Nordic Solar Energy A/S

Annual Report 2020

Nordic Solar Energy A/S
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CVR no. 33 36 70 23

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 27 May 2021.

Attorney Kåre Stolt, Chairman

Content

01 Report

TO THE SHAREHOLDERS

11 years with Solar

Nordic Solar Energy A/S (NSE or the Company has built up a decade-long reputation as a reliable and high-performing partner in solar investments through dedicated work and passion for the ever-changing solar industry. Our investors have been on the frontier of a rapidly growing and challenging business that, in 11 years, has overcome numerous changes.

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

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

Development in 2020

In 2020, shareholders received a return of 12.1% net of all costs. The return was positively affected by the falling interest rates that reduced the discount rate resulting in increased prices of solar assets. On the negative side, falling electricity prices due to a combination of COVID-19 demand reduction and developments in the gas and oil markets reduced revenue.

2020 was another year of growth for the company. Growth was based on the acquisition of a Spanish solar park in September as well as the full-year effect of the two Danish solar parks and one Polish solar park acquired in the middle of 2019.

The investment in Spain late in 2020 amounted to a total value of EUR 82 million and, on top of this, land for the Danish solar parks was acquired in Q1 2020. Equity was increased by 14.5% mainly explained through two capital increases of EUR 17 million. The number of shareholders increased by 46%, from 201 to 294.

Despite the large investment measured in EUR, NSE's production capacity only increased by 12.6 MWp, the reason being that the Spanish solar park was built in 2008, and hence revenue involves a large subsidy element.

The financial performance of NSE has largely been satisfactory despite the lower-than-expected electricity prices. The reason is that 91% of the revenue stems from subsidies and 9% from sale of electricity in the wholesale market, partly at a short-term fixed electricity price.

In 2020, revenue grew by 10% to EUR 31.9 million, similarly EBITDA rose by 8.6% to EUR 25.6 million. Profit before tax for the year was EUR 1.4 million, whereas profit after tax amounted to EUR 0.1 million. The results were negatively affected by the acquisition of the Spanish investment in the autumn, which due to seasonality and goodwill depreciation contributed with a negative result of EUR 0.4 million for the four months in which it was included in the 2020 accounts.

Despite the relatively low result in 2020, cash flows are strong, and EBITDA net of interest, loan repayments and taxes paid form a basis for the distribution of dividend.

Operationally, 2020 was a satisfactory year with a record total energy production of 179,611 MWh, corresponding to an excess production of 2.8% compared to the budget.

Nordic Solar Management A/S (NSM), which undertakes the day-to-day management of NSE, strengthened its organisation considerably in 2020 growing from 20 to 35 employees.

Outlook for 2021

A shareholder return at a level of 5-6%, net of all costs, is expected for 2021, but optimisation and economies of scale may impact the share price. The expectation for 2021 based on the solar park portfolio owned by end of year 2020 is revenue of EUR 37.4 million and profit before tax of EUR 1.5 million.

A number of new investments are under negotiation at the beginning of 2021, and additional growth is expected through the acquisitions of new solar parks. The company has an investment capacity based on investor commitments and cash at hand of approx. EUR 25 million by Q1 2021.

In addition to attaining our growth target, we will in 2021 focus on strengthening our administration further, implementing a new ERP system and ensuring stable operations of the solar parks.

The COVID-19 outbreak in 2020 continues to have great impact on the global economy. At this time, it is not possible to estimate all the potentially negative COVID-19 impacts, however, no significant effect on group level with respect to revenue, earnings, and cash flow for 2021 is expected.

Thus, NSE will stay focused on steadily optimising the existing portfolio, while not compromising on its risk diversification and growth strategy. The strategy to build up a portfolio of well-managed solar power plants across the EU will be carried on in 2021 and it looks to be another exciting year for NSE.

Christian Sagild
Chairman

Nikolaj Holtet Hoff
Managing Director

Financial highlights

The table to the left shows how NSE's financial highlights has developed over the past five years.

In this period, the balance sheet grew 4 timers from EUR 78 million to EUR 342 million while revenue grew 5 times from EUR 6 million to EUR 32 million. »Free cash flow from operations« simultaneously grew 7 times from EUR 0.7 million to EUR 4.8 million.

Solar energy investments are generally characterised by strong cash flows, even if the accounting result may be low. NSE distributes the cash flows received from its subsidiaries to the shareholders in the form of dividend, regardless of whether the dividend may exceed the profit for the year in some periods. Thus, the shareholders receive the full benefit from the strong cash flows of the portfolio. The overview on page 24 shows NSE's »free cash flow from operations«, which approximately corresponds to the cash flows generated by the solar parks which may be distributed as dividend.

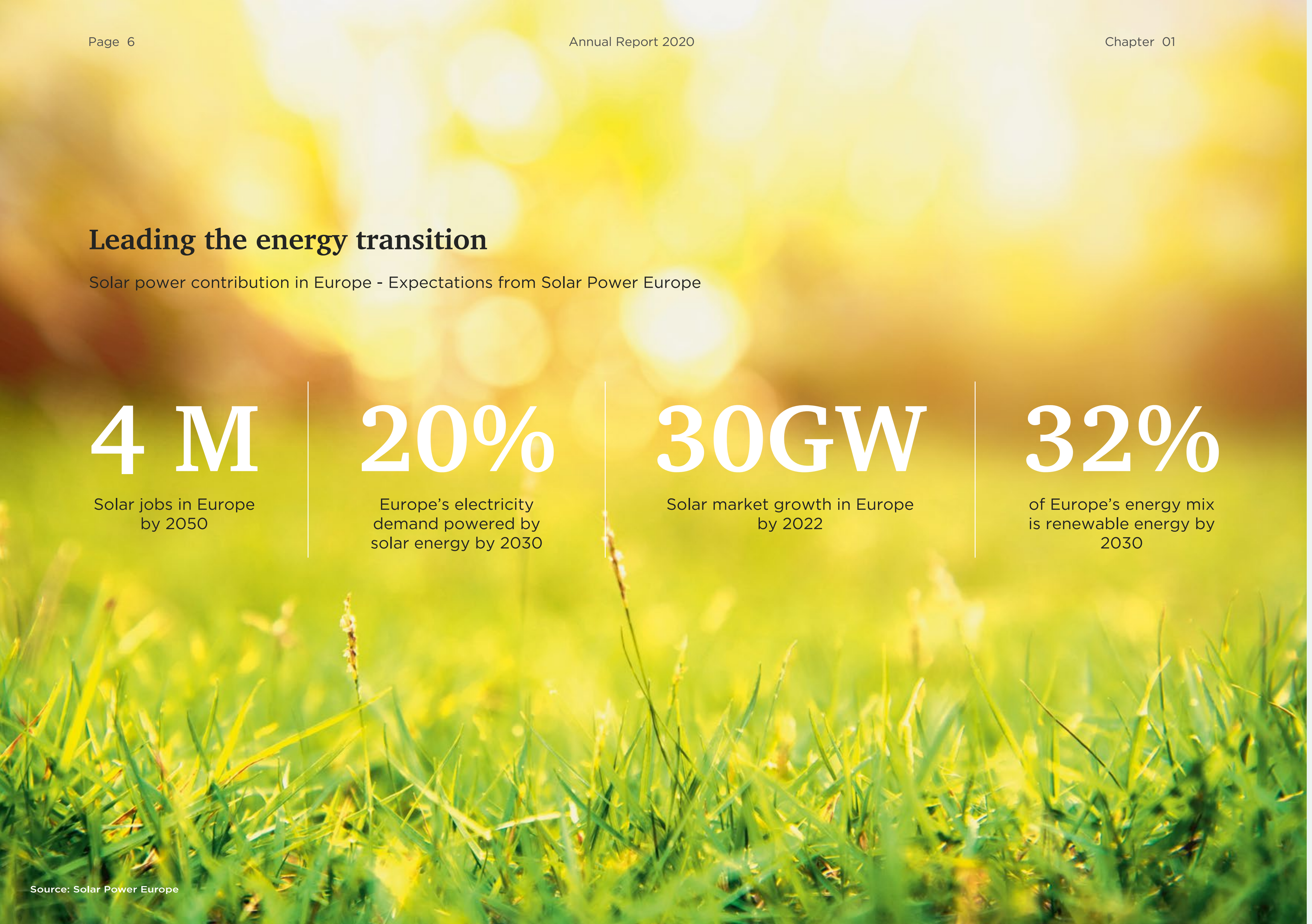
All figures are in EUR '000

	Group				
	2020	**2019**	**2018***	**2017***	**2016***
KEY FIGURES	**IFRS**	**IFRS**	**IFRS**	**IFRS**	**ÅRL**
Revenue	31,862	28,934	18,712	8,045	6,283
Profit before amortisation, depreciation, and impairment losses (EBITDA)	25,639	23,610	15,073	5,614	4,616
Profit before tax	1,398	2,427	2,197	-290	60
Profit/loss for the period	**94**	**2,148**	**1,509**	**-541**	**-42**
NSE's share of profit/loss for the period	-66	2,000	1,601	-325	-25
Balance sheet total	**342,433**	**257,624**	**212,073**	**140,416**	**77,766**
Property, plant and equipment	288,540	225,061	179,214	119,854	66,982
Cash	33,791	23,389	16,817	13,210	5,997
Total equity	**85,178**	**74,361**	**64,298**	**35,554**	**17,648**
Investment in property, plant and equipment and right of use assets	83,769	41,813	68,330	58,212	22,418
Interest-bearing debt (loans)	220,868	170,145	135,193	92,740	53,744
FINANCIAL RATIOS					
EBITDA margin	80.5%	81.6%	80.5%	69.8%	73.58%
Solvency ratio	24.9%	28.9%	30.3%	25.3%	22.78%
CASH FLOW					
Profit/loss before tax	1,398	2,427	2,197	-290	60
Paid corporation tax	-1,094	-550	-732	-254	-78
Non-cash transactions under profit and loss other than depreciations	1,877	800	271	292	0
Depreciation and impairment of property, plant and equipment	16,351	14,523	8,863	3,658	2,689
Repayment of project related loans	-13,368	-12,077	-7,587	-2,533	-2,001
Proceeds from financing of associated companies	0	249	186	36	0
Non-controlling interests share of free cash	-365	-271	-45	-16	0
FREE CASH FLOW FROM OPERATIONS	**4,799**	**5,101**	**3,153**	**893**	**670**
DIVIDEND					
Proposed dividend for the year	5,158	4,774	2,611	950	1,029
Dividend per share*	0.81	0.87	0.74	0.60	0.74
Dividend per share converted at DKK 7.45 EUR/DKK	6.0	6.5	5.5	4.5	5.5

*Financial highlights is except IFRS 16

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

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



Leading the energy transition

Solar power contribution in Europe - Expectations from Solar Power Europe

4 M	20%	30GW	32%
Solar jobs in Europe by 2050	Europe's electricity demand powered by solar energy by 2030	Solar market growth in Europe by 2022	of Europe's energy mix is renewable energy by 2030

Source: Solar Power Europe

THE ENVIRONMENT
2020 was an unusual and challenging year that has shaken the world into the worst crisis for decades with predominantly negative effects on health, society, and businesses. Furthermore, 2020 was another record-setting year for climate change. The Northern Hemisphere land and ocean's surface temperature was the highest ever measured at +1.28°C above average. Likewise, 2020 concluded the warmest decade, 2011-2020, globally with a surface temperature of +0.82°C above the 20th-century average. The global mean sea level is rising with acceleration, and the sum of glacier and ice sheet melting contributions is now the dominant source of this rise. These factual changes in relation to observed global climate change indicators, such as the largest wildfire ever recorded in the USA and Australia, severe flooding in East Africa and South Asia, and the most active tropical cyclone season in the North Atlantic region have clearly reinforced the need for a more climate friendly future.

One of the steps towards a greener future has been taken, as solar energy is now the cheapest source of energy for at least two thirds of the world's population undercutting even the cheapest existing coal-fired plants. These structural price changes motivate the consumers to use and invest in clean energy infrastructure and minimise the usage of conventional forms of energy. A report from the International Energy Agency (IEA) states that 2020 has been a year where usage of conventional energy declined, while usage of clean energy increased. In 2020 the world witnessed both substantial growth in the use of sustainable energy together with an enhanced focus from politicians, companies, and the general public.

Many countries, cities and businesses have committed to a net-zero emission by 2050 through the net-zero asset owner alliance. Also, in asset management and investment companies, we see a tendency of setting the bar to exceed formal regulations or standards. The world's largest asset management company, Blackrock, which manages almost USD 8.7 trillion, demands that companies in which they invest take an active part in climate change mitigation. Further, the UN Environment Programme states that thirty of the world's largest investors have collectively agreed on concrete portfolio decarbonisation targets that follow the Paris Agreement goal 1.5°C scenarios for the next five years.

Furthermore, we see a constantly increasing focus on the green transition from the political landscape. President of the European Commission, Ursula von der Leyen, announced, in her State of the Union address in September 2020, a bold and historically high level of ambition. The European Economic Community (EEC) is aiming at raising the 2030 climate target from the current 40% carbon dioxide reduction to at least 55%.

And it is not just the EEC that is strengthening its environmental focus. A few hours after Joe Biden was sworn in, he rejoined the Paris Climate Agreement and ordered, in a burst of executive orders, the federal agencies to begin the process of reinstating environmental regulations that were reversed during the former administration.

Alongside a massive political focus and pressure in 2020, the common perception towards »going green« – not least among the younger generations – is really gaining momentum. This also goes for businesses that see the need for being sustainable and especially large corporate companies that are in the process of becoming much more targeted, explicit, and concrete in their strategies as to how they want to contribute to the green transition. The goal is to become sustainable both environmentally and economically.

Still, progress is not happening fast enough to reduce the emission pace of greenhouse gasses. Even with the pandemic global lockdowns and the slowing of economic activity, atmospheric concentrations of greenhouse gases unfortunately continue to rise. The pandemic lockdown did create a slowdown in global emission, but this slowdown was forced upon the world and will not be sustainable. However, according to the International Monetary Fund, the recession created by the pandemic presents opportunities to set the economy on a green path, to boost investments in green infrastructure which will support employment and growth during the recovery phase.

PART OF THE CHANGE
Nordic Solar Energy and our investors share a common vision to be a contributor for impact, by enabling solar energy to expand and become a prominent and widely available sustainable energy source: We wish to participate in the common global effort to reduce fossil fuels and contribute to creating a better environment and future for all.

The strong development in Nordic Solar in 2020 has also brought increasing focus on our important role as a sustainable energy provider. It is our ambition to take on an even greater responsibility going forward by being more transparent in reporting on non-financial and ESG (Environment, Social, and Governance) areas also meeting the increasing demand from both legislation and market.

For Nordic Solar Energy to remain a catalyst for change, we will also need to set even higher standards for ourselves, and for our value chain. Thus, NSE has initiated a three-year roadmap for the implementation of an ambitious ESG strategy. In the first year, NSE is aiming to build an ESG foundation with a business strategy and description, materiality analysis, a governance model, and report and communication design. Thus, the goal is to develop a separate report in 2021 with ESG indicators, existing efforts with target figures, the UN Sustainable Development Goals, EU taxonomy, CO_2 calculation, and new critical focus areas. Hence, NSE is committed to impacting the global green energy transformation, and we have set ambitious targets to do so.

In 2020, NSE produced 179,611 MWh (180 GWh) solar electricity, equivalent to the annual electricity consumption of 51,224 households or energy savings of 94,466 tons of non-emitted CO_2. In comparison, the average Dane consumes 1.6 MWh of electricity a year.

The declining cost of renewables and the growing public pressure for action on climate are also transforming attitudes in business

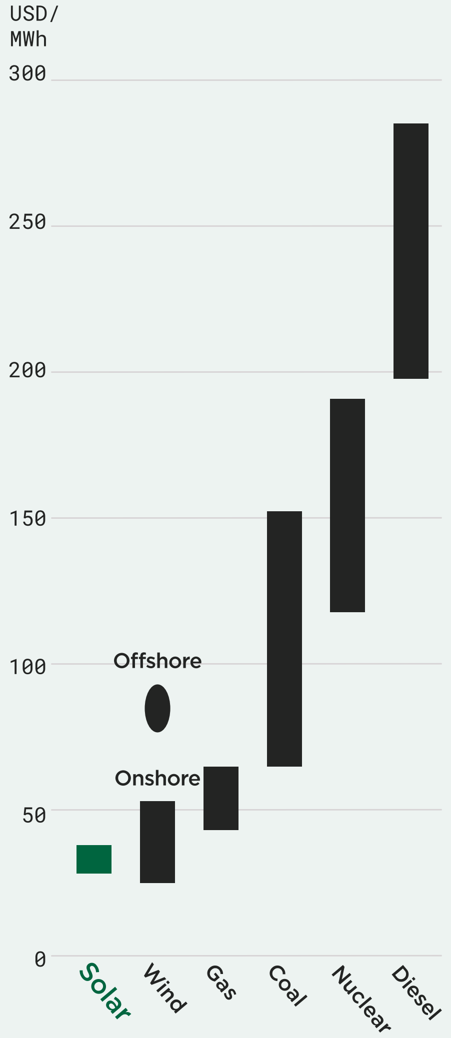
Source: The International Energy Agency (IEA)

MARKET DEVELOPMENT

Short term:

The renewable energy sector is increasing as the public demand for clean energy in 2020 surged to record-high levels. Especially, solar energy contributed to this development. In Q1 2020, the global use of renewable energy was 1.5% higher than in Q1 2019. The increase was mainly driven by a 3% rise in renewable electricity generation after more than 100 GW of solar projects were completed in 2019. The European solar industry is expected to grow by 13% in 2021, which requires approx. EUR 35 billion investments. Nordic Solar Energy is well-positioned to tap into this growing market.

Cost per energy source

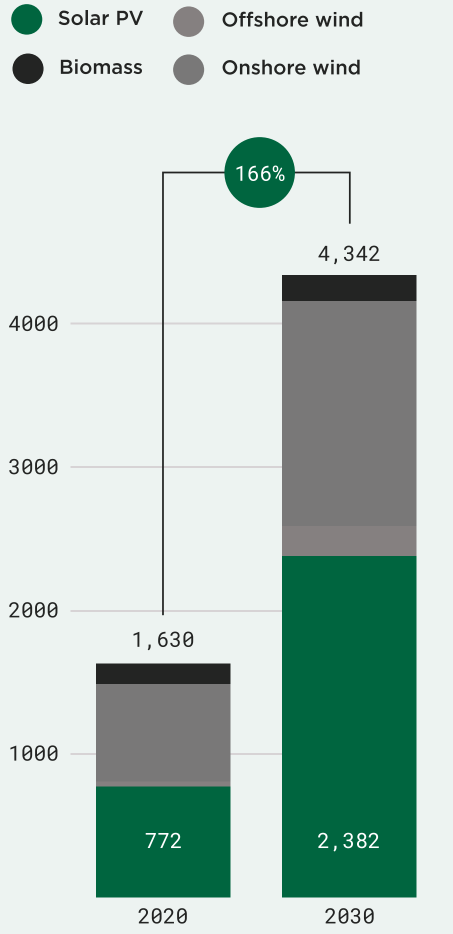


Source: Lazard's Levelized Cost of Energy and Levelized Cost of Storage Analysis – 2020

Medium term:

The global renewable capacity is expected to increase from a total installed capacity of 1.6 TW in 2020 to a staggering 4.3 TW by 2030. Solar photovoltaic (PV) is expected to play a major role in this development and is by 2030 expected to represent more than 50% of the installed renewable capacity. There are four main drivers of this development. First, demand for electricity is on the rise and is expected to continue with the electrification of many areas. Second, renewable energy has become extremely cost-competitive, and solar power is now one of the cheapest sources of energy according to Lazard's Levelized Cost of Energy Analysis. Third, the increased focus from the political system and the governmental recovery packages are adding growth to the green energy sector. Most noticeable is the European Commission's economic recovery package where Ursula von der Leyen has announced that 37% of the new recovery fund will be earmarked for climate investments, corresponding to approx. EUR 750 billion. The package focusses on mitigating the economic and social impact of the pandemic and make European economies and societies more sustainable and decarbonised through green investments. Fourth, investors and investment companies are setting the bar for exceeding formal regulations and demanding that companies in which they invest, take an active part in the climate change transition. This increased focus from multiple sides makes the transition to a cleaner future even more feasible.

Medium term: Global renewable energy capacity GW installed



Source: New Energy Outlook 2020, Bloomberg NEF

Long term:
As of the end of 2019, solar PV constituted 11% of the global installed energy capacity equivalent to 830 GW. Solar energy is by the International Energy Agency (IEA) expected to increase to supply more than 38% of the world's installed energy capacity with approx. 7,750 GW in 2050, a tenfold increase equivalent to a constant annual growth rate of 8%; superior to any other source of electricity.

These prosperous short, medium, and long-term growth predictions increase the interest in the renewable industry as many companies see opportunities to tap into the growth, just as conventional energy source suppliers switch tracks to greener alternatives. We are welcoming the change in the competitive landscape as it enables the world to reach the Paris Agreement by 2030. Nordic Solar Energy continues to see growth opportunities and profitable investment projects and with the experienced team, we remain confident that we will meet our future return ambitions.

Regulations and raised standards
The market development in 2020 points to a clear tendency: Transparency. Not only is new regulation from the EU on its way with more demands for transparency and clear standards for sustainable areas but a new generation of investors is also demanding transparent sustainability standards in their own business, their business relationships, and their investments.

A new EU classification system is also underway, intended to provide businesses and investors with a common language to identify to what degree economic activities can be considered environmentally sustainable – called taxonomy.

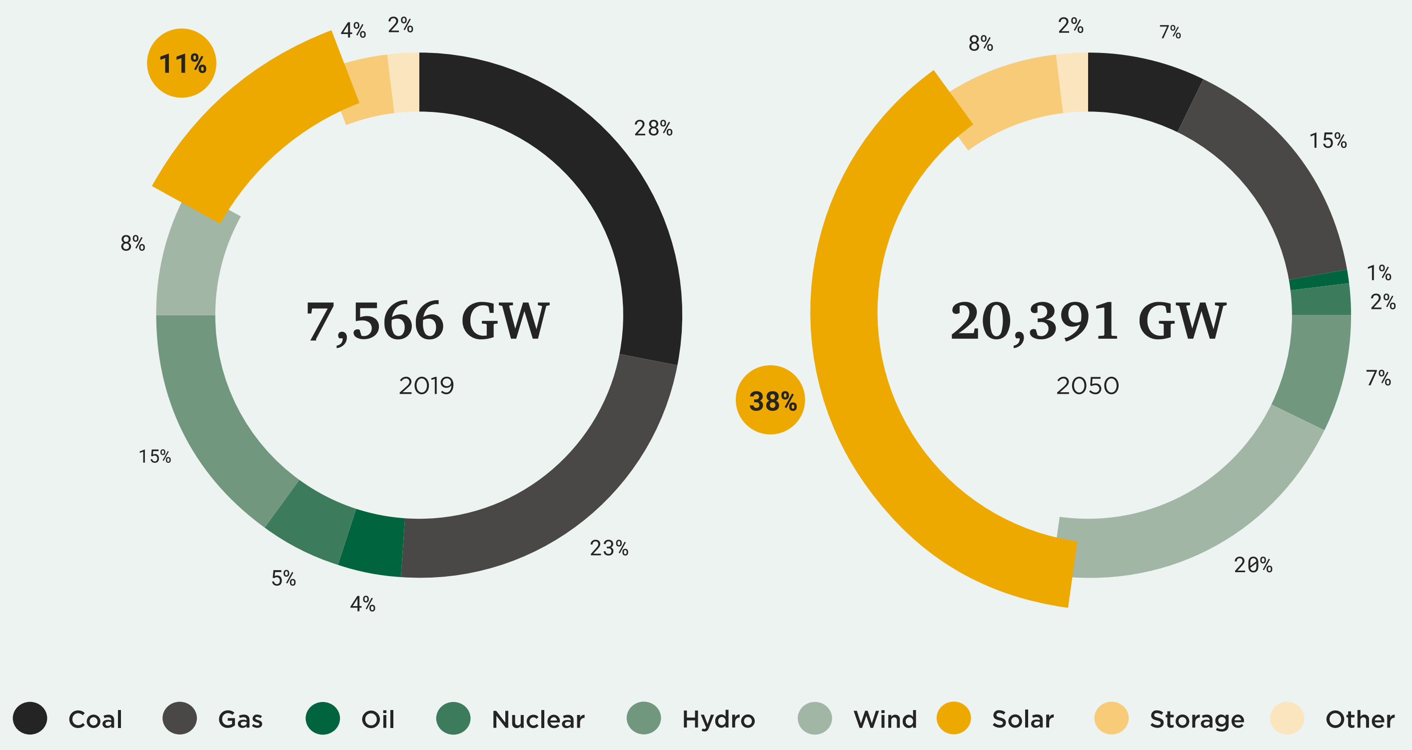
On top of the regulatory pressure, we see a growing demand from a new generation of investors, businesses, and organisations, demanding a much more ambitious level of reporting and sustainability initiatives from companies.

Many large and international companies are taking a much more proactive approach to sustainability, setting more transparent and strict sustainability goals and standards for themselves but also for their partners and suppliers.

With solar energy being the cheapest new energy source in most of the world and sustainability at the very top of the global agenda, we expect continued strong growth in the solar industry.

Nordic Solar Energy will take responsibility for our climate while we continue to plan for growth, by applying a focussed and transparent business model to the solar energy business.

Global installed capacity mix, 2019 and 2050



Source: IEA International Energy Agency

Recycling solar panels will drive local and qualified job creation in Europe

Source: Solar Power Europe

MARKET RISK

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

For the owner of a solar park, the market risk depends on the degree to which revenue is based on subsidies or on the sale of electricity in the electricity market. With sale of electricity in the wholesale market becoming the main revenue stream, the electricity market development is important for the return on a solar project.

The energy market is typically regional or country specific, and the development is dependent on assumptions regarding supply/capacity development and consumption expectations. In NSE, we devote great efforts to understanding the expected developments and market drivers of the electricity markets in the countries in which we operate and use professional adviser reports on the different markets.

Demand for energy is growing across all markets. This growth, combined with expectation of higher CO_2 prices in Europe, creates the foundation for the expectation of higher electricity prices in many markets.

The expected supply development in the regional energy markets differs, but generally, a steeply rising share of solar and wind energy in the production mix is anticipated.

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

In 2020, the electricity market and prices were influenced by a number of factors with a short-term downward pressure on the prices. COVID-19 and the declining economic activity reduced electricity demand, at the same time as falling oil and gas prices put a downward pressure on electricity prices. The long-term effect of this development is unknown; however, many forecasts reduce the expected electricity prices in the short term, whereas in the long term, the expected increase in electricity prices has overall only been reduced slightly. The expected changes differ from market to market.

The government-guaranteed share of revenue from NSE's portfolio of solar parks was approx. 91% for 2020, whereas the sale of electricity at market price accounts for the remaining 9%. Measured on the present value of all future revenue, the share of government-guaranteed revenue however drops to a 75% share. When subsidies end, there is typically still a remaining budget period based on sale of electricity at market prices.

The reason for the portfolio's relatively large subsidy share is that most of the solar parks are built at a time when substantial subsidies were needed in order to build capacity. As subsidies over the years fade out, this ratio is expected to change towards a higher share of revenue stemming from the sale of electricity.

It is NSE's opinion that the risk of political interventions in existing subsidy schemes within the EU is diminishing. This means that the volatility of future revenue is mainly expected to be related to fluctuations in electricity prices. Please see page 23 for a sensitivity analysis of electricity prices and other key assumptions' influence on expected shareholder return.

Other market risks include general tax changes, changes in regulation of the power supply market or changes in tariffs and indirect taxes.
NSE's risk diversification strategy, currently reflected in the existing portfolio of solar parks in nine different European countries, reduces the sensitivity related to potential changes in a country's political decisions, which again reduces the overall risk. This is one of the unique investment characteristics of NSE.

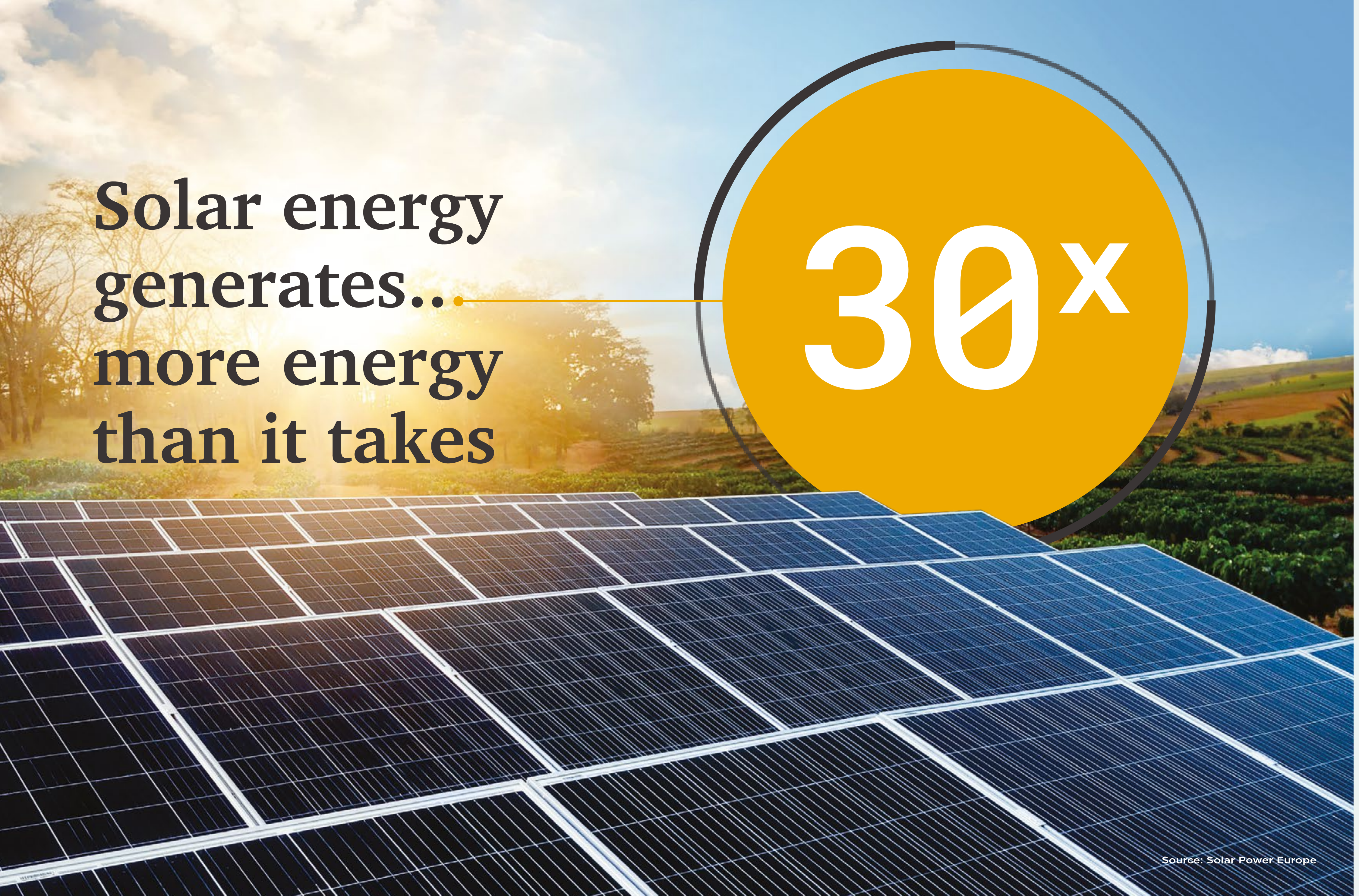
FINANCIAL RISK

For Nordic Solar Energy, the financial risk depends on the characteristics of the loan portfolio of the underlying assets. In 2020, the loan financing was equal to approx. 64% of the balance sheet. The financial risk is reduced by securing that most of the solar parks' loan financing is based on non-recourse, fixed-rate loans with no collateral from the holding company NSE. Concretely, the share of non-recourse fixed interest rate loans by the end of 2020 is 93%.

The valuation of solar parks and the return on new investments are associated with a certain amount of financial risk. If interest rates rise or fall, the alternative market return will change, which is expected to impact the valuation of existing solar parks and the expected return on new investments for the portfolio. Another factor that may influence solar park valuations is the increasing acceptance of solar energy as a mainstream investment asset. The fact that more investors, including Danish and foreign pension funds, have begun to see solar energy as an attractive investment opportunity has increased the demand for solar parks, hence implying rising prices and lower returns. This is also what the company has experienced over the past years in the market.

Exchange rates represent another financial risk in relation to the portfolio. Today, approx. 6.4% of the Company's capital is invested in the UK in GBP, whereas approx. 13.5% is invested in Poland, in PLN. As for the UK and Poland, the currency risk has been reduced by loans raised in the local currencies.

The Company is thus exposed to currency risks in respect of any future dividends in GBP and PLN that will be converted into DKK over the next many years. On this basis, return on investment is affected by potential fluctuations in the pound sterling and zloty rates.



Source: Solar Power Europe

DEVELOPMENT IN 2020

In 2020, NSE passed the EUR 335 million (DKK 2.5 billion) asset milestone, and the portfolio reached 165.6 MWp while the fair value calculation of equity grew to EUR 114 million.

In March 2020, when the COVID-19 crisis hit stock markets globally, new capital inflow in NSE halted. However, within a relatively short time, it was obvious that solar energy production was not significantly affected by COVID-19, and capital inflow quickly reverted. The same effect was seen on the stock markets, only renewable energy shares rebounded to a large extent faster than the rest of the market. The impact of COVID-19 in NSE was mainly short-term falling energy prices. In early 2020, energy prices fell sharply and stayed at a relatively low level during the year, with some rebound towards year-end. As shown in the market development chapter, the long-term COVID-19 effects on the energy markets are viewed as modest. For Nordic Solar Energy, owing to the fact that approx. 91% of the revenue in 2020 came from fixed subsidies securing most of the revenue, the effect of lower energy prices is minor. In total, the loss of revenue due to lower-than-expected energy prices in 2020 was approx. EUR 1.3 million.

In the beginning of 2020, NSE bought the land hosting the company's Danish solar parks, thus securing the ownership of the grid connection and the possibility of prolonging the budget production period beyond the former 30-year lease period.
Growth in 2020 was achieved through the acquisition of 90% of a 12.6 MWp solar park in Spain constructed in 2008 with a solid long-term cash flow based on the Spanish subsidy regime. The remaining 10% was purchased in the beginning of 2021, securing full ownership of the solar park. Despite the relatively small MWp capacity, the solar park represented a total value of EUR 82 million due to the subsidy regime reflecting the construction costs in 2008.

On top of the Spanish acquisition, an agreement was made for the purchase of a 17 MWp solar park in Poland constructed in 2020. The Polish acquisition was not finalised by year-end, but the acquisition is expected to be finalised during 2021, when some issues are solved.

The significant size of the Spanish investment, together with the Danish land purchase increased the balance sheet by 33% from EUR 258 million to EUR 342 million. At the same time, equity was increased by EUR 10.8 million mainly explained through two capital increases of EUR 17 million in April and September. The equity growth from EUR 74.4 million to EUR 85.2 million equals a growth rate of 14.5% after the payment of EUR 4.8 million in dividends during the year.

The investment in Spain increased the Spanish asset share of the portfolio to 24%. The investment policy that no country should represent more than 1/3 of the portfolio is well accommodated as the two largest countries' shares of the portfolio (Spain and Belgium) amounted to approx. 24% each at year-end, measured by reference to a fair value valuation.
Capital commitments as well as free cash from refinancing activities are in place for considerable investments at the start of 2021. At the end of March 2021, approx. EUR 25 million was available for new investments, and a further capital raise is expected in 2021.

Financial statements for 2020

The 2020 accounts follow the international accounting standard including IFRS 16. On the NSE accounts, IFRS 16 has a significant impact as leasing liabilities must be included in the balance sheet. Furthermore, interest on the leasing liability is included in the profit and loss (P&L) account. In total, this impacts EBITDA for 2020 positively by EUR 1.6 million (2019: EUR 1.6 million) whereas the net result for 2020 is negatively impacted by EUR 0.2 million (2019: EUR 0.4 million). The effect of IFRS 16 higher the total balance sheet amount by EUR 15 million 31 December 2020 compared to 18 million 31 December 2019.

In 2020, revenue increased by 10% to EUR 31.9 million. Similarly, EBITDA rose by 8.6% to EUR 25.7 million. The revenue growth stems from the acquisition of the Danish and Polish solar parks during the summer of 2019, which were included for the full year of 2020, and from the solar park acquired in Spain, included from the acquisition date in the autumn of 2020.

Profit before tax for the year was EUR 1.4 million, whereas profit after tax amounted to EUR 0.1 million. The results were negatively affected by the acquisition of the Spanish investment in the autumn, which due to seasonality and goodwill depreciation contributed a negative result of EUR 0.4 million for the four months it was included in the 2020 accounts. Other negative impacts on the 2020 result were the lower-than-expected electricity prices that reduced revenue by approx. EUR 1.3 million compared to budget and one-off costs for alternative investment fund management regulation.

Taxes increased significantly in 2020 compared to 2019, which was as expected, as the tax assets recognised in Belgium in 2019 was used in 2020. Consequently, most of the tax expense, however, consisted of deferred taxes that did not have any cash effect.
Despite the relatively poor results in 2020, NSE's cash flows were strong, and EBITDA net of interest, debt repayments and tax payments form a basis for the distribution of dividend.

The proposed dividend pay-out and NSE's operating profit are not directly comparable, as the distribution of dividend depends on NSE's cash flows from the solar parks. Therefore, when calculating the free cash flow forming a basis for the distribution of dividend from the existing solar parks, amortisation/depreciation charges and deferred tax charges must be added, and repayment of debts in the solar parks must be deducted (see the table on page 5).

The dividend for 2020, proposed at the general meeting, is EUR 0.81 (DKK 6.0) per share for the 5,996,541 shares carrying full dividend rights for 2020. 891,153 new shares issued in September 2020 are entitled to a dividend of EUR 0.37 (DKK 2.75) per share. A total dividend payment of EUR 5.2 million (DKK 38.4 million) is proposed for the year.

Developments in 2021

Between year-end 2020 and the date of the annual report, NSE has acquired the remaining 10% of the Spanish solar park, 90% of which was purchased in 2020. The acquisition was completed in February 2021.

Outlook for 2021

A shareholder return at the level of 5-6%, net of all costs, is expected for 2021. Optimisation and realisation of economies of scale may impact the actual return.

The expectation for 2021 based on the solar park portfolio owned by the end of year 2020 is revenue of EUR 37.4 million and profit before tax of EUR 1.5 million.

Acquisition of the signed 17 MWp Polish solar park is expected to be finalised in 2021. On top of this, a number of new investments are under negotiation, and additional growth is expected in 2021 through new acquisitions.

COVID-19 EFFECT

COVID-19 will continue to influence the world economy throughout 2021, and Management's expectation for its effect on NSE is as follows:

- The daily operations of the solar parks will not be significantly affected.
- Revenue may, like in 2020, be negatively influenced by lower-than-expected electricity prices in the short to medium term. However, 91% of NSE's revenue relates to government-guaranteed fixed prices, and short-term electricity prices are budgeted below the 2020 level, hence no significant impact is expected.
- NSE's growth rate may be reduced if competition for operating assets is increased. Capital inflow is not expected to be the diminishing factor.
- The interest rate development may influence the company's results, however, only 7% of the interest-bearing debt is based on variable interest rates.

At this time, it is not possible to estimate the duration of the COVID-19 crisis; however, no significant effect is expected on group level with respect to revenue, earnings, and cash flow for 2021.

Renewables are immune to crisis – grew 7% when all other energy sources fell in 2020

Source: The international Energy Agency (IEA)

02

The Business

Nordic Solar Energy A/S (NSE) is a Danish limited liability company owned by approx. 300 investors, predominantly from Denmark.

BUSINESS MODEL

The business model of NSE is to develop and build a sizeable portfolio of solar parks through the purchase of operational solar parks.

In short, the company raises equity from investors, invests in and operates PV solar parks.

Raising of capital

NSE raises capital for new investments on an ongoing basis. Capital is raised through commitments from investors and drawn as the investments materialise. In that way, NSE avoids periods of overcapitalisation that would otherwise dilute the shareholder return. Capital is raised in the form of loan commitments that, when drawn, are offered to be converted to shares at the time of the applicable share price.

The loan programme is divided into consecutive tranches and forms a waiting list, where investors in the first tranches are drawn first. A total of 19 tranches of this loan programme have been issued since 2015. Tranches 1-16 have been drawn and deployed for building the portfolio.

Tranches 17, 18, and 19 are at a total of EUR 17 million expected to be deployed for new investments in Q2 through Q3 of 2021. Further commitments are received on an ongoing basis.

Also, where appropriate, financial institutions provide financing in the form of investment credits.

Investments

NSE's growth strategy is based on investments in operational solar parks only, thus securing an attractive overall portfolio return with an overseeable risk. On average, the return has over the years been approx. 5 percentage points higher than the interest rate on a comparable basket of 10-year government bonds reflecting the relative geographical distribution of the equity investments of NSE.

The return is measured as the internal rate of return (IRR) of the fair value of the budgeted cash flows, excluding residual values (scrap value) of the solar parks. The objective is to arrive at a realistic fair value of the assets. The return is stable as solar irradiation is largely the same from year to year. A diversified portfolio also contributes to ensuring stable returns.

Finally, most of the income currently stems from the sale of electricity at government-guaranteed tariffs. This is expected to change in the coming years as subsidy schemes are phased out, and new PV solar parks' revenue forecasts are increasingly based on sale of electricity at market prices.

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

When solar parks are acquired, the investment policy and guidelines presented on page 32 are followed. Each investment is based on a detailed business case with a cash flow analysis and a sensitivity analysis of the main variables. Finally, thorough due diligence is conducted in legal, financial, tax and technical areas, to confirm the feasibility and profitability of the project.

Operations

The management company (NSM) acts as day-to-day manager of NSE and undertakes all tasks including raising capital, procuring investments, and managing and operating the solar parks as well as the holding company. Consequently, NSE does not remunerate employees, and the costs associated with conducting investments, including due diligence, are thus transaction-based.

All investments and other significant transactions are subject to approval by the Board of Directors. This ensures that all investments are made for the purpose of securing investors the highest possible return with low fixed costs and a moderate risk.

The company's share register is administrated by VP Securities, which also handles the annual distribution of dividends. It is company policy to distribute the cash flows received each year from the solar parks in the portfolio in the form of dividends to NSE's shareholders. Thus, NSE has distributed annual dividend between EUR 0.6 and 0.93 per share (see the figure on page 16). Since its first full year in operation (2011) and up to and including the expected distribution of dividend for 2020, the company has distributed total dividends of EUR 7.99 per share, initially priced at EUR 13.4.

The shares are freely negotiable instruments and may be placed in an ordinary custody account with any Danish bank. The general assembly has authorised the Board of Directors to facilitate a buy-back of own shares equivalent to 10% of the share capital. Investors wishing to sell their shares may do so at the monthly share price, calculated as the fair value based on the discounted, budgeted cash flows. NSE normally maintains cash reserves of EUR 0.7 million (DKK 5 million) to be able to handle any buy-back of shares. The buy-back programme may be suspended under uncertain market conditions and buy-back of large shareholdings need to be approved by the Board of Directors. Plans are to apply for an IPO of NSE after 2021.

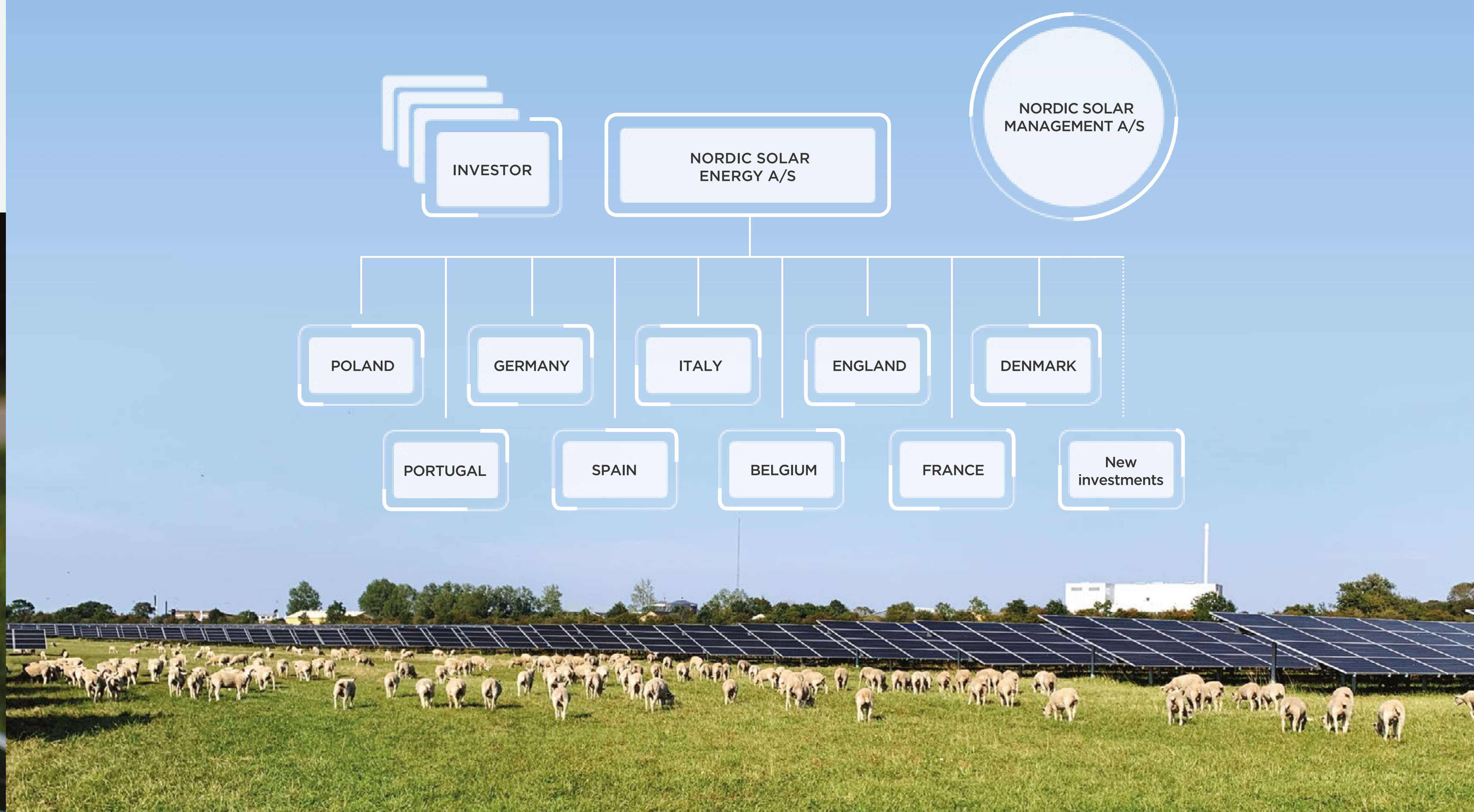
All contracts between NSM and NSE are based on market term prices and may be terminated by either party at a fair notice. This ensures that the control of the company lies with the shareholders and it creates a flexible and transparent cost structure. Based on a wish to create value and growth for the shareholders, NSM operates NSE based on these key values: Thoroughness, openness, and honesty. NSM strives to be a serious and trustworthy partner to customers, suppliers, and employees. Keywords are openness in working methods, honest communication, and respect for the work-life balance of the employees.

11 years of development

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021**
Portfolio MWp	1.0	1.6	1.6	11	11	24	32	58	116	153	166	200
Equity*												
EUR million	0.7	1.3	2	5	11	17	20	37	66	77	88	106
DKK million	5	10	15	36	85	125	147	278	491	580	659	790
Assets												
EUR million	3	6	9	39	41	60	78	140	212	257	342	403
DKK million	19	48	67	290	303	449	579	1,053	1,580	1,917	2,551	3,000
Shareholders	4	8	12	24	35	65	75	119	166	201	294	350

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

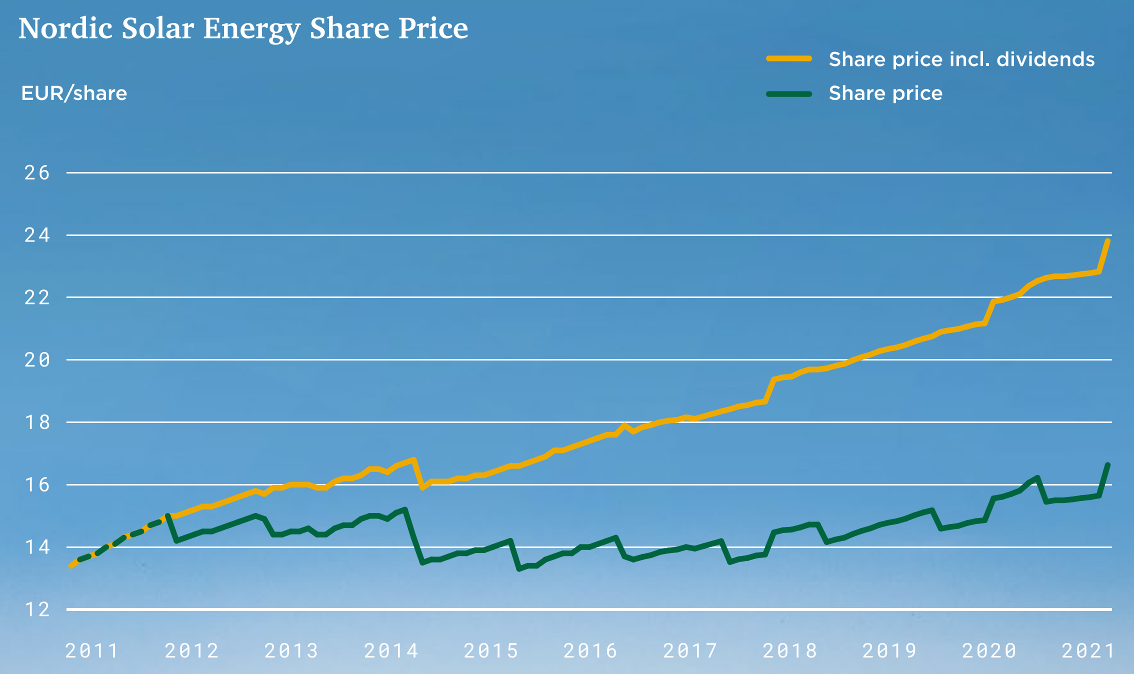
Business structure



SHAREHOLDER RETURN

NSE recorded an above average net return of 12.1% paid to its shareholders in 2020, originating from a dividend payment of EUR 0.87 per share plus an increase in the share price from EUR 15.61 to EUR 16.63. The shareholder return stems from regular dividend distributions, as excess liquidity from the solar parks is distributed annually to the shareholders. The return was positively affected by a reduction in the average return measured on IRR of the portfolio due to falling interest rates and increasing interest for solar assets. On the negative side, falling electricity prices due to a combination of COVID-19 demand reduction and developments in the gas and oil markets reduced the revenue.

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



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

Movements in the share price since NSE was established are shown to the right, and the two charts show the price with and without dividends. The shares have given an accumulated return of 77.4% since 2011. The lower chart shows the non-adjusted share price, which drops after each dividend distribution. The upper chart has been adjusted by adding the dividend distributions.

In December 2020, the fair value calculation of the Company's shares was reviewed by valuations experts at the Company's auditor, who confirmed that the valuation method is market standard and the return levels for the individual markets are reasonable. The total expected return related to the existing portfolio of solar parks is approx. 5.6% p.a., measured by IRR, which is in line with the expected return for 2021 of 5-6%.

Valuation model

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

The Net Asset Value of a solar park is determined by discounting the future cash flows in the budget to present value. The Internal Rate of Return (IRR) used for discounting purposes may vary from country to country and reflects a realistic, assessment of the market return in the country concerned. The weighted average return on NSE's aggregate portfolio is 5.6% by the end of 2020, following the investments and budget adjustments made during the year. The return is before operating expenses relating to the parent company. The operating expenses relating to the parent company, which mainly consist of board fees, administrative expenses, and expenses for marketing, are expected to decrease in relative terms as the planned growth of NSE is achieved.

The figure on page 24 shows NSE's expected future dividends from all solar parks during their lifetime. The amounts distributed as dividend fluctuate from one year to the next, as interest payments and repayment of debt vary in each individual solar park. The following should be noted with regard to the calculation of future cash flows:

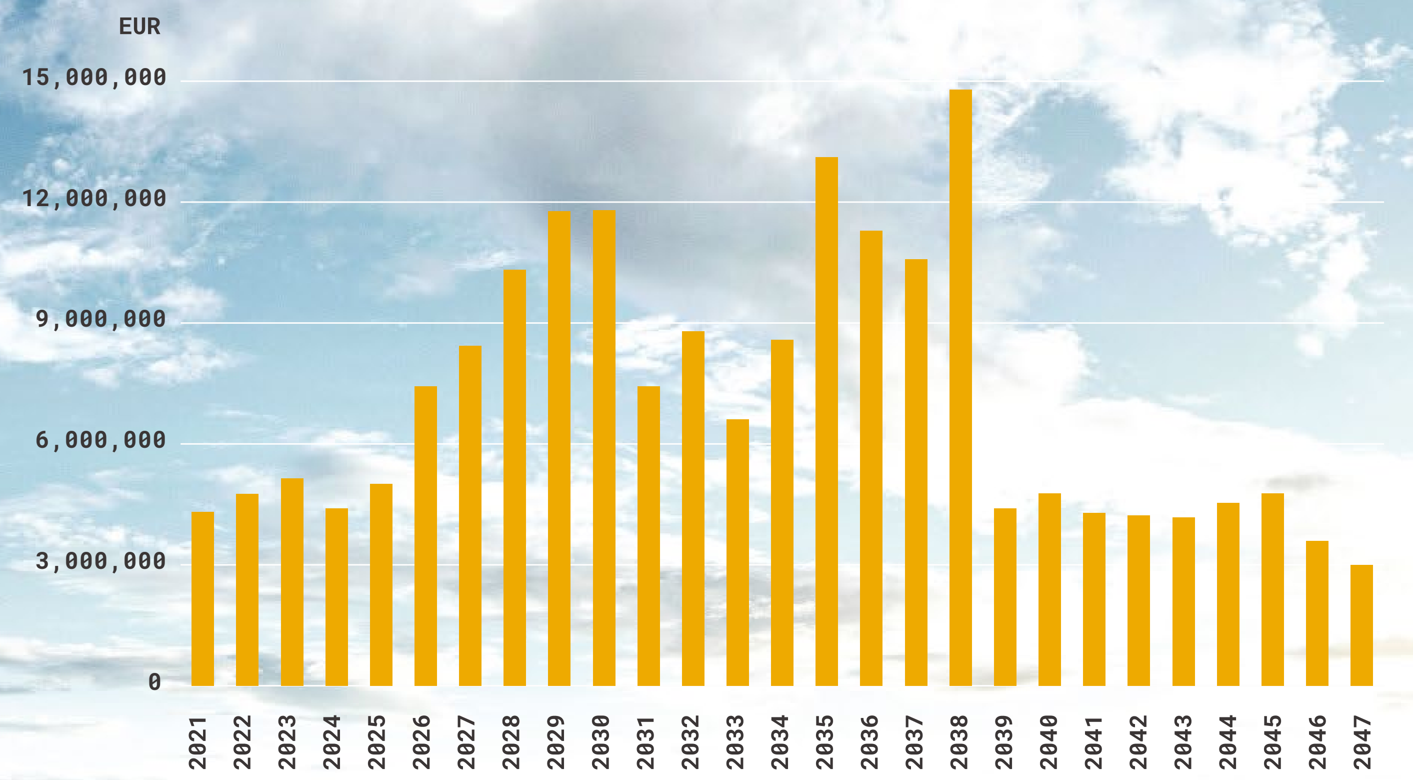
- The underlying budget assumptions for the remaining lifetime for each solar park is based on the subsidy period and, in some cases, supplemented by a post-subsidy period during which electricity is sold at market price, in so far as a lease for the land or the roof supports this.
- The residual value of each solar park is set at zero.
- To the widest extent possible budgets are prepared on a realistic basis. Thus, changes in operating expenses or tax rates based on actual circumstances are incorporated line by line in the budget for each individual solar park. The production budget and, hence, revenue is based on the most recent solar radiation measurement for the solar park, which in most cases is performed when the solar park is acquired. The portfolio of solar parks has on average, while owned by NSE, overperformed the original investment budget measured in kWh, by approximately 2.5%.

At the end of 2020, NSE owned 90 solar parks, whose aggregate, future repayments will amount to EUR 194 million according to budget. The regular disbursement of these cash flows is expected to take place through a combination of dividend distributions to the shareholders and, possibly, share buybacks. On top of this, NSE has approx. EUR 5 million in cash.

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

The description and the figure on page 24 showing the expected future cash flows of the portfolio illustrate the value of NSE's assets owned at year-end 2020.

Consolidated expected cash flow for solar parks owned end of year 2020



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

Sensitivity analysis

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

Changes in revenue.

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

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

- **Change in electricity prices.**
  To the extent that the solar park's revenue comes from subsidies or from the sale of electricity on market terms. Professional electricity price forecasts are used, and the sensitivity of high or low case scenarios is evaluated.

- **Changes in operating expenses.**
  Cover the risk of unforeseen expenses as well as the effect of cost optimisation.

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

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

The sensitivity analysis of the portfolio owned by the end of 2020 shows that if electricity prices are 5% lower than expected every year from 2021 and onwards, the immediate effect on the share price would be a negative 3.3% adjustment.

Sensitivity analysis on the portfolio value at 31 Dec 2020

SENSITIVITY PARAMETER	CHANGE	EFFECT ON PORTFOLIO VALUE	EFFECT ON IRR [3]
Electricity price change (€/MWh)	+ 5% on 2021 level [1] - 5% on 2021 level [1]	+ 3.3% - 3.3%	+ 0.3% - 0.3%
Production change (MWh)	+ 1% on budget 2021 [1] - 1% on budget 2021 [1]	+ 2.0% - 2.0%	+ 0.2% - 0.2%
Operational cost change (€)	+ 5% on 2021 level [2] - 5% on 2021 level [2]	- 1.8% + 1.8%	- 0.2% + 0.2%

1) 1/1 2021 level changed and all following years the level changed accordingly.
2) Operational costs 2021 changed 5% (not land/roof lease and management fees).
3) Internal rate of return

OPERATION OF THE SOLAR PARKS

As in previous years, operations of the solar parks were generally also very satisfactory in 2020. Production exceeded budget by 2.7% on portfolio level, measured in kWh.

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

The technical team of NSM measures and reports on the efficiency of each solar power plant by standard of performance ratio (PR), and it also reports regularly on the irradiation compared to budget. Where PR shows the ratio of actual solar irradiation that is converted into electricity, the irradiation shows the number of sunshine hours the solar parks receive. In 2020, the realised PR was approx. 0.7% higher than in 2019. The PR has increased due to major improvements on two polish projects and the considerable improvements made between 2019 and 2020 on projects in Italy and partly also in Belgium. Decrease in performances were mainly from high temperatures in France (which lower the modules' efficiency), more than expected snowfalls in several countries as well technicians' availability due to COVID-19 restrictions, so mainly reasons out of control of the technical team.

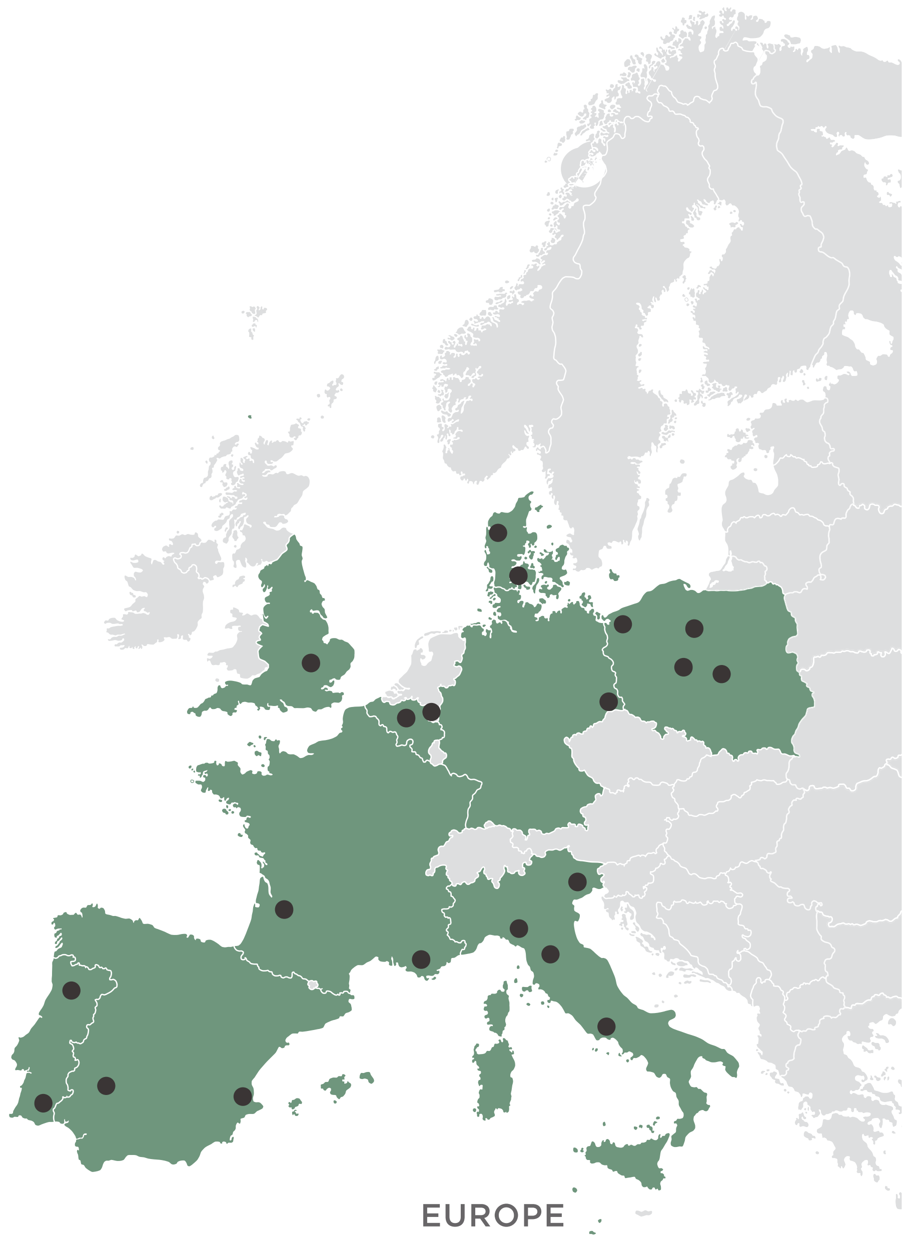
Several technical improvements are under analysis and expected to be implemented in 2021. We saw better than budgeted irradiation in 2020 above the 2016-19 levels. Extreme climate events have increased in the past two years, causing challenges in predicting the irradiation and temperature values.

Only Portugal and Spain were characterised by below-normal solar radiation, as the solar parks produced below budget. Northern Europe, on the other hand, experienced an above average summer, and the parks in this part of Europe produced well above budget.

In 2020, no insurance claims were made, and no major events had an adverse impact on production.

Because of the COVID-19 outbreak, the NSM technical team could not visit all the 90 solar parks in the portfolio, but through local partners, the team was able to ensure smooth operations, while still controlling work done and planning future improvements.

The table on page 28 shows production deviations from the original investment budgets for all solar parks. The overall production of the solar parks was 3.1% above the original investment budget for 2020 and, accumulated for all years of ownership, a plus of 2.5% has been achieved.



Realised production versus budget

Original investment budget = Index 100

ÅR/ YEAR	GERMANY	SPAIN	ITALY	BELGIUM	ENGLAND	FRANCE	PORTUGAL	POLAND	DENMARK	INDEX
2010	101									101
2011	124	100								106
2012	116	109								111
2013	103	107	109	100						102
2014	114	106	92	102						103
2015	121	104	99	107	100					104
2016	111	101	98	103	103	101				102
2017	108	108	103	103	100	102	100			102
2018	125	100	90	106	103	95	89	106		103
2019	123	98	96	104	106	106	93	99	100	101
2020	122	93	102	108	109	105	90	104	105	103
Total*	116	98	98	105	103	104	93	102	103	103

*Accumulated production index under NSE ownership

Portfolio

NSE currently owns 90 solar parks in 9 different European countries. In 2020, the parks produced enough electricity to cover 0.5% of Denmark's yearly power consumption.

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

The geographical distribution of solar parks by size and share of the company's assets, measured by fair value, is shown in the portfolio overview on page 30-31.

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

- The largest countries in the portfolio are Belgium and Spain, which each account for 24% of the portfolio's value.
- Poland accounts for 13,5% with exposure in zloty (PLN).
- Italy has a 13% share.
- Denmark and the UK each account for approx. 7% - UK with a pound sterling (GBP) exposure.

Overall, the currency exposure at the end of 2020 is within the limits of the company's currency policy with a maximum of 1/3 in currencies different from EUR or DKK.

Portfolio overview

COUNTRY	GROUND MOUNTED MWp	ROOF MOUNTED MWp	REVENUE 2020[1] TEUR	EBITDA[1)2)] TEUR	EBITDA MARGIN [1) 2)] %	ELECTRICITY SALES REVENUE 2020[1] TEUR	ELECTRICITY SALES SHARE OF REVENUE 2020[1]	SHARE OF FAIR VALUE 31/12/2020[3]
Belgium	-	32.3	11,852	9,650	81%	814	7%	24%
Italy	4.0	13.9	5,499	4,250	77%	787	14%	14%
Poland	25.8	-	2,636	1,659	63%	-	0%	13%
UK	13.2	-	1,768	1,430	81%	623	35%	6%
Spain	14,6	-	8,437	6,473	77%	-	0%	24%
Denmark	31.7	-	1,224	953	78%	668	55%	8%
France	26.8	-	4,454	3,695	83%	-	0%	7%
Portugal	2.3	-	780	674	86%	-	0%	3%
Germany	1.0	-	310	273	88%	27	9%	1%
Total	**119.4**	**46.2**	**36,960**	**29,056**	**79%**	**2,920**	**8%**	**100%**

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

MANAGEMENT
Nordic Solar Energy is an alternative investment fund, and management of the fund is handled by the alternative investment fund manager (AIFM) Nordic Solar Management A/S. The management company is regulated by the Danish financial authorities (Finanstilsynet) and must comply with the AIFM regulation.

The Board of Directors of Nordic Solar Energy ensures and controls that the management company follows the investment guidelines of the company. On top of the ordinary reporting on operations and investments, the Board of Directors receives quarterly reporting from the management company on compliance and risk management.

Investment strategy and guidelines
NSE's growth and value creation are based on the following investment guidelines and strategy:

- Investments are made only in solar parks that are operational. When acquiring turnkey construction projects, the company cannot release any large payments until the project is operational.
- Investments must make an attractive return reflecting the market returns and individual project risk profile. Investment returns are measured by their IRR. Demanded returns are differentiated depending on the market and other factors such as the degree of electricity price risk.
- The investment area is the EU and UK. Investments in any single EU country must not exceed 33% of the total portfolio. The Board of Directors may, temporarily, deviate from this maximum if the ratio is expected to be reduced subsequently.
- The objective is that a minimum of 67% of all investments are made in EUR or DKK. The Board of Directors may also periodically deviate from this currency policy.
- The sum of the Group's equity (excluding impact of hedging instruments) and investor loans is at least 20% of the balance sheet total after financing of all projects including debt at holding level.
- A minimum of 50% of the Group's financing has to be raised at a fixed interest rate.
- Interest rate hedging may be carried out with fixed rate loans or a combination of floating rate loans with an interest rate swap (or equivalent instrument) matching the floating rate loan.

Risk management
Risk management of the company is handled by the management company. The risk management function is an independent function with direct reference to the Board of Directors of the management company.

The portfolio development is followed closely, and before all investment decisions are made, the defined risk areas as well as the investment guideline are controlled. Quarterly, the risk management function of the company reports to the Boards of Directors of both the management company and Nordic Solar Energy.

Board of Directors and Executive Board

Christian Sagild

Chairman

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

Christian now focusses on board positions and has until 2021 been a board member of Danske Bank A/S. Christian is currently a board member of Royal Unibrew A/S and Ambu A/S as well as Chairman of the Board of Directors of Nordic Solar Energy A/S and Nordic Solar Global A/S.

Christian is an investor in both Nordic Solar companies.

Marinus Boogert

Vice-chairman

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

Marinus is co-founder of Nordic Solar Energy A/S in 2010 and co-owner of the management company Nordic Solar Management. Moreover, he is the daily operator of Nordic Solar Energy A/S and Nordic Solar Global A/S.

Marinus is Deputy Chairman of the Board of Directors of Nordic Solar Energy A/S and Nordic Solar Global A/S.

Marinus is an investor in both Nordic Solar companies.

Per Thrane

Board member

Per is a civil engineer from the Technical University of Denmark and in 1981, he founded Thrane & Thrane with his brother. Per acted as Managing Director in Thrane & Thrane, which was listed on the NASDAQ OMX in 2001. This company is a world leader within satellite communications equipment, with 600 employees and a turnover of EUR 161 million.

Per assumes board positions in, among others, BB Electronics A/S, Nordic Solar Global A/S, Nordic Solar Energy A/S and is Chairman of the Board of Directors of Gentofte Municipality's Ports.

Per was among the first investors in Nordic Solar Energy A/S and Nordic Solar Global A/S.

Iben Mai Winsløw

Board member

Iben is a lawyer from Copenhagen University and lawyer with bar before the high court of Denmark, as well as a member of the Council of The Danish Bar and Law Society. Iben has been an external lecturer and examiner at the University of Copenhagen and at the Danish Law Society.

Apart from being the founder of the Society for the Building Committee for Solar Energy, and lawyer for companies in the solar energy industry, Iben is also the founder of Winsløw Law Firm in Copenhagen with expertise in real estate, commercial leasing, and real estate development. Iben is an investor in Nordic Solar Global A/S.

Iben is Chairman of the Board of Zeso Arkitekter A/S, Zeso Alliance A/S, Winsløw Advokatpartnerselskab and Winlaw Advokatanpartsselskab as well as board member of Core Bolig VI, WindSpace A/S, Nordic Solar Global A/S and Nordic Solar Energy A/S.

Frank Schyberg

Board member

Nikolaj Holtet Hoff

CEO

Frank is certified in business insurance from the Academy of Insurance (FOAK level 5, HD) and educated in the banking industry. Frank is the CEO and co-owner of IQ Energy Nordic. IQ Energy Nordic delivers energy-saving solutions to companies throughout the Nordic region.

Frank has worked in the recruitment industry, including as CEO of the Danish Career Institute, as director and senior partner in Signium International, and as Nordic Managing Director for Stepstone. Frank was previously employed in the financial sector for 15 years and has been a board member of several Danish organisations and companies.

Today, Frank is a board member of Nordic Solar Global A/S, Nordic Solar Energy A/S and is member of The Danish Management Society (VL), VL-Group 10.

Frank is an investor in Nordic Solar Energy A/S.

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

Nikolaj holds a Master of Economics from Copenhagen University and has in the last 16 years managed investment companies. In 2010, Nikolaj founded Nordic Solar Energy and he currently owns the majority of Nordic Solar Management A/S. Nikolaj is responsible for the day-to-day operations of Nordic Solar Energy, Nordic Solar Global and the management company.

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

Nikolaj is also an investor in Nordic Solar Energy A/S and Nordic Solar Global.

03

Financial Statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

All figures are in EUR '000

	Note	2020	2019
Revenue	4	31,862	28,934
Direct costs		-3,557	-3,212
Other operating income		252	184
Other external costs		-2,784	-2,137
Gross profit		25,773	23,769
Staff costs	5	-134	-159
Profit before amortisation, depreciation and impairment losses (EBITDA)		25,639	23,610
Amortisation, depreciation and impairment losses		-16,351	-14,523
Income from investments in associates		0	36
Operating profit (EBIT)		9,288	9,123
Financial income		84	150
Financial expenses	6	-7,974	-6,846
Profit before tax		1,398	2,427
Income taxes	7	-1,304	-279
PROFIT FOR THE YEAR		94	2,148
Profit is attributable to:			
Owners of Nordic Solar Energy A/S		-66	2,000
Non-controlling interests		160	148
		94	2,148

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

All figures are in EUR '000

	Note	2020	2019
PROFIT FOR THE YEAR		94	2,148
Items that have been or may be reclassified to the income statement			
Exchange rate adjustments on translation of subsidiaries (net)		-725	263
Fair value adjustment of hedging instruments		-1,023	-1,435
Tax on other comprehensive income	7	141	477
Other comprehensive income for the year		-1,607	-695
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-1,513	1,453
Comprehensive income is attributable to:			
Nordic Solar Energy A/S's share		-1,620	1,412
Non-controlling interests		107	41
		-1,513	1,453

CONSOLIDATED BALANCE SHEET

All figures are in EUR '000

	Note	2020	2019
ASSETS			
Property, plant and equipment	8	288,540	225,061
Non-current financial assets		649	30
Deferred tax asset	9	11,155	3,312
Non-current assets		**300,344**	**228,403**
Trade receivables	10	1,287	914
Other receivables		6,121	4,356
Prepayments		890	562
Cash		33,791	23,389
Current assets		**42,089**	**29,221**
TOTAL ASSETS		**342,433**	**257,624**

All figures are in EUR '000

	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	11	23,113	19,336
Translation reserve		-600	127
Reserve for hedging		-3,314	-2,487
Retained earnings		60,869	52,606
Proposed dividend for the year		5,158	4,774
Equity attributable to shareholders of the parent company		**85,226**	**74,356**
Non-controlling interests' share of equity		-48	5
Total equity		**85,178**	**74,361**
Loans	12	197,767	149,012
Provisions	13	5,373	5,274
Other payables		25,278	5,670
Deferred tax liabilities	9	1,260	1,170
Deferred income		233	255
Non-current liabilities		**229,911**	**161,381**
Loans	12	20,016	17,609
Trade payables		2,179	1,662
Current income tax liabilities		545	672
Other payables		4,604	1,939
Current liabilities		**27,344**	**21,882**
Total liabilities		**257,255**	**183,263**
TOTAL EQUITY AND LIABILITIES		**342,433**	**257,624**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

All figures are in EUR '000

	Note	Share capital	Translation reserve	Reserve for hedging	Retained earnings	Proposed dividend	Equity attributable to investors of the parent	Non-controlling interests share of equity	Total equity
EQUITY 1 JANUARY 2019		**16,614**	**-139**	**-1,633**	**46,814**	**2,611**	**64,267**	**31**	**64,298**
Profit for the year		0	0	0	-2,774	4,774	**2,000**	148	**2,148**
Exchange rate adjustments regarding subsidiaries		0	266	0	0	0	**266**	-3	**263**
Fair value adjustment of hedging instrument		0	0	-1,261	0	0	**-1,261**	-174	**-1,435**
Tax on other comprehensive income		0	0	407	0	0	**407**	70	**477**
Total comprehensive income for the year		0	266	-854	-2,774	4,774	**1,412**	41	**1,453**
Transactions with investors									
Capital increases including related costs		2,722	0	0	8,555	0	**11,277**	0	**11,277**
Value of share-based payment		0	0	0	116	0	**116**	0	**116**
Acquisition of own shares		0	0	0	-1,591	0	**-1,591**	0	**-1,591**
Sale of own shares		0	0	0	1,486	0	**1,486**	0	**1,486**
Dividend paid		0	0	0	0	-2,611	**-2,611**	-82	**-2,693**
Additions, non-controlling interests		0	0	0	0	0	**0**	15	**15**
EQUITY 31 DECEMBER 2019		**19,336**	**127**	**-2,487**	**52,606**	**4,774**	**74,356**	**5**	**74,361**
Profit for the year		0	0	0	-5,224	5,158	**-66**	160	**94**
Exchange rate adjustments regarding subsidiaries		0	-727	0	0	0	**-727**	2	**-725**
Fair value adjustment of hedging instruments		0	0	-946	0	0	**-946**	-77	**-1,023**
Tax on other comprehensive income		0	0	119	0	0	**119**	22	**141**
Total comprehensive income for the year		0	-727	-827	-5,224	5,158	**-1,620**	107	**-1,513**
Transactions with investors									
Capital increases including related costs		3,777	0	0	13,007	0	**16,784**	0	**16,784**
Value of share-based payment		0	0	0	322	0	**322**	0	**322**
Dividend received from own shares		0	0	0	54	0	**54**	0	**54**
Acquisition of own shares		0	0	0	-1,698	0	**-1,698**	0	**-1,698**
Sale of own shares	15	0	0	0	1,794	0	**1,794**	0	**1,794**
Dividend paid		0	0	0	8	-4,774	**-4,766**	-160	**-4,926**
EQUITY 31 DECEMBER 2020		**23,113**	**-600**	**-3,314**	**60,869**	**5,158**	**85,226**	**-48**	**85,178**

CONSOLIDATED STATEMENT OF CASH FLOWS

All figures are in EUR '000

	Note	2020	2019
Operating profit (EBIT)		9,288	9,123
Amortisation, depreciation and impairment losses		16,351	14,523
Value of share-based payment		322	116
Income from investments in associates		0	-36
Change in net working capital	16	2,424	2,292
Cash flows from ordinary operating activities		**28,385**	**26,018**
Financial income		84	83
Financial expenses		-6,249	-6,219
Income taxes paid		-1,094	-550
Cash flow from operating activities		**21,126**	**19,332**
Investments in solar parks		-18,591	-12,630
Cash flow from investing activities		**-18,591**	**-12,630**
Proceeds from borrowings	17	34,244	15,693
Repayments of borrowings	17	-16,287	-8,915
Repayments of borrowings from investments in associates		0	249
Repayments of lease liabilities	17	-4,684	-4,330
Costs from capital increases	11	-260	-301
Dividends paid		-4,766	-2,611
Cash flow from financing activities		**8,247**	**-215**
Net cash flow for the year		**10,782**	**6,487**
Cash and cash equivalents, beginning of the year		23,389	16,817
Exchange rate adjustments on cash and cash equivalents		-380	85
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**33,791**	**23,389**

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

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

BASIS OF PREPARATION

Compliance with IFRS

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

BASIS OF CONSOLIDATION

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

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

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

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

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

FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements are presented in Euro (EUR), and all values are rounded to the nearest thousand EUR (EUR k / EUR '000). Euro is Nordic Solar Energy A/S's functional and presentation currency.

Transactions and balances

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

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

Group companies

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

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet

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

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

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

IMPAIRMENT OF ASSETS

The carrying amount of property, plant and equipment, right of use assets and investments in associates is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

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

STATEMENT OF CASH FLOW

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

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

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

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

Cash and cash equivalents

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

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, usually not equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment of the carrying amounts of assets and liabilities within the next financial year are addressed below.

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

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

CRITICAL ACCOUNTING ESTIMATES

Useful life, dismantling costs and residual values

The Group has not incorporated the possibility to prolong existing lease agreements further ahead of the current contracts' terms for valuation purposes.

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

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

Impairment test

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

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

SIGNIFICANT JUDGEMENTS

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

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

Government grant

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

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

Leases

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

3. NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS

The following accounting standards, amendments (IAS and IFRS) and interpretations have been implemented from 1 January 2020:

- Amendments to IAS 1 and IAS 8 – Definition of Material
- Amendments to IFRS 3 – Business Combination
- Amendments to IFRS 9 and IFRS 7 – Interest Rate Benchmark Reform

The adoption of the new standards, amendments and interpretations has not significantly affected the annual report for 2020.

4. REVENUE INFORMATION

All figures are in EUR '000

	2020	2019
Government subsidies	28,943	24,806
Sale of electricity	2,919	4,128
	31,862	**28,934**
Net revenue by country		
Belgium	11,852	12,102
France	4,454	4,527
Italy	5,499	5,819
Poland	2,636	1,916
Portugal	780	812
Spain	3,338	940
Germany	310	321
England	1,768	1,776
Denmark	1,225	721
	31,862	**28,934**
Property, plant and equipment		
Belgium	62,956	70,579
France	35,314	37,669
Italy	34,419	37,327
Poland	21,595	23,961
Portugal	6,132	6,546
Spain	91,147	10,973
Germany	1,218	1,351
England	14,733	16,308
Denmark	21,026	20,347
	288,540	**225,061**

	2020	2019
Investment in property, plant and equipment		
Belgium	0	50
France	0	4,518
Italy	174	599
Poland	0	4,946
Spain	82,228	10,923
Denmark	1,367	20,777
	83,769	**41,813**

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

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

Customers that individual accounts for more than 10% of the revenue consists of two customers and amounts to a total of EUR 15,750k.

Accounting policies

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

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

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

REVENUE INFORMATION (CONTINUED)

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

Contracts regarding government grants have a duration of 3 to 27 years at 31 December 2020.

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

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

Revenue contracts include only one performance obligation, i.e. the sale of electricity. There is no variable transaction price as all contracts include a fixed price, with some being indexed by inflation or a price index yearly.

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

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

5. STAFF COSTS

All figures are in EUR '000

	2020	2019
Fee to Board of Directors	81	81
Share-based payment	53	78
	134	**159**
Average number of employees (consists of the Group's Executive Management)	1	1

Key management remuneration

	2020	2019
Salary	110	148
Bonus	52	64
Share-based payment	53	78
Other staff costs	21	19
	236	**309**

The remuneration paid to the Executive Management except of share-based payment is part of the management remuneration paid for Nordic Solar Management A/S.

Accounting policies

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

6. FINANCIAL EXPENSES
All figures are in EUR '000

	2020	2019
Interest costs, banks	4,662	3,866
Interest costs from loans from investors	97	158
Interest costs from lease liabilities	1,974	2,214
Exchange rate adjustments	591	35
Depreciation of capitalised financial expenses	364	317
Other financial expenses	286	256
	7,974	**6,846**

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

7. TAX ON PROFIT/LOSS FOR THE YEAR
All figures are in EUR '000

	2020	2019
CURRENT TAX		
Income tax expense	-1,304	-279
Tax on other comprehensive income	141	477
	-1,163	**198**
Current tax on profits for the year	-951	-833
Deferred tax	-337	520
Adjustment for current tax of prior periods	-16	34
INCOME TAX EXPENSE	**-1,304**	**-279**

	2020	2019
TAX RECONCILIATION		
Profit/loss before tax	1,398	2,427
Share of profit/loss in associates	0	-36
PROFIT/LOSS BEFORE TAX, ADJUSTED	**1,398**	**2,391**
Tax using the Danish corporation tax rate (22%)	-308	-526
Tax rate deviations in foreign jurisdictions	-200	-230
Non-taxable income	98	410
Non-deductible expenses	-186	-643
Deferred tax asset not recognised	-747	-112
Change in recoverability of deferred tax assets	0	849
Other adjustments, net	39	-27
TAX ON PROFIT/LOSS FOR THE YEAR	**-1,304**	**-279**

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

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

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

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

8. PROPERTY, PLANT AND EQUIPMENT
All figures are in EUR '000

	Solar parks	Fixtures and fittings, tools and equip-ment	Leased solar parks	Leased land and roof tops	Total
Cost 1 January 2020	185,082	432	56,481	19,317	261,312
Exchange rate adjustments	-2,057	0	0	0	-2,057
Additions during the year	83,769	0	0	0	83,769
Remeasurement	0	0	0	-2,061	-2,061
Cost 31 December 2020	**266,794**	**432**	**56,481**	**17,256**	**340,963**
Depreciation and impairment 1 January 2020	-20,462	-88	-14,336	-1,365	-36,251
Exchange rate adjustments	179	0	0	0	179
Depreciation for the year	-11,384	-32	-3,703	-1,232	-16,351
Depreciation and impairment 31 December 2020	**-31,667**	**-120**	**-18,039**	**-2,597**	**-52,423**
CARRYING AMOUNT 31 DECEMBER 2020	**235,127**	**312**	**38,442**	**14,660**	**288,540**
Cost 1 January 2019	200,453	382	0	0	200,835
Transfer of IAS 17 finance leases	-55,981	0	55,981	0	0
Transition to IFRS 16	0	0	0	18,804	18,804
Adjusted cost 1 January 2019	**144,472**	**382**	**55,981**	**18,804**	**219,639**
Exchange rate adjustments	924	0	0	0	924
Additions during the year	40,750	50	500	513	41,813
Disposals during the year	-1,064	0	0	0	-1,064
Cost 31 December 2019	**185,082**	**432**	**56,481**	**19,317**	**261,312**
Depreciation and impairment 1 January 2019	-21,566	-55	0	0	-21,621
Transfer of IAS 17 finance leases	10,605	0	-10,605	0	0
Adjusted depreciation and impairment 1 January 2019	**-10,961**	**-55**	**-10,605**	**0**	**-21,621**
Exchange rate adjustments	-105	0	0	0	-105
Depreciation for the year	-9,396	-33	-3,731	-1,365	-14,525
Depreciation and impairment 31 December 2019	**-20,462**	**-88**	**-14,336**	**-1,365**	**-36,251**
CARRYING AMOUNT 31 DECEMBER 2019	**164,620**	**344**	**42,145**	**17,952**	**225,061**

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

The right of use asset leases expire between the years 2023 to 2052. In 2020, the total cash outflow for leases amounted to EUR 6,658k.

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is greater than its estimated recoverable amount. An asset's carrying amount is written down immediately to its recoverable amount if the impairment loss is recognised in the income statement when the impairment is identified. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level at which cash flows are separately identifiable. General and specific borrowing costs directly attributable to the acquisition of an asset are capitalised and depreciated over the lifetime of the asset.

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

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

9. DEFERRED TAX

The group has recognised deferred tax assets of a total of EUR 11,155k, of which EUR 4,682k relates to tax losses. Based on the budget for the coming years, it is expected that the tax loss will be utilised against future taxable income.

The Group has non-recognised deferred tax assets of a total of EUR 872k, of which EUR 583k relates to tax losses.

Accounting policies
Deferred income tax is recognised in temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

All figures are in EUR '000

	2020	2019
Deferred tax 1 January, net	2,142	5,109
Recognised in the income statement	-337	520
Recognised in other comprehensive income	141	477
Changes from purchase of solar parks	7,949	-3,964
DEFERRED TAX 31 DECEMBER	**9,895**	**2,142**
Deferred tax relates to:		
Property, plant and equipment	-1,170	-1,130
Right of use assets	159	110
Provisions	-90	0
Tax loss carry-forwards	4,682	1,565
Interest rate swap	6,447	1,535
Other	-133	62
	9,895	**2,142**
Of which presented as deferred tax assets	11,155	3,312
Of which presented as deferred tax liabilities	-1,260	-1,170
	9,895	**2,142**

10. TRADE RECEIVABLES

All figures are in EUR '000

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

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

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

11. SHARE CAPITAL

All figures are in EUR '000

	2020	2019
Changes in share capital:		
Share capital 1 January	19,336	16,614
Capital increases	3,777	2,722
SHARE CAPITAL 31 DECEMBER	**23,113**	**19,336**
Cost of capital increases	260	301

The share capital consists of 6,887,694 shares of a nominal value of DKK 25, of which 891,153 shares only carry rights to dividend for the financial year 2020 if the dividend exceeds EUR 0.44 (DKK 3.25) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase amounts to EUR 17,044k of which EUR 13,267k is premium.

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

During the year, loans from investors of EUR 17,044k were converted to equity.

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

All free cash flows received from the solar parks' operations are paid to the shareholders as dividend on an annual basis.

12. LOANS

All figures are in EUR '000

	2020	2019
Mortgage loans	143,822	89,447
Lease liabilities	44,002	51,151
Other credit institutions	9,943	8,414
Non-current liabilities	**197,767**	**149,012**
Mortgage loans	11,412	8,436
Lease liabilities	5,117	4,606
Other credit institutions	735	460
Investor loans	2,752	4,107
Current liabilities	**20,016**	**17,609**
	217,783	**166,621**

Breakdown by maturity

	2020	2019
Less than 1 year	20,016	17,609
Between 1-5 years	68,816	53,469
Above 5 years	128,951	95,543
	217,783	**166,621**

Type of interest rate

	2020	2019
Fixed	201,856	145,026
Variable	15,927	21,595
	217,783	**166,621**

	2020		2019	
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Currency exposure				
DKK	3.5-4.3%	13,430	3.1-6%	28,894
EUR	1.6-5.5%	182,366	2.3-5.5%	124,378
GBP	4.7%	8,792	4.9%	8,582
PLN	2.7-3%	13,195	4%	4,767
		217,783		**166,621**

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

Lease liabilities comprise the present value of the remaining lease payments of all lease agreements. Other credit institutions mainly relate to overdraft facilities. The total interest cost from lease liabilities amounts to EUR 9,450k. The maturity analysis of lease liabilities is presented in note 18.

Capitalised loan costs of EUR 3,512k have been deducted from the carrying amount.

Interest exposure
The Group has loans with fixed interest rates totalling EUR 201,856k, whereof EUR 109,766k is secured with interest rate swaps, and loans with variable interest rates of EUR 15,927k.

Of the fixed loans, EUR 8,545k will become floating at a defined time and is secured with preestablished interest rate swaps for the remaining lifetime.

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

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

13. PROVISIONS

All figures are in EUR '000

	Dismantling	Other	Total
Provision 1 January 2020	5,172	102	5,274
Additions during the year	0	30	30
Interest element	69	0	69
PROVISION 31 DECEMBER 2020	**5,241**	**132**	**5,373**

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

These provisions have been capitalised as part of the cost of the solar park.

Provisions are measured at the present value of Management's best estimate of the expenditures required to settle the present obligation at the end of the reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

The dismantling provision is expected to be used from year 2023 to 2045.

14. CONTINGENT LIABILITIES

Contingent liabilities
Liquid funds of EUR 9,346k are pledged as security for debt to banks of EUR 191,059k.

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

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

The value of these due within 12 months is EUR 532k, whereas EUR 861k is due within 1 to five years and EUR 1,155k is due after five years.

The Group's fixed assets, totalling EUR 261,267k, are pledged as collateral for bank loans.

As part of its increasing activity, the Group has entered into contingent liabilities related to share purchase agreements of EUR 14,066k due within the next year and other expenses of EUR 557k due within the next three years.

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

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

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

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

15. OWN SHARES

It is NSE's intention to secure liquidity in the shares, and NSE has therefore in 2020 bought own shares at a value of EUR 1,698k – a total of 108,937 shares, corresponding to less than 2% of the total number of shares.

At 31 December 2020, NSE owned 0 shares.

16. CHANGES IN NET WORKING CAPITAL

All figures are in EUR '000

	2020	2019
Changes in trade receivables	-303	1,523
Changes in other receivables and other prepayments	1,203	2,067
Changes in trade payables	355	329
Changes in other debt and deferred income	1,169	-1,627
	2,424	**2,292**
Changes in trade receivables		
Changes with cash impact	-303	1,523
Changes from acquired balances	-70	-352
	-373	**1,171**
Changes in other receivables and prepayments		
Changes with cash impact	1,203	2,067
Changes from acquired balances	-3,296	-1,174
	-2,093	**893**
Changes in trade payables		
Changes with cash impact	355	329
Changes from acquired balances	162	44
	517	**373**
Changes in other debt and deferred income		
Changes with cash impact	1,169	-1,627
Changes in accrued interest	5	209
Changes in value of hedging instrument	1,024	1,435
Changes from acquired balances	20,316	316
	22,514	**333**

17. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

All figures are in EUR '000

	Beginning of year	Proceeds from borrow-ings	Repayments	Non-cash changes*	Year-end
Non-current liabilities 2020					
Mortgage loans	92,585	8,162	-8,008	54,455	**147,194**
Financial leases	51,238	0	-4,684	-2,552	**44,002**
Other credit institutions operational	6,006	0	-676	0	**5,330**
Other credit institutions financing	2,449	5,660	-3,496	0	**4,613**
Loan costs	-3,524	-212	0	364	**-3,372**
Current liabilities					
Mortgage loans	8,678	566	0	2,168	**11,412**
Financial leases	4,619	0	0	498	**5,117**
Other credit institutions	463	272	0	0	**735**
Loans from investor	4,107	19,796	-4,107	-17,044	**2,752**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2020	**166,621**	**34,244**	**-20,971**	**37,889**	**217,783**
Non-current liabilities 2019					
Mortgage loans	76,959	0	-6,829	22,455	**92,585**
Financial leases	37,363	0	-3,858	17,733	**51,238**
Other credit institutions operational	6,410	0	-404	0	**6,006**
Other credit institutions financing	2,025	1,418	-994	0	**2,449**
Loan costs	-3,188	-228	0	-108	**-3,524**
Current liabilities					
Mortgage loans	7,217	0	-606	2,067	**8,678**
Financial leases	3,494	0	-472	1,597	**4,619**
Other credit institutions	371	0	92	0	**463**
Loans from investor	1,356	14,503	-174	-11,578	**4,107**
CASH FLOW FROM FINANCIAL ITEMS 31 DECEMBER 2019	**132,007**	**15,693**	**-13,245**	**32,166**	**166,621**

Non-cash changes in 2020 are primarily explained by acquired solar parks, which amount to EUR 56,600k and conversion of debt, which amounts to a negative EUR 17,044k.

18. FINANCIAL INSTRUMENTS

All figures are in EUR '000

FINANCIAL RISK FACTORS

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

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

MARKET RISK

Price risk

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

Sensitivity analysis

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

	Impact on pre tax profit	Impact on other components of equity
Change in market-based electricity prices by 25 %.	+/- 271	0

All other variables are held constant.

INTEREST RATE RISK

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

The majority of external loans within the Group are either fixed-interest loans or loans where the variable interest rate is converted to a fixed interest rate via SWAPs. Loans of EUR 16,236k are with variable interest rates and are without a corresponding swap agreement. The impact on pre-tax profit in case of a 1% change in the interest rate level is +/- EUR 82k.

CREDIT RISKS

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. The local entities have very low risk on accounts receivable since most revenue is generated from government subsidies.

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

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

LIQUIDITY RISK

Cash flow forecasting is performed on Group level by Management. Management monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times to ensure that the Group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans and covenant compliance. The Group has undrawn borrowing facilities of EUR 750k that are available for future operating activities and for settling capital commitments, and it has EUR 2,013k reserved for buying own shares to secure the shares' liquidity.

Restricted cash

The cash and cash equivalents disclosed above and in the statement of cash flows include EUR 10,768k which is placed in restricted reserve accounts.

FOREIGN EXCHANGE RISK

As a consequence of the Group's structure, most net sales, expenditure and loan repayments in foreign currencies are set off against each other, which means that the Group is not exposed to major exchange rate risks. Consequently, the Group treasury's risk management policy is not to hedge foreign exchange rate risks. Each investment will, however, be evaluated individually.

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

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

	Impact on pre tax profit	Impact on other components of equity
10% change in exchange rates EUR/GBP	+/- 25	-/+ 21
10% change in exchange rates EUR/PLN	+/- 37	+/- 21

All other variables are held constant.

FINANCIAL INSTRUMENTS (CONTINUED)

MATURITY ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES

The table below allocates the Group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest.

All figures are in EUR '000

2020	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	1,287	0	0	1,287
Other receivables	6,121	0	0	6,121
Cash	33,791	0	0	33,791
Financial assets at amortised cost	**41,199**	**0**	**0**	**41,199**
Mortgage loans	14,912	54,458	114,537	183,907
Lease liabilities	6,656	27,480	26,456	60,592
Other credit institutions	1,151	4,488	7,606	13,245
Trade payables	1,288	0	0	1,288
Loans from investors	2,862	0	0	2,862
Other payables	2,253	0	0	2,253
Financial liabilities at amortised cost	**29,122**	**86,426**	**148,599**	**264,147**
Interest rate swaps	673	1,869	21,969	24,511
Fair value through other comprehensive income	**673**	**1,869**	**21,969**	**24,511**
31 DECEMBER	**29,795**	**88,295**	**170,568**	**288,658**

2019	Less than 1 year	1-5 years	Above 5 years	Total carrying amounts
Trade receivables	914	0	0	914
Other receivables	4,356	0	0	4,356
Cash	23,389	0	0	23,389
Financial assets at amortised cost	**33,174**	**0**	**0**	**33,174**
Mortgage loans	11,611	40,532	71,075	123,218
Lease liabilities	6,672	27,590	34,399	68,661
Other credit institutions	759	3,156	7,017	10,932
Trade payables	1,585	0	0	1,585
Loans from investors	4,413	0	0	4,413
Other payables	961	0	0	961
Financial liabilities at amortised cost	**26,001**	**71,278**	**112,491**	**209,770**
Interest rate swaps	390	1,692	2,992	5,074
Fair value through other comprehensive income	**390**	**1,692**	**2,992**	**5,074**
31 DECEMBER	**26,391**	**72,970**	**115,483**	**214,844**

FINANCIAL INSTRUMENTS (CONTINUED)

DERIVATIVE FINANCIAL INSTRUMENTS
As part of the Group risk management, derivatives are used for hedging purposes in order to reduce the Group's exposure to market risks.
The Group has entered into interest rate swap on borrowings, from a floating interest rate to a fixed interest rate.

Measurement of the fair value of financial instruments is categorised as Level 2 in the fair value hierarchy, as measurement is based on observable yield curves, as informed by the credit institutions in the Mark-to-Market statement.

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

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

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

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

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within financial expenses.

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

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

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

19. RELATED PARTIES
All figures are in EUR '000

	2020	2019
Transactions with board members		
Interests costs	4	16
Debt	0	268
Repayment of debt	268	0
Transactions with Nordic Solar Management A/S		
Other external expenses	10,499	1,180
Capitalised costs	8,874	954
Equity – capital increase costs	4,094	453
	23,467	**2,587**

The Group has entered into a corporate management agreement with NSM for the day-to-day management and operation of the Group. As part of the management agreement, NSM provides a managing director to the Group.

The managing director does not receive salary from the Group.

'Key management remuneration' is disclosed in note 5.

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

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

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

Accounting policies
The fair value of the equity-settled warrant programme is measured at the time of grant and is recognised in the income statement as other external costs and staff costs over the period until the final right to warrants is earned. The offsetting item is recognised directly in equity. The fair value of the options granted is estimated on the basis of the Black & Scholes model. The estimate takes into account the terms and conditions applicable to the grant of warrants and Management's expectations of the development in the elements on which the valuation model is based.

	Average exercise price, EUR	Number
Specification of outstanding warrants		
Outstanding 1 January 2020	14,32	576,226
Granted during the year	19,23	112,546
Outstanding 31 December 2020		**688,772**

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

In 2020, costs relating to the warrant programme were recognised by EUR 322kK (2019: EUR 116k).

	2020
Assumptions	
Share price ranges (EUR)	15.13
Expected lifetime (years)	2.26
Volatility	25.0%
Risk-free interest rate	-0.61%

21. EVENTS AFTER THE REPORTING DATE
No significant events of importance to the consolidated financial statements have occurred after the reporting date.

22. GROUP COMPANIES

	Place of registered office	Votes and ownership
Directly owned subsidiaries		
NSE Flandern ApS	Gentofte, Denmark	100%
NSE France SAS	Paris, France	100%
NSE Italy s.r.l.	Florence, Italy	100%
JupiterManeuver - SGPS, S.A.	Lisbon, Portugal	100%
Orka Holding BVBA	Londerzeel, Belgien	100%
Chatteris Investment Sp. z.o.o.	Warsaw, Poland	100%
Groupement Solaire Cestas 6 SAS	Paris, France	80%
Polish Solar North Sp. z.o.o.	Gdansk, Poland	100%
NSE GP ApS	Gentofte, Denmark	100%
NS Energy I ApS	Gentofte, Denmark	100%
K/S NSE Nees	Gentofte, Denmark	100%
K/S NSE Vollerup I	Gentofte, Denmark	100%
K/S NSE Vollerup II	Gentofte, Denmark	100%
ESF Spanien 0424 GmbH	Breklum, Germany	100%
Solarpark Zerre V BV & Co. KG	Husum, Germany	100%
Polar Beteiligungs GmbH	Saarnrücken, Germany	100%
Indirectly owned subsidiaries		
SEnS Solar BV	Nijmegen, Nederlands	100%
SEnS Solar Belgie BVBA	Gent, Belgium	100%
SEnS Solar Belgie II BVBA	Gent, Belgium	100%
Folly Farm Solar Park Limited	London, England	75%
Parc Solaire De Montmayon SAS	Paris, France	100%
Sella BG SRL	Bolzano, Italy	100%
NSE Pellegrino SRL	Florence, Italy	100%
NSE Chignolo Po SRL	Florence, Italy	100%
Ikarus PV 1 SRL	Bolzano, Italy	100%

GROUP COMPANIES (CONTINUED)

Ikarus PV 2 SRL	Bolzano, Italy	100%
Ikarus PV 4 SRL	Bolzano, Italy	100%
Ikarus PV 6 SRL	Bolzano, Italy	100%
Ikarus PV 7 SRL	Bolzano, Italy	100%
Sunfield 04 SRL	Bolzano, Italy	100%
Sunfield 09 SRL	Bolzano, Italy	100%
Sunfield 13 SRL	Bolzano, Italy	100%
LRCC – LA RAD CAMPO CHARRO – Energias Renováveis, S.A.	Lisbon, Portugal	100%
Orka NV	Londerzeel, Belgium	100%
Orka Boom NV	Londerzeel, Belgium	100%
Orka Brussel NV	Londerzeel, Belgium	100%
Orka Blauve Toren NV	Londerzeel, Belgium	100%
Orka Eindhout NV	Londerzeel, Belgium	100%
Orka Harelbeke NV	Londerzeel, Belgium	100%
Orka Kontich NV	Londerzeel, Belgium	100%
Orka Lummen NV	Londerzeel, Belgium	100%
Orka Puurs NV	Londerzeel, Belgium	100%
Orka Zellik NV	Londerzeel, Belgium	100%
Centrale Solaire Constantin 18 SAS	Paris, France	80%
Centrale Solaire Constantin 19 SAS	Paris, France	80%
PV Polska III Sp. Z.o.o.	Gdansk, Poland	100%
ESF Spanien 0424 GmbH	Husum, Germany	100%
Herrera Solar Fotovoltaica num. 29, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 30, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 31, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 32, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 33, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 34, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 35, S.L.U	Denia, Spain	100%
Herrera Solar Fotovoltaica num. 38, S.L.U	Denia, Spain	100%

GROUP COMPANIES (CONTINUED)

Sun Invest Iberia Cuatenta y Tres, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Cuatro, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Cinco, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Seis, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Siete, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Ocho, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cuatenta y Nueve, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Uno, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Dos, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Tres, S.L.U	Denia, Spain	100%
Sun Invest Iberia Cincuenta y Cuatro, S.L.U	Denia, Spain	100%
NS Energy Spain SL	Denia, Spain	100%
Rixiraba Energía Solar SL	Denia, Spain	89.95%
Solar Polska New Energy Trzecia sp. Z o.o	Szczecin, Poland	100%
Solar Polska New Energy 17 Sp. z.o.o	Szczecin, Poland	100%
Solar Polska New Energy 18 Sp. z.o.o	Szczecin, Poland	100%
Solar Polska New Energy 19 Sp. z.o.o	Szczecin, Poland	100%
Solar Polska New Energy 21 Sp. z.o.o	Szczecin, Poland	100%
Solar Polska New Energy 22 Sp. z.o.o	Szczecin, Poland	100%

The legal group structure is presented on page 72-73.

Parent company financial statements

INCOME STATEMENT

All figures are in EUR '000

	Note	2020	2019
Other operating income		998	822
Other external costs		-1,941	-1,472
Gross profit/loss		**-943**	**-650**
Staff costs	2	-134	-159
Profit/loss before financial income and expenses		**-1,077**	**-809**
Income/loss from investments in subsidiaries	3	-305	1,691
Income from investments in associates	4	0	36
Financial income	5	1,988	1,798
Financial expenses	6	-653	-548
Profit/loss before tax		**-47**	**2,168**
Income taxes		-19	-168
NET PROFIT/LOSS FOR THE YEAR		**-66**	**2,000**

	2020	2019
PROPOSED PROFIT DISTRIBUTION		
Proposed dividend for the year	5,158	4,774
Retained earnings	-5,224	-2,774
NET PROFIT/LOSS FOR THE YEAR	**-66**	**2,000**

BALANCE SHEET 31 DECEMBER

All figures are in EUR '000

	Note	2020	2019
ASSETS			
Investments in subsidiaries	7	46,006	38,039
Receivables from subsidiaries	8	42,196	44,794
Other fixed asset investments	8	29	29
Non-current assets		**88,231**	**82,862**
Receivables from subsidiaries		3,687	3,127
Prepayments		236	152
Receivables		**3,923**	**3,279**
Cash		**8,195**	**1,905**
Current assets		**12,118**	**5,184**
TOTAL ASSETS		**100,349**	**88,046**

All figures are in EUR '000

	Note	2020	2019
EQUITY AND LIABILITIES			
Share capital	9	23,113	19,336
Reserve for exchange rate adjustments		-600	127
Retained earnings		57,555	50,119
Proposed dividend for the year		5,158	4,774
Equity		**85,226**	**74,356**
Other credit institutions		9,902	8,411
Deferred tax liabilities		40	40
Non-current liabilities		**9,942**	**8,451**
Other credit institutions		738	463
Shareholder loans		2,752	4,107
Trade payables		240	221
Corporation tax		0	128
Other payables		1,451	320
Current liabilities		**5,181**	**5,239**
Total liabilities		**15,123**	**13,690**
TOTAL EQUITY AND LIABILITIES		**100,349**	**88,046**

STATEMENT OF CHANGES IN EQUITY

All figures are in EUR '000

	Note	Share capital	Reserve for exchange rate adjust-ments	Retained earnings	Proposed dividend	Total
Equity 1 January 2020		**19,336**	**127**	**50,119**	**4,774**	**74,356**
Cash capital increases including related costs		3,777	0	13,007	0	**16,784**
Dividend paid		0	0	8	-4,774	**-4,766**
Dividend received from own shares		0	0	54	0	**54**
Acquisition of own shares	11	0	0	-1,698	0	**-1,698**
Sale of own shares	11	0	0	1,794	0	**1,794**
Adjustment of share-based remuneration		0	0	322	0	**322**
Equity transactions in subsidiaries		0	-727	-827	0	**-1,554**
Net profit/loss for the year		0	0	-5,224	5,158	**-66**
EQUITY 31 DECEMBER 2020		**23,113**	**-600**	**57,555**	**5,158**	**85,226**

Notes to the parent company financial statements

1. ACCOUNTING POLICIES

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

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

Unless otherwise indicated, the annual report for 2020 is presented in EUR thousands (EURk / EUR '000).

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

Foreign currency translation

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

Investments

The parent company measures investments in subsidiaries and associates at net asset value. If there is any indication that a company's value is lower than the future earnings of the company, an impairment test is performed of the company as described in the consolidated financial statements. If the carrying amount exceeds the future earnings of the company (recoverable amount), the investment is written down to this lower value.

Investments in subsidiaries and associates with a negative net asset value are measured at EUR 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

2. STAFF COSTS

All figures are in EUR '000

	2020	2019
Fee to Board of Directors	81	81
Share-based payment	53	78
	134	**159**
Average number of employees (consists of the company's Executive Management)	1	1

3. INCOME/LOSS FROM INVESTMENTS IN SUBSIDARIES

All figures are in EUR '000

	2020	2019
Share of profit in subsidiaries	2,666	3,717
Share of loss in subsidiaries	-1,942	-1,187
Depreciation of revaluations	-1,029	-839
	-305	**1,691**

4. INCOME FROM INVESTMENTS IN ASSOCIATES

All figures are in EUR '000

	2020	2019
Share of profit in associates	0	35
Depreciation of revaluations	0	1
	0	**36**

5. FINANCIAL INCOME

All figures are in EUR '000

	2020	2019
Interest income from subsidiaries	1,951	1,716
Interest income from associates	0	11
Other financial income	37	71
	1,988	**1,798**

6. FINANCIAL EXPENSES

All figures are in EUR '000

	2020	2019
Interest costs	455	524
Exchange rate adjustments	192	19
Other financial expenses	6	5
	653	**548**

7. INVESTMENTS IN SUBSIDIARIES

All figures are in EUR '000

	2020	2019
Cost 1 January	37,743	35,055
Additions for the year	7,935	7,713
Disposals for the year	0	-5,781
Transferred from investments in associates	0	756
Cost 31 December	**45,678**	**37,743**
Revaluations 1 January	-4,195	-3,241
Exchange rate adjustment	-196	155
Net profit/loss for the year	724	2,529
Dividend to the parent company	-783	-2,757
Fair value adjustment of hedging instruments	-827	-854
Depreciation of revaluations	-1,029	-839
Transferred from investments in associates	0	812
Revaluations 31 December	**-6,306**	**-4,195**
Equity investments with negative net asset value amortised over receivables	6,634	4,491
CARRYING AMOUNT 31 DECEMBER	**46,006**	**38,039**

Overview of investments in subsidiaries is presented in note 22 to the consolidated financial statements.

8. FIXED ASSET INVESTMENTS
All figures are in EUR '000

	Receivables from subsidiaries	Other fixed asset investments
Cost 1 January 2020	49,285	27
Additions/disposals for the year	-455	0
Cost 31 December 2020	48,830	27
Revaluations 1 January 2020	-4,491	2
Revaluations for the year	-2,143	0
Revaluations 31 December 2020	-6,634	2
CARRYING AMOUNT 31 DECEMBER 2020	42,196	29

9. SHARE CAPITAL
All figures are in EUR '000

	2020	2019
Changes in share capital:		
Share capital 1 January	19,336	16,614
Additions for the year	3,777	2,722
SHARE CAPITAL 31 DECEMBER	23,113	19,336
Cost on capital increases	260	301

The share capital consists of 6,887,694 shares of a nominal value of DKK 25 of which 891,153 shares only carry rights to dividend for the financial year 2020 if the dividend exceeds EUR 0.44 (DKK 3.25) per share and then only for the excess amount.

Apart from this, no shares carry any special rights.

The total capital increase, including premiums and costs, amounts to EUR 17,044k.

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

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

The parent company has issued a letter of financial support to the subsidiaries NSE Flandern ApS and Folly Farm Solar Park Limited which covers the period until May 2022.

The company has provided a loan to the subsidiary ESF Spain 0424 GmbH of EUR 2,099k including accumulated interest. The loan was provided in relation to the company's acquisition of shares in the associate. The principal minus repayments respects the associated company's debt to the bank HSH Nordbank AG of EUR 4,028k.

The company's loan to NSE Flandern group of EUR 12,864k including accumulated interest is subordinated to NSE Flandern's loan in Triodos Bank and KBC bank of EUR 19,028k.

The company's loan to the subsidiary NSE France SAS of EUR 371k including accumulated interest is subordinated to NSE Frances SAS's loan in Natixis of EUR 9,348k.

The company's loan to the subsidiary Chatteris Investments SP Z. O O. of EUR 1,146k including accumulated interest is subordinated to Chatteris's loan in mBank of EUR 4,565k.

The company's loan to the subsidiary Jupiter Manuver SPGS, S.A. of EUR 2,711k including accumulated interest is subordinated to LRRC, S. A's and Jupiter Manuver SPGS, S.A's loan in Banco BPI of EUR 2,112k.

The company's loan to the subsidiary Orka Holding BVBA of EUR 2,199k including accumulated interest is subordinated to Orka Holding's loans in KBC bank, Triodos, BNP Paribas, Belfius and ING bank of EUR 21,385k.

The company's loan to the Group NSE Italy of EUR 1,155k including accumulated interest is subordinated to NSE Italy's loans in Intesa Sanpaolo, Iccrea Banca and UniCredit of EUR 25,268k.

The company's loan to the Group NS Energy I of EUR 19,536k including accumulated interest is subordinated to NS Energy I's loan in Banco Sabadell of EUR 57,001k.

The company's loan to the Group Polish Solar North of EUR 3,882k including accumulated interest is subordinated to Polish Solar North's loan in mBank of EUR 4,742k.

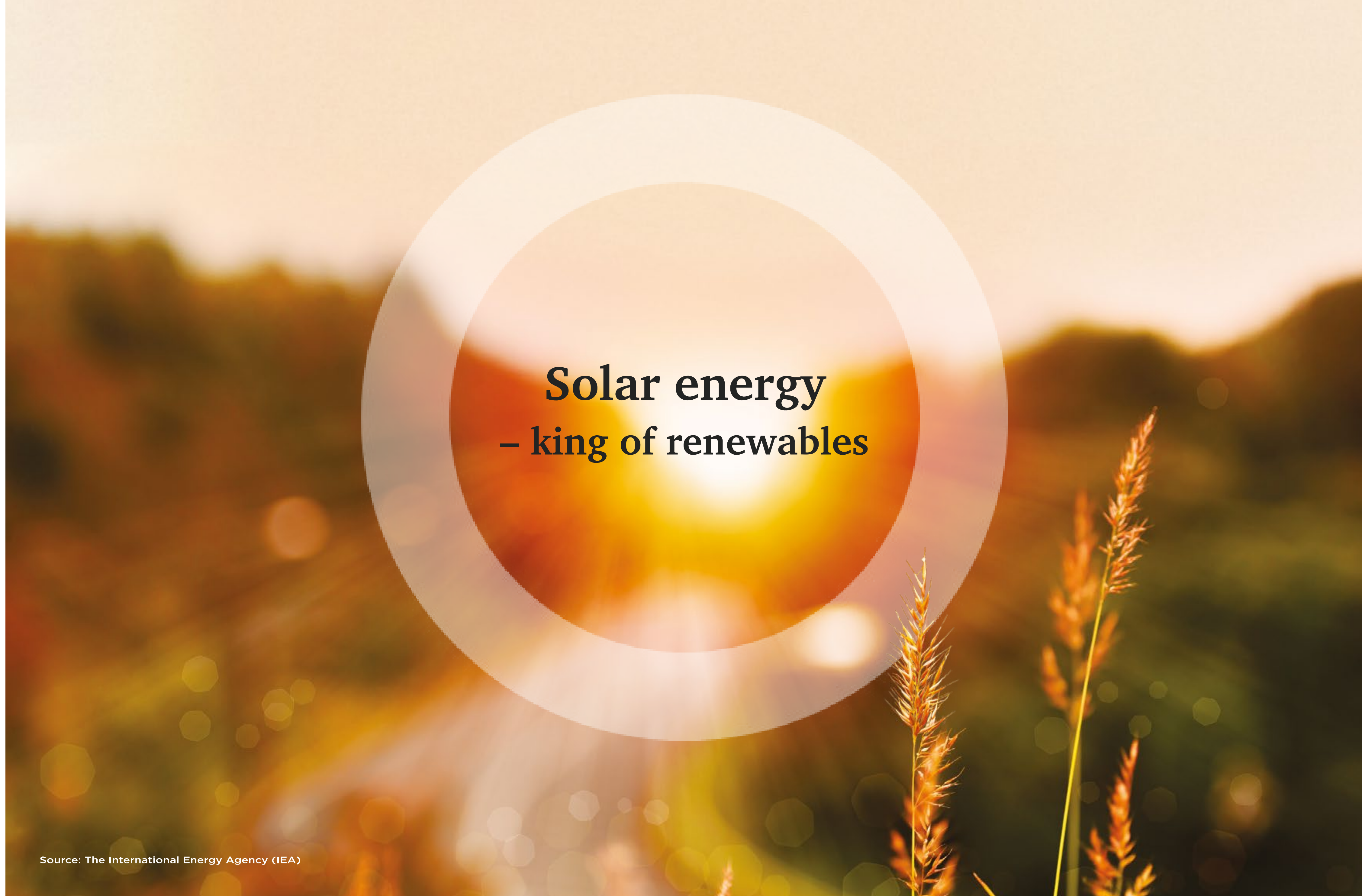
The company's loan to the Group Polar Beteiligung of EUR 2,983k including accumulated interest is subordinated to Polish Solar North's loan in mBank of EUR 2,652k.

The company's loan to the K/S NSE Nees of EUR 311k including accumulated interest is subordinated to K/S NSE Nees's loan from Vækstfonden of EUR 3,661k.

The company's loan to the K/S NSE Vollerup of EUR 1,975k including accumulated interest is subordinated to K/S NSE Vollerup's loan from Vækstfonden of EUR 12,776k.

11. OWN SHARES
It is Nordic Solar Energy's intention to secure liquidity in the shares and Nordic Solar Energy A/S has therefore in 2020 bought own shares at a value of EUR 1,698k – a total of 108,937 shares, corresponding to less than 2 % of the total number of shares.

At 31 December 2020, Nordic Solar Energy A/S owned 0 own shares.



Legal group structure

Company details

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

Financial year: 1 January to 31 December 2020
Incorporated: 8 December 2010
Domicile: Gentofte

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

EXECUTIVE MANAGEMENT
Nikolaj Holtet Hoff, Managing Director

AUDITORS
PricewaterhouseCoopers
Statsautoriseret
Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Statement by Management

The Board of Directors and the Executive Management have discussed and approved the annual report of Nordic Solar Energy A/S for the financial year 1 January 2020 to 31 December 2020.

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

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the company and the company's financial position on 31 December 2020 and of the results of its operations as well as the consolidated cash flows for the financial year 1 January 2020 to 31 December 2020.

In our opinion, Management's Review includes a fair account of the matters dealt with.

We recommend that the annual report be adopted at the annual general meeting.

Hellerup, 14 April 2021

Chapter 03

PER THRANE	FRANK SCHYBERG	CHRISTIAN SAGILD	IBEN MAI WINSLØW	MARINUS BOOGERT	NIKOLAJ HOLTET HOFF

Independent Auditor's Report

To the Shareholders of Nordic Solar Energy A/S

OPINION

In our opinion, the consolidated financial statements (pages 39-62) give a true and fair view of the group's financial position at 31 December 2020 and of the results of the group's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the parent company financial statements (pages 64-70) give a true and fair view of the parent company's financial position at 31 December 2020 and of the results of the parent company's operations for the financial year 1 January to 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the parent company financial statements of Nordic Solar Energy A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, state ment of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as statement of comprehensive income and cash flow statement for the group ('financial statements').

BASIS FOR OPINION

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

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for management's review.

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

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We also:

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

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

Hellerup, 14 April 2021.

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No. 33 77 12 31

HENRIK ØDEGAARD
State Authorised Public Accountant
mne31489

KRISTIAN PEDERSEN
State Authorised Public Accountant
mne35412

Nordic Solar
Energy A/S

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