael Vater has over 10 years of experience with manufacturing in the Ukraine and this experience has provided us with valuable knowledge and insight.

### VALUE OF BUILDING RELATIONSHIPS

Building partnerships and relationships (locally, nationally and internationally) helps mitigate many risks associated with entering a foreign market.

Better Energy arranged a series of meetings with government authorities in both Denmark and Ukraine to share knowledge about transitioning energy systems to deliver cost-competitive green energy on a mass scale.

A cooperation with the Ministry of Foreign Affairs of Denmark facilitated relationships with key Ukrainian authorities, including Vice Prime Minister Hennadiy Zubko of Ukraine and other relevant contacts and community leaders. Close collaboration provides valuable market intelligence and understanding of local financial, regulatory, and operational risks and challenges, including the occurrence and prevention of crime, corruption and political instability.

### POWERING AND EMPOWERING

"Our ambition is to make affordable solar energy for the benefit of the Ukrainian people and energy consumers. Working together with the Danish foreign ministry helps us accelerate the pace of this transition to clean energy. The successful implementation of projects will open up for many more investments in Ukraine and bring long-term prosperity and clean energy," says Executive Vice President, Markets & Project Finance Mark Augustenborg Ødum.

"Affordable clean energy is a means to powering a country and empowering its people."





# ACTIVITIES IN 2017

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## DIVESTMENTS

Two utility-scale solar parks were partially divested in 2017. Better Energy made the strategic decision to sell the majority of Horslunde II (8.4 MW), which was grid connected in September, and Nees (50 MW), which was grid connected in December. Both parks were partly divested to Danish utility NRGi and form the foundation of a future partnership. Going forward, this partnership with NRGi will create value for both parties. The partial sale of these projects contributed to revenue and profit in 2017.

## DEVELOPMENT

Better Energy was extremely busy with development activities in 2017, expanding our reach into three new countries – the Netherlands, Poland and Ukraine – and building up a large pipeline

of projects in our target markets. Much of the year was spent securing suitable land and establishing the right approach and partnerships in new markets. Securing land is important to prepare for the next era in the energy transition when subsidies will disappear and renewable energy will be produced at market level.

We end the year with a substantial pipeline of over 3,500 hectares under development in six different European countries, ensuring our partners and investors that we will have plenty of investment opportunities in our country portfolios.

### Development in new markets

In October 2017, after thorough analysis, we established a new business in the Netherlands. We formed a joint venture together with a Dutch management team with drive, dedication and industry

expertise. There is great potential for commercial PV installations in the Netherlands, and there is high demand for experienced full-service partners who can realise projects efficiently, with low cost of financing and installation and high technical standards. This is precisely how Better Energy can support the Dutch energy transition.

One month later, also after conducting a great deal of analysis and preparation, we opened an office in Ukraine and brought our first project close to ready-to-build status by the end of the year. Ukraine is still a developing market, so our approach is to enter the market with a pilot project to gain experience before scaling up our operations. Our technology and know-how are in great demand. We secured land, and other projects are in the initial phases of development.







## CASE STUDY

# SOLAR PARK NEEDS 50 MW

## BETTER ENERGY SECURED FINANCING

In summer 2017, Better Energy secured funding from The Danish Green Investment Fund (DGIF) to build four solar systems in Nees in West Jutland, which together comprise Denmark's third largest park. The financing amounts to over DKK 250 million for the four projects.

The logo for Better Energy, featuring the lowercase letters 'be' in a bold, white, sans-serif font, with the words 'better energy' in a smaller, lowercase, white, sans-serif font below it. The logo is set against a large, semi-transparent orange circle.

be  
better energy

The logo for NRGi, featuring the letters 'NRGI' in a bold, white, sans-serif font. The logo is set against a large, semi-transparent orange circle.

NRGI

The logo for Danmarks Grønne Investerings Fond, featuring a stylized white 'G' icon to the left of the text 'DANMARKS GRØNNE INVESTERINGS FOND' in a white, sans-serif font. The logo is set against a large, semi-transparent orange circle.

DANMARKS  
GRØNNE  
INVESTERINGS  
FOND



**N**ees solar park covers 63 hectares and has an annual capacity of 50 MW, the average annual energy consumption of 11,000 households. The plant is divided into six sections containing a total of 160,000 solar modules and 980 inverters. The construction phase lasted six months.

The solar park in Nees is the latest sign that Denmark is increasingly becoming a solar country. The rapid technological development in the industry means that cool Danish weather is nevertheless suitable for solar energy.

“Solar energy has the potential to become a major contributor to the renewable energy mix. The price of solar cell technology is markedly decreasing, and together with the development of more efficient battery capacity, this will lead to significant changes in our future energy supply. We want to help solar energy reach its potential,” says Michael Zöllner, director of the Danish Green Investment Fund.

#### **NEW PARTNERS NRGi AND BETTER ENERGY**

Danish utility NRGi invested a double-digit million-euro amount in a new partnership with Better Energy. They share ambitious plans to advance clean energy.

In addition to the new park in Nees off the west coast of Denmark, the two companies partnered earlier on a solar park called Horslunde on the Danish island of Lolland.

“Solar energy is an interesting supplement to wind energy and holds significant commercial potential. We believe that over the next few years solar energy will become more critical in the transition to a greener and more sustainable energy system, and NRGi wants to be part of this transition. Better Energy is a strong player with the expertise needed to be a catalyst and boost solar development,” says Jakob Bundgaard, group director for strategy and renewables in NRGi.

#### **A FIRST IN DENMARK'S HISTORY**

This collaboration between a Danish energy company (Better Energy), a Danish green investment fund (DGIF), and a major Danish utility (NRGi) is the first of its kind. This cooperation is a testament to the quality of the Better Energy Solar System and the scale of our skills and resources.







**OPERATING  
CONTEXT**

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# MEGATRENDS DRIVING DEMAND

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## CLIMATE CHANGE

A growing awareness and concern amongst politicians, businesses and the general public regarding the impact of climate change is driving more ambitious targets from governments and stricter requirements from consumers.

The Paris Agreement drafted at the 2015 United Nations Climate Change Conference (COP 21) raised political commitment to support the development and use of renewable energy sources. More and more companies are taking initiatives to green their businesses.

## GROWING POPULATION, MIDDLE CLASS

The global population is estimated to reach 9.8 billion by 2050 up from 7.5 billion in 2017, putting a strain on the world's resources. The OECD estimates that the world's middle class will increase from two billion to almost five billion by 2030, with growth mainly

coming from developing countries. This growing middle class is driving increasing living standards and higher energy consumption. The US National Intelligence Council (NIC) projects that demand for energy will grow by 50% by 2030.

## URBANISATION

The world's urban population is predicted to rise by 72% from 3.6 billion to 6.3 billion and the population in urban areas is projected to reach 67% in 2050. It is estimated that cities in 2050 will consume 75% of the world's energy and produce 80% of its greenhouse gas emissions. With this growing concentration of energy demand, megacities will be increasingly required to become smart cities and green cities with eco-friendly practices.

## DIGITALISATION, ELECTRIFICATION

Smart homes, smart markets, smart transportation are all part of the fourth industrial revolution (4IR). The Internet of Things, robotics,

nanotechnologies, biotechnologies and digital technologies are bringing smart connections from homes to healthcare to energy.

A range of new technologies and innovations are merging and radically transforming products and processes in business and society.

## CIRCULAR ECONOMY, ECOSYSTEM APPROACH

Significant, sustainable development requires systems thinking. Focus is shifting to networks of relationships rather than individuals. We need to think in terms of whole ecological and social systems and communities, understanding how all parts interact with each other.

Many companies are rethinking their businesses with circular principles to future-proof their operations by reducing input, recycling, and investing in renewable energy.

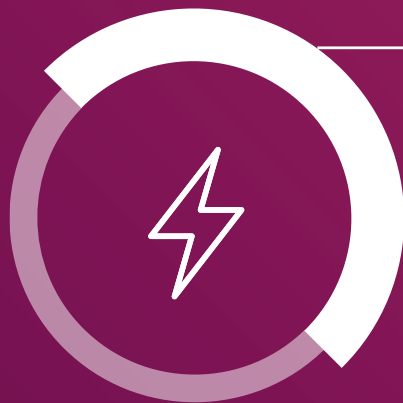


# DRIVING DEMAND HIGHLIGHTS



Total **global population** by 2050

**9.8** billion



**50%** increase in **global energy demand** by 2030

**80%** of global greenhouse gas emissions predicted to come from **urban areas** in 2050



**75%** of the world's energy consumption projected to come from **urban areas** in 2050



**72%** estimated increase in the world's **urban population** from 3.6 billion to 6.3 billion by 2050



# INDUSTRY TRENDS

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## RENEWABLES GO MAINSTREAM

Clean energy has become cheap energy. Renewables are being built faster than coal, gas, and nuclear combined. Countries all over the world are incorporating more renewable energy and transforming their electricity sectors. The continuous drive to lower LCOE continues worldwide. Bloomberg New Energy Finance (BNEF) predicts that renewables will account for almost three quarters of global investment in power generation between now and 2040. Wind and solar energy will account for 48% of the world's installed capacity and 34% of electricity generation by 2040, up from 12% and 5%, respectively. The levelised cost of electricity from solar PV is expected to decrease 66% by 2040.

## EXPONENTIAL GROWTH, PLUMMETING COSTS

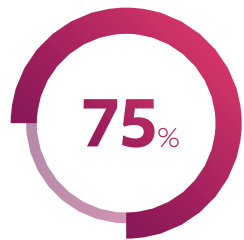
Solar capacity has grown exponentially over the past few decades. Solar grew by 32% in 2017, compared to wind energy which grew by 10%. At the same time, the cost of solar power has dropped dramatically. The LCOE for solar PV fell by 73% between 2010 and 2017, while onshore wind fell by close to 25% over the same period.

In 2017, Saudi Arabia received a bid from Abu Dhabi to supply solar electricity from a 300 MW PV park for a LCOE of 1.79 US cents per KWh, beating the previous world record of 2.42 US cents in 2016. These records represent not only the lowest cost of solar PV in the world but also the lowest cost of any energy source in the world.

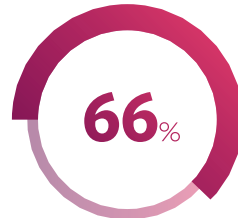
Solar power is fast becoming the world's cheapest source of energy. Improving technology, increasing production scale and new financing structures have reduced solar energy costs. According to BNEF, the average global prices of solar will continue to be cheaper than coal over the next 10 years.

## AUCTIONS REPLACING FEED-IN TARIFFS

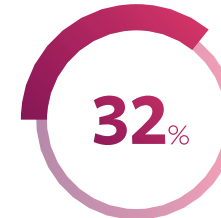
The move from feed-in tariffs to auctions around the world will lead to a quicker fall in green energy prices. Cross-border tenders are expected to increase in Europe over the next five years, which will drive further cost competitiveness between project developers.



75% estimated amount of global power investment in renewable energy by 2040



66% predicted decrease in the cost of electricity from solar PV by 2040



32% growth of solar energy in 2017

### NEW CAPITAL STRUCTURES

Solar projects have traditionally been financed with fixed government tariffs and the electricity has been sold at a fixed price. This is changing.

Government support will be disappearing. Electricity will increasingly be sold at varying prices on merchant energy markets. Competitive auctions will create price pressure. Cost of financing and cost of operation will have to be reduced. With a lower fixed-price element to financing, capital structure will need to adjust away from non-recourse financing towards corporate equity.

However, the capital market is reinventing project finance for sustainable energy to a post subsidy scenario while senior finance is evolving. This includes the resurgence of PPAs and a growth in green bonds. The Climate Bonds Initiative analysis of annual green bond issuance for 2017 shows a total issuance of USD 155.5 billion, a new global record, up 78% from 2016 and well over their own

estimate for 2017 of USD 130.0 billion. Furthermore, traditional senior lenders have financed fossil energy assets historically throughout volatile markets. These lenders are attracted to the lower risk profile offered by renewable energy assets without dependency of governmental support.

### STORAGE

Energy storage is the next step towards integrating green energy sources into the grid efficiently. Energy can be stored and used when needed, providing stability and optimising the energy profile. Future government regulations, offtake and financing agreements will influence the sales of electricity from storage in the future.

The practice of time-of-use pricing – storing cheap electricity and reselling when prices are high – will be one element that could boost the growth of storage. Other elements include storing or combining with other sustainable energy sources such as hydro, biogas, hydrogen or heat.

### RECORD-BREAKING YEAR FOR PPAS

A record number of corporations signed agreements to buy renewable energy in 2017. BNEF found that 43 different corporations in ten different countries signed PPAs for 5.4 GW of green energy. This is up from 4.3 GW in 2016 according to BNEF's Corporate Energy Market Outlook.

For the largest corporations, BNEF analysts also found that acting sustainably was in many cases a greater motivation than saving on their electricity bills. Environmental and social issues are compelling companies to purchase green energy, and these issues outweigh any potential swings in tax or subsidies.

The continual drop in green energy prices will continue to push this industry trend.







# **RISK MANAGEMENT**



# RISK MANAGEMENT

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## OUR APPROACH

We operate in fast-growing and fast-changing energy markets. Balancing risk and opportunity is critical to business growth and success. There is no business opportunity and success without some degree of risk.

Risks are defined as factors that impact our ability to create value and achieve strategic targets of the group. Some risks are relevant on a group level, while other risks apply to certain phases of project life cycles. Risk factors can also develop in our favour, for example, market prices, government policy, and demand.

We view risk management as a method for avoiding risks or minimising their impact while proactively seeking opportunities that can

bring us competitive advantage and growth. To identify risks and opportunities, we look beyond our own operations to consider the concerns of stakeholders and the market environments in which we operate. This approach helps us to develop a broader view of the issues affecting our company and our ability to create value.

Risks are assessed and managed on an ongoing basis. We determine our risks through a review process, drawing on internal expertise, including financial, engineering, legal and compliance specialists. Our matrix organisation allows us to have a continual overview of our internal capacity.

## POLITICAL AND REGULATORY RISK

The renewable energy sector is subject to government regulation.

Governmental policies and priorities concerning energy and renewables change according to political and economic conditions and vary during the lifetimes of renewable projects.

The reduction or discontinuation of support mechanisms such as feed-in tariffs or tax incentives may negatively affect predicted cash flows of operating and future projects. Policy risk can include curtailment of electricity generation and changes to prices. These may be both future and retroactive adjustments.

Changes in policy may affect areas such as permitting, net metering, tax law and grid connection, sometimes with retroactive effect, which may cause project delays and reduced performance. Political instability, level of corruption in a country, economic





development and uncertainty of legal systems can increase the cost of capital and decrease profitability.

Better Energy mitigates these risks by proactively and constructively engaging with government policymakers, regulators and industry groups to influence changes. In 2017, Better Energy met with ministries, embassies and trade associations of several countries to share knowledge and advice on transitioning energy systems to deliver cost-competitive green energy on a mass scale. Establishing a local presence in our markets enables us to foster long-term government relations to stay closely updated and to support further development.

Geographical diversification, SPV structures, and long-term PPAs reduce political and market risk. Ensuring that our systems and partnerships are agile improves our ability to quickly adapt to changing market environments.

### FINANCIAL RISK

#### Funding and liquidity

Better Energy is an innovative group in a high-growth stage, and as our group expands internationally, we must continue to raise debt and equity capital for activities and access liquid capital. Sufficient capital and liquidity management ensure a healthy financial foundation and successful business operations.

Strong growth requires additional funding in the form of corporate debt, equity and non-recourse project debt. The group would miss or delay market or project opportunities if it does not have access to the right amount of capital on acceptable terms at the right time. Delayed projects result in delayed income from the projects, and this in turn affects cash flow.

To increase our opportunities and reduce risk, we use partnerships and strong collaboration to set payment agreements with suppliers and funders.

Capital needs must be met throughout the entire renewable asset life cycle of development, construction and operation. Increasingly, investors are interested in creating new funding collaborations earlier in the project development process. This creates new opportunities and added value creation for both parties.

In project finance, any financial capital that is required will be repaid from the revenues of the project. Thus, project finance requires positive cash flow and increasing the certainty of cash flows is an underlying goal. We mitigate liquidity risk by strictly controlling and monitoring cash flow, improving project technologies and revenue.

As a strong initiative in 2017, we established a Capital & Strategy business section to ensure that Better Energy continuously maintains a balance between strategic growth, profitability and liquidity. Capital & Strategy continuously coordinates the composition and timing of financial resources, instruments, products and portfolios to match capital needs. Innovative and integrated capital management mitigates financial risks.

#### Exchange rates

Better Energy operates internationally and imports a number of components that are paid in foreign currencies. Through these operations, we are exposed to the variation in currency exchange rates, which can be both negative and positive. In 2017, we expanded our operations to the Netherlands, Poland and Ukraine. >



To mitigate risk, Better Energy may partially finance projects in the local currency. In 2017, we used supplier partnership arrangements to pay into fixed rate accounts for major park components. We also utilise SPV structures to minimise foreign currency risk on foreign investments.

#### Interest rates

Large renewable energy projects are capital intensive. The majority of capital raised through project finance is debt, making interest payments a significant expense and an important factor in the cost of renewable energy. We minimise variable rate debt and use debt instruments such as bonds with fixed interest rates to mitigate interest rate risk.

Debt is often expensive in rapidly developing markets. Partnering with international development funds, our own capital, and equity partners decrease the need for expensive debt.

#### HUMAN CAPITAL RISK

Better Energy is highly dependent on recruitment and retention of talent. Our operations require specific skills and expertise, and achieving our growth strategy requires people with matching values and mindset. The right organisation is vital to our current and future success. There is a risk that we may have difficulty hiring the required human capital without diluting the level of talent, and a risk that we may not retain our experienced specialists after using resources to develop them.

In 2017, we hired key talents to our management teams and finalised our matrix organisation. To strengthen the recruitment, engagement and retention of talent, we dedicated new resources to human capital and communication. We can now better communicate our values and embed them into our daily work.



## OPERATIONAL RISK

Renewable energy producing facilities provide a solid foundation for our business activities. Better Energy is responsible for the engineering, development, procurement and construction of most of our projects. Optimal design, quality, testing and professional monitoring prevent many issues that can arise later. Our industry experience combined with our time-tested Better Energy Solar System with proven and reliable technology greatly reduce and eliminate many risks during the project development, construction and operation phases.

### Development

There are relatively few risks and low costs in the development phase. The greatest risks are related to approval processes for licences, permits, agreements and grid connection. Our in-house financial, legal and technical teams and management continually assess new opportunities. Only when we are confident that we control downsides and risks at an acceptable level do we commit resources to an opportunity or to entering a market.

We continue to fill up our pipeline with thousands of hectares of available land and many projects that are under development and ready-to-build. A large development pipeline and geographic spread ensures that we have many options to continue our strong growth.

### Construction

Components and materials comprise a substantial amount of total PV project costs. Cost fluctuations of components and materials used to construct our parks may affect the profitability of the projects, and this could reduce earnings. Forming partnership agreements with major Tier 1 suppliers and service providers allows us to influence price and payment terms.

Negative developments in cost or availability can also provide opportunities to engineer and produce our own components, for example, installation mounts.

### Project delays

Project delays can be caused by country-specific licensing, permitting and approval procedures that are lengthy and complex. The number and sequencing of these requirements vary from market to market, and they are subject to changes in regulation. Project delays can potentially increase construction costs, result in the loss of subsidies and decrease the profitability of a project.

Better Energy has a proven track record of delivering utility-scale projects on time and with outstanding technical standards. We also have experience negotiating and drafting agreements to mitigate many risks.

We also mitigate these risks through our dialogue with local and national government authorities.

Unexpected and inclement weather conditions can also interfere with building progress on site or reduce the production and projected revenue of projects. We are able to plan and budget according to extensive project experience.

### Power connection infrastructure, grid capacity

The timing of grid connection, capacity and strength of the grid, and access to the grid are all risk factors that could cause project delays and reduced revenue. As the growth of intermittent energy sources rapidly increases on the grid, there is also greater risk of overcapacity at certain times and curtailment of production, which could reduce revenue.

Grid connection is generally performed by a third party, so close communication is key to ensuring that grid requirements are met. Delay in grid connection will delay the start of commercial operation and production income.

Our strategy of having a strong local presence in our markets enables us to keep in contact with local utilities and operation managers of distribution networks. Our goal to drive grid development and stable energy supply in emerging countries is also a push towards a modern energy system with fewer risks.

We built up our asset management in 2017 and extended our value chain further with stronger grid balancing capabilities. Storage solutions under development will serve to reduce the risk of curtailment.

### Electricity prices

Some of the income from our revenue streams is secured with fixed prices, for example, long-term contracts based on feed-in tariffs, asset management contracts and power purchase agreements. Other income varies due to the fluctuating market price of electricity. As government subsidies decrease, exposure to the energy trading market will increase. Price variations could negatively affect projected revenues from the sale of electricity.

To mitigate this risk, we have strengthened our asset management knowledge in power sales and grid balancing. Storage solutions are also under development which will enhance our ability to sell electricity at optimal times. Geographic diversification across several different energy trading markets reduces the negative impact of price variations.





**GOVERNANCE**



# GOVERNANCE

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## MANAGEMENT

Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board. On behalf of the shareholders, the Board of Directors determines Better Energy's overall strategy and supervises the Executive Board in its decisions and operations. The Executive Board is supported by the Executive Management Team which is responsible for daily management, the organisation of the company as well as implementation of strategies.

## EXECUTIVE MANAGEMENT TEAM

Success relies on strong leadership. Our talented leadership team is responsible for driving continued business success and sustained value creation. Their broad experience, values and commitment to the green transition ensure continuous innovation. The team brings many years of combined experience both in their respective areas of expertise and the renewable energy industry. They contribute according to their own personal strengths.

Our team has industry expertise in the specialised areas of international law and compliance, finance, investment management and business development.

## PICTURED IN THE PHOTO (LEFT TO RIGHT):

**Mikkel Dau Jacobsen**, Executive Vice President, Technology & Solutions  
**Mark Augustenborg Ødum**, Executive Vice President, Markets & Project Finance  
**Rasmus Lildholdt Kjær**, Chief Executive Officer  
**Annette Nylander**, Executive Vice President, Capital & Strategy  
**Michael Vater**, Executive Vice President, Business Development & Public Relations







**world changing**



# EXECUTIVE MANAGEMENT TEAM

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**RASMUS  
LILDHOLDT KJÆR**  
CHIEF EXECUTIVE OFFICER



**ANNETTE  
NYLANDER**  
EXECUTIVE VICE PRESIDENT,  
CAPITAL & STRATEGY



**MARK  
AUGUSTENBORG  
ØDUM**  
EXECUTIVE VICE PRESIDENT,  
MARKETS & PROJECT FINANCE



**MIKKEL DAU  
JACOBSEN**  
EXECUTIVE VICE PRESIDENT,  
TECHNOLOGY & SOLUTIONS



**MICHAEL VATER**  
EXECUTIVE VICE PRESIDENT,  
BUSINESS DEVELOPMENT &  
PUBLIC RELATIONS





# **OUTLOOK & EXPECTATIONS**

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A photograph of two men in a professional setting. The man in the foreground is wearing a dark blue suit jacket over a white shirt and is looking towards the right with a slight smile. He is holding a stack of papers. The man in the background is wearing a light blue shirt and is looking down at something in his hands. There are laptops on a desk in front of them. The background is a blurred office environment with warm lighting.

# LOOKING BACK, MOVING AHEAD



# voe

## disruptive

## EVENTS AFTER THE REPORTING PERIOD

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

### INDUSTRY

Global demand for solar PV is expected to remain high. Bloomberg New Energy Finance (BNEF) estimates that up to 111 GW solar PV will be installed in 2018, and further growth up to 121 GW in 2019. BNEF also predicts that unsubsidised solar will become the cheapest form of power in most of the world between now and 2040.

The International Energy Agency has increased its future solar energy forecast for 12 years in a row.

The United Nations has defined a set of 17 Sustainable Development Goals many of which require sustainable transition not only in affordable and clean energy but also in sustainable cities, communities and climate action.

### OUR GOALS FROM 2016

The strategic focus areas outlined in 2016 involved the extension of our value chain, the fine-tuning of our development, construction and operation processes, new system concepts, and the growth of our organisation. Better Energy operated in three markets in 2016 (Denmark, Germany and the United Kingdom) and we expected to expand internationally in 2017.

We achieved these goals in 2017. Our value chain was expanded, and systems and services previously provided by suppliers were brought in house. The construction phase was 100% integrated, and our Better Energy Solar System and Better Energy EcoPark concepts were further developed. Our processes were streamlined, and the two specialist functions of Capital & Strategy and Legal & Compliance were added. We expanded to three new markets (the Netherlands, Poland and Ukraine).

### BASIS FOR FUTURE GROWTH

The advances made in 2017 to our people, processes and technology will allow us to take full advantage of the rapid evolution of the industry. We have identified opportunities for growth within the business areas of IPP, EPC, and asset management, and we are well positioned to capitalise on these opportunities.

### MARKET EXPANSION

The ongoing purpose and focus of Better Energy is to find opportunities to accelerate the green transition. We will continue to identify and pursue opportunities that grow and strengthen our business and advance renewable energy. International expansion is expected to continue in 2018 after a period of market analysis and preparation.

### FOCUS IN 2018

Our focus in the coming year will be to bring scale to markets. We will continue to build depth to increase the pace of the green energy transition in our current key target markets of Denmark, the Netherlands, Poland and Ukraine. We will construct our ready-to-build solar parks in these four markets, and we will continue our development activities and strengthen our leading role in the northern European market.

In addition, Better Energy EcoPark will be enhanced and implemented, combining solar energy production with organic farming and supporting social engagement and biodiversity.

Corporate financing for large renewable energy projects will become increasingly important and continue to strengthen in 2018. Corporate and institutional investors have realised that partnerships can bring long-term, stable cash flows and new upside. Better Energy will continue to build an extensive pipeline of suitable land and bankable projects to support our IPP strategy and to create value for our partners and investors.



# ASSURANCE STATEMENTS

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# STATEMENT BY THE EXECUTIVE BOARD & THE BOARD OF DIRECTORS

The Executive Board and the Board of Directors have today considered and approved the annual report of Better Energy World A/S for the financial year 1 January - 31 December 2017.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of the Group and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January - 31 December 2017.

We believe that the management commentary contains a fair review of the development in the Group's and the Parent Company's affairs and conditions referred to therein.

We recommend the annual report be adopted at the Annual General Meeting.

Copenhagen, 14 May 2018

## EXECUTIVE BOARD



Rasmus Lildholdt Kjær  
CEO

## BOARD OF DIRECTORS



Mark Augustenborg Ødum  
Chairman



Mikkel Dau Jacobsen



Michael Vater



Rasmus Lildholdt Kjær

**FORWARD-LOOKING STATEMENTS**

This annual report contains information related to future events. These statements are not guarantees of future performance.

Forward-looking statements necessarily involve risk and uncertainty as they relate to future circumstances that are outside of our control. These factors could cause actual results to differ materially from our expectations.

As such, readers are cautioned not to place undue reliance on these forward-looking statements and Better Energy disclaims any intention and assumes no obligation to update or revise any forward-looking statement.

**STATEMENT BY THE  
CHAIRMAN OF THE  
ANNUAL GENERAL  
MEETING**

Approved at the Annual General Meeting on 14 May 2018



**Ho Kei Au**

Chairman of the Annual General Meeting

# INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BETTER ENERGY WORLD A/S

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## OUR OPINION

We have audited the consolidated financial statements and the parent financial statements of Better Energy World A/S for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their oper-

ations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

## 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

## MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.



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

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent financial statements. >



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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent'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 consolidated financial statements and the parent 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'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 consolidated financial statements and the parent

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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

#### STATEMENT ON THE MANAGEMENT COMMENTARY

Management is responsible for the management commentary. Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider







whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Kolding, 14 May 2018

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
Business Registration No 33 96 35 56

Lars Ørum Nielsen  
State-Authorised  
Public Accountant  
MNE no 26771

Morten Aamand Lund  
State-Authorised  
Public Accountant  
MNE no 41365





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**FINANCIAL  
STATEMENTS**

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# CONSOLIDATED FINANCIAL STATEMENTS

## FINANCIAL STATEMENTS

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## INCOME STATEMENT

For the period 1 January - 31 December

| Note | DKK '000                              | 2017          | 2016          |
|------|---------------------------------------|---------------|---------------|
| 1    | Revenue                               | 351,701       | 31,320        |
|      | Other operating income                | 33            | 0             |
|      | Direct costs                          | -247,631      | -10,213       |
|      | Other external expenses               | -5,349        | -4,976        |
|      | <b>Gross profit</b>                   | <b>98,754</b> | <b>16,131</b> |
| 2    | Staff costs                           | -7,860        | -9,381        |
|      | <b>EBITDA</b>                         | <b>90,894</b> | <b>6,750</b>  |
| 3    | Depreciation and amortisation         | -987          | -377          |
|      | <b>Operating profit</b>               | <b>89,907</b> | <b>6,373</b>  |
|      | Income from investments in associates | -502          | 10,652        |
| 4    | Financial income                      | 4,738         | 1,175         |
| 5    | Financial expenses                    | -2,917        | -555          |
|      | <b>Profit before tax</b>              | <b>91,226</b> | <b>17,645</b> |
| 6    | Tax on profit for the year            | -13,687       | -1,658        |
| 7    | <b>Profit for the year</b>            | <b>77,539</b> | <b>15,987</b> |

## BALANCE SHEET

### ASSETS

At 31 December

| Note      | DKK '000                               | 2017          | 2016          |
|-----------|--|---------------|---------------|
|           | Administration agreements              | 388           | 465           |
|           | Goodwill and goodwill on consolidation | 3,761         | 0             |
| <b>8</b>  | <b>Intangible assets</b>               | <b>4,149</b>  | <b>465</b>    |
|           | Land and buildings                     | 20,461        | 0             |
|           | Solar parks and equipment              | 24,502        | 1,557         |
|           | Leasehold improvements                 | 78            | 99            |
| <b>9</b>  | <b>Property, plant and equipment</b>   | <b>45,041</b> | <b>1,656</b>  |
|           | Investments in associates              | 423           | 11,139        |
|           | Other equity interests                 | 5,270         | 0             |
|           | Deposits                               | 467           | 451           |
|           | Securities                             | 13,870        | 20,259        |
| <b>10</b> | <b>Fixed asset investments</b>         | <b>20,030</b> | <b>31,849</b> |
|           | <b>Fixed assets</b>                    | <b>69,220</b> | <b>33,970</b> |



## BALANCE SHEET

### ASSETS

At 31 December

| Note | DKK '000                         | 2017           | 2016          |
|------|----------------------------------|----------------|---------------|
|      | <b>Inventories</b>               | <b>8,091</b>   | <b>0</b>      |
|      | Trade receivables                | 40,544         | 2,516         |
| 11   | Contract work in progress        | 481            | 4,527         |
|      | Receivables from associates      | 53             | 0             |
|      | Income taxes                     | 59             | 47            |
| 12   | Deferred tax assets              | 2,344          | 0             |
| 13   | Other receivables                | 16,939         | 6,590         |
| 14   | Prepayments                      | 259            | 392           |
|      | <b>Receivables</b>               | <b>60,679</b>  | <b>14,072</b> |
|      | <b>Current asset investments</b> | <b>23</b>      | <b>23</b>     |
| 15   | <b>Cash</b>                      | <b>83,135</b>  | <b>1,045</b>  |
|      | <b>Current assets</b>            | <b>151,928</b> | <b>15,140</b> |
|      | <b>Assets</b>                    | <b>221,148</b> | <b>49,110</b> |

## BALANCE SHEET

### EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000   | 2017          | 2016          |
|------|--|---------------|---------------|
| 16   | Share capital  | 500           | 500           |
|      | Reserve for net revaluation according to the equity method       | 0             | 10,652        |
|      | Retained earnings  | 63,165        | 10,509        |
|      | Proposed dividend for the financial year                         | 20,000        | 3,000         |
|      | <b>Equity attributable to shareholders of the Parent Company</b> | <b>83,665</b> | <b>24,661</b> |
|      | Minority interests   | 2,981         | 99            |
|      | <b>Equity</b>  | <b>86,646</b> | <b>24,760</b> |
| 12   | Deferred tax   | 0             | 934           |
|      | <b>Provisions</b>  | <b>0</b>      | <b>934</b>    |
|      | Bank debt  | 33,916        | 1,064         |
|      | Bond debt  | 14,600        | 4,500         |
| 17   | <b>Long-term liabilities other than provisions</b>               | <b>48,516</b> | <b>5,564</b>  |

## BALANCE SHEET

### EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000   | 2017           | 2016          |
|------|--|----------------|---------------|
| 17   | Current portion of long-term liabilities other than provisions | 956            | 160           |
|      | Other bank debt  | 72             | 59            |
|      | Prepayments received from customers                            | 140            | 120           |
|      | Trade payables   | 27,020         | 4,577         |
|      | Payables to associates   | 0              | 71            |
|      | Income taxes   | 25,837         | 3,369         |
| 18   | Other payables   | 29,580         | 9,496         |
| 19   | Deferred income  | 2,381          | 0             |
|      | <b>Short-term liabilities other than provisions</b>            | <b>85,986</b>  | <b>17,852</b> |
|      | <b>Liabilities other than provisions</b>                       | <b>134,502</b> | <b>23,416</b> |
|      | <b>Equity and liabilities</b>                                  | <b>221,148</b> | <b>49,110</b> |
| 24   | Unrecognised rental and lease commitments                      |                |               |
| 25   | Contingent liabilities   |                |               |
| 26   | Assets charged and collateral                                  |                |               |
| 27   | Related parties  |                |               |
| 28   | Ownership  |                |               |
| 29   | List of companies  |                |               |



## CASH FLOW STATEMENT

For the period 1 January - 31 December

| Note | DKK '000  | 2017           | 2016           |
|------|---|----------------|----------------|
|      | Operating profit                                  | 89,037         | 6,373          |
|      | Depreciation, amortisation and impairment losses  | 987            | 377            |
| 20   | Working capital changes                           | 12,224         | 5,285          |
|      |   | <b>102,248</b> | <b>12,035</b>  |
|      | Financial income received                         | 2,180          | 1,174          |
|      | Financial expenses paid                           | -2,700         | -430           |
|      | Income taxes paid                                 | 366            | -224           |
|      | <b>Cash flows from operating activities</b>       | <b>102,094</b> | <b>12,555</b>  |
|      | Acquisition etc. of intangible assets             | 0              | -83            |
|      | Acquisition etc. of property, plant and equipment | -34,257        | -78            |
|      | Sale of property, plant and equipment             | 96             | 0              |
| 21   | Acquisition of subsidiaries                       | -5,580         | 0              |
| 22   | Sale of subsidiaries                              | 8,676          | 0              |
|      | Acquisition etc. of other fixed asset investments | -28,600        | -24,767        |
|      | Sale of other fixed asset investments             | 20,903         | 7,649          |
|      | <b>Cash flows from investing activities</b>       | <b>-38,762</b> | <b>-17,279</b> |

## CASH FLOW STATEMENT (CONTINUED)

For the period 1 January - 31 December

| Note | DKK '000   | 2017          | 2016         |
|------|--|---------------|--------------|
|      | Proceeds from borrowings                                   | 25,584        | 0            |
|      | Proceeds from issue of bonds                               | 10,100        | 4,500        |
|      | Instalments on long-term liabilities other than provisions | -458          | -110         |
|      | Dividend paid  | -16,500       | 0            |
|      | Changes in minority interests                              | 19            | -67          |
|      | <b>Cash flows from financing activities</b>                | <b>18,745</b> | <b>4,323</b> |
|      | <b>Increase/decrease in cash and cash equivalents</b>      | <b>82,077</b> | <b>-401</b>  |
|      | Cash and cash equivalents at 1 January 2017                | 1,009         | 1,410        |
| 23   | <b>Cash and cash equivalents at 1 January 2017</b>         | <b>83,086</b> | <b>1,009</b> |

## STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

| DKK '000                               | Share capital | Net revaluation, equity method | Retained earnings | Proposed dividend for the financial year | Equity excl. minority interests | Minority interests | Total         |
|--|---------------|--------------------------------|-------------------|--|---------------------------------|--------------------|---------------|
| Equity at 1 January 2017               | 500           | 10,652                         | 10,509            | 3,000                                    | 24,661                          | 99                 | 24,760        |
| Change in ownership                    | 0             | 0                              | 0                 | 0  | 0                               | 818                | 818           |
| Ordinary dividend distributed for 2016 | 0             | 0                              | 0                 | -3,000                                   | -3,000                          | 0                  | -3,000        |
| Extraordinary dividend distributed     | 0             | 0                              | -13,500           | 0  | -13,500                         | 0                  | -13,500       |
| Transfer                               | 0             | -10,652                        | 10,652            | 0  | 0                               | 0                  | 0             |
| Profit for the year                    | 0             | 0                              | 55,475            | 20,000                                   | 75,475                          | 2,064              | 77,539        |
| Other adjustments                      | 0             | 0                              | 29                | 0  | 29                              | 0                  | 29            |
| <b>Equity at 31 December 2017</b>      | <b>500</b>    | <b>0</b>                       | <b>63,165</b>     | <b>20,000</b>                            | <b>83,665</b>                   | <b>2,981</b>       | <b>86,646</b> |



# BASIS OF PREPARATION

## REPORTING CLASS

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium-size).

The accounting policies applied for these consolidated financial statements and parent financial statements are consistent with those applied last year.

Accounting policies are described directly beside the notes for some of the accounting items.

## RECOGNITION AND MEASUREMENT

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise Better Energy World A/S (Parent Company) and the group enterprises (subsidiaries) that are controlled by the Parent Company. Control is achieved by the Parent Company, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Parent Company, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.





### **BASIS OF CONSOLIDATION**

The consolidated financial statements are prepared on the basis of the financial statements of Better Energy World A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the accounting policies of the Better Energy Group (Better Energy).

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Minority interests' proportionate share of profit/loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity. On subsequent changes to minority interests where Better Energy retains control of the subsidiary, the consideration is recognised directly in the equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### **BUSINESS COMBINATIONS**

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. Negative differences in amount (negative goodwill) are recognised in the income statement at the time of the acquisition.

### **PROFITS OR LOSSES FROM DIVESTMENT OF EQUITY INVESTMENTS**

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

### **FOREIGN CURRENCY TRANSLATION**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet

date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered as belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity. Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.



## INCOME STATEMENT

### DIRECT COSTS

Direct costs comprise goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

### OTHER EXTERNAL EXPENSES

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### DEPRECIATION AND AMORTISATION

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The items "Income from investments in group enterprises" and "Income from investments in associates" in the income statement include the proportionate share of the profit or loss for the year and amortisation of goodwill on consolidation. Internal profits / losses are eliminated in full for subsidiaries and proportionately for associates.





## BALANCE SHEET

### INVENTORIES

Inventories are measured at the lower of cost using the FIFO (first in, first out) method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost. The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### RECEIVABLES

Receivables are measured at amortised cost, usually equaling nominal value less writedowns for bad and doubtful debts.

### CURRENT ASSET INVESTMENTS

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### DIVIDEND

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### OTHER FINANCIAL LIABILITIES

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### PREPAYMENTS RECEIVED FROM CUSTOMERS

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### CURRENT TAX RECEIVABLES AND LIABILITIES

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### CASH FLOW STATEMENT

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows to acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and fixed asset investments as well as purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

### FINANCIAL HIGHLIGHTS

The financial highlights include key figures and ratios for 2015, 2016 and 2017 (3 years). Better Energy World A/S was established in 2014, but the company was not obliged to prepare consolidated financial statements for 2014. In 2016, Better Energy World A/S voluntarily prepared consolidated financial statements including comparative figures for 2015. The financial highlights therefore include key figures and ratios for 3 years and not 5 years.

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2017" issued by the Danish Society of Financial Analysts.

| Ratios                  |   | Calculation formula   | Calculation formula effect  |
|-------------------------|---|---|---|
| Gross profit margin (%) | = | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$                   | The entity's operating gearing                                      |
| EBITDA margin (%)       | = | $\frac{\text{EBITDA} \times 100}{\text{Revenue}}$                         | The entity's profitability before depreciation and amortisation     |
| Net profit margin (%)   | = | $\frac{\text{Net profit for the year} \times 100}{\text{Revenue}}$        | The entity's operating profitability                                |
| Return on equity (%)    | = | $\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$ | The entity's return on capital invested in the entity by the owners |
| Solvency ratio (%)      | = | $\frac{\text{Equity} \times 100}{\text{Total assets}}$                    | The financial strength of the entity                                |







## NOTE 1. REVENUE

| DKK '000                   | 2017           | 2016          |
|----------------------------|----------------|---------------|
| Sale of solar parks        | 324,804        | 10,408        |
| Sale of electricity        | 10,005         | 10,713        |
| Sale from asset management | 3,828          | 3,449         |
| Other revenue              | 13,064         | 6,750         |
|                            | <b>351,701</b> | <b>31,320</b> |

### ACCOUNTING POLICY

Revenue from the sale of services is recognised in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

## NOTE 2. STAFF COSTS

| DKK '000  | 2017         | 2016         |
|---|--------------|--------------|
| Wages and salaries  | 11,180       | 9,149        |
| Pension costs   | 186          | 0            |
| Other social security expenses                                | 136          | 68           |
| Other staff expenses  | 273          | 164          |
| Staff costs classified as assets                              | -3,915       | 0            |
|   | <b>7,860</b> | <b>9,381</b> |
| <b>Average number of employees</b>                            | <b>14</b>    | <b>10</b>    |
| <b>Remuneration of management</b>                             |              |              |
| Total remuneration for Executive Board and Board of Directors | 0            | 0            |

### ACCOUNTING POLICY

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

## NOTE 3. DEPRECIATION AND AMORTISATION

| DKK '000                                      | 2017       | 2016       |
|---|------------|------------|
| Amortisation of administration agreements     | 77         | 155        |
| Depreciation of goodwill                      | 506        | 0          |
| Depreciation of property, plant and equipment | 404        | 222        |
|   | <b>987</b> | <b>377</b> |

## NOTE 4. FINANCIAL INCOME

| DKK '000               | 2017         | 2016         |
|------------------------|--------------|--------------|
| Other financial income | 2,178        | 1,175        |
| Exchange gains         | 53           | 0            |
| Fair value adjustments | 2,507        | 0            |
|                        | <b>4,738</b> | <b>1,175</b> |

### ACCOUNTING POLICY

Financial income comprises interest income, including interest income on receivables from group enterprises, amortisation of financial assets, payables and transactions in foreign currencies, fair value adjustments of financial interests as well as tax relief under the Danish Tax Prepayment Scheme etc.

## NOTE 5. FINANCIAL EXPENSES

| DKK '000                 | 2017         | 2016       |
|--------------------------|--------------|------------|
| Other financial expenses | 2,521        | 248        |
| Exchange losses          | 396          | 307        |
|                          | <b>2,917</b> | <b>555</b> |

### ACCOUNTING POLICY

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, amortisation of financial liabilities, payables and transactions in foreign currencies, fair value adjustments of financial interests as well as tax surcharge under the Danish Tax Prepayment Scheme etc.



## NOTE 6. TAX ON PROFIT FOR THE YEAR

| DKK '000   | 2017          | 2016         |
|--|---------------|--------------|
| Current tax for the year                             | 15,830        | 2,726        |
| Deferred tax for the year                            | -2,115        | -1,118       |
| Adjustment of tax concerning previous years          | -22           | 55           |
| Adjustment of deferred tax concerning previous years | -6            | -5           |
|  | <b>13,687</b> | <b>1,658</b> |

### ACCOUNTING POLICY

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## NOTE 7. PROPOSED APPROPRIATION OF NET PROFIT

| DKK '000   | 2017          | 2016          |
|--|---------------|---------------|
| Extraordinary dividend distributed in the financial year               | 13,500        | 0             |
| Ordinary dividend for the financial year                               | 20,000        | 3,000         |
| Transfer to reserve for net revaluation according to the equity method | 0             | 10,652        |
| Minority interests' share of profit/loss of subsidiaries               | 2,064         | -28           |
| Retained earnings  | 41,975        | 2,363         |
|  | <b>77,539</b> | <b>15,987</b> |

## NOTE 8. INTANGIBLE ASSETS

| DKK '000  | Administration agreements | Goodwill and goodwill on consolidation |
|---|---------------------------|--|
| Cost at 1 January 2017  | 620                       | 0                                      |
| Additions for the year  | 0                         | 4,267                                  |
| Disposals for the year  | 0                         | 0                                      |
| <b>Cost at 31 December 2017</b>                               | <b>620</b>                | <b>4,267</b>                           |
| Amortisation and impairment losses at 1 January 2017          | 155                       | 0                                      |
| Amortisation for the year                                     | 77                        | 506                                    |
| <b>Amortisation and impairment losses at 31 December 2017</b> | <b>232</b>                | <b>506</b>                             |
| <b>Carrying amount at 31 December 2017</b>                    | <b>388</b>                | <b>3,761</b>                           |

### ACCOUNTING POLICY

#### Administration agreements

Administration agreements comprise acquired administration agreements.

Administration agreements acquired are measured at cost less accumulated amortisation.

Administration agreements are written down to the lower of recoverable amount and carrying amount.

#### Goodwill and goodwill on consolidation

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The period of amortisation is usually five years, however, it may be up to 20 years for strategically acquired enterprises with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to give a better reflection of the benefit from the relevant resources. If it is not possible to measure the useful life of goodwill reliable, the useful life is set to ten years.

Goodwill is written down to the lower of recoverable amount and carrying amount.



## NOTE 9. PROPERTY, PLANT AND EQUIPMENT

| DKK '000  | Land and buildings | Solar parks etc. | Leasehold improvement |
|---|--------------------|------------------|-----------------------|
| Cost at 1 January 2017  | 0                  | 1,746            | 231                   |
| Additions for the year  | 20,461             | 23,397           | 27                    |
| Disposals for the year  | 0                  | -96              | 0                     |
| <b>Cost at 31 December 2017</b>                               | <b>20,461</b>      | <b>25,047</b>    | <b>258</b>            |
| Depreciation and impairment losses at 1 January 2017          | 0                  | 189              | 132                   |
| Depreciation for the year                                     | 0                  | 356              | 48                    |
| Reversal relating to disposals                                | 0                  | 0                | 0                     |
| <b>Depreciation and impairment losses at 31 December 2017</b> | <b>0</b>           | <b>545</b>       | <b>180</b>            |
| <b>Carrying amount at 31 December 2017</b>                    | <b>20,461</b>      | <b>24,502</b>    | <b>78</b>             |

### ACCOUNTING POLICY

Land and buildings, solar parks and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

For group-manufactured assets, cost comprises direct and indirect costs of materials, components, sub suppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

|                                  |                   |
|----------------------------------|-------------------|
| <b>Buildings</b>                 | <b>50 years</b>   |
| <b>Solar parks and equipment</b> | <b>3-25 years</b> |
| <b>Leasehold improvements</b>    | <b>5 years</b>    |

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period. Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

## NOTE 10. FIXED ASSET INVESTMENTS

| DKK '000                                      | Investments in associates | Other equity interests |
|---|---------------------------|------------------------|
| Cost at 1 January 2017                        | 487                       | 0                      |
| Additions for the year                        | 0                         | 2,763                  |
| Disposals for the year                        | 0                         | 0                      |
| Transfer                                      | -40                       | 0                      |
| <b>Cost 31 December 2017</b>                  | <b>447</b>                | <b>2,763</b>           |
| Net revaluation at 1 January 2017             | 10,652                    | 0                      |
| Net share of loss for the year                | -328                      | 0                      |
| Amortisation of negative goodwill             | 389                       | 0                      |
| Value adjustments for the year                | 0                         | 2,507                  |
| Dividend distributed                          | 0                         | 0                      |
| Transfer                                      | -10,737                   | 0                      |
| <b>Net revaluation at 31 December 2017</b>    | <b>-24</b>                | <b>2,507</b>           |
| <b>Carrying amount at 31 December 2017</b>    | <b>423</b>                | <b>5,270</b>           |
| <b>Carrying amount of goodwill recognised</b> | <b>0</b>                  |                        |

### ACCOUNTING POLICY

#### Investments in group enterprises and associates

Investments in group enterprises and associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Refer to the above section on business combinations for more details about the accounting policies used on acquisitions of investments in group enterprises.

Group enterprises and associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises and associates is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises and associates are written down to the lower of recoverable amount and carrying amount.

The right for selling parties to receive dividends in group enterprises are measured at fair value and recognised as a part of investments in group enterprises. Changes in fair value of selling parties right to receive dividends are recognised in the income statement.

**NOTE 10. FIXED ASSET INVESTMENTS (CONTINUED)**

| DKK '000                                     | Deposits   | Securities    |
|--|------------|---------------|
| Cost at 1 January 2017                       | 451        | 20,484        |
| Additions for the year                       | 148        | 23,367        |
| Disposals for the year                       | -132       | -29,816       |
| <b>Cost at 31 December 2017</b>              | <b>467</b> | <b>14,035</b> |
| Value adjustments at 1 January 2017          | 0          | -225          |
| Exchange adjustments                         | 0          | -165          |
| Reversal relating to disposals               | 0          | 225           |
| <b>Value adjustments at 31 December 2017</b> | <b>0</b>   | <b>-165</b>   |
| <b>Carrying amount at 31 December 2017</b>   | <b>467</b> | <b>13,870</b> |

**ACCOUNTING POLICY****Other fixed asset investments**

Other fixed asset investments consist of other equity interests, deposits and securities.

Other equity interests are measured at fair value or cost if a fair value cannot be measured reliably. Deposits and securities are measured at cost.



## NOTE 11. CONTRACT WORK IN PROGRESS

| DKK '000                               | 2017       | 2016         |
|--|------------|--------------|
| <b>Selling price of completed work</b> | <b>481</b> | <b>4,527</b> |

### ACCOUNTING POLICY

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

## NOTE 12. DEFERRED TAX

| DKK '000  | 2017          | 2016       |
|---|---------------|------------|
| Deferred tax is incumbent on the following financial statement items: |               |            |
| Intangible assets   | -12           | -14        |
| Property, plant and equipment   | -2,252        | 131        |
| Trade receivables   | 0             | -45        |
| Contract work in progress   | 0             | 869        |
| Long-term liabilities   | -6            | -7         |
| Tax loss carryforwards  | -74           | 0          |
|   | <b>-2,344</b> | <b>934</b> |
| Net value is recognised in the balance sheet as follows:              |               |            |
| Deferred tax assets   | -2,344        | 0          |
| Deferred tax liabilities  | 0             | 934        |
|   | <b>-2,344</b> | <b>934</b> |

Better Energy expects to use the deferred tax asset in future operation and use of taxable assets.

### ACCOUNTING POLICY

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

## NOTE 13. OTHER RECEIVABLES

| DKK '000                             | 2017          | 2016         |
|--------------------------------------|---------------|--------------|
| Receivable VAT                       | 7,341         | 8            |
| Receivable against project companies | 5,789         | 4,458        |
| Other receivables                    | 3,809         | 2,124        |
|                                      | <b>16,939</b> | <b>6,590</b> |

## NOTE 14. PREPAYMENTS

Prepayments consists of prepaid expenses related to 2018.

### ACCOUNTING POLICY

Prepayments comprise incurred costs relating to subsequent financial years.

Prepayments are measured at cost.

## NOTE 15. CASH

| DKK '000  | 2017          | 2016         |
|---|---------------|--------------|
| Free cash                                       | 73,187        | 1,045        |
| Cash on accounts with special termination terms | 9,948         | 0            |
|   | <b>83,135</b> | <b>1,045</b> |

### ACCOUNTING POLICY

Cash comprises bank deposits.



## NOTE 16. SHARE CAPITAL

The share capital consists of 500 shares at DKK 1,000.  
The shares have not been divided into classes.

| Changes in share capital in the past five financial years | DKK '000   |
|---|------------|
| Share capital at 8 May 2014                               | 500        |
| <b>Share capital at 31 December 2017</b>                  | <b>500</b> |

## NOTE 17. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

| DKK '000   | 2017          | 2016         |
|--|---------------|--------------|
| Current portion of long-term bank debt                                     | 956           | 160          |
| Current portion of bond debt   | 0             | 0            |
| <b>Current portion of long-term liabilities other than provisions</b>      | <b>956</b>    | <b>160</b>   |
| Long-term portion of long-term liabilities other than provisions           | 48,516        | 5,564        |
|  | <b>49,472</b> | <b>5,724</b> |
| <b>Nominal amount of total long-term liabilities other than provisions</b> | <b>49,588</b> | <b>5,724</b> |
| Due after more than five years (amortised cost):                           |               |              |
| Long-term bank debt  | 25,145        | 0            |
| Bond debt  | 0             | 0            |
|  | <b>25,145</b> | <b>0</b>     |

## NOTE 18. OTHER PAYABLES

| DKK '000  | 2017          | 2016         |
|---|---------------|--------------|
| Wages and salaries, personal income taxes, social security costs etc. | 523           | 3,208        |
| Holiday pay obligation  | 1,279         | 332          |
| VAT and duties  | 22,481        | 549          |
| Other costs payable   | 5,297         | 5,407        |
|   | <b>29,580</b> | <b>9,496</b> |

## NOTE 19. DEFERRED INCOME

Deferred income consists of negative values related to investments in associates. The negative value arises from adjustments of internal profit from sales to associates.

### ACCOUNTING POLICY

Deferred income comprises received income for recognition in subsequent financial years. Deferred income is measured at cost.

## NOTE 20. WORKING CAPITAL CHANGES

| DKK '000              | 2017          | 2016         |
|-----------------------|---------------|--------------|
| Change in inventories | -5,135        | 0            |
| Change in receivables | -13,206       | -2,246       |
| Change in payables    | 30,565        | 7,531        |
|                       | <b>12,224</b> | <b>5,285</b> |

## NOTE 21. ACQUISITION OF SUBSIDIARIES

| DKK '000                   | 2017          | 2016     |
|----------------------------|---------------|----------|
| Goodwill                   | 4,267         | 0        |
| Land and buildings         | 8,421         | 0        |
| Equipment                  | 1,206         | 0        |
| Associates                 | -10,388       | 0        |
| Other equity interests     | 216           | 0        |
| Deposits                   | 27            | 0        |
| Inventories                | 2,955         | 0        |
| Trade receivables          | 13,677        | 0        |
| Deferred tax assets        | 1,187         | 0        |
| Other receivables          | 17,375        | 0        |
| Prepayments                | 27            | 0        |
| Cash                       | 15,652        | 0        |
| Trade payables             | -1,355        | 0        |
| Other payables             | -10,559       | 0        |
| Income taxes               | -6,590        | 0        |
| Minority interests         | -798          | 0        |
| Long-term bank debt        | -8,521        | 0        |
| Bank debt                  | -7,642        | 0        |
|                            | <b>19,157</b> | <b>0</b> |
| Negative goodwill          | -5,567        | 0        |
| <b>Purchase price</b>      | <b>13,590</b> | <b>0</b> |
| Of which cash              | -15,652       | 0        |
| Of which bank debt         | 7,642         | 0        |
| <b>Paid purchase price</b> | <b>5,580</b>  | <b>0</b> |



## NOTE 22. SALE OF SUBSIDIARIES

| DKK '000                    | 2017          | 2016     |
|-----------------------------|---------------|----------|
| Securities                  | 8,921         | 0        |
| Other receivables           | 30            | 0        |
| Prepayments                 | 3             | 0        |
| Cash                        | 1,324         | 0        |
| Income taxes                | -278          | 0        |
| <b>Sales price</b>          | <b>10,000</b> | <b>0</b> |
| Of which cash               | -1,324        | 0        |
| <b>Received sales price</b> | <b>8,676</b>  | <b>0</b> |

## NOTE 23. CASH AND CASH EQUIVALENTS

| DKK '000  | 2017          | 2016         |
|---|---------------|--------------|
| Cash  | 83,135        | 1,045        |
| Securities which mature in less than three months | 23            | 23           |
| Short-term bank debt                              | -72           | -59          |
|   | <b>83,086</b> | <b>1,009</b> |

## NOTE 24. UNRECOGNISED RENTAL AND LEASE COMMITMENTS

| DKK '000   | 2017         | 2016         |
|--|--------------|--------------|
| <b>Liabilities under rental or lease agreement until maturity in total</b> | <b>2,624</b> | <b>1,942</b> |

## NOTE 25. CONTINGENT LIABILITIES

Better Energy has issued guarantees to the purchaser of solar systems sold in 2017. The guarantees cover technical, legal and financial conditions related to the delivered solar system. The guarantees will mainly expire 24 months after closing of the sale of the project.

One of the Group's banks has issued performance guarantees of DKK 2,136k.

## NOTE 26. ASSETS CHARGED AND COLLATERAL

Bank debt is secured by certain items of equipment and by way of a deposited mortgage deed on properties. The carrying amount of certain items of equipment is DKK 1,321k. The carrying amount of mortgaged properties is DKK 8,421k.

Better Energy Fårvang Estate A/S has transferred future rental income to the entity's bank. The security amounts to DKK 10,000k.

A letter of indemnity worth DKK 500k has been issued to a financial institute to secure bank debt. The letter of indemnity is secured by way of pledge in property, plant and equipment, inventories and trade receivables (company pledge). Carrying amount is DKK 1,917k.

Cash DKK 3,888k is placed as collateral for banking facilities.

Cash DKK 6,060k is placed on accounts with special termination terms.



## NOTE 27. RELATED PARTIES

### Transactions with related parties

All transactions with related parties during the year have been made on market terms.

## NOTE 28. OWNERSHIP

The following shareholders are registered as holding more than 5% of the voting share capital or the nominal value of the share capital:

- RLK Invest ApS, Copenhagen S
- Augustenborg Holding ApS, Copenhagen K
- MiVat Holding IVS, Them
- Mikkel Dau Holding ApS, Viuf

None of the above-mentioned shareholders have a controlling interest.

## NOTE 29. LIST OF COMPANIES

Investments in subsidiaries are specified as follows:

| Name                                     | Place of registered office | Votes and ownership |
|--|----------------------------|---------------------|
| Better Energy A/S                        | Copenhagen, Denmark        | 100%                |
| AT-Solar ApS                             | Copenhagen, Denmark        | 60%                 |
| Better Energy Generation A/S             | Copenhagen, Denmark        | 100%                |
| Better Energy Denmark A/S                | Copenhagen, Denmark        | 100%                |
| Better Energy Infrastructure Lolland ApS | Copenhagen, Denmark        | 100%                |
| Better Energy Invest A/S                 | Copenhagen, Denmark        | 98%                 |
| Better Energy Carmine P/S                | Copenhagen, Denmark        | 100%                |
| Better Energy Cerise P/S                 | Copenhagen, Denmark        | 100%                |
| BE 50 P/S                                | Copenhagen, Denmark        | 100%                |
| Better Energy Verbena P/S                | Copenhagen, Denmark        | 100%                |
| Solpark Rejstrup Estate IVS              | Copenhagen, Denmark        | 100%                |
| BE 77 IVS                                | Copenhagen, Denmark        | 100%                |
| BE 78 IVS                                | Copenhagen, Denmark        | 100%                |
| BE 79 IVS                                | Copenhagen, Denmark        | 100%                |
| BE 83 IVS                                | Copenhagen, Denmark        | 100%                |
| Better Energy Holding ApS                | Copenhagen, Denmark        | 100%                |
| Better Energy Development A/S            | Copenhagen, Denmark        | 100%                |
| Better Energy Estate A/S                 | Copenhagen, Denmark        | 100%                |
| P&B Partner ApS                          | Copenhagen, Denmark        | 100%                |
| Better Energy Solar Parks A/S            | Copenhagen, Denmark        | 100%                |
| Solpark Silkeborg Holding IVS            | Copenhagen, Denmark        | 100%                |
| Solpark Silkeborg Entreprise IVS         | Copenhagen, Denmark        | 100%                |
| Solpark Nees Holding IVS                 | Copenhagen, Denmark        | 100%                |
| Solpark Nees 10 IVS                      | Copenhagen, Denmark        | 100%                |
| Solpark Nees Entreprise IVS              | Copenhagen, Denmark        | 100%                |

## NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in subsidiaries are specified as follows:

| Name                                       | Place of registered office | Votes and ownership |
|--|----------------------------|---------------------|
| P&B Solpark Danmark 8 K/S                  | Copenhagen, Denmark        | 100%                |
| P&B Solpark Danmark 9 K/S                  | Copenhagen, Denmark        | 100%                |
| P&B Solpark Danmark 11 K/S                 | Copenhagen, Denmark        | 100%                |
| P&B Solpark Nees K/S                       | Copenhagen, Denmark        | 100%                |
| P&B Solparks DK GmbH & Co. KG              | Hamburg, Germany           | 100%                |
| P&B Partner I ApS                          | Copenhagen, Denmark        | 100%                |
| Better Energy Partner DK ApS               | Copenhagen, Denmark        | 100%                |
| Solpark Nees Estate IVS                    | Copenhagen, Denmark        | 100%                |
| Solpark Nordborg Estate IVS                | Copenhagen, Denmark        | 100%                |
| Ejendomsselskabet Fynsgade, Sønderborg IVS | Copenhagen, Denmark        | 60%                 |
| Better Energy Germany A/S                  | Copenhagen, Denmark        | 100%                |
| Better Energy Partner DE ApS               | Copenhagen, Denmark        | 100%                |
| Solpark am Kalkufer GmbH & Co. KG          | Hamburg, Germany           | 100%                |
| Solpark am Flugplatz GmbH & Co. KG         | Hamburg, Germany           | 100%                |
| Solpark am Betonwerk GmbH & Co. KG         | Hamburg, Germany           | 100%                |
| Better Energy Solarparks GmbH              | Hamburg, Germany           | 100%                |
| Better Energy Komplementar Hamburg GmbH    | Hamburg, Germany           | 100%                |
| Better Energy Partner Berlin GmbH          | Hamburg, Germany           | 100%                |
| Better Energy Lengenfeld UG                | Hamburg, Germany           | 100%                |
| Better Energy Soltos UG                    | Hamburg, Germany           | 100%                |
| Better Energy Ellrich Komplementär GmbH    | Hamburg, Germany           | 100%                |
| Better Energy Partner ApS                  | Copenhagen, Denmark        | 100%                |
| Procura Rostock Komplementar ApS           | Copenhagen, Denmark        | 100%                |
| Procura Rostock Management GmbH            | Hamburg, Germany           | 100%                |



**NOTE 29. LIST OF COMPANIES (CONTINUED)**

Investments in subsidiaries are specified as follows:

| <b>Name</b>                          | <b>Place of registered office</b> | <b>Votes and ownership</b> |
|--------------------------------------|-----------------------------------|----------------------------|
| Better Energy UK A/S                 | Copenhagen, Denmark               | 100%                       |
| Better Energy UK Ltd.                | Surrey, United Kingdom            | 100%                       |
| Better Energy Partner UK ApS         | Copenhagen, Denmark               | 100%                       |
| Better Energy Solar Parks UK IVS     | Copenhagen, Denmark               | 100%                       |
| Better Energy Mamhilad K/S           | Copenhagen, Denmark               | 100%                       |
| Better Energy Worcester K/S          | Copenhagen, Denmark               | 100%                       |
| Better Energy Netherlands A/S        | Copenhagen, Denmark               | 100%                       |
| Better Energy Nederland B.V.         | Amsterdam, Netherlands            | 75%                        |
| Better Energy Poland A/S             | Copenhagen, Denmark               | 100%                       |
| Better Energy Poland Development A/S | Copenhagen, Denmark               | 100%                       |
| Better Energy Solar Park 80 Sp. Zoo. | Gdansk, Poland                    | 100%                       |
| Better Energy Solar Park 81 Sp. Zoo. | Gdansk, Poland                    | 100%                       |
| Better Energy Solar Park 82 Sp. Zoo. | Gdansk, Poland                    | 100%                       |
| Better Energy Ukraine A/S            | Copenhagen, Denmark               | 100%                       |
| Better Energy Energo A/S             | Copenhagen, Denmark               | 100%                       |
| Better Energy Spain A/S              | Copenhagen, Denmark               | 100%                       |

## NOTE 29. LIST OF COMPANIES (CONTINUED)

Investments in associates are specified as follows:

| Name                                  | Place of registered office | Votes and ownership |
|---------------------------------------|----------------------------|---------------------|
| Sandvikervej Infrastrukturselskab ApS | Copenhagen, Denmark        | 54%                 |
| Better NRGi I K/S                     | Copenhagen, Denmark        | 25%                 |
| Better NRGi IVS                       | Copenhagen, Denmark        | 25%                 |
| BE 22 P/S                             | Copenhagen, Denmark        | 25%                 |
| BE 23 P/S                             | Copenhagen, Denmark        | 25%                 |
| BE 24 P/S                             | Copenhagen, Denmark        | 25%                 |



**determined**





# PARENT COMPANY FINANCIAL STATEMENTS

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## FINANCIAL STATEMENTS

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## INCOME STATEMENT

For the period 1 January - 31 December

| Note | DKK '000                                | 2017          | 2016          |
|------|---|---------------|---------------|
|      | Other external expenses                 | -30           | -185          |
|      | <b>Operating profit</b>                 | <b>-30</b>    | <b>-185</b>   |
|      | Income from investments in subsidiaries | 75,687        | 5,679         |
|      | Income from investments in associates   | 85            | 10,652        |
| 2    | Financial income                        | 1,809         | 64            |
| 3    | Financial expenses                      | -2,182        | -284          |
|      | <b>Profit before tax</b>                | <b>75,369</b> | <b>15,926</b> |
| 4    | Tax on profit for the year              | 106           | 89            |
| 5    | <b>Profit for the year</b>              | <b>75,475</b> | <b>16,015</b> |

## BALANCE SHEET

### ASSETS

At 31 December

| Note | DKK '000                           | 2017           | 2016          |
|------|------------------------------------|----------------|---------------|
|      | Investments in subsidiaries        | 49,831         | 21,875        |
|      | Investments in associates          | 0              | 10,692        |
|      | Securities                         | 11,671         | 377           |
| 6    | <b>Fixed asset investments</b>     | <b>61,502</b>  | <b>32,944</b> |
|      | <b>Fixed assets</b>                | <b>61,502</b>  | <b>32,944</b> |
|      | Receivables from group enterprises | 52,821         | 11,058        |
|      | Income taxes                       | 0              | 89            |
|      | Other receivables                  | 273            | 3,027         |
|      | <b>Receivables</b>                 | <b>53,094</b>  | <b>14,174</b> |
|      | <b>Cash</b>                        | <b>23,173</b>  | <b>2</b>      |
|      | <b>Current assets</b>              | <b>76,267</b>  | <b>14,176</b> |
|      | <b>Assets</b>                      | <b>137,769</b> | <b>47,120</b> |

## BALANCE SHEET

### EQUITY AND LIABILITIES

At 31 December

| Note | DKK '000   | 2017           | 2016          |
|------|--|----------------|---------------|
| 7    | Share capital  | 500            | 500           |
|      | Reserve for net revaluation according to the equity method     | 49,202         | 19,934        |
|      | Retained earnings  | 13,963         | 1,256         |
|      | Proposed dividend for the financial year                       | 20,000         | 3,000         |
|      | <b>Equity</b>  | <b>83,665</b>  | <b>24,690</b> |
|      | Bond debt  | 14,600         | 4,500         |
| 8    | <b>Long-term liabilities other than provisions</b>             | <b>14,600</b>  | <b>4,500</b>  |
| 8    | Current portion of long-term liabilities other than provisions | 0              | 0             |
|      | Trade payables   | 25             | 16            |
|      | Payables to group enterprises                                  | 39,171         | 17,208        |
|      | Payables to associates   | 0              | 71            |
|      | Income taxes   | 33             | 0             |
| 9    | Other payables   | 275            | 635           |
|      | <b>Short-term liabilities other than provisions</b>            | <b>39,504</b>  | <b>17,930</b> |
|      | <b>Liabilities other than provisions</b>                       | <b>54,104</b>  | <b>22,430</b> |
|      | <b>Equity and liabilities</b>                                  | <b>137,769</b> | <b>47,120</b> |
| 1    | Staff costs  |                |               |
| 10   | Contingent liabilities   |                |               |
| 11   | Related parties  |                |               |



## STATEMENT OF CHANGES IN EQUITY

For the period 1 January - 31 December

| DKK '000                               | Share capital | Net revaluation, equity method | Retained earnings | Proposed dividend for the financial year | Total         |
|--|---------------|--------------------------------|-------------------|--|---------------|
| Equity at 1 Januar 2017                | 500           | 19,934                         | 1,256             | 3,000                                    | 24,690        |
| Ordinary dividend distributed for 2016 | 0             | 0                              | 0                 | -3,000                                   | -3,000        |
| Extraordinary dividend distributed     | 0             | 0                              | -13,500           | 0  | -13,500       |
| Profit for the year                    | 0             | 75,772                         | -20,297           | 20,000                                   | 75,475        |
| Dividends from subsidiaries            | 0             | -23,500                        | 23,500            | 0  | 0             |
| Disposals of subsidiaries              | 0             | -23,004                        | 23,004            | 0  | 0             |
| <b>Equity at 31 December 2017</b>      | <b>500</b>    | <b>49,202</b>                  | <b>13,963</b>     | <b>20,000</b>                            | <b>83,665</b> |

## NOTE 1. STAFF COSTS

| DKK '000                    | 2017 | 2016 |
|-----------------------------|------|------|
| Average number of employees | 0    | 0    |

## NOTE 2. FINANCIAL INCOME

| DKK '000                                 | 2017         | 2016      |
|--|--------------|-----------|
| Interest received from group enterprises | 1,082        | 37        |
| Other financial income                   | 724          | 27        |
| Exchange gains                           | 3            | 0         |
|  | <b>1,809</b> | <b>64</b> |

## NOTE 3. FINANCIAL EXPENSES

| DKK '000                           | 2017         | 2016       |
|------------------------------------|--------------|------------|
| Interest paid to group enterprises | 1,288        | 220        |
| Other financial expenses           | 729          | 64         |
| Exchange losses                    | 165          | 0          |
|                                    | <b>2,182</b> | <b>284</b> |

## NOTE 4. TAX ON PROFIT FOR THE YEAR

| DKK '000                                    | 2017        | 2016       |
|---|-------------|------------|
| Current tax for the year                    | 0           | 0          |
| Deferred tax for the year                   | -106        | -89        |
| Adjustment of tax concerning previous years | 0           | 0          |
|   | <b>-106</b> | <b>-89</b> |

## NOTE 5. PROPOSED APPROPRIATION OF NET PROFIT

| DKK '000   | 2017          | 2016          |
|--|---------------|---------------|
| Extraordinary dividend distributed in the financial year               | 13,500        | 0             |
| Ordinary dividend for the financial year                               | 20,000        | 3,000         |
| Transfer to reserve for net revaluation according to the equity method | 75,772        | 13,331        |
| Retained earnings  | -33,797       | -316          |
|  | <b>75,475</b> | <b>16,015</b> |

## NOTE 6. FIXED ASSET INVESTMENTS

| DKK '000                                      | Investment in subsidiaries | Investment in associates | Securities    |
|---|----------------------------|--------------------------|---------------|
| Cost at 1 January 2017                        | 12,593                     | 40                       | 377           |
| Additions for the year                        | 10,898                     | 0                        | 11,870        |
| Disposals for the year                        | -22,902                    | 0                        | -411          |
| Transfer                                      | 40                         | -40                      | 0             |
| <b>Cost at 31 December 2017</b>               | <b>629</b>                 | <b>0</b>                 | <b>11,836</b> |
| Net revaluation at 1 January 2017             | 9,282                      | 10,652                   | 0             |
| Net share of profit/loss for the year         | 75,687                     | -304                     | 0             |
| Amortisation of negative goodwill             | 0                          | 389                      | 0             |
| Dividend distributed                          | -23,500                    | 0                        | 0             |
| Exchange adjustments                          | 0                          | 0                        | -165          |
| Reversal relating to disposals                | -23,004                    | 0                        | 0             |
| Transfer                                      | 10,737                     | -10,737                  | 0             |
| <b>Net revaluation at 31 December 2017</b>    | <b>49,202</b>              | <b>0</b>                 | <b>-165</b>   |
| <b>Carrying amount at 31 December 2017</b>    | <b>49,831</b>              | <b>0</b>                 | <b>11,671</b> |
| <b>Carrying amount of goodwill recognised</b> | <b>0</b>                   | <b>0</b>                 |               |

Investments in subsidiaries are specified as follows:

| Name                         | Place of registered office | Votes and ownership |
|------------------------------|----------------------------|---------------------|
| Better Energy Generation A/S | Copenhagen, Denmark        | 100%                |
| Better Energy A/S            | Copenhagen, Denmark        | 100%                |



## NOTE 7. SHARE CAPITAL

The share capital consists of 500 shares at DKK 1,000.

The shares have not been divided into classes.

| Changes in share capital in the past five financial years | DKK '000   |
|---|------------|
| Share capital at 8 May 2014                               | 500        |
| <b>Share capital at 31 December 2017</b>                  | <b>500</b> |

## NOTE 8. LONG-TERM LIABILITIES OTHER THAN PROVISIONS

| DKK '000   | 2017          | 2016         |
|--|---------------|--------------|
| Current portion of bond debt   | 0             | 0            |
| <b>Current portion of long-term liabilities other than provisions</b>      | <b>0</b>      | <b>0</b>     |
| Long-term portion of long-term liabilities other than provisions           | 14,600        | 4,500        |
|  | <b>14,600</b> | <b>4,500</b> |
| <b>Nominal amount of total long-term liabilities other than provisions</b> | <b>14,600</b> | <b>4,500</b> |
| Due after more than five years (amortised cost):                           |               |              |
| <b>Bond debt</b>   | <b>0</b>      | <b>0</b>     |

## NOTE 9. OTHER PAYABLES

| DKK '000                   | 2017       | 2016       |
|----------------------------|------------|------------|
| <b>Other costs payable</b> | <b>275</b> | <b>635</b> |

## NOTE 10. CONTINGENT LIABILITIES

According to the joint taxation provisions of the Danish Corporation Tax Act, Better Energy World A/S is liable for income tax etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax of interests, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the financial statements of the administration company.

Better Energy World A/S has provided security for Better Energy A/S' obligations in relation to the sale of the majority of the shares to the Danish utility NRGi in the Nees project. The general security is provided as a simple guarantee and is time-barred to 24 months after closing and will expire 21 December 2020, and the security for the condition subsequent and the performance test is provided as an absolute guarantee. The condition subsequents and the performance test are progressing and all is planned to be completed in 2018.

The Parent Company provides an unlimited guarantee for Better Energy Fårvang Estate A/S and Better Energy Holding ApS's bank debt to Merkur Andelskasse.

The Parent Company provides an unlimited guarantee for Solpark Silkeborg 4 P/S and Solpark Silkeborg 5 P/S's bank debt to Merkur Andelskasse.

The Parent Company provides an unlimited guarantee for Better Energy Invest A/S's debt to Handelsbanken A/S.

The Parent Company provides a guarantee for DKK 250 thousand of Better Energy A/S's debt to Handelsbanken A/S.

## NOTE 11. RELATED PARTIES

### Transactions with related parties

All transactions with related parties during the year have been made on market terms.



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# LIST OF ABBREVIATIONS & DEFINITIONS

|                      |   |                       |                               |
|----------------------|---|-----------------------|-------------------------------|
| <b>AM</b>            | asset management  | <b>kW</b>             | kilowatt                      |
| <b>Better Energy</b> | Better Energy Group   | <b>kWh</b>            | kilowatt hours                |
| <b>BNEF</b>          | Bloomberg New Energy Finance                                    | <b>kWp</b>            | kilowatt peak                 |
| <b>Board</b>         | Board of Directors  | <b>LCOE</b>           | levelised cost of electricity |
| <b>CO</b>            | commercial operation date                                       | <b>MW</b>             | megawatt                      |
| <b>EBIT</b>          | earnings before interest and taxes                              | <b>MWh</b>            | megawatt hours                |
| <b>EBITDA</b>        | earnings before interest, taxes, depreciation, and amortisation | <b>MWp</b>            | megawatt peak                 |
| <b>EPC</b>           | engineering, procurement and construction                       | <b>O&amp;M</b>        | operations & maintenance      |
| <b>FIT</b>           | feed-in tariff  | <b>Parent Company</b> | Better Energy World A/S       |
| <b>GW</b>            | gigawatt  | <b>PPA</b>            | power purchase agreement      |
| <b>GWh</b>           | gigawatt hours  | <b>PV</b>             | photovoltaic                  |
| <b>GWp</b>           | gigawatt peak   | <b>RTB</b>            | ready-to-build                |
| <b>ha</b>            | hectare   | <b>SPA</b>            | share purchase agreement      |
| <b>ICT</b>           | information and communication technology                        | <b>SPV</b>            | special purpose vehicle       |
| <b>IPP</b>           | independent power producer                                      |                       |                               |





# COMPANY INFORMATION

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## Company

Better Energy World A/S  
Axeltorv 2 F, 6th floor  
1609 Copenhagen V  
Denmark  
Central Business Registration No: 31865883  
Registered in: Copenhagen  
Financial year: 01.01.2017 - 31.12.2017

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Internet: [www.betterenergy.com](http://www.betterenergy.com)  
E-mail: [info@betterenergy.dk](mailto:info@betterenergy.dk)

## Board of Directors

Mark Augustenborg Ødum, Chairman  
Rasmus Lildholdt Kjær  
Mikkel Dau Jacobsen  
Michael Vater

## Executive Board

Rasmus Lildholdt Kjær

## Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Egtved Allé 4  
6000 Kolding  
Denmark

