# IMPACT THAT MATTERS

better energy

Integrated Annual Report 2022

**Better Energy Holding A/S**
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No. 31865883

**Integrated Annual Report 2022**
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Chair of the Annual General Meeting: Ho Kei Au

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# Message from the Chair

**A secure and renewable future**

2022 exposed the vulnerabilities of an energy system heavily reliant on fossil fuels. Floods affected more than 30 million people in Pakistan. European droughts impacted everything from food supply to hydropower in Norway and nuclear reactors in France, while the war in Ukraine revealed how dependency on fossil fuels can swiftly increase energy prices and cripple energy consuming industries.

As climate impacts are intensifying and felt across the globe, the need for climate action has never been more evident. We are currently on a trajectory towards a temperature rise from 2.4°C to 2.6°C by the end of this century, falling far short of the Paris target. This leaves little room for incremental changes. That time is now definitively over.

Even if we do not meet our climate targets, every fraction of a degree matters. It matters to vulnerable communities, ecosystems and industries. It matters to every one of us. On all accounts, time and speed are truly of the essence. We must scale up the necessary climate action, or risk living with the consequences for centuries to come. At the same time, we need to build renewable energy parks in the most conscientious and responsible manner. This is necessary to ensure local support, but it is also a natural part of being a good neighbour.

Together with our partners – grid operators, landowners, suppliers, municipalities, financial institutions, energy off-takers and many others – we continued to do just that throughout 2022. During the past year, we reached several milestones, such as having 1 GW of installed capacity under management. The Better Energy Group (Better Energy) business model is designed to make an impact that matters by scaling up renewable energy production and integrating local concerns and ideas when building solar parks. Thankfully, the individual competencies and dedication of the growing number of people in Better Energy ensure these aspirations are fulfilled.

On behalf of the Board of Directors, I would like to offer my sincere gratitude to all employees and management for your commitment and hard work, and to all our stakeholders for your continued support.

**Christian Motzfeldt**
Chair of the Board of Directors

# Letter from the CEO

## Scaling up efforts

We are currently in a race. A race between how fast climate change is evolving, and how quickly we can add additional renewable energy production. The surge of net zero pledges indicates that governments understand the gravity of the situation. But despite these pledges, progress remains too slow.

More than 50 years have passed since world leaders met in Sweden to draw up the Stockholm Declaration, which marked the beginning of the modern era of environmental awareness and action. We have seen progress in the ensuing period, perhaps most notably in the reduction of ozone-depleting substances. But the bottom line is that environmental challenges are still growing in number and complexity. Last year, global coal consumption reached a new record high, and we have not yet stalled the accelerating rate of species extinctions and habitat loss. We have every reason to view the situation as critical, calling for urgent action, just as we have every opportunity to form a new energy system.

It is within our power to solve both the energy crisis and the biodiversity crisis. Unfortunately, the intensity and pace of these crises do not allow us the luxury of time to deal with each challenge separately.

This is why we at Better Energy are committed to investing in the development of ever larger solar parks. To ensure that we deliver on our purpose, we have dedicated significant resources to developing new forms of community engagement, multifunctional land use and bringing new colleagues onboard. And we will continue these investments in the years to come.

Our ambitions go beyond just being a sustainable energy company. We want to have lasting regenerative effects on the environment. Sustainability and regeneration are not the same. Sustainability means the ability to sustain. But due to the damage already done to nature, sustainability is simply not enough. We must restore and regenerate what we can to ensure a future in which we all can thrive.

**Results in 2022**

This year marked several milestones for Better Energy.

We provided around a third of all renewable energy capacity on land in Denmark, where we connected 10 solar parks to the electricity grid, as well as two parks in Poland for a total capacity of 534 MW of renewable energy.

Few things are more important in our common fight against climate change than adding new and affordable renewable energy to the energy mix – which is exactly what our power purchase agreement (PPA) partners made possible by demanding additional renewable energy. The corporate demand for renewable electricity and our close PPA partnerships brought new solar parks to the grid. At year end, Better Energy had signed PPAs with 20% of the companies on the OMX Copenhagen 25 Index (the 25 largest and most traded shares on NASDAQ Copenhagen in Denmark).

Through our power purchase agreement (PPA) partnerships, we worked to deliver additional renewable energy to the grid. We continued to enter PPAs with leading companies, such as Carlsberg and Coloplast. We pioneered a new PPA solution where multiple companies can offtake green energy from the same solar park through separate corporate PPAs directly with Better Energy. This solution means that it is no longer only very large energy consumers who are able to demand new and additional renewable energy. We entered the Finnish market and have already developed a strong pipeline of projects in the country.

Better Energy does not merely want to take responsibility for providing additional green energy. We want to go above and beyond the standards of the industry. We take full responsibility for the land we use and seek to improve the environmental quality of our parks. As we increase the number of solar parks, we also improve our capacity to do good on the land we manage. To further increase our impact, we concluded a framework agreement in June with the Danish Society of Nature Conservation. The agreement defines guidelines for how renewable energy projects on land should include environmental considerations and ensure that neighbours are involved early. Through our approach, we were able to secure a pipeline of around 10 GW by the end of 2022.

We welcomed 116 new employees, including our first Better Energy employee in Finland, to almost double our organisation. We opened new office facilities in The Spire in Warsaw, Poland, and greatly expanded our Danish offices in Copenhagen and Sønderborg as well as in Malmö, Sweden.

We further integrated the Future-Fit Business Benchmark into our organisational structure. The Sustainability & Regeneration team joined our Operations department to bring them closer to projects and decisions to ensure full Future-Fit implementation in our integrated value chain. Future-Fit enables us to define the world we want and helps us identify the steps we need to take to create it. We can increase the pace of progress by imagining better ways of doing things and by mobilising the resources needed to make them happen. Future-Fit helps us facilitate this process.

During 2022, we also increased our revenue to DKK 2,864 million and achieved an operating profit of DKK 406 million.

In 2022, we successfully concluded our Impact I partnership with Industriens Pension, a labour market pension scheme for industrial employees, which now includes investments in, and ownership of 21 solar parks with an investment value of around EUR 630 million and a production capacity of around 1 GW.

We also entered an additional partnership, Impact II with Industriens Pension for a total construction sum of EUR 800 million.

In December 2022, we welcomed the largest pension fund in Denmark, ATP as a minority investor in Better Energy. We are excited to have them and their 5.5 million members as co-owners of Better Energy and our solar parks.

## Looking ahead

Through our integrated value chain, we are well positioned to scale up additional renewable energy capacity and restore nature. Nearly all kinds of energy production take up space and must be integrated in the environment and local communities. We truly believe that we will only succeed in scaling renewable energy production if we can ensure local support and acceptance.

A central tenet in our philosophy is additionality. We need to do more than maintain current levels of renewable energy and biodiversity. Our power purchase agreements (PPAs) not only ensure new and additional renewable energy without government subsidies. They also allow us to scale our ability to protect and restore natural habitats and bring value to local communities.

In previous years, we demonstrated that subsidy-free solar energy was possible in Northern Europe, and we have finalised our journey from being a project developer constructing solar parks to becoming an independent power producer. If we are to engineer a sustainable future, we must focus on larger solar parks with a strategic approach in local regions and municipalities. That means we will need to develop new partnerships and find new ways of integrating renewable electricity into the energy system.

To reach these targets and increase our impact, we must scale our organisation. Investing in our people will be a top priority in the coming year. Our success depends on people who can drive innovation and change, and bring their unique talent to the table, while working together as a team. Our people are the foundation of everything we have achieved so far, and they are the foundation for everything we will achieve in the coming years.

## We are purpose driven

From day one, we have had a clear idea of where we want to go. Better Energy was founded on a commitment to lead the way in the energy transition and find solutions that benefit people and our planet. Our transformation from a project developer to an independent power producer – along with the capacity to build large solar parks – has been a part of staying true to our purpose.

Staying true to our word is also our reason for integrating the Future-Fit Business Benchmark into our business. The motivation behind this decision is to ensure and measure our success in creating value for all stakeholders, including employees, customers, communities and the environment. Our ultimate goal with this methodology is to eliminate any negative impacts and maximise our influence as a force for positive change.

We have reached significant milestones together during the past year. This is a direct result of the dedication and hard work of all employees. Thank you to the entire Better Energy team. I am so proud to be part of this fantastic organisation. Our teamwork is key to delivering on our mission, and every day I am reminded that we are more than the sum of our parts.

Together, we make an impact that matters!

**Rasmus Lildholdt Kjær**
Chief Executive Officer

# Our business

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# Impact that matters

### PURPOSE

Better Energy was founded to accelerate the transition to renewable energy sources.

Our vision is to improve people's lives by producing affordable renewable energy while benefitting ecosystems and boosting biodiversity.

### WHAT WE DO

Better Energy is a renewable energy company that builds additional green energy capacity.

We develop, build, own and operate solar parks that generate clean electricity. Individual businesses can purchase clean power directly from Better Energy through power purchase agreements (PPAs).


**Development**
- Market research & analysis
- Land acquisition or leasing
- Licences, permits & approvals
- Yield & production assessment
- Business & financial structuring

**Construction**
- Technical design & systems
- Manufacturing & procurement
- Logistics & supply management
- Construction management
- Grid connection & commissioning

**Operation**
- Commercial management
- Operations & maintenance
- Power sales & balancing
- Stakeholder management
- Controlling & reporting

### Framework: Manifesto and Code of Conduct

Our approach to management and day-to-day business operations are guided by our Manifesto and Code of Conduct, as well as our commitment to becoming Future-Fit. Our Manifesto describes our vision, mission, strategy, guiding principles and values. This manifesto forms the foundation of our business and the basis for proper conduct and respect for all individuals. Our Code of Conduct builds on these ideas and values. It outlines a framework of policy statements and standards to ensure consistency across our business. Our Code of Conduct is integrated into the way we work internally and with consultants, suppliers, partners and any other third parties acting on behalf of our company.

## OUR VALUES

Our values make us who we are.

They are what holds us together and drives us forward. They are the principles that attract the right people, guide our actions and help us reach our goals – and they set the tone for the relationships we develop with our business partners.

In 2022, we reduced our former eight values to four to make them easier to recall and act upon in our daily tasks and ways of working. They influence our decision making as well as our energy and drive – individually and as a whole.

### Commitment

is about dedication and giving our best efforts each and every day. Our commitment is what it takes to overcome all the challenges on our way.

### Integrity

is about doing what is right, not what is easy, and holding ourselves accountable for our actions. Our integrity guides the decisions we make.

### Teamwork

is what turns brilliant and talented people into an excellent company. We are more than the sum of our parts. Our teamwork is the key to delivering on our mission.

### Energy

is about pioneering new energy solutions and being brave enough to challenge the status quo. Our energy is what drives us and gives us the stamina to make a sustainable future possible.



# Stakeholder platform

Delivering large-scale solar parks in a subsidy-free environment requires detailed knowledge and dedicated partners.

We have identified six essential areas that underpin our ability to deliver impact:

- **Land**
- **Technology**
- **Grid**
- **Capital**
- **Energy**
- **People**

To ensure effective operations and accelerate the large-scale transformation of our energy system, we form partnerships and positive relationships with our stakeholders in all these key areas.

**LAND**

### Landowners and local communities
Securing local support is fundamental to solar park project development. To address local concerns and secure local support, we set up community meetings and 1-to-1 meetings with neighbours early in each project. We do our utmost to share information, address concerns and accommodate local ideas wherever possible. Genuine interest in protecting soil and groundwater, improving biodiversity and including neighbours in an honest and transparent process from start to finish help us achieve local support.

**TECH**

### Technology leaders
Our solar system engineering and design is the result of several years of experience combined with continual development and optimisation. Partnerships and good relationships with key suppliers in the industry ensure high quality, delivery security, access to capacity and the latest technologies.

**GRID**

### Grid owners
Cooperation with local utilities and grid operators is critical to successfully scaling green energy supply as it allows us to make long-term plans, as well as realistic resource evaluations and timing, to ensure grid connection for our solar parks. Our in-house technical specialists enable us to anticipate and respond to each project's specific grid requirements, which is central to optimising use of grid capacity.

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**CAPITAL**

### Financial institutions
As we scale up operations and grow as an independent power producer, we are always looking to optimise our capital structure. Corporate debt, equity and project finance are important to executing our corporate strategy. We have a clearly defined development roadmap, and we closely align business, financial and investor plans to optimise returns and fund our growth.

**ENERGY**

### Energy partners
After decades of being supported by governments, a significant part of the green transition will soon be entirely driven by market demand alone – either through the merchant market or through power purchase agreements (PPAs). Going forward, our ability to sell new green energy to companies and large consumers will drive the green transition. That is why we work closely with many different energy consumers to ensure new green energy is added to the grid.

**PEOPLE**

### People
Real progress depends on real people. Better Energy is a group of talented, dedicated, mission-driven individuals who are keen to accelerate the green transition. A sustainable future can only be realised if dedicated people in government, municipalities, local communities, companies, financial institutions and NGOs work together. We all have a responsibility to avert global warming, and we prioritise partners who share our vision.

# Case studies

## Four Better Energy solar parks now supply green power to TDC NET.

In late summer 2021, TDC NET entered into a power purchase agreement (PPA) with Better Energy. The PPA ensured the establishment of four new solar parks, two on the island of Funen and two in Jutland.

All four parks became fully operational in 2022. They now produce green power, increasing the total amount of renewable energy in Denmark.

BOOSTING AND RESTORING NATURE

# Bjerndrup

The largest of the four parks is located at Bjerndrup in Aabenraa Municipality in southern Denmark and delivers 76 GWh annually.

This corresponds to the average annual electricity consumption of around 47,500 Danes.

The park is an example of two important, but also very different, ways in which green energy can be deployed in symbiosis with nature.

One way is to boost new nature. Initiatives such as a forest edge and flower strip are implemented to help increase biodiversity while visually shielding the park. In addition, the park is grazed by sheep, and the site is kept free from pesticides and fertilisers.

The second way is about preserving, protecting and helping existing nature to thrive. The Bjerndrup site is home to a rare type of bog that consists of moss and floating plant cover. The area of around 6,000 m$^2$ is fenced to protect the vulnerable and rare vegetation from grazing sheep. Additionally, a number of trees and shrubs may eventually threaten the special character of the bog. In close dialogue with Aabenraa Municipality, Better Energy has been given permission to remove the trees to preserve and improve the area's special nature. We also established settlements for local bird and bat species.

Bjerndrup is an excellent example of how we approach the development and operation of our solar parks, taking full responsibility for the land under our management and for the local area and park surroundings.

The energy produced in Bjerndrup is transported 10 km to the Ensted Power Station at Aabenraa Fjord. Thanks to a smooth and solution-oriented partnership with N1, the grid operator, we were allowed to lay a cable, paving the way for a much faster connection. This model could serve as inspiration in other projects in relation to both distribution and transmission grids.

**PROTECTING GROUNDWATER**

# Svendborg Øst

The Svendborg Øst solar park on the island of Funen has an output of 33 GWh, corresponding to the annual electricity consumption of approximately 20,500 Danes.

In this landmark project, large parts of the solar park are located in areas with special groundwater interests. The park not only produces green electricity, but also protects the quality of the drinking water produced here, as the site is kept free from fertilisers and pesticides.

Svendborg Municipality has led the way in its planning efforts, emphasising the importance and added community value of a multifunctional solar park that also protects the groundwater.

When Svendborg Mayor Bo Hansen spoke at the inauguration of the park in March 2022, he thanked all parties involved for a well-executed process from farm field to solar park. The inauguration event was attended by TDC NET; the grid operator, Vores Elnet; the Danish Society for Nature Conservation; Christian and Carl Johan-Ahlefeldt, the landowners from Hvidkilde Estate; and additional representatives from Svendborg Municipality.

“

You have managed to succeed with something which unfortunately is often a barrier to the development of sustainable energy. Through your dialogue and communication with neighbours and stakeholders, you have managed to create a public understanding of why the park is placed in this specific location. You deserve a lot of credit for this, and you have my genuine respect.

Bo Hansen, Svendborg Mayor

### Greening the grid

Better Energy and TDC NET share the vision of making the grid greener. When companies add the same amount of energy to the market where they consume it, this is true additionality.

“At TDC NET, we are proud of adding renewable electricity to the Danish grid. We take climate action very seriously and aim to inspire others to accelerate the green transition, while respecting nature and the surrounding communities. I believe our collaboration with Better Energy, municipalities and local forces is a great example of exactly that.”

Michel Jumeau, CEO of TDC NET

# Key figures

**115**
Established power plants

**4**
Active markets

**2,864 DKK million**
Revenue

**1,305 MW**
Established solar capacity

**4**
Office locations

**514 DKK million**
Gross profit

**10 GW**
Project pipeline

**264**
Employees, end of the year

**1,047 DKK million**
Equity

# Financial highlights

| Key figures DKK '000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Income statement** | | | | | |
| Revenue | 2,864,171 | 1,550,540 | 1,066,053 | 527,545 | 424,422 |
| Gross profit | 513,673 | 212,062 | 192,220 | 36,730 | 118,282 |
| EBITDA | 415,427 | 166,521 | 162,544 | 20,698 | 103,619 |
| Operating profit | 406,090 | 157,448 | 149,229 | 15,756 | 101,439 |
| Income from investments in associates | -222,473 | -109,246 | -102,504 | 9,862 | -16,347 |
| Net financials | -27,316 | -8,129 | -15,010 | -3,280 | -1,654 |
| Profit for the year | 123,479 | 32,495 | 19,694 | 20,697 | 64,972 |
| **Balance sheet** | | | | | |
| Balance sheet total | 2,943,531 | 1,898,475 | 884,063 | 884,848 | 365,524 |
| Inventory | 276,105 | 281,635 | 337,590 | 216,674 | 31,246 |
| Equity | 1,047,042 | 378,532 | 381,865 | 370,493 | 128,126 |
| **Ratios** | | | | | |
| Gross profit margin | 18% | 14% | 18% | 7% | 28% |
| EBITDA margin | 15% | 11% | 15% | 4% | 24% |
| Profit margin | 4% | 2% | 2% | 4% | 15% |
| Return on equity | 17% | 9% | 5% | 8% | 60% |
| Solvency ratio | 36% | 20% | 43% | 42% | 35% |

Financial highlights are defined and calculated in accordance with the current version of ‘Recommendations & Ratios’ issued by CFA Society Denmark.
For definitions of financial ratios please see the Financial highlights section in the Basis of preparation.

# Performance & outlook

Activities in 2022

Financial performance

Financial outlook

# Activities in 2022

## Overview

In 2022, solar power soared. In Europe, installed production capacity grew by almost 50% compared to 2021. Fortunately, this increase in power capacity helped alleviate some of the negative impacts from high gas prices. From May to August, solar power potentially saved European consumers up to EUR 29 billion by reducing gas imports, according to global energy think tank, Ember.

In Better Energy, we reached several milestones. We grid connected 11 large-scale solar parks, including the first two large-scale solar parks in Poland, totalling 534 MW of subsidy-free renewable electricity.

Through our power purchase agreement (PPA) partnerships, we worked to deliver additional renewable energy to the grid. We continued to enter PPAs with leading companies, such as Carlsberg and Coloplast. We pioneered a new PPA solution where multiple companies can offtake green energy from the same solar park through separate corporate PPAs directly with Better Energy. This solution means that it is no longer only very large energy consumers who are able to demand new and additional renewable energy.

We strengthened and expanded Impact I, our first partnership with Industriens Pension, a labour market pension scheme for industrial employees. In 2022, we successfully concluded Impact I, which now includes investments in, and ownership of, 21 solar parks with an investment value of around EUR 630 million and a production capacity of around 1 GW. In December, we entered an additional partnership with Industriens Pension for a total investment value of EUR 800 million in the Better Energy Impact II partnership.

We established our presence in Finland, building a promising pipeline of more than 2 GW of projects in the country. At the same time, we built up our pipeline of development projects to around 10 GW, ensuring a steady flow of diversified projects for years to come and allowing even more companies to play a larger role in the green transition.

During 2022, we reached a significant milestone with more than 1 GW of installed capacity under management. At the end of the year, ATP, the largest pension fund in Denmark, became a minority investor in Better Energy. This will improve our ability to scale our power production capacity and deliver green energy to even more companies and electricity consumers.

During the year, more than a hundred new colleagues joined us, bringing us to a total of more than 260 Better Energy employees at year end.

Despite global supply chain disruptions, our fully integrated value chain continued to deliver solid results and our structured industrial approach to large-scale deployment proved robust.

## Denmark

Better Energy made significant contributions to the green transition in Denmark in 2022. We added 10 solar parks to the Danish electricity grid for a total capacity of 477 MW. Next to our office in Sønderborg, we built an EV charging station and grid connected our R&D park, Tribe. We further expanded the number of companies adding new renewable energy to the electricity grid through PPAs.

As our production capacity increases, so does our ability to regenerate the natural environment and counter threats from habitat loss, pollution, unsustainable use of land and climate change. To set new industry standards, we published a set of guidelines together with the Danish Society for Nature Conservation, focusing on how to regenerate biodiversity and open up access to nature for neighbours when establishing renewable energy parks on land.

In 2022, the following businesses entered agreements that will add new green energy to the electricity grid through PPAs:

**ARLA***
**CARLSBERG**
**COLOPLAST**
**DSB EJENDOMME**
**FORENINGEN BANKDATA**
**JN DATA**
**NETCOMPANY**
**NH COLLECTION COPENHAGEN**
**STATKRAFT ***
**TIVOLI**
**TOMS**
**TT-NETVÆRKET**

* Entered into additional contracts in 2022



The larger the area we manage, the greater the impact we can make. One example of this can be found near Viuf and Håstrup in the municipalities of Kolding and Vejle in Jutland, where a large Better Energy solar park is part of the local planning process, with expected approval in 2023. The solar park covers 347 acres, of which more than 129 acres will be used for nature restoration, trail systems, recreational areas and the re-establishment of streams. The application shows how a combination of local involvement and environmental pursuits can make the deployment of renewable energy production add up to more than the sum of its parts. The new solar park will increase biodiversity and open up the landscape to the local area, so neighbours can access new nature areas and recreational opportunities.

We are dedicated to ensuring these valuable synergies when choosing solar park sites. Since Better Energy's inception, we have been driven to create solar parks that better integrate with the land.

Our sites are home to sheep that graze on our organic land. They are also pesticide and chemical free and serve to protect groundwater and regenerate soil for the future. Moreover, we develop landscaping plans for solar parks that are specifically designed to incorporate areas rich in wildlife and nature.

During 2022, we increased our pipeline of projects in Denmark to around 4.8 GW of capacity by year end.

### Poland

In 2022, we grid connected our two large-scale projects, Postomino and Polanow, each with a capacity of 30 MW. These are now under our operational management. In addition, we started construction of three more large-scale parks, with an expected capacity of 177 MW.

We significantly scaled up our presence in the country and opened new offices in The Spire in Warsaw with more than 50 workstations.

We signed a five-year power purchase agreement (PPA) with Toms Group for offtake from a planned subsidy-free solar park in Northern Poland. Most solar PPAs in Poland today use energy traders or other actors as middlemen. Our agreement with Toms Group is one of the first examples in Poland of a direct corporate PPA between a company and a power producer.

During 2022, we increased our pipeline of projects in Poland to 1.1 GW of capacity by year end. Better Energy's commitment to help Poland reduce its dependence on fossil fuels is stronger than ever.

### Sweden

We continued to expand and mature our pipeline of development projects in Sweden. We initiated several environmental permit and grid connection processes and continued to focus on building long-term relationships with like-minded organisations.

We spent a significant amount of resources on establishing a team of highly talented and dedicated people with relevant experience from grid companies and county boards as well as technology specialists. As a result of our efforts, we expect to have our first Swedish project ready-to-build during 2023.

During 2022, we developed our pipeline of projects in Sweden to around 1.5 GW of capacity by year end.

### Finland

In 2022, we announced our entry into Finland and brought our scalable approach to renewable energy to the country. Finland is currently a net importer of electricity, with much of its own production coming from biomass and nuclear power. Solar power is not only among the cheapest forms of energy, but also the fastest to deploy at scale.

When entering a new market, Better Energy remains committed to building solar parks in the most sustainable way possible. Landowners, neighbours, and other stakeholders are involved early in the process, and local nature is considered in each project.

During 2022, we developed our pipeline of projects in Finland to around 2.4 GW of capacity by year end.

### Operational assets – other markets

Better Energy owns the operational Ganska solar PV park in Ukraine together with the Danish Investment Fund for Developing Countries. This 19 MW asset was constructed by Better Energy in 2018. Russia's invasion of Ukraine has had a negative impact on the Ukrainian electricity market. We have done an impairment test of our investment in Ganska and depreciated the asset to the value in use. However, there is uncertainty on the evaluation.

### Future technology

The green transition will not only require competitive renewable energy but also the highest level of innovation to integrate renewable energy into future grid solutions, such as batteries and other forms of sector coupling.

Going forward, we will work to optimise our construction projects with the latest technology and maintain excellent relationships with the industry's most renowned suppliers, to always keep us at the forefront of the industry.

# Financial performance

## Overview

Better Energy is a renewable energy company that builds, owns, and operates solar parks. The electricity produced in the solar parks is sold through power purchase agreements or directly on the wholesale merchant market. Most of our solar parks are owned through joint ventures. Therefore, significant recurring revenues from power sales are not included in revenue in the income statement. Profit from joint ventures is included under income from investment in associates.

Renewable power assets are in great demand. The value of our solar parks is measured at cost price in the balance sheet, which does not adequately reflect the market value. Our focus during the past years and in coming years will be on increasing long-term value creation and profitability rather than increasing short-term revenue and profits.

## Income statement

### Revenue

Revenue increased by 85% to DKK 2,864 million, up from DKK 1,551 million in 2021. In 2022, Better Energy's greatest source of revenue was divestment of solar parks, which amounted to DKK 2,818 million, up from DKK 1,518 million in 2021, from the divestment of 10 solar parks with a total capacity 550 MW. Revenue from asset management amounted to DKK 25 million, up from DKK 14 million in 2021. Power sales amounted to DKK 22 million, up from DKK 12 million in 2021. Revenue was mainly generated in Denmark with DKK 1,943 million, up from DKK 1,255 million in 2021, and Poland with DKK 918 million, up from DKK 292 million in 2021.

### Gross profit

Gross profit increased by 142% to DKK 514 million, up from DKK 212 million in 2021. This increase was mainly due to a rise in the number of divested solar parks.

### Operating profit

Operating profit increased by 158% to DKK 406 million, up from DKK 157 million in 2021, mainly due to an increase in gross profit. This was partly offset by higher staff costs as the organisation is scaling up for future growth.

### Income from investments in associates

Income from investments in associates totalled DKK -222 million, down from DKK -109 million in 2021. This was primarily due to an increase in divestment of solar parks to our joint ventures of which we own 50%. For solar parks, our share of profit from the divestment is eliminated in income from investments in associates according to our accounting policy.

### Financial income/expenses

Net financial expenses came to DKK 27 million, up from DKK 8 million in 2021. The increase in net financial expenses was mainly attributable to additional corporate funding and funding for investment in solar parks, as well as increased net losses on exchange rates, offset by interest income from loans to investments in associates.

### Tax

Tax on profit amounted to DKK 33 million, up from DKK 8 million in 2021, with an effective tax rate of 21%, up from 19% in 2021.

### Balance sheet

Total assets increased significantly to DKK 2,944 million at the end of 2022, up from DKK 1,898 million in 2021. The increase in assets was mainly due to a rise in cash balances, increased contract work in progress and higher receivables from associates at the end of the year. The rise in cash balances was due to additional capital investment by the Danish pension fund, ATP in December 2022. The increase in contract work in progress was due to projects being significantly progressed but not invoiced. The higher receivables from associates were due to increased loans to joint ventures, with receivables from individual solar parks in the joint ventures pending finalisation and pay-out of project financing.

### Equity

At the end of 2022, equity amounted to DKK 1,047 million, up from DKK 379 million in 2021. This net increase of DKK 668 million was mainly due to the capital investment by ATP of DKK 696 million and the profit for the year. This was offset by reserve for cashflow hedges in our joint ventures and purchase of treasury shares.

### Cash flow statement

Cash flows from operating activities came to DKK 122 million in 2022, up from DKK -116 million in 2021. The improvement was mainly attributable to the increase in operating profit. The cash flow from operating activities includes a negative change in net working capital of DKK 226 million, which was significantly affected by the increase in activity level in 2022.

Cash flows from investing activities came to DKK -893 million in 2022, up from DKK -226 million in 2021, mainly due to investments of DKK 850 million in joint ventures in the form of capital injections and increased loans.

Cash flows from financing activities totalled DKK 1,240 million in 2022, up from DKK 652 million in 2021, mainly due to proceeds from additional capital investment from ATP and borrowing for further investments in solar parks. The net increase of cash and cash equivalents amounted to DKK 469 million in 2022, up from DKK 310 million in 2021.

### Capital management

Better Energy constantly monitors liquidity and financing needs to support future growth. At the end of 2022, the cash balance amounted to DKK 1,081 million, up from DKK 612 million in 2021, of which DKK 966 million, up from DKK 122 million in 2021, was free cash, DKK 91 million, down from DKK 423 million in 2021, was cash available for use on specific projects and DKK 24 million, down from DKK 67 million in 2021, was cash on accounts with special termination terms.

The Board of Directors and the Executive Board expect to be able to attract further funding for development opportunities, construction projects and long-term finance.

# Financial outlook

### Our goals from 2021

In order to develop our pipeline, ensure sustained growth and timely grid connections, it is of vital importance that we advance our integrated business model and build our organisation. Consequently, our current focus is on expanding our capabilities as a large-scale independent power producer with a long-term view of operational assets. These strategic objectives constituted our main focus during 2022.

Through strong partnerships with our existing stakeholders as well as our new partnerships, we retained our leadership position in the renewable energy sector. Going into 2022, we expected a higher activity level compared to 2021, and predicted a revenue of DKK 1.8-2.3 billion and a profit for the year of DKK 75-105 million. However, we managed to deliver above expectations, reaching DKK 2.9 billion in revenue and DKK 123 million in profit. The higher-than-expected revenue was primarily due to the increased value of our divested solar parks. The higher profit for the year was driven by increased revenue, offset by increasing costs and an accelerated scaling of the organisation for future growth.

### Goals reached in 2022

Our pipeline increased to 10 GW at year end across our four current markets. We grid connected 12 parks, totalling 534 MW, and achieved zoning decisions for an additional 700 MW and building permits for 453 MW.

When ATP, the largest Danish pension fund became a part of Better Energy, 5.5 million Danes became co-owners of our solar parks. We also cemented our leading role in power purchase agreement (PPA) products for the renewable energy industry, as exemplified by our large multi-buyer PPA, which allowed small and medium sized companies to partake in the green transition.

### Looking ahead to 2023

Looking ahead, Better Energy will follow its stated course to retain its strong market leadership position. Our overall strategy is to commercialise solar power, scale it and then integrate it into other parts of the economy.

As we continue to build large-scale parks on commercial terms without subsidies, we successfully show that solar power is competitive in Northern Europe. In the coming year, we expect to add considerable amounts of additional renewable energy to the grid, and a key focus will be to build the organisation and the human capabilities required to reach our long-term targets.

As our focus in 2023 will centre on preparing our organisation for future increases in capacity build-out, we expect a comparable activity level in 2023 to 2022, with a revenue reaching DKK 2.5-3.0 billion and a profit before tax reaching DKK 150-250 million.

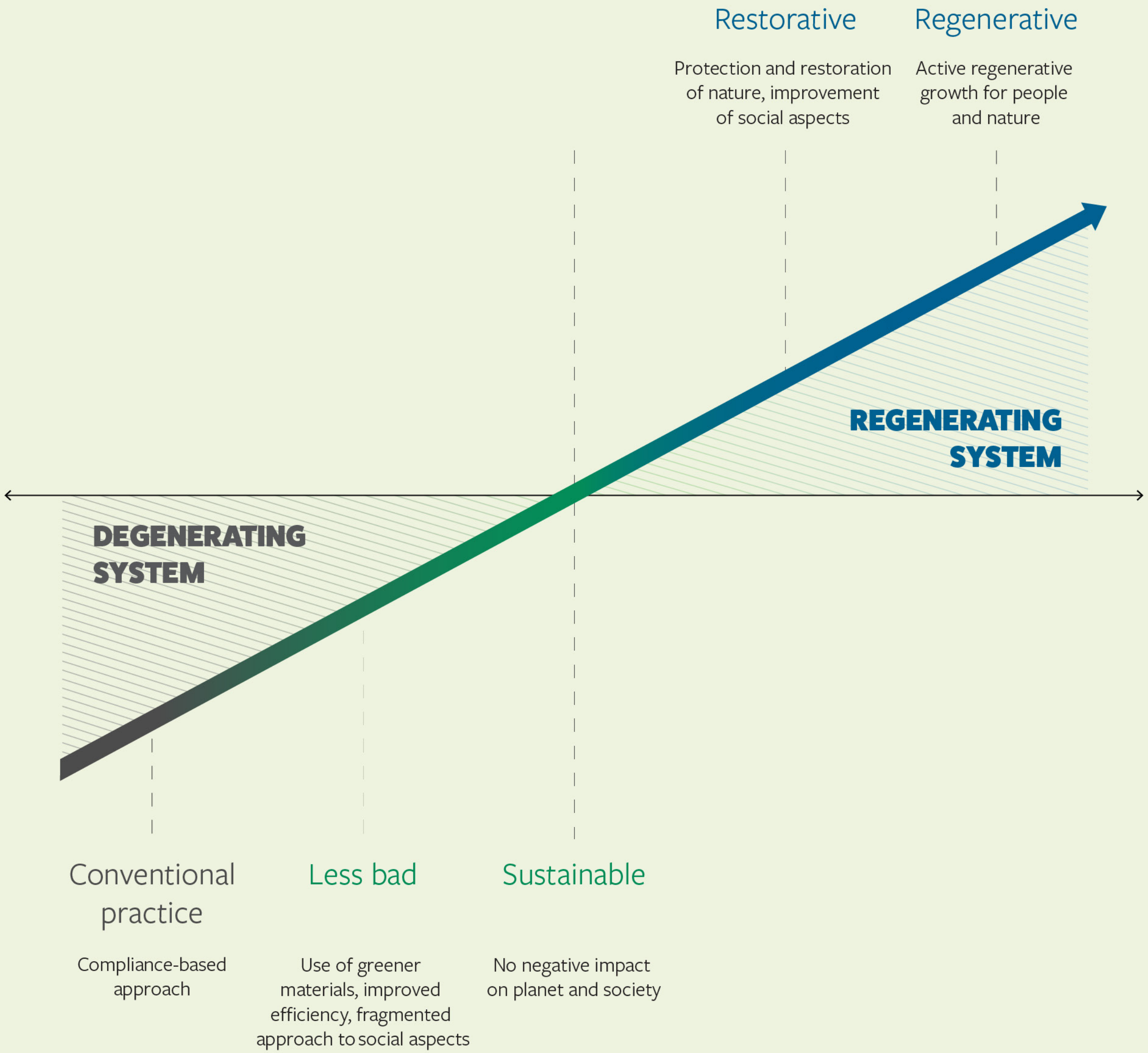
### Events after the reporting period

Please refer to Note 33 in the consolidated financial statements.

# Sustainability & regeneration

Our commitment

Progress




Source: Adapted from Bill Reed (2007)

# Our commitment

## We are committed to becoming truly sustainable and regenerative. But when are we sustainable? And at what point do we go beyond sustainability to actually start restoring and regenerating?

Sustainability is the ability to sustain. To reach that point, we must have no negative impact on people, communities or nature. Regeneration is going beyond sustainability – it is about restoring, replenishing and revitalising.

As previously reported, we apply the Future-Fit Business Benchmark (FFBB), part of the Future-Fit Framework, to understand what is needed to become sustainable and go beyond. We consider the FFBB to be the most ambitious in the world when it comes to driving progress. It is based on planetary boundaries and clearly defines when performance is sustainable – that is, within planetary boundaries, and when it is not.

In addition to the FFBB, the Future-Fit Framework includes the Positive Pursuits Guide – defining principles for restorative and regenerative actions. We are working on developing meaningful impact metrics for management decision-making and external reporting.

See futurefitbusiness.org for additional information about the FFBB Framework.

In 2022, we began collecting information to calculate our Future-Fit performance. We expect this information to be integrated with the requirements in the upcoming Corporate Sustainability Reporting Directive once it comes into force. We expect to launch our Future-Fit performance later in 2023 on an online Impact Portal that we are currently developing. We look forward to including a Sustainability and Regeneration Statement, based on Future-Fit, in our Annual Report for 2023.

Our commitment to become truly sustainable and regenerative is undiminished. In 2023, we will focus on further enhancing data quality and business integration to ensure we drive progress and can continuously report accordingly.

# Progress

We produce additional renewable energy. As we grow and scale our renewable energy production, we want to go above and beyond best practice – we want to be a part of the sustainable and regenerative solution so urgently needed to solve the challenges we are facing.

## Energy production

In 2022, we produced 463 GWh additional and subsidy-free renewable energy for the grid. This corresponds to providing energy for approximately 122,000 households annually within the markets we operate. In 2022, we grid connected 12 new solar parks and, with our projected solar park pipeline, our renewable energy impact is expected to increase significantly over the next few years.

Through our business, we help organisations and society in general reduce the negative impacts of unsustainable energy consumption.

We want to do our part in driving the green transition – renewable energy should be available for all. To do this at scale and with speed, we need to form partnerships. Here good relations with power purchase agreement (PPA) partners, local communities, suppliers, financial institutions, etc. are crucial. For additional information, please see the Stakeholder platform section.

## Greenhouse gasses

Producing renewable energy requires energy. During the day, our solar parks produce the energy needed to operate the parks. In the periods with no light, we rely on electricity from the grid. The grid mix is not yet fully based on renewable sources, which mean that part of our energy consumption results in greenhouse gas (GHG) emissions.

To become truly sustainable, we must eliminate all of our GHG emissions. Due to continued business expansion, GHG emissions are expected to increase – from energy consumed in our growing portfolio of solar parks to business travel, and to the addition of new offices and our supply chain.

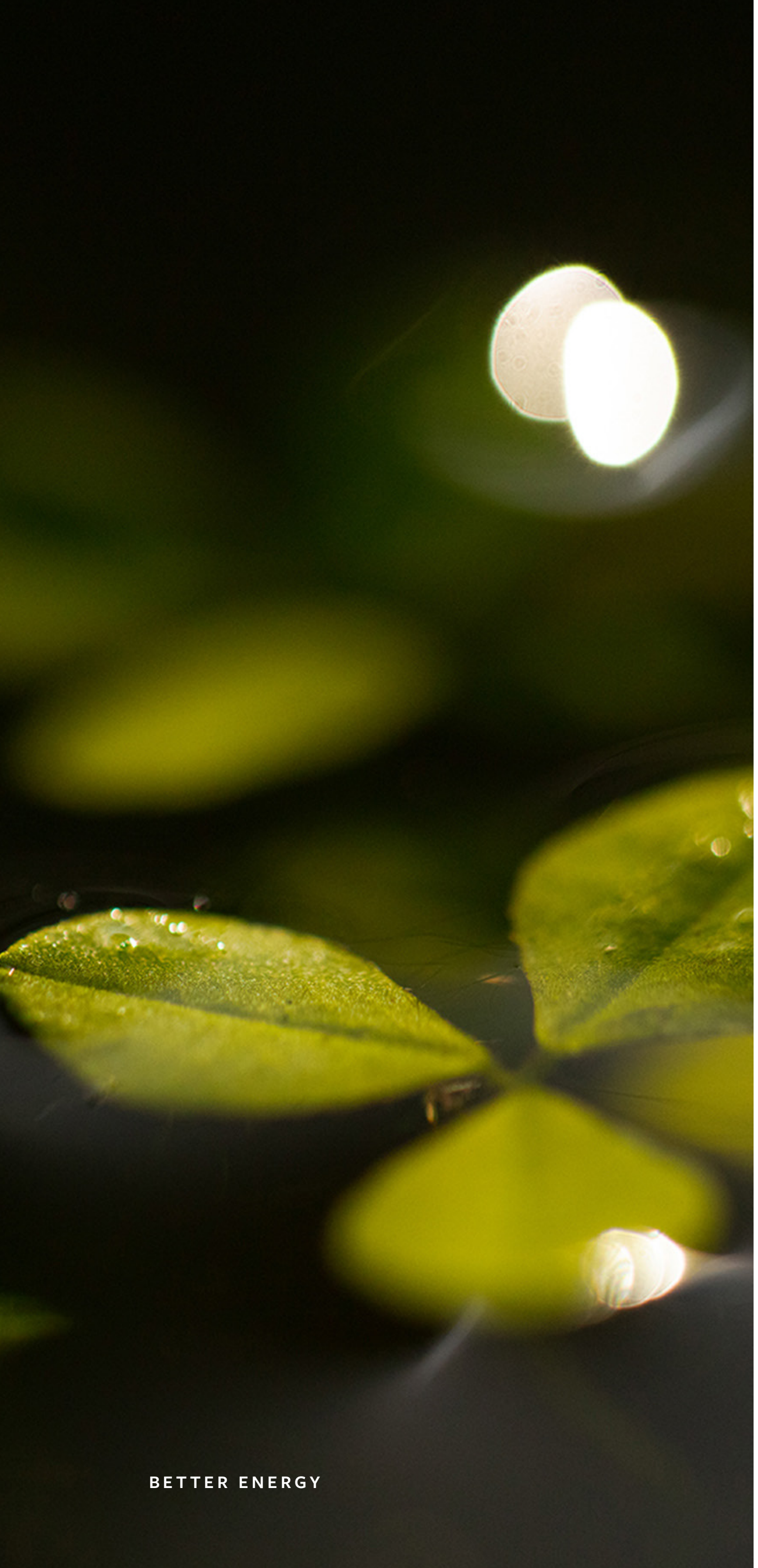
We have assessed our GHG footprint for 2021 and 2022. In 2022, our scope 1 emissions increased to 115 tons $CO_2e$ from 47 tons $CO_2e$ in 2021, primarily due to an increase in company cars and the addition of offices in Sweden and Poland. Our location-based scope 2 emissions increased to 935 tons $CO_2e$ in 2022 compared to 348 tons $CO_2e$ in 2021. Similarly, our market-based scope 2 emissions increased from 900 tons $CO_2e$ in 2021 to 2,404 tons $CO_2e$ in 2022. The increase was primarily due to the grid connection of the 12 solar parks in 2022 compared with three parks in 2021.

For market-based scope 2 emissions, we will work towards ensuring all energy consumed is based on renewable energy and we are entering into PPAs for our energy consumption to ensure additionality.

Scope 3 emissions increased significantly from 143,000 tons $CO_2e$ in 2021 to 957,500 tons $CO_2$ in 2022 – this was primarily related to capital goods in connection with the 12 solar parks grid connected in 2022 compared with three solar parks in 2021. For GHG accounting practice, please see About this report.

## Land management

We rely on land to operate and expand our business. When we develop solar parks, most of the land we use is conventional agricultural land. When screening for new areas to develop as we grow and enter new markets, we must ensure we do not encroach on areas that are of high natural or cultural value. This is fundamental to ensuring we become truly sustainable, and this is a high priority for us.





From construction and operations through to decommissioning, we do not remove or deplete natural resources.

We know that simply doing no harm and maintaining our land areas is not enough. Ecosystem quality is declining rapidly. In many places, nature has been degraded and needs help to reverse its decline. Therefore, we take active steps and add resources to regenerate ecosystems. These steps include increasing local biodiversity, restoring healthy soil and protecting groundwater.

As we own or lease the land and operate our solar parks with a horizon of 30+ years, we have ample opportunity to develop solar park solutions that include restoration of nature. We are currently developing principles to ensure that restorative efforts are implemented consistently across our solar park projects going forward. As we grow, so will our impact.

In 2022, we ran pilot projects with insect monitors to get a better idea of the impact we can have on biodiversity. We will continue to evaluate different monitoring technologies to get more insights into the impacts of our restorative efforts. Furthermore, when sowing plants in the natural hedges and grass under panels, we use native species. For grazing land, we do not use fertiliser or pesticides. Instead, we let sheep graze or we cut the grass.

We will continue to test and evaluate methods and technologies to improve and monitor our impact and nature restoration efforts.

For additional information, please see the Operational encroachment risk section.

## Community engagement

With our solar parks being placed on land, we depend on the goodwill, health and resilience of the communities in which we operate, and we must ensure our presence does not undermine this. Ensuring proper community engagement is one of our high-priority areas.

Securing land and local acceptance is fundamental to project development. A green transition on a significant scale can only be achieved with local support. To address local concerns and secure local support, we engage with the local communities very early on in the process and continuously throughout the development and construction phase. We want to understand the concerns of local stakeholders (e.g. neighbours, local organisations, the municipality, etc.) and address these to the greatest possible extent. Concerns most often relate to aesthetics and the impact on property value; and dialogue helps us clarify some of these worries.

As in 2021, we held more than 500 individual meetings with neighbours in 2022. We also engaged with more than 45 local communities.

Through our land management efforts, we expect to be able to add value to the local communities through restorative nature projects. See Case studies for examples of local value creation.

To further strengthen our community engagement, we launched a formal concerns mechanism in January 2023 to ensure concerns can also be raised anonymously. To learn more about how this works, please see the sections on Raising concerns and Community health risk.

### Operational waste

Operational waste is primarily generated during the solar park construction phase and when it is time to decommission the solar parks at end-of-life. Once a solar park is operational, waste generation is minimal and related to solar park maintenance.

Operational waste is a high-priority area for us due to the end-of-life decommissioning. Solar parks are expected to be in operation for 30+ years, and we are looking into developing appropriate solutions for when the parks are decommissioned. We are a member of Solar Power Europe, a member-led association for the European solar photovoltaic (PV) sector and have joined a working group focused on tackling this issue.

Most solar park waste materials can be recycled and all PV materials are handled by accredited companies to ensure proper processing.

In connection with construction, generated waste is primarily packaging. In 2022, approximately 92% of our operational waste was recycled. The remaining 8% was sent to landfill or for incineration. To become sustainable, we must eliminate all landfill and incinerated waste.

In 2023, we expect to develop a complete life-cycle assessment model of all solar park components, with modules as top priority. We are focused on circular solutions and will collaborate with partners to find pathways towards becoming sustainable. For additional information, please see the Managing impacts, risks and opportunities section.

### Sustainable procurement

Sustainable procurement is also a high priority for us. It is about ultimately eliminating any negative environmental or social impacts caused by the goods and services our activities depend on.

Our solar parks are made of multiple materials and components primarily sourced in Europe and Asia. We rely on multi-tiered supply chains, making full traceability across all levels challenging.

We must understand the potential negative impacts from our suppliers – all the way back to the raw materials. In 2022, we developed a Future-Fit aligned hot spot assessment, which will be deployed in 2023 for the most material direct spend categories. As part of that process, we will develop mitigation plans for identified hot spots.

In January 2023, we added a sustainable procurement clause into our framework agreement to drive supplier commitment to becoming Future-Fit.

Solar supply chains have been associated with the ethical challenges of conflict minerals and forced labour.

For additional information, please see the Managing impacts, risks and opportunities section.

### Safeguarding the health and well-being of people working at and for Better Energy

Working in construction, occupational health and safety is of course a focus area, and we want to continuously improve our processes and procedures to ensure no one is injured. We work from a zero-injury mindset at Better Energy, which of course also applies for our contractors working with us onsite.

In 2022, as in 2021, we had no work-related accidents with absence and for this reason, no work-related fatalities among people from Better Energy or our contractors. All incidents at construction sites, when commuting between sites and at our offices are logged in a learning catalogue, where severity of incident and mitigating actions are described.

In 2022, we launched our working environment policy to all our employees at Better Energy. We also established our strategic working environment committee to further strengthen governance of the existing office and site working environment committees and to put even more focus on continuously safeguarding our physical and psychological working environment.

To keep focus on ensuring a healthy and safe working environment, we continued to improve our processes, procedures and awareness throughout the year, and will continue to do so in the coming years.

We are continuing to develop an internal learning platform. Here, all employees will be offered courses about mental well-being, physical health and collaborative culture alongside more specific courses related to electricity, safety and site management for onsite employees.

All of these initiatives are part of our efforts to become sustainable by implementing the Future-Fit criteria.

### Paying proper wages

Offering proper wages is an obvious fundamental of fair business practice. To be sustainable, we must ensure that people working at Better Energy are paid at least a living wage. Based on the Wage Indicator information for 2021 and 2022, no one at Better Energy was paid below the regional living wage compared to their region of residence. For additional information about equal pay, please see the Our people matter section.

### Zero tolerance for discrimination

Discrimination, bullying and harassment are not tolerated at Better Energy – this is explicitly stated in our Code of Conduct and our Danish employee handbook. In 2023, employee handbooks will be published for our Swedish and Polish offices, and will include the message of zero tolerance for discrimination.

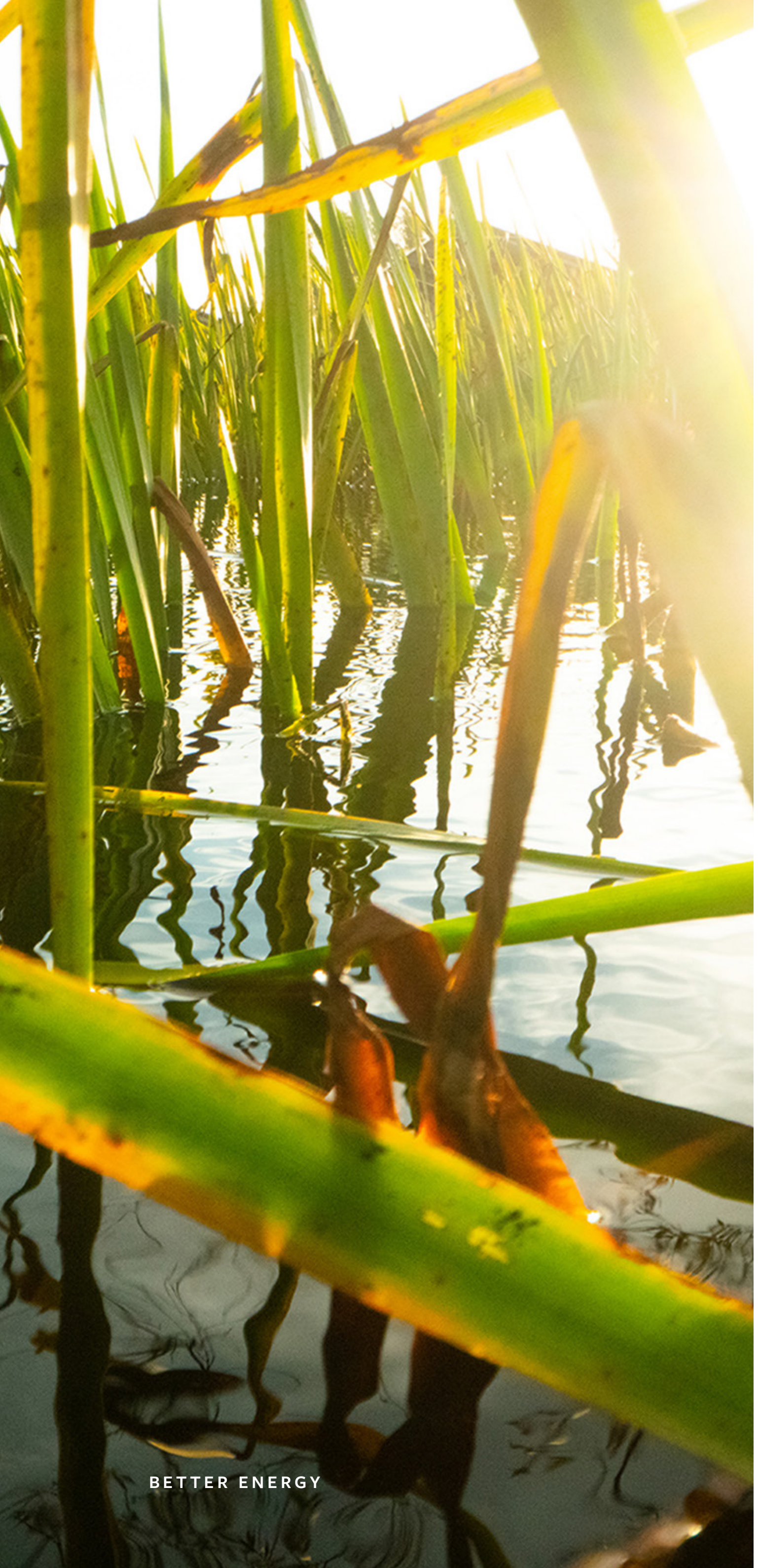
In 2022, anti-discrimination initiatives were implemented in policies and recruitment practices and a formal procedure for reporting discrimination and other breaches was established. Furthermore, as mentioned, we launched a concerns mechanism in January 2023, and we will look into further maturing internal controls and processes. All of these actions move us towards becoming Future-Fit.

### Gender diversity

In 2022, 45% of our new hires were women compared to 44% in 2021. The gender split among all employees was 40% women and 60% men in 2022 – compared to 39% women and 61% men in 2021.

We want to increase diversity and inclusiveness at Board and management level, and we continually seek to increase a more diverse representation in leadership. At Executive Board level, the gender distribution in 2022 was 16% women and 84% men, and among all managers, the gender distribution was 44% women and 56% men. The target for equal gender representation among all employees is a 50/50% split by 2026.

We do currently not have an equal gender distribution on the Board of Directors as it currently consists of men only following the changes in the Board of Directors in December 2022, where the new male member entering the Board of Directors was appointed by ATP. We are, however, committed to taking proactive steps to address this imbalance. In January 2023, the Board of Directors approved a policy for the underrepresented gender in leadership. Against this background, we have prepared a new policy with a target of equal representation of 40% of the underrepresented gender in management and a target of 28% for the Board of Directors by 2026.





## Raising concerns

Our Code of Conduct and our values prescribe expected behaviour, but written words do not guarantee that inappropriate behaviour will not occur. To further protect people and external parties and enable them to raise concerns anonymously, we are updating our procedures and processes. As mentioned, we launched an anonymous concerns mechanism hosted by an external third party in January 2023. The concerns mechanism is available on our website.

Concerns raised are taken very seriously. As outlined in the Code of Conduct, anyone witnessing inappropriate behaviour is encouraged to report it. Investigations are conducted to ensure a safe and healthy working environment. Counselling is offered if needed.

Better Energy relies on the commitment and motivation of our people. It is simply good business to encourage engagement as much as possible. We promote an open and honest culture of trust and integrity. We encourage people to speak up and go to their direct managers with feedback, suggestions and any work-related concerns or challenges they may have. If for any reason they do not feel comfortable discussing concerns with their direct managers, they can contact the head of our People department or raise the issue through the concerns mechanism.

Retaliation against an employee raising a concern is not tolerated. Not every issue can be resolved to everyone's complete satisfaction, but it is important that we understand and discuss issues to help maintain a positive working atmosphere and to ensure everyone's safety.

## Human rights

We subscribe to the ILO Conventions and the UN Guiding Principles on Business and Human Rights. People who work reasonable hours, feel secure in their jobs and are afforded adequate time off are more likely to thrive physically, emotionally and mentally – in and outside of work.

Our policy statement on human rights is included in our Code of Conduct. We respect and promote human rights and expect our suppliers to do the same.

Human and labour rights are priority issues in project development and construction, as installation teams work intensively in different countries for relatively short periods of time, which could lead to human rights issues.

Human rights and fair working conditions are part of our Code of Conduct. We also use third parties to audit suppliers. Better Energy has onsite managers. Part of their responsibility is to ensure procedures and protocols are diligently followed. Through daily engagement and monitoring, these site managers gain in-depth knowledge of worker well-being at the construction site. If problems arise, the site managers will handle the issue at hand, and escalate and mitigate actions according to our established procedures.

In 2022, we did not record any events which could have a negative impact on human rights. To further accelerate business integration, we expect to launch a dedicated human rights policy and initiate a human rights impact assessment. We do not expect to see any breaches in the future and will continue to prioritise human rights going forward. For more information on managing human rights, please see the Managing impacts, risks and opportunities section.

### Business ethics

We must actively seek to anticipate, avoid and address ethical breaches that may arise as a result of our activities. This is a Future-Fit requirement and for this reason, something we must ensure to become sustainable.

Our Code of Conduct covers business ethics and includes an anti-corruption policy statement. We also have a separate anti-corruption policy covering gifts, facilitation payments, political and charitable contributions and how to raise concerns.

Our policy outlines how Better Energy is committed to conducting business in an ethical and honest way. We have a zero-tolerance policy for bribery and corruption. Better Energy commits to upholding all laws regarding anti-bribery and corruption in all the jurisdictions in which we operate. In 2022, we did not identify any breaches of our anti-corruption policy.

We do not expect to see any policy breaches in the future and will continue to prioritise business ethics and anti-corruption going forward, further strengthening internal processes and controls.

As mentioned, we have established a concerns mechanism. We are also continuously reassessing and updating our internal processes and procedures in this regard to ensure clarity and to protect our employees, our company and ultimately, the ever-changing business environment.

### Data ethics

Regarding §99d and data ethics of the Danish Financial Statements Act, Better Energy currently does not utilise the data processes in scope for this requirement as part of our core business model. Better Energy uses personality tests conducted by external providers for recruitment purposes. In this process, we oversee the data ethics of our providers and, based on that, will provide an internal data ethics policy on the use of personality tests in Better Energy.

# Risk

## Managing impacts, risks and opportunities

# Managing impacts, risks and opportunities

**Our business environment**
We operate in ever-changing and growing energy markets. Understanding and handling impacts, risks and opportunities (IRO) is critical to business growth and success. This includes being a reliable partner to our business partners, customers and the communities we operate in.

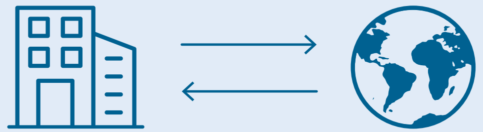
As a rapidly growing solar park developer and energy producer, we are exposed to a variety of risks, of which some are inherent, related to business, strategy, compliance and/or sustainability.

Risks and opportunities are defined as factors that impact our ability to sustain and create short, medium and long-term value and achieve our strategic targets.

Some risks and opportunities are relevant at Group level, while others apply to certain phases of project life cycles. Many of these project life-cycle risks are associated with specific projects and isolated in special purpose vehicles.

We view IRO management as a method to avoid risks or minimise their potential impacts while also proactively seeking opportunities that can bring us competitive advantages.

**Working with IRO**
When working with IRO, we look at impacts, risks and opportunities to and from our business.

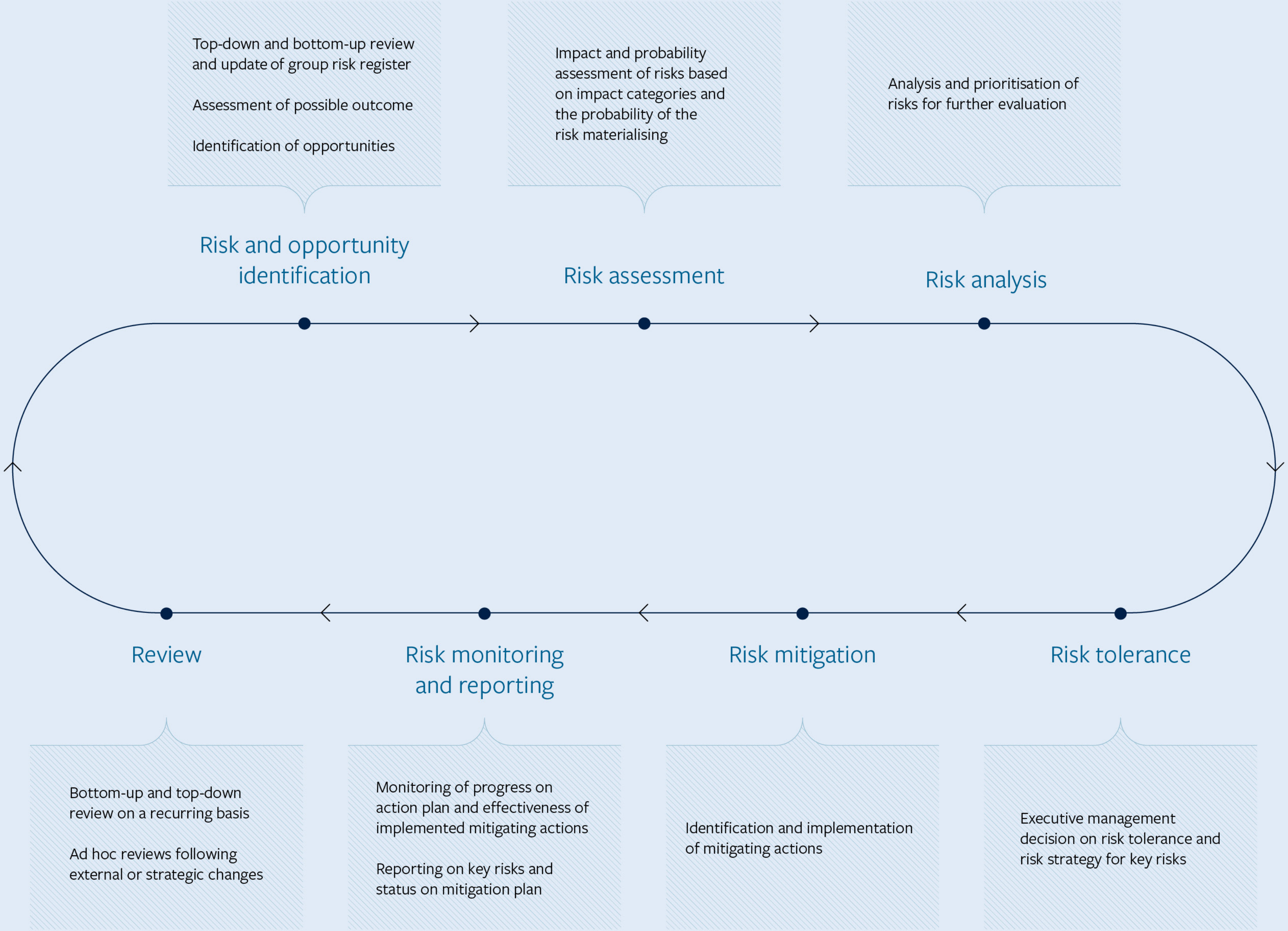


Risks to and from our business

Traditional risk management is focused on risk to business but understanding risks from our business is crucial to managing the impacts we have on people, communities and nature.

That is why we must apply a double materiality approach to ensure all identified impacts are considered. We are developing an integrated double materiality approach as part of our continuous risk management process – from Board level to day-to-day operations.

We apply a proactive approach to IRO management across all business areas and manage risks and opportunities on a continuous basis. Our approach draws on internal expertise including financial, engineering, legal, compliance and sustainability specialists. To ensure a full-circle, consistent, focused and proactive process, we are currently further developing and expanding our phased approach from Board to operational level.


Top-down and bottom-up review and update of group risk register
Assessment of possible outcome
Identification of opportunities
Risk and opportunity identification
Impact and probability assessment of risks based on impact categories and the probability of the risk materialising
Risk assessment
Analysis and prioritisation of risks for further evaluation
Risk analysis
Risk tolerance
Executive management decision on risk tolerance and risk strategy for key risks
Risk mitigation
Identification and implementation of mitigating actions
Risk monitoring and reporting
Monitoring of progress on action plan and effectiveness of implemented mitigating actions
Reporting on key risks and status on mitigation plan
Review
Bottom-up and top-down review on a recurring basis
Ad hoc reviews following external or strategic changes


## Key risks to the business

We have developed a risk register defining risks and mitigating actions. This register serves as a reference for all areas of our business. Through our risk assessment process, we have identified the following categories and business-related risks as high priority:

### Project risks

Project risks relate to the development and construction of solar parks and include potential delays in our development pipeline or our project management process due to internal or external factors.

### IT security risk

IT security risk relates to corporate IT security and includes the risk of compromised corporate networks and systems, leading to the loss of access to data, malfunctioning of systems or loss of control of corporate networks. It also covers the risk of Better Energy's systems being used to gain access to external systems, thereby compromising the security and reliability of electricity supply.

IT security for solar parks is handled separately as part of our preparedness framework, with emphasis on site network security. This work is aligned with our corporate network security and the risk management process.

### Compliance risk

Compliance risk relates to allegations of, and documented non-compliance with international, national or local laws and regulations, international standards, voluntary commitments and internal policies. It also covers risk related to failed identification or incorrect application and/or interpretation of laws and regulations.

Failure to identify or comply with rules and regulations can result in serious fines, penalties and other legal action such as the loss of public approvals or licences, as well as reputational damages and a loss of trust from public authorities, business partners, investors, local communities and employees.

Non-compliance and lack of trust in Better Energy could ultimately lead to the loss of future business opportunities and a slowdown in our progress to become Future-Fit.

### Financial risk

Financial risk covers risk of shrinking revenues, financial losses and limitations in access to capital on sound commercial terms. It also covers risk of incorrect VAT/tax handling in the markets we operate in.

Regulatory changes, including changes in public subsidies, potential power price caps and potential power market reform, may impact our marginal revenue and the financial viability of our projects and operational assets.

Changes in commodity prices, interest rates, currency fluctuations and general market volatility may impact our liquidity, bankability of assets and our financial standing. This includes credit risks and may impact our finances, budgets and capital structure. Better Energy's main exposure to commodities is the price on power sales. This is managed to a large extent via power purchase agreements (PPAs) securing a high certainty on the value of the power sales. The counterpart risk is reduced by spreading the power sales on the PPAs across multiple companies, where the majority are "blue chip" or "utility" companies in Better Energy's home market.

Interest rate risk is reduced by utilising long-term fixed interest loans on the final project financing. Both Danish mortgage loans and interest swaps loans are utilised.

Liquidity is managed by recurring internal forecasting for future expenses, sales and financing. Access to financing on sound commercial terms is done utilising diverse funding sources. Long-term financing of existing plants is secured with fixed term loans. Combined with the PPAs, this ensures the liquidity in the operating entities.

Currency risk, as a result of certain procurements of larger items that are paid in other currencies, are being secured with currency forwards.

### Operational/process risk

Operational/process risk relates to internal and external risks to, and during operations of our business, such as failures or breakdowns in processes and systems. It also covers risk related to the scaling up of our business and the need for a strong, scalable and flexible governance structure. In addition, it relates to external or internal risk events impacting our daily operations and processes, other than project risks.

### Reputational risk

Reputational risk relates to the threat or dangers to the good name or standing of Better Energy, other solar park developers or the renewable energy sector in general, as a result of (in)actions by Better Energy and/or our employees, our business partners, our suppliers or other renewable energy market participants. Reputational threats and dangers, such as severe negative national or international media coverage, could result in public authorities, business partners, investors, local community members, or existing and new employees ceasing to work with Better Energy.

### New market entry risk

New market entry risk is associated with moving into a new market as the differences in local laws, practices, customs, culture and language may cause challenges. There could be the potential risk of inadequate local community engagement and/or poor relations with local regulators, municipalities, sub-contractors, etc. In addition, there could be a risk of failing to meet local requirements or conflicts between business ethics and local practices.

### Human resources risk

Human resources risk relates to not being able to attract and retain qualified and competent people with the right values and mindset on sustainability. A lack of appropriate competencies may lead to bottlenecks in the organisation adding extra strain on the business or resulting in delayed projects. This is especially a risk where there is a high dependency on individuals with sector-specific knowledge, competencies and insights.


## Key risks from the business

To meet our commitment to become truly sustainable and ultimately regenerative, we must understand where there is a high risk of our business having a potential negative impact on people, communities and nature.

To understand what these risks are, we have applied the Future-Fit Risk Profiler Tool. The results indicated four high-priority areas:

- Operational waste
- Operational encroachment (land management)
- Community health
- Sustainable procurement

In the following, we account for the risks related to each of these areas and how we seek to mitigate them.

### Operational waste risk

Operational waste risk is primarily related to solar panel end-of-life disposal. Solar parks are expected to be decommissioned after 30+ years in service, and we are working to find proper recycling options with sustainable circular solutions. We are a member of Solar Power Europe and are part of a working group focused on tackling this issue.

Risk is also associated with the improper handling of construction waste, which primarily comes from packaging, such as pallets and plastic. In addition, if solar panels break during transport or construction, they are sent to a vendor for recycling. Most of the waste materials can be recycled and PV materials are handled by accredited companies to ensure proper processing.

Collaborating with suppliers to develop materials that are fully recyclable, with a view to eliminating waste from our operations, will be a focus area for 2023 and beyond. This includes complete life-cycle assessments of all solar park components, with solar modules as the top priority.

### Operational encroachment (land management) risk

Operational encroachment risk relates to the large amount of land we own and manage now and in the future. The risk is connected to developing land in areas of high natural or cultural value.

We focus on industrialised land (conventional agricultural land, industrial forest, peat land, etc.) and we operate in Northern and Central Europe where there is strict environmental regulation.

To reduce our risk of encroaching, we identify ecological impacts very early in the development process. This ensures that projects are developed with respect for ecosystems, and it enables us to add value through nature restorative projects.

We conduct environmental and technical studies to understand the demography, topography, local conditions and environment surrounding the land.

In addition, we apply rigorous land selection criteria, covering land quality, local residences, local zoning, land use restrictions, visual impact, environmental impact and potential benefits to the community. Furthermore, we expect to implement the Integrated Biodiversity Assessment Tool (IBAT) to document diligent selection of land.

### Community health risk

We must protect the health of the local communities we work with. However, there is a risk that we may not be able to secure land or local acceptance. This is fundamental to project development and being able to accelerate the green transition. Therefore, proper and timely community engagement is crucial.

To address local concerns and secure support, we set up community meetings very early in the development process – earlier than required by law. We conduct 1-to-1 meetings with park neighbours to understand and address their concerns.

By engaging early, we get an understanding of the local concerns and needs. This helps us develop projects with respect to ecosystems and communities, and enables it us to add value for the local communities and the environment.

We do our utmost to share information, address concerns and accommodate local ideas wherever possible and find the best solutions. As mentioned in the sustainability and regeneration section, we launched a concerns mechanism in January 2023 to ensure concerns can be raised anonymously.

### Sustainable procurement risk

Procurement risks relate to the reliance on global multi-tiered supply chains, which make full traceability across all levels challenging. We must understand all potential negative impacts from our suppliers – all the way back to the raw materials. As part of that process, we must develop mitigation plans for identified hot spots.

Our solar modules are sourced from suppliers in China – suppliers ranked as Tier 1 manufacturers on Bloomberg New Energy Finance's list of the most reputable module manufacturers. These companies are globally leading businesses with appropriate Codes of Conduct and comprehensive environmental management systems for production facilities and procurement. They run cutting-edge production lines and use world-class processing technology. We also only work with solar module suppliers who have a strong track record of supplying leading financial institutions.

Solar supply chains have been associated with the ethical challenges of conflict minerals and forced labour.

Most of the world's silicon production is in China. Silicon is used in solar modules and the production of Chinese solar modules has been linked to forced labour and repression of Uyghurs in Xinjiang Province.

Our Chinese solar module suppliers have factories located on China's eastern coast, not in Xinjiang Province in the northwest. Although no connections have been made in our own supply chain, we have teamed up with several peers in the industry to take part in an investigation led by an international consultancy, which began in 2021. We continue to monitor situations as they develop, to understand the potential risk of standards falling below our expectations. We also continue to develop our procurement processes – to ensure that our standards become fully aligned with Future-Fit criteria as well as the UN Guiding Principles on Business and Human Rights. We collaborate closely with suppliers to ensure continuous dialogue. Through this proactive engagement with suppliers we expect to mitigate many of the associated potential risks.

In 2022, we developed a Future-Fit aligned hot spot assessment, which we will start deploying in 2023. We are also developing a sustainable procurement roadmap to ensure continued progress towards becoming Future-Fit.

Risk related to conflict minerals in supply chains is another focus area. The global trade of certain minerals has funded armed conflicts, human rights abuses and environmental degradation for decades in certain politically unstable areas. These minerals are often referred to as 'conflict minerals'. To prevent the trading of these minerals, the EU adopted the Conflict Minerals Regulation. This regulation aims to help stem the trade of four minerals: tin, tantalum, tungsten and gold. These minerals can be found in many everyday products, including mobile phones, cars and jewellery. The regulation requires EU companies to ensure they import these minerals and metals from responsible sources. Like many other companies, we have a clear procurement policy that seeks to ensure responsible sourcing of metal.

As mentioned earlier, we are a member of the industry organisation Solar Power Europe, which facilitates collaboration to overcome supply chain challenges and find scalable solutions.

Due to the complexity of our supply chains, we expect this to be an area of high focus in the long term.

## Risk reporting in accordance with §99a

### Business ethics risk

We assess our exposure to business ethics risks to be low. We operate in Northern European markets, in countries that we consider low risk in terms of business ethics. In addition, our Code of Conduct prescribes expected business behaviour including business ethics. In January 2023, we launched a concerns and whistleblowing mechanism, which will be managed by a dedicated team under strict confidentiality.

### Health and safety risk

Our health and safety managers and in-house legal teams guide our actions and ensure compliance. Health and safety risk areas could be injuries at Better Energy sites or offices. We mitigate these risks by enforcing strict health and safety procedures as well as training both on and off site. A health and safety plan is prepared for all projects as standard procedure. For more information on this topic, please go to the Sustainability and regeneration section.

### Human rights risk in project development and construction

Human and labour rights are priority issues in project development and construction. Installation teams work intensively in different countries for relatively short periods of time – this could lead to human rights issues. Risks could include inadequate health and safety measures at the project site, a lack of training, unclear employment terms and conditions and poor wages. Better Energy uses its own engineering, construction and procurement teams in combination with suppliers and subcontractors.

We will continuously monitor and reassess our risk areas to ensure mitigating actions are implemented and followed up.

## Opportunities

Through our business model and strategic priorities, we create positive impacts and opportunities in the short, medium and longer term.

See Our Business for information about opportunities to scale our business and drive the green transition.

See Case studies for examples of opportunities within nature restoration.

For additional information about nature restoration and other related opportunities, see Sustainability and regeneration.

# Governance

# Governance

Better Energy's corporate governance consists of the following elements: management, corporate culture, corporate policies, risk management and audits, disclosure and communications. Better Energy has a two-tier management structure consisting of the Board of Directors and the Executive Board.

**Board of Directors**

Until 16th December 2022, the Board of Directors consisted of Chair Christian Motzfeldt and Board members Michael Pollan, Mark Augustenborg Ødum, Mikkel Dau Jacobsen, Michael Vater, Annette Egede Nylander and Rasmus Lildholdt Kjær. The Board of Directors included two independent, non-executive directors: former Chief Executive Officer of the Danish Growth Fund, Christian Motzfeldt, and Michael Pollan from Omnes Capital.

On 16th December 2022, Claus Wiinblad, Senior Vice President in the Danish pension fund ATP, joined our Board of Directors as an independent, non-executive director, and Mark Augustenborg Ødum, Annette Egede Nylander and Rasmus Lildholdt Kjær resigned from the Board of Directors.

As of 16th December 2022, the Board of Directors thus consists of Chair Christian Motzfeldt and Board members Michael Pollan, Claus Wiinblad, Mikkel Dau Jacobsen and Michael Vater. The Board of Directors includes three independent, non-executive directors: former Chief Executive Officer of the Danish Growth Fund, Christian Motzfeldt, Michael Pollan from Omnes Capital and Claus Wiinblad from Arbejdsmarkedets Tillægspension (ATP).

On behalf of the shareholders, the Board of Directors is responsible for the overall and strategic management of the company. The Board of Directors also monitors progress related to sustainability and financial targets.

**Executive Board**

Until 1st December 2022, the Executive Board consisted of Chief Executive Officer Rasmus Lildholdt Kjær (registered CEO), Chief Financial Officer Annette Egede Nylander (registered director), Chief Legal Officer Ho Kei Au (registered director), Chief Operating Officer Kevin Wilkinson, Chief Technology Officer Mikkel Dau Jacobsen, Chief Development Officer Michael Vater and Chief Investment Officer Mark Augustenborg Ødum.

On 1st December 2022, Thor Möger Pedersen joined the Executive Board as Chief Commercial Officer, and Chief Development Officer Michael Vater and Chief Technology Officer Mikkel Dau Jacobsen resigned from of the Executive Board.

On 1st March 2023, Birgitte Brix Bendtsen further joined the Executive Board as Chief People Officer.

As of 1st March 2023, the Executive Board thus consists of Chief Executive Officer Rasmus Lildholdt Kjær (registered CEO), Chief Financial Officer Annette Egede Nylander (registered director), Chief Legal Officer Ho Kei Au (registered director), Chief Operating Officer Kevin Wilkinson, Chief Investment Officer Mark Augustenborg Ødum, Chief Commercial Officer Thor Möger Pedersen, and Chief People Officer Birgitte Brix Bendtsen.

The Chief Executive Officer is responsible for the day-to-day management of the company. The other members of the Executive Board manage their respective areas of responsibility.

Together with the Board of Directors, the Executive Board ensures that the capital resources and liquidity of the company are always adequate and appropriate considering Better Energy's financial position and business prospects. The Executive Board also ensures corporate strategy is implemented with a view to long-term value creation and sustainability.

The Executive Board ensures that the company has an efficient organisational structure with effective lines of communication and reporting; that the necessary dedicated and skilled human resources are always present; and that clear instructions on roles and responsibilities are given to all members of the management team. The Executive Board usually meets twice a month or as requested by the Chief Executive Officer or another member of the Executive Board.

## Corporate culture

Better Energy is a values-driven company. Ethics and integrity are embedded in our Manifesto and Code of Conduct. Our Manifesto describes our vision, mission, strategy, guiding principles and values – the foundation of our business. The Code of Conduct provides policy statements outlining how we conduct our business and is regularly reviewed and updated as necessary.

## Corporate policies

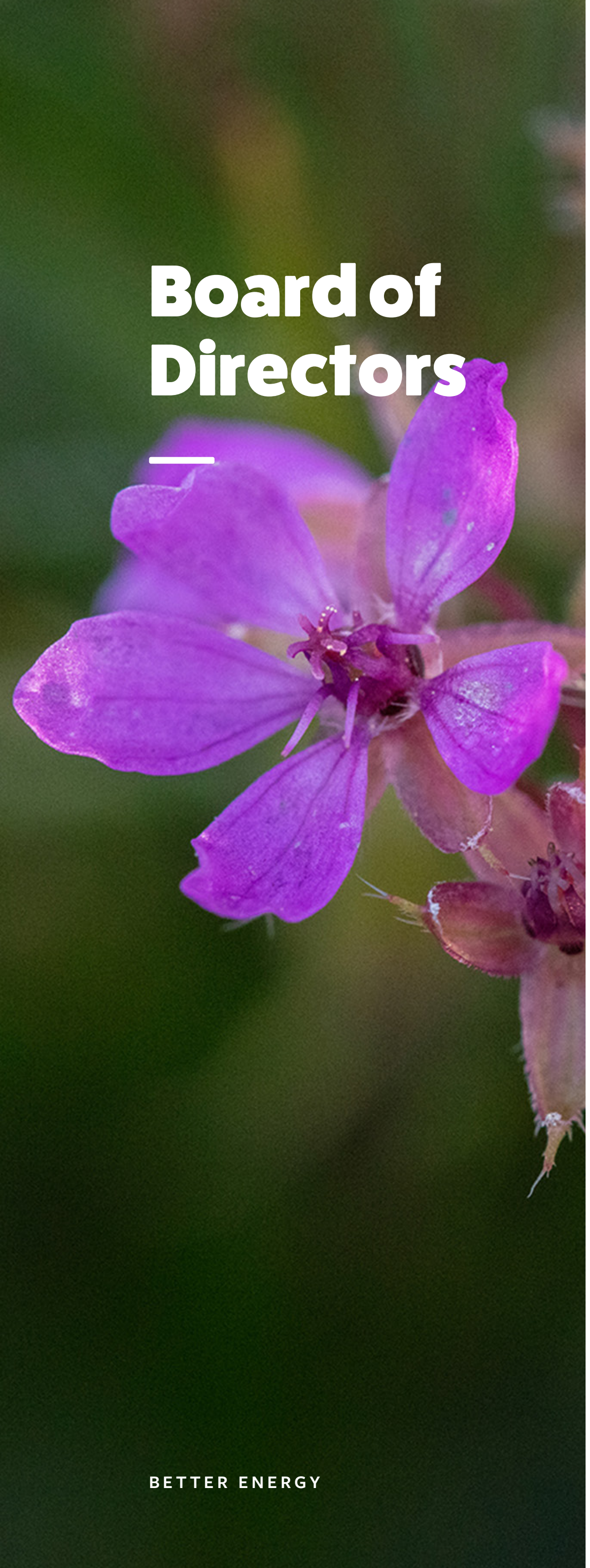
In addition to our Manifesto and Code of Conduct, the Board of Directors and Executive Board have adopted a set of policies and procedures to govern our business. Policies and procedures outline the rule of conduct for our company and instructions for making decisions.

## Risk management and audits

Risk management and audits are handled by the Board of Directors, the Executive Board and our Finance, Legal and Project Management Office teams. They identify and manage risks and ensure financial integrity, transparency and accountability in line with efficiency and effectiveness.

## Disclosure and communications

This annual report is available for download on www.betterenergy.com.



# Board of Directors

**CHRISTIAN MOTZFELDT**
CHAIR OF THE BOARD OF DIRECTORS

**CLAUS WIINBLAD**
BOARD MEMBER

**MICHAEL POLLAN**
BOARD MEMBER

**MICHAEL VATER**
BOARD MEMBER

**MIKKEL DAU JACOBSEN**
BOARD MEMBER

# Executive Board

**RASMUS LILDHOLDT KJÆR**
CHIEF EXECUTIVE OFFICER
Registered CEO

**ANNETTE EGEDE NYLANDER**
CHIEF FINANCIAL OFFICER
Registered Director

**BIRGITTE BRIX BENDTSEN**
CHIEF PEOPLE OFFICER

**HO KEI AU**
CHIEF LEGAL OFFICER
Registered Director

**KEVIN WILKINSON**
CHIEF OPERATING OFFICER

**MARK AUGUSTENBORG ØDUM**
CHIEF INVESTMENT OFFICER

**THOR MÖGER PEDERSEN**
CHIEF COMMERCIAL OFFICER

# People

Our people matter

Interview


# Our people matter

**Our ultimate advantage**

It is the people at Better Energy who make the difference – a group of talented, dedicated and mission-driven individuals collaborating to find new pathways to better solutions. Our shared ambitions are high. Being a part of Better Energy means empowerment to challenge the present and shape the future.

### Attracting and developing the best talent

In the fight for talent, purpose is going to win. At Better Energy, we believe we have a very meaningful purpose to offer our current and future employees. We also provide the benefits and flexibility you would expect from a modern workplace. We believe this combination has made it possible for us to attract skilled people to join our mission, resulting in unprecedented growth during 2022. But to drive and accelerate the transition to renewable energy sources, we need more people to join us.

### Freedom, personal energy, and teamwork

Although bringing one's talent to work for a purpose is rewarding, the personal energy of each of us must be protected and nurtured through meaningful teamwork. Working towards becoming a truly sustainable and regenerative company obligates us to ensure that workload or conditions does not lead to energy drain and stress. We strive towards providing conditions, possibilities and the freedom needed to allow for energy renewal from both a professional and personal network and ecosystem.

**Developing world-class inspiring regenerative leadership**

Regenerative leadership focuses on creating the capacity within any system to support the health of all employees and create the best conditions for them to release their potential. Regenerative leadership fosters collaboration and understanding of system dynamics, and it is our way to protect the unique Better Energy culture and values.

Better Energy leaders are the key to a thriving future organisation and business – a living, learning, adaptive, evolving system. We need to create spaces for people to be authentic, purposeful, innovative and in touch with the energy that drives us, our business and processes.

In 2022, we launched the Better Energy leadership model and developed a tailored leadership training programme for all leaders in Better Energy. Through the leadership programme in 2023, leaders are going to explore what world-class leadership – sustainable and regenerative – looks like. We can only set the bar for world-class leadership by exploring paths of leadership other companies have not yet pursued.

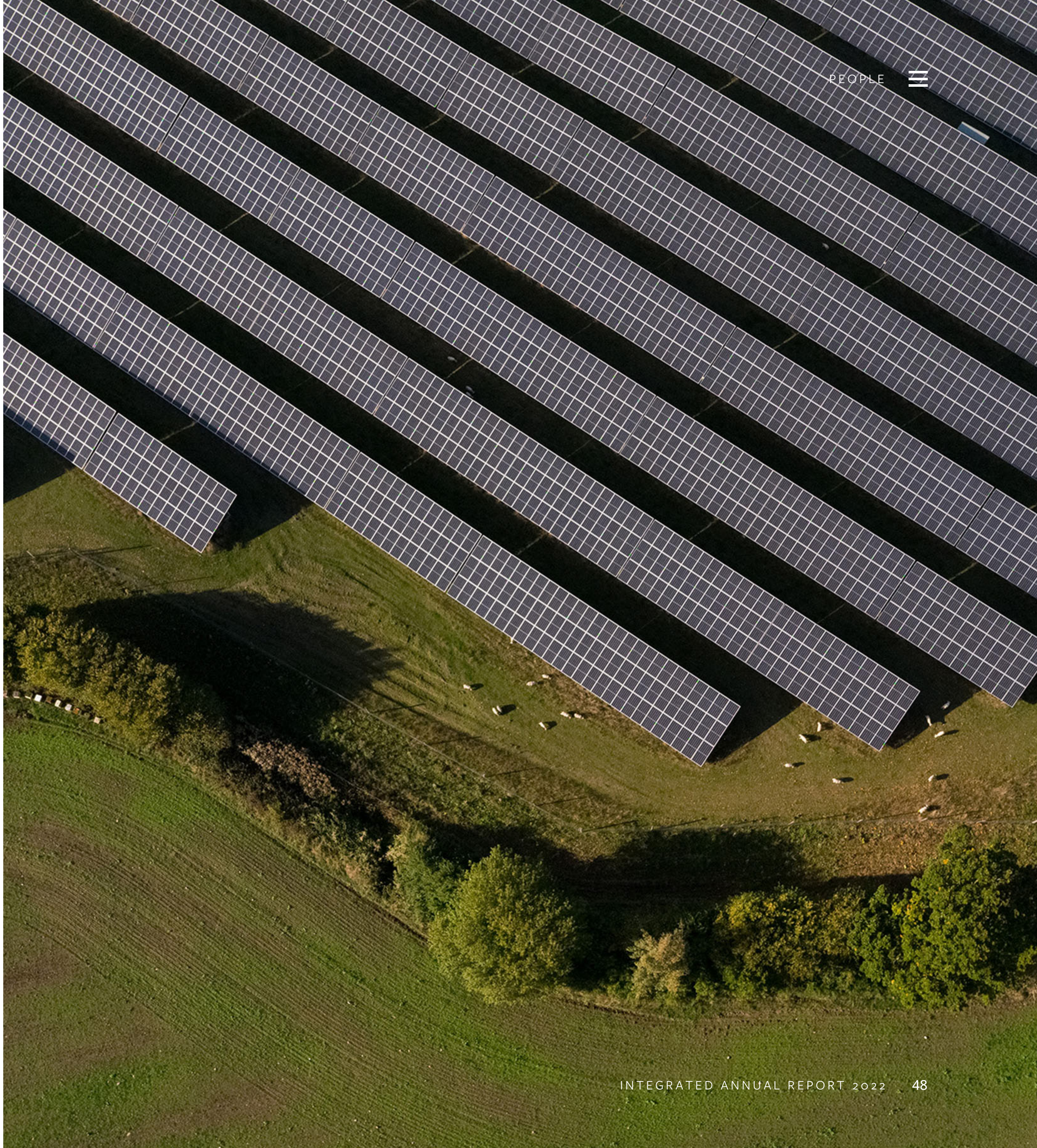
## Embedding diversity and inclusion

At Better Energy, we value differences and uniqueness – we welcome people with new perspectives, who share our values. Diversity is fundamental to the strength of our business and our ability to make an impact. Our Code of Conduct includes statements on diversity and inclusion that support equal opportunity.

Diversity is a focus in our hiring manager interview guide and hiring process, to ensure we attract and engage a diverse pool of candidates when hiring. We want to be unbiased in terms of gender, nationality, age, etc. At the end of 2022, we decided that, when working with external recruitment agencies to fill vacancies for leadership positions, at least 40% of qualified candidates for the first interview round must be women, unless the gender composition in the talent pool is extraordinarily skewed.

## Equal pay

To ensure all people are paid fairly and equitably, we implemented gender-based salary checks in our salary review. We want gender-based salary checks to be done before the final salary changes are approved by top management to warrant that managers have not had a blind spot when requesting salary increases for their employees. The gender-based salary check is shared with the CEO as input to the final decision. In 2022, we did not register gender-based blind spots in the final salary requests that were received from managers regarding full-time or part-time employees. If gender-based blind spots arise in future, they will be addressed with the manager and the salary will be adjusted accordingly.



INTERVIEW

# ANDREAS BRÄNNSTRÖM

**Vice President, Development Sweden**

**What is your role in Better Energy?**
The last three years, I have been responsible for establishing Better Energy in Sweden. I joined Better Energy's Finance Department in 2018 and, in 2020, I moved to Development with a focus on our Swedish market. I got great experience with the Better Energy way of doing things, such as how we engage with communities. Seven colleagues have joined the team since then, and we have just upgraded our office facilities, so we now have room to double the size of our team. And we are hiring!

**What have you been working on in 2022?**
Currently, we are focusing on building a pipeline of projects, which are based on land lease agreements, and getting the parks ready to build. Compared to Denmark, it is very different to access and buy land in Sweden. When the lease agreements are signed, we initiate the environmental permit processes and establish a dialogue with the grid companies. As in our other markets, we expect long grid connection lead times, so we spent a lot of time on this in 2022.

Our team has worked hard on moving projects forward in the development cycle. We really hope to be able to build and grid connect our first Better Energy project in Sweden during 2023.

**How would you describe working at Better Energy?**
I love coming to work, and I think it is about both purpose and values. We are trying to change the world for the better, and that feels good, of course. But our values-based approach is also about how we drive change and how we work together. Everyone has a role in delivering the best solution, and we are all part of delivering superior results.

Since we are not the first movers in Sweden, we need to set the bar high to outperform. Because of our knowledge sharing and experience from our other markets, we can really see that we are a standout player, staying true to our purpose and emphasising the importance of doing things the right way in neighbour dialogues, boosting biodiversity and just being open and sincere.

**Why join Better Energy?**
Even though Better Energy is one of the major players in solar energy production in Northern Europe, we are still a relatively young and vibrant company where we manage to keep our entrepreneurial spirit and where the distance from thought to action is short. I love that we can build something meaningful together, and every year new great people join us on our scaling journey.

Read more on our careers page.

# Financial statements

Consolidated financial statements

Parent Company financial statements

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# Consolidated financial statements



# Consolidated financial statements

# Income statement

For the period 1 January - 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| 1 | Revenue | 2,864,171 | 1,550,540 |
| 2 | Direct costs | -2,303,393 | -1,315,250 |
| 3, 4 | Other external expenses | -47,105 | -23,228 |
| | **Gross profit** | **513,673** | **212,062** |
| | | | |
| 5 | Staff costs | -98,246 | -45,541 |
| | **EBITDA** | **415,427** | **166,521** |
| | | | |
| 6 | Depreciation and amortisation | -9,337 | -9,073 |
| | **Operating profit** | **406,090** | **157,448** |
| | | | |
| 7 | Income from investments in associates | -222,473 | -109,246 |
| 8 | Financial income | 17,292 | 7,006 |
| 9 | Financial expenses | -44,608 | -15,135 |
| | **Profit before tax** | **156,301** | **40,073** |
| | | | |
| 10 | Tax on profit for the year | -32,822 | -7,578 |
| 11 | **Profit for the year** | **123,479** | **32,495** |

# Balance sheet
## Assets

At 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| | Goodwill | 630 | 2,724 |
| | Development cost | 28,413 | 8,555 |
| | Acquired patents and licences | 2,562 | 706 |
| 12 | **Intangible assets** | **31,605** | **11,985** |
| | Land and buildings | 42,140 | 33,126 |
| | Tools and equipment | 8,745 | 3,867 |
| | Leasehold improvements | 583 | 103 |
| 13 | **Property, plant and equipment** | **51,468** | **37,096** |
| | Investments in associates | 22,854 | 43,417 |
| | Other equity interests | 10,077 | 10,077 |
| | Receivables from associates | 426,153 | 0 |
| | Deposits | 3,886 | 923 |
| | Securities | 3,830 | 3,989 |
| 14 | **Fixed asset investments** | **466,800** | **58,406** |
| | **Fixed assets** | **549,873** | **107,487** |

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| 15 | **Inventories** | **276,105** | **281,635** |
| | Trade receivables | 24,531 | 26,708 |
| 16 | Contract work in progress | 251,363 | 5,138 |
| | Receivables from associates | 657,743 | 780,304 |
| 17 | Deferred tax assets | 25,425 | 30,177 |
| 18 | Other receivables | 59,303 | 34,851 |
| 19 | Prepayments | 17,861 | 19,931 |
| | **Receivables** | **1,036,226** | **897,109** |
| 20 | **Cash** | **1,081,327** | **612,244** |
| | **Current assets** | **2,393,658** | **1,790,988** |
| | **Assets** | **2,943,531** | **1,898,475** |

# Balance sheet

## Equity and liabilities

At 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| 21 | Share capital | 708 | 611 |
| | Retained earnings | 1,042,638 | 373,085 |
| | **Equity attributable to shareholders of the Parent Company** | **1,043,346** | **373,696** |
| | Minority interests | 3,696 | 4,836 |
| | **Equity** | **1,047,042** | **378,532** |
| 22 | Other provisions | 3,101 | 3,085 |
| | **Provisions** | **3,101** | **3,085** |
| | Bank and mortgage debt | 723,002 | 277,350 |
| | Bond debt | 0 | 6,350 |
| | Debt to credit institutions | 737,059 | 731,995 |
| | Other payables | 5,229 | 5,173 |
| 23 | **Long-term liabilities other than provisions** | **1,465,290** | **1,020,868** |

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| 23 | Bond debt | 6,350 | 0 |
| 23 | Debt to credit institutions | 156,526 | 13,929 |
| 16 | Contract work in progress | 6,720 | 22,068 |
| | Trade payables | 116,175 | 94,249 |
| | Income taxes | 1,317 | 47,159 |
| 24 | Other payables | 45,965 | 175,026 |
| 25 | Deferred income | 95,045 | 143,559 |
| | **Short-term liabilities other than provisions** | **428,098** | **495,990** |
| | **Liabilities other than provisions** | **1,893,388** | **1,516,858** |
| | **Equity and liabilities** | **2,943,531** | **1,898,475** |

| | |
|---|---|
| 27 | Financial derivatives |
| 28 | Unrecognised rental and lease commitments |
| 29 | Contingent liabilities |
| 30 | Assets charged and collateral |
| 31 | Related parties |
| 32 | List of companies |
| 33 | Events after the reporting period |

# Cash flow statement

For the period 1 January - 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| | Operating profit | 406,090 | 157,448 |
| | Non-cash corrections to operating profit | -2,790 | 2,735 |
| | Depreciation, amortisation and impairment losses | 9,337 | 9,073 |
| 26 | Working capital changes | -225,566 | -271,416 |
| | Cash flow from operating activities before financial income and expenses | 187,071 | -102,160 |
| | Financial income received | 4,872 | 2,464 |
| | Financial expenses paid | -35,427 | -12,212 |
| | Received dividends from associated companies | 11,273 | 0 |
| | Income taxes | -45,542 | -4,252 |
| | **Cash flows from operating activities** | **122,247** | **-116,160** |

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| | Acquisition etc. of intangible assets | -22,627 | -5,416 |
| | Acquisition etc. of property, plant and equipment | -17,349 | -5,116 |
| | Sale of property, plant and equipment | 189 | 17 |
| | Acquisition of associates | -387,675 | -50,838 |
| | Loan to associates | -462,584 | -164,798 |
| | Acquisition etc. of other fixed asset investments | -2,965 | -34 |
| | Sale of other fixed asset investments | 160 | 374 |
| | **Cash flows from investing activities** | **-892,851** | **-225,811** |
| | Proceeds from borrowings | 597,892 | 667,168 |
| | Instalments on long-term liabilities other than provisions | -9,730 | -5,613 |
| | Capital increase | 696,465 | 0 |
| | Purchase of treasury shares | -30,000 | -9,223 |
| | Dividend paid to minority interests | -245 | -392 |
| | Changes in minority interest | -14,695 | 0 |
| | **Cash flows from financing activities** | **1,239,687** | **651,940** |
| | **Increase/decrease in cash and cash equivalents** | **469,083** | **309,969** |
| | Cash and cash equivalents at 1 January | 612,244 | 302,275 |
| 20 | **Cash and cash equivalents at 31 December** | **1,081,327** | **612,244** |

# Statement of changes in equity

For the period 1 January - 31 December

| DKK '000 | Share capital | Retained earnings | Equity excl. minority interests | Minority interests | Total |
|---|---|---|---|---|---|
| Equity at 1 January 2021 | 611 | 378,266 | 378,877 | 2,988 | 381,865 |
| Profit for the year | 0 | 30,087 | 30,087 | 2,408 | 32,495 |
| Value adjustment of hedging instruments | 0 | -38,516 | -38,516 | 0 | -38,516 |
| Tax of value adjustment of hedging instruments | 0 | 8,474 | 8,474 | 0 | 8,474 |
| Purchase of treasury shares | 0 | -9,223 | -9,223 | 0 | -9,223 |
| Sale of treasury shares | 0 | 4,642 | 4,642 | 0 | 4,642 |
| Other adjustments | 0 | -4,642 | -4,642 | -170 | -4,812 |
| Exchange rate adjustments | 0 | 3,997 | 3,997 | -390 | 3,607 |
| **Equity at 31 December 2021** | **611** | **373,085** | **373,696** | **4,836** | **378,532** |
| **2022** | | | | | |
| Profit for the year | 0 | 122,898 | 122,898 | 581 | 123,479 |
| Capital increase | 97 | 696,368 | 696,465 | 0 | 696,465 |
| Value adjustment of hedging instruments | 0 | -122,501 | -122,501 | 0 | -122,501 |
| Tax of value adjustment of hedging instruments | 0 | 26,950 | 26,950 | 0 | 26,950 |
| Purchase of treasury shares | 0 | -30,000 | -30,000 | 0 | -30,000 |
| Other adjustments | 0 | -13,257 | -13,257 | -1,683 | -14,940 |
| Exchange rate adjustments | 0 | -10,905 | -10,905 | -38 | -10,943 |
| **Equity at 31 December 2022** | **708** | **1,042,638** | **1,043,346** | **3,696** | **1,047,042** |

During the year, a total of 102,269 treasury shares were allotted to employees as part of a share programme and a total of 611,098 shares have been acquired. The total portfolio of treasury shares consists of 1,311,641 shares at 31 December 2022 (802,812 in 2021), corresponding to 1.9% of the share capital.

### Accounting policy

Acquisition costs, consideration received, and dividends relating to treasury shares, are recognised directly in retained earnings in equity.

# Notes to financial statements

# Basis of preparation

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

The accounting policies for the consolidated financial statements and parent financial statements remain unchanged compared to last year.

In addition to the accounting policies described below, accounting policies for specific financial statement items are described in the notes for the items in the consolidated financial statements and the parent financial statements.

### Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Better Energy Group (Group), and the value of the assets can be measured reliably.

Liabilities are recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item. Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

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

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

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

Financial statement items of not 100% owned subsidiaries are recognised in full in the consolidated financial statements.

Minority interests' proportionate share of profit/loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity. Consideration from transaction of interests in subsidiaries where the Group does not obtain or lose control is recognised directly in the equity.

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

### Business combinations and acquisition of associates
Newly acquired or newly established businesses are recognised in the consolidated financial statements from the time of acquiring or establishing such businesses.


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

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

The same method of accounting is applied for acquisition of interests in associated companies that are accounted for under the equity method.

### Divestment of businesses and associates

Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up. Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated divestment or winding-up expenses.

Upon divestment of solar parks developed in consolidated project entities, profit or loss from the divestment is presented gross in the income statement as revenue and the related costs. The carrying amount of the associates is reduced by eliminating profit, and if the elimination exceeds the carrying amount, the amount in excess is presented as deferred income under short-term liabilities.

### Foreign currency translation

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

Exchange rate differences that arise between the rate at the transaction date and the one in effect at the payment date or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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

Exchange rate adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

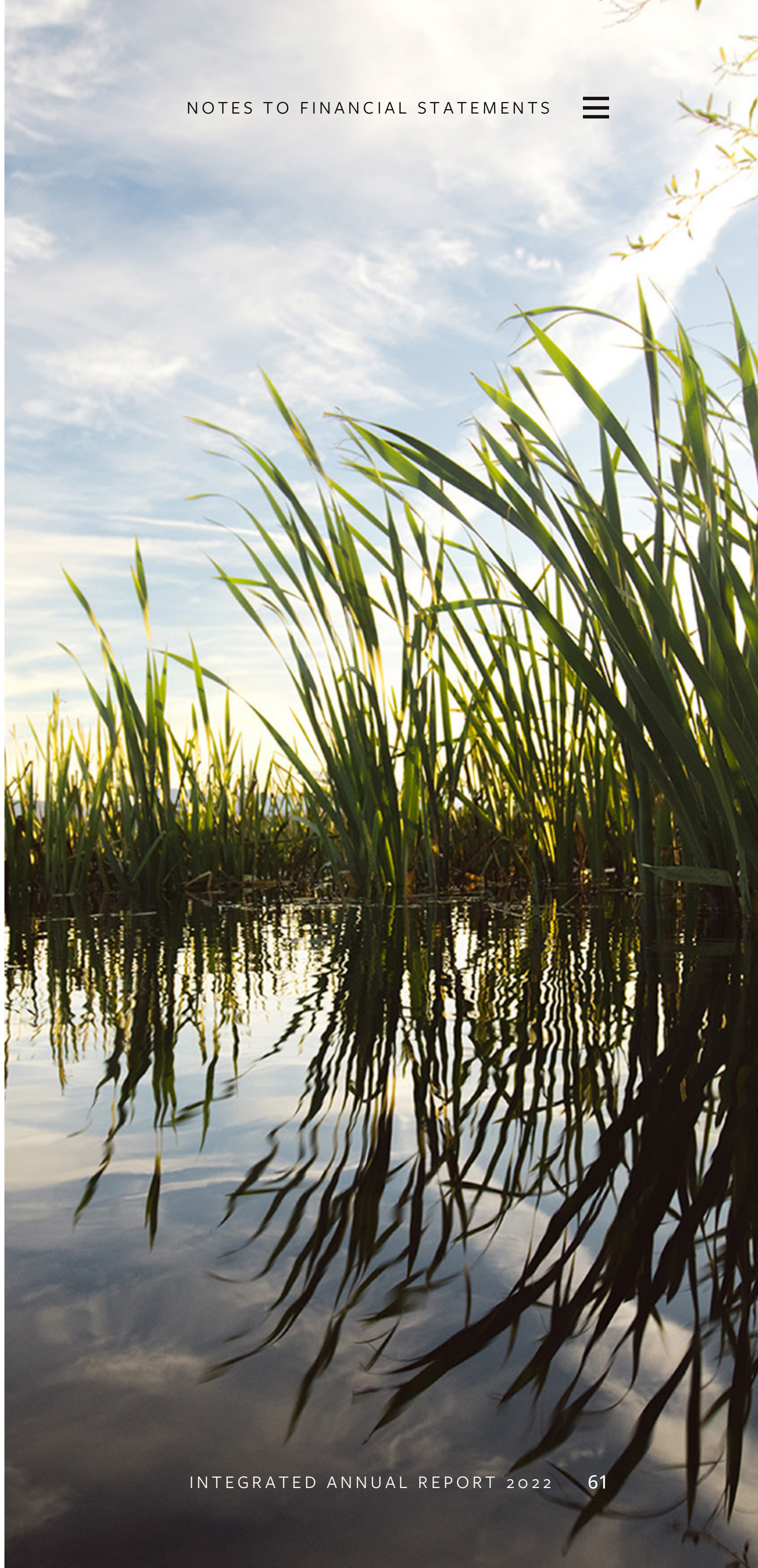
When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate of the time of acquisition or the time of any subsequent revaluation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

### Judgements

The accounting treatment of power purchase agreements is dependent on whether the specific contract is considered a physical contract or a financial derivative. Contracts based on actual production and actual offtake are considered physical by nature if there is a clear link between the physical flow and the gross cash flows. Physical contracts are classified as executory contracts and the fair value is recognised as an off-balance sheet item.

If there is no clear link between actual production and actual offtake, the contracts are considered non-physical and thereby financial derivatives. When the conditions are met, the financial derivative is recognised as a cashflow hedge directly in equity.

Power purchase agreements are typically long-term contracts. Determining the fair value involves a significant portion of non-observable input, primarily related to forward power prices outside of the span quoted on Nasdaq Commodities for comparable contracts as well as risk-free interest rate.





# Balance sheet

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of revenue/cost of the relevant financial statement items.

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

Current tax receivables and liabilities are recognised in the balance sheet as the expected tax income or expense for the year adjusted for tax related to prior years and tax payments on account.

# Cash flow statement

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

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

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

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

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

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

# Financial highlights

The financial highlights include key figures and ratios for 2018-2022.

Financial highlights are defined and calculated in accordance with the current 'Recommendations & Ratios' issued by CFA Society Denmark.

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

# **Note 1.** Revenue

| DKK '000 | 2022 | 2021 |
|---|---|---|
| **Revenue by activity:** | | |
| Divestment of solar parks | 2,817,586 | 1,518,110 |
| Power sales | 21,689 | 11,529 |
| Asset management | 24,896 | 14,155 |
| Other revenue | 0 | 6,746 |
| **Total revenue** | **2,864,171** | **1,550,540** |
| | | |
| **Revenue by country:** | | |
| Revenue in Denmark | 1,942,646 | 1,255,256 |
| Revenue in Poland | 917,960 | 291,882 |
| Revenue in Sweden | 264 | 264 |
| Revenue in other countries | 3,301 | 3,138 |
| **Total revenue** | **2,864,171** | **1,550,540** |

**Key accounting estimate and judgement on recognition and measurement of revenue**

Judgement is performed when determining whether a contract for the divestment of a solar park involves one or more performance obligations. This is based on an assessment of whether each performance obligation is distinct, i.e. whether the customer can benefit from the goods or services either on their own or together with other resources that are readily available to the customer (i.e. the goods or services are capable of being distinct) and the promise to transfer the goods or services to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the goods or services is distinct within the context of the contract).

Judgements are made when determining whether a project or service is recognised over time by applying the stage of completion method or at a point in time when control is transferred to the customer. This includes an assessment of whether the project or service has an alternative use to the Group, i.e. can the specific project or service be redirected to another customer, and the Group has an enforceable right to payment throughout the contractual term based on an analysis of the contract wording, legal entitlement and profit estimates.

The measurement of contract work in progress is based on the stage of completion method. This takes into account work already performed as well as an estimate of the total costs of the project, including the outcome of changes to the project.

**Accounting policy**

Better Energy uses IFRS 15 for interpretation of the provisions set out in the Danish Financial Statements Act regarding recognition of revenue.

Contract works for solar parks are divided in separate performance obligations to the extent that they are considered distinct, i.e. the customer can benefit from the goods or services on their own separately from other promises in the contract. This will from contract to contract include an assessment of the following phases, when applicable:

- Development
- Engineering
- Infrastructure
- Procurement
- Construction

The total contract price is then allocated on each identified performance obligation based on their relative stand-alone selling price.

Revenue from divestment of solar parks that are not sold prior to their completion is recognised in the income statement when control over the electricity or the solar parks has been transferred to the buyer being at the point the electricity or the solar parks are delivered to the customer, and it is probable that the income will be received.

In case a subsidiary that owns a solar park for sale constructed by Better Energy is divested to a third party, a total of 100 % of the revenue and the costs from the divestment are included in the revenue and direct costs. After the divestment, if the Group holds a share in the divested company as associate company or other equity interest, a part of the gain is eliminated in income from investments in associates or in net income from equity interests, corresponding to the share which the Group decides to keep.

Revenue from performance obligations under contract works with a high degree of individual adjustment, i.e. they create an asset with no alternative use, is recognised as revenue over time from the time an unconditional binding agreement with the customer has been obtained and provided that an enforceable right to payment for work performed at any time has been secured. When the outcome of contract works cannot be estimated reliably, the revenue is recognised only to the extent that costs incurred are likely to be recoverable.

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

Revenue from power sales is recognised in the income statement when delivery is made to the grid company.

Revenue from asset management is recognised when the service is provided and the risk has passed to the buyer.

Revenue is measured at the amount the Group expects to be entitled to receive excluding VAT and taxes charged on behalf of third parties and is measured at fair value of the consideration fixed. All discounts granted are recognised in the revenue.

## **Note 2.** Direct costs

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Raw materials and consumables used | 1,670,809 | 937,286 |
| Employee costs (see Note 5.) | 53,553 | 30,411 |
| Other costs | 579,031 | 347,553 |
| **Total direct costs** | **2,303,393** | **1,315,250** |

### Accounting Policy

Direct costs comprise goods and services as well as a proportionate share of staff costs incurred in the operations in the financial year adjusted for ordinary inventory write-downs.

## **Note 3.** Other external expenses

### Accounting Policy

Other external expenses include expenses relating to the Group's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

## **Note 4.** Fee to auditors appointed at the general meeting

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Audit fee | 905 | 839 |
| Other assurance engagements | 9 | 30 |
| Tax advisory services | 686 | 863 |
| Non-audit services | 1,436 | 301 |
| **Total fee to auditors appointed at the general meeting** | **3,036** | **2,033** |

### Accounting Policy

According to §96(3) of the Danish Financial Statements Act, the audit fee for the Parent Company has not been disclosed.

## **Note 5.** Staff costs

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Wages and salaries | 133,951 | 82,819 |
| Pension costs | 12,972 | 6,920 |
| Other social security expenses | 3,513 | 1,527 |
| Other employee expenses | 7,968 | 2,795 |
| **Total employee costs** | **158,404** | **94,061** |
| | | |
| Employee costs classified as direct costs | -34,546 | -30,411 |
| Employee costs classified as assets | -25,612 | -18,109 |
| **Total staff costs** | **98,246** | **45,541** |
| | | |
| **Average number of employees** | **186** | **113** |
| | | |
| Remuneration of management | | |
| **Total remuneration for Board of Directors** | **500** | **500** |
| **Total remuneration for Executive Board** | **6,560** | **5,470** |

Employees in the Better Energy Group including the Executive Board, have on equal terms participated in an employee share programme and have been allotted shares within a framework of up to 10% of the annual remuneration. The value of this share programme is included in the remuneration of the Executive Board.

### Accounting policy

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

## **Note 6.** Depreciation and amortisation

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Amortisation of goodwill | 2,094 | 2,094 |
| Amortisation of development costs | 315 | 150 |
| Amortisation of patents and licences | 589 | 388 |
| Depreciation of land and buildings | 762 | 522 |
| Depreciation of tools and equipment | 1,947 | 2,105 |
| Depreciation of leasehold improvements | 66 | 40 |
| Write-down of inventory | 3,564 | 3,774 |
| **Total depreciation and amortisation** | **9,337** | **9,073** |

### Accounting policy

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

## Note 7. Income from investments in associates

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Income from associates | 39,418 | 1,586 |
| Elimination of internal gains | -261,891 | -110,832 |
| **Total income from investments in associates** | **-222,473** | **-109,246** |

During the year, the Group has sold 10 solar parks to an associated company. A total of 100% of the revenue and cost of the divestments is recognised as revenue and direct costs, respectively, whereas 50% of the gain is eliminated in income from investments in associates.

### Accounting policy

Income from investment in associates comprises the pro rata share of the individual associates' profit or loss after pro rata elimination of internal gains or losses.

## Note 8. Financial income

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Other financial income | 852 | 313 |
| Associates | 14,600 | 4,371 |
| Exchange rate gains | 1,840 | 2,322 |
| **Total financial income** | **17,292** | **7,006** |

### Accounting policy

Financial income comprises interest income, amortisation of financial assets, exchange rate gains on transactions in foreign currencies, fair value adjustments of financial interests as well as tax relief under the Danish Tax Prepayment Scheme etc.

## Note 9. Financial expenses

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Other financial expenses | 30,769 | 12,357 |
| Associates | 5,826 | 0 |
| Exchange rate losses | 8,013 | 2,778 |
| **Total financial expenses** | **44,608** | **15,135** |

### Accounting policy

Financial expenses comprise interest expenses, amortisation of financial liabilities, exchange rate losses on transactions in foreign currencies, fair value adjustments of financial interests as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## **Note 10.** Tax on profit for the year

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Current tax for the year | 4,472 | 21,390 |
| Deferred tax for the year | 26,884 | -13,656 |
| Adjustment of tax concerning previous years | -2,351 | 9,607 |
| Adjustment of deferred tax concerning previous years | 3,817 | -9,763 |
| **Total tax on profit for the year** | **32,822** | **7,578** |

### Accounting policy

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

## **Note 11.** Proposed appropriation of profit for the year

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Minority interests' share of profit/loss of subsidiaries | 581 | 2,408 |
| Retained earnings | 122,898 | 30,087 |
| **Profit for the year** | **123,479** | **32,495** |

# **Note 12.** Intangible assets

(Goodwill, development costs and patents and licences)

| DKK '000 | Goodwill | Development costs | Patents and licences |
|---|---|---|---|
| Cost at 1 January 2022 | 10,543 | 8,780 | 1,545 |
| Additions for the year | 0 | 20,182 | 2,445 |
| Disposals for the year | 0 | 0 | -141 |
| Exchange rate adjustments | 0 | -9 | -1 |
| **Cost at 31 December 2022** | **10,543** | **28,953** | **3,848** |
| | | | |
| Amortisation and impairment losses at 1 January 2022 | 7,819 | 225 | 839 |
| Amortisation for the year | 2,094 | 315 | 589 |
| Disposals for the year | 0 | 0 | -141 |
| Exchange rate adjustments | 0 | 0 | -1 |
| **Amortisation and impairment losses at 31 December 2022** | **9,913** | **540** | **1,286** |
| | | | |
| **Carrying amount at 31 December 2022** | **630** | **28,413** | **2,562** |

The development costs are related to testing and optimising of new technology within construction and maintenance of solar parks and piloting of EV charging stations. The main part of the development projects was ready in 2022 and the remaining is expected to be finalised in 2023. The projects are running according to the original plan.

## Accounting policy

**Goodwill**

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

**Development costs**

Clearly defined and identifiable development projects for which the technical feasibility, adequacy of resources and a potential market or internal utilisation can be demonstrated, and where it is intended to manufacture, market or utilise the project, are recognised in intangible assets, provided the costs can be reliably determined and there is adequate certainty that the future earnings or the net selling price can cover the cost of the development costs. Capitalised development costs are measured at cost less accumulated amortisation and impairment losses. The costs include wages, and other direct costs relating to the individual development projects. On completion of the development work, development projects are amortised on a straight-line basis over their estimated useful life from the date the asset is available for use. The amortisation period is 3-10 years. The basis of amortisations is reduced by impairment losses.

**Acquired patents and licences**

Acquired patents and licences comprise acquired licences. Licences acquired are measured at cost less accumulated amortisation. Licences are written down to the lower of recoverable amount and carrying amount. The period of amortisation is three years.

# **Note 13.** Property, plant and equipment

| DKK '000 | Land and buildings | Tools & equipment | Leasehold improvements |
|---|---|---|---|
| Cost at 1 January 2022 | 33,928 | 9,315 | 192 |
| Additions for the year | 9,965 | 6,838 | 546 |
| Disposals for the year | -189 | -1,729 | 0 |
| Exchange rate adjustments | 0 | -44 | 0 |
| **Cost at 31 December 2022** | **43,704** | **14,380** | **738** |
| | | | |
| Depreciation and impairment losses at 1 January 2022 | 802 | 5,448 | 89 |
| Depreciations for the year | 762 | 1,947 | 66 |
| Disposal for the year | 0 | -1,729 | 0 |
| Exchange rate adjustments | 0 | -31 | 0 |
| **Depreciation and impairment losses at 31 December 2022** | **1,564** | **5,635** | **155** |
| | | | |
| **Carrying amount at 31 December 2022** | **42,140** | **8,745** | **583** |

### Accounting policy

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

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

For Group-manufactured assets, cost comprises direct and indirect costs of materials, components, services from subcontractors and labour costs.

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

| | |
|---|---|
| Buildings | 50 years |
| Tools and equipment | 3-8 years |
| Leasehold improvements | 5 years |

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

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

# **Note 14.** Fixed asset investments

(Investments in associates)

| DKK '000 | Investments in associates |
|---|---|
| Cost at 1 January 2022 | 149,074 |
| Additions for the year | 387,675 |
| **Cost at 31 December 2022** | **536,749** |
| | |
| Net revaluation at 1 January 2022 | -245,636 |
| Net share of result for the year | -222,473 |
| Exchange rate adjustments | -10,543 |
| Dividends received | -11,273 |
| Value adjustments for the year | -118,225 |
| **Net revaluation at 31 December 2022** | **-608,150** |
| | |
| **Carrying amount at 31 December 2022** | **-71,401** |
| | |
| Investments in associates are presented as follows in the balance sheet: | |
| Investments in associates | 22,854 |
| Deferred income | -94,255 |
| **Total investments in associates at 31 December 2022** | **-71,401** |

Included in the value of investments in associates is the Group's share of ownership in a Ukrainian solar park (DKK 21.3 million). Given the current situation in Ukraine the valuation is subject to some uncertainty. The valuation reflects the value in use for the Group.

## Accounting policy

**Investments in associates**
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised internal gains and losses.

The accounting policy for acquisition and divestment of associates is described above in the section for consolidated financial statements under basis of preparation.

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

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

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

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

# **Note 14.** Fixed asset investments

(Other equity interests, deposits and securities)

| DKK '000 | Other equity interests | Receivables from associates | Deposits | Securities |
|---|---|---|---|---|
| Cost at 1 January 2022 | 4,436 | 0 | 923 | 4,177 |
| Additions for the year | 0 | 426,153 | 2,963 | 136 |
| Disposals for the year | 0 | 0 | 0 | -295 |
| **Cost at 31 December 2022** | **4,436** | **426,153** | **3,886** | **4,018** |
| | | | | |
| Net revaluation at 1 January 2022 | 5,641 | 0 | 0 | -188 |
| **Value adjustments at 31 December 2022** | **5,641** | **0** | **0** | **-188** |
| | | | | |
| **Carrying amount at 31 December 2022** | **10,077** | **426,153** | **3,886** | **3,830** |

## Accounting policy

**Other fixed asset investments**

Other fixed asset investments consist of other equity interests, deposits and securities. The securities consist of loans to parties with whom the Group has commercial relations.

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

## **Note 15.** Inventories

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Raw materials and consumables used | 11,294 | 4,682 |
| Work in progress | 161,323 | 169,817 |
| Manufactured goods and goods for resale | 103,488 | 107,136 |
| **Inventories at 31 December** | **276,105** | **281,635** |

Manufactured goods and goods for resale are primarily solar parks.

### Accounting policy

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration, management and finance costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Operating solar parks for sale are written down based on an individual assessment of each park. The assessment is based on an expected lifetime of 30 years for the solar parks and with an expected low net value by the end of the period.

The total amount of capitalised interests in inventories during the year is DKK 5.1 million.

# **Note 16.** Contract work in progress

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Contract work in progress, liabilities | -6,720 | -22,068 |
| Selling price of completed work | 251,363 | 5,138 |
| **Net contract work in progress** | **244,643** | **-16,930** |

**Key accounting estimate and measurement of contract work in progress**

Measurement of contract work in progress is based on stage of completion of the individual projects combined with the knowledge of the remaining completion of the contract, hereunder the outcome of future changes to the project. The evaluation of the state of completion and total economy, hereunder possible changes, is carried out by the project management together with the Executive Board on a project-by-project basis.

The evaluation of future possible changes is based on the knowledge obtained on the single projects and accumulated knowledge from other projects completed by the company. The company also receives advice from external advisors and uses this knowledge in the evaluation of the stage of completion.

Estimates attached to the future development of the projects and the remaining work to be done depends on a number of factors and can change in progress of the completion of project.

The actual result can therefore deviate significantly from the expected result.

**Accounting policy**

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

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

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

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

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

# **Note 17.** Deferred Tax

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Deferred tax is incumbent on the following financial statement items: | | |
| Intangible assets | 1,947 | 855 |
| Property, plant and equipment | 4,189 | 2,594 |
| Investments in associates | 7,261 | -22,488 |
| Contract work in progress | -1,018 | -556 |
| Bad debt provision | -262 | 0 |
| Hedging instruments | -34,467 | -8,482 |
| Long-term liabilities | -3,035 | -1,827 |
| Tax loss carryforwards | -40 | -273 |
| **Deferred tax at 31 December** | **-25,425** | **-30,177** |

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Net value is recognised in the balance sheet as follows: | | |
| Deferred tax assets | -25,425 | -30,177 |
| **Deferred tax at 31 December** | **-25,425** | **-30,177** |
| | | |
| Deferred tax at 1 January | -30,177 | 1,688 |
| Adjustment concerning previous years | 3,817 | -9,763 |
| Exchange rate adjustments | 60 | 28 |
| Recognised in the equity | -26,009 | -8,474 |
| Recognised in the income statement | 26,884 | -13,656 |
| **Deferred tax at 31 December** | **-25,425** | **-30,177** |

Better Energy expects to use the deferred tax asset in future operations.

**Accounting policy**

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

Deferred tax assets, including tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets within each jurisdiction or within each entity where applicable.

## **Note 18.** Other receivables

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Receivable VAT | 52,963 | 33,834 |
| Financial derivatives | 2,642 | 0 |
| Other receivables | 3,698 | 1,017 |
| **Other receivables at 31 December** | **59,303** | **34,851** |

### Accounting policy

Refer to Note 27 for details on financial derivatives.

Other receivables are measured at cost usually corresponding to nominal value, less write-downs for bad and doubtful debts.

## **Note 19.** Prepayments

Prepayments consist of prepaid expenses related to 2023.

### Accounting policy

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost

## **Note 20.** Cash

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Free cash | 965,534 | 122,182 |
| Cash only available for use on specific projects | 91,387 | 423,292 |
| Cash on accounts with special termination terms | 24,406 | 66,770 |
| **Cash at 31 December** | **1,081,327** | **612,244** |

### Accounting policy

Cash comprises bank deposits.

Cash only available for use on specific projects comprises unused cash drawn from a credit facility that can be utilised within a short period of time.

Cash on accounts with special termination terms comprises cash placed as collateral for banking facilities.

## **Note 21.** Share capital

The share capital consists of 70,824,380 shares at DKK 0.01. The shares have not been divided into classes.

| **Changes in share capital in the past five years** | **DKK '000** |
|---|---|
| Share capital at 1 January 2018 | 500 |
| Capital increase 18 December 2019 | 111 |
| Capital increase 16 December 2022 | 97 |
| **Share capital at 31 December** | **708** |

## **Note 22.** Other provisions

Other provisions consist of asset retirement obligations.

### Accounting policy

Asset retirement obligations comprise the present value of the estimated expenses related to the retirement of solar parks at the end of their useful life. The provision is determined by discounting expected future cash flows.

## Note 23. Long-term liabilities other than provisions

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Long-term portion of bank & mortgage debt | 723,002 | 277,350 |
| Current portion of bank & mortgage debt | 156,526 | 13,929 |
| **Total bank & mortgage debt** | **879,528** | **291,279** |
| | | |
| Long-term portion of bond debt | 0 | 6,350 |
| Current portion of bond debt | 6,350 | 0 |
| **Total bond debt** | **6,350** | **6,350** |
| | | |
| Long-term portion of debt to credit institutions | 737,059 | 731,995 |
| **Total debt to credit institutions** | **737,059** | **731,995** |
| | | |
| Long-term portion of other payables | 5,229 | 5,173 |
| **Total other payables** | **5,229** | **5,173** |
| | | |
| **Total long-term liabilities** | **1,628,166** | **1,034,797** |
| | | |
| **Included in the balance sheet as:** | | |
| Long-term portion of long-term liabilities | 1,465,290 | 1,020,868 |
| Current portion of total long-term liabilities | 162,876 | 13,929 |
| **Due after more than five years (amortised cost):** | | |
| Long-term bank debt | 435,383 | 256,783 |
| Long-term other payables | 5,229 | 5,173 |
| **Long-term debt due after more than five years at 31 December** | **440,612** | **261,956** |

Nominal amount of total long-term liabilities other than provisions amounted to DKK 1,635 million compared to DKK 1,046 million last year.

### Accounting policy

Long-term liabilities are measured at cost less transaction costs incurred.

## Note 24. Other payables

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Salary related items | 757 | 3,645 |
| Holiday pay obligation | 11,214 | 5,682 |
| VAT and duties | 20,793 | 151,245 |
| Accrued interest expenses | 5,744 | 14,283 |
| Financial derivatives | 7,029 | 111 |
| Other costs payable | 428 | 60 |
| **Other payables at 31 December** | **45,965** | **175,026** |

### Accounting policy

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

## **Note 25.** Deferred income

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Other deferred income | 790 | 3,580 |
| Investments in associates | 94,255 | 139,979 |
| **Cash at 31 December** | **95,045** | **143,559** |

Deferred income consists of negative values related to investments in associates and other deferred income. The negative value arises from adjustments of internal profit from divestment to associates.

**Accounting policy**

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

## **Note 26.** Working capital changes

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Change in inventories | -14,948 | 50,887 |
| Change in receivables | -103,539 | -521,916 |
| Change in payables | -107,079 | 199,613 |
| **Total working capital changes** | **-225,566** | **-271,416** |

## **Note 27.** Financial derivatives

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Fair value of power purchase agreements (cash flow hedge) | -182,134 | -38,443 |
| Fair value of interest rate swaps (cash flow hedge) | 2,642 | -111 |
| Fair value of currency forward contracts (cash flow hedge) | -7,029 | 0 |
| **Value at 31 December** | **-186,521** | **-38,554** |
| | | |
| **The fair value is recognised as:** | | |
| Investments in associates | -182,134 | -38,443 |
| Other receivables | 2,642 | 0 |
| Other payables | -7,029 | -111 |
| **Value at 31 December** | **-186,521** | **-38,554** |

The power purchase agreements recognised as financial derivatives are contracts entered into with end users and energy traders on solar parks either fully operational or under development. The duration is up to 10 years. All currently recognised financial derivatives are considered cash flow hedges and recognised directly in equity.

**Accounting policy**

The Group recognises financial derivatives related to power purchase agreements at fair value using level 3 input. The 10-year forward curve used in assessing the value is on average 731 DKK/MWh.

Interest rate swaps and currency forward contracts are based on level 2 input.

## Note 28. Unrecognised rental and lease commitments

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Rental or lease agreements until maturity, under 1 year | 12,710 | 4,291 |
| Rental or lease agreements until maturity, 2-5 years | 63,817 | 48,234 |
| Rental or lease agreements until maturity, over 5 years | 222,260 | 260,318 |
| **Unrecognised rental and lease commitments at 31 December** | **298,787** | **312,843** |

## Note 29. Contingent liabilities

The Group has issued guarantees to the purchaser of solar systems that cover technical, legal and financial conditions related to the delivered solar systems. The guarantees primarily expire 2-5 years from acceptance/handover of the projects. The EPC guarantees are mainly covered back to back by manufacturer's guarantees regarding the main components with the exception of components manufactured by the Group.

The Group and its associates have entered into long-term physical contracts for delivery of power at fixed price with a negative fair value of DKK 2,850.5 million of which the Group's share is DKK 1,790.0 million.

The Group has engaged in conditional agreements regarding purchase of land and neighbour compensations (Danish renewable energy legislation) for a total of DKK 25.0 million. Furthermore, the Group is exposed to pay compensation or buy properties located within 200 meters of a Better Energy solar park if claimed through the assessment authorities.

One of the Group's banks has issued performance guarantees of DKK 1.7 million.

The Group's banks and financial partners have issued guarantees of DKK 60.7 million to the Danish authorities and DKK 90.1 million (PLN 57.3 million) million to the Polish authorities for future construction.

The Group is subject to a few ongoing claims. In the opinion of the Executive Board these are not expected to have a negative effect on the financial position of the Group in addition to what is already included in the balance per 31 December 2022.

## **Note 30.** Assets charged and collateral

Debt to credit institutions of DKK 732.8 million is secured by capital interest in subsidiaries with net assets of DKK 284.6 million.

Bank debt is secured by certain items of equipment and by way of a deposited mortgage deed on properties. The carrying amount of mortgaged properties is DKK 21.5 million.

Better Energy Fårvang Estate A/S, Solpark Nees Estate ApS and Better Energy TS Sønderborg ApS have transferred future rental income to the bank of Better Energy Estate A/S.

Cash totalling DKK 28.0 million is placed as collateral for banking facilities.

## **Note 31.** Related parties

**Transactions with related parties**

Related party transactions in 2022 consist of the below mentioned transactions.

**Asset management**
The Group has income from asset management of DKK 15.9 million from Better Energy Impact K/S and its subsidiaries in Denmark and Poland (associates to the Group).

**Interest**
Financial income and expenses from related parties amount to a net income of DKK 8.2 million from Better Energy Impact K/S and its subsidiaries in Denmark and Poland (associates to the Group).

**Better Energy A/S shares**
Through the wholly owned company, Mikkel Dau Holding Aps, Mikkel Dau Jacobsen (Chief Technology Officer and board member) sold Better Energy Holding A/S shares to Better Energy Holding A/S for a purchase price of DKK 30 million.

**Balances of 31 December 2022**
The Group has a receivable of DKK 1,083 million from the associated companies Better Energy Impact K/S and its subsidiaries in Denmark and Poland. In addition, there is a receivable of DKK 1.2 million from the associated company Ganska SES.

# **Note 32.** List of companies

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy A/S | Frederiksberg, Denmark | 100% |
| Better Energy Abed ApS | Frederiksberg, Denmark | 100% |
| Better Energy Abkær P/S | Frederiksberg, Denmark | 100% |
| Better Energy Arløse P/S | Frederiksberg, Denmark | 100% |
| Better Energy Astrup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Badskær P/S | Frederiksberg, Denmark | 100% |
| Better Energy Bjerndrup II P/S | Frederiksberg, Denmark | 100% |
| Better Energy Borg P/S | Frederiksberg, Denmark | 100% |
| Better Energy Borup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Brønderslev P/S | Frederiksberg, Denmark | 100% |
| Better Energy Cofoco Solpark ApS | Frederiksberg, Denmark | 51% |
| Better Energy Danish Solar I A/S | Frederiksberg, Denmark | 100% |
| Better Energy Denmark A/S | Frederiksberg, Denmark | 100% |
| Better Energy Eggeslevmagle P/S | Frederiksberg, Denmark | 100% |
| Better Energy Egå P/S | Frederiksberg, Denmark | 100% |
| Better Energy Energo II A/S | Frederiksberg, Denmark | 100% |
| Better Energy Energo Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy Estate A/S | Frederiksberg, Denmark | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Estate I ApS | Frederiksberg, Denmark | 100% |
| Better Energy Estate III ApS | Frederiksberg, Denmark | 100% |
| Better Energy EVCH Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy EVCH P/S | Frederiksberg, Denmark | 100% |
| Better Energy Fjelsted P/S | Frederiksberg, Denmark | 100% |
| Better Energy Flejsborg P/S | Frederiksberg, Denmark | 100% |
| Better Energy Fraugde P/S | Frederiksberg, Denmark | 100% |
| Better Energy Frederikshavn ApS | Frederiksberg, Denmark | 100% |
| Better Energy Fårvang Estate A/S | Frederiksberg, Denmark | 100% |
| Better Energy General Partner ApS | Frederiksberg, Denmark | 100% |
| Better Energy Generation A/S | Frederiksberg, Denmark | 100% |
| Better Energy Gerringe P/S | Frederiksberg, Denmark | 100% |
| Better Energy Gilleleje P/S | Frederiksberg, Denmark | 100% |
| Better Energy Give ApS | Frederiksberg, Denmark | 100% |
| Better Energy Godsted P/S | Frederiksberg, Denmark | 100% |
| Better Energy Haderup Estate ApS | Frederiksberg, Denmark | 100% |
| Better Energy Hjerm P/S | Frederiksberg, Denmark | 100% |
| Better Energy Hjordkær P/S | Frederiksberg, Denmark | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Hjortlund P/S | Frederiksberg, Denmark | 100% |
| Better Energy Hoby P/S | Frederiksberg, Denmark | 100% |
| Better Energy Holbæk ApS | Frederiksberg, Denmark | 100% |
| Better Energy Horslunde K/S | Frederiksberg, Denmark | 100% |
| Better Energy Horslunde Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy Hoven P/S | Frederiksberg, Denmark | 100% |
| Better Energy Hune P/S | Frederiksberg, Denmark | 100% |
| Better Energy Impact II K/S | Frederiksberg, Denmark | 100% |
| Better Energy Impact II Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy Infrastructure Lolland ApS | Frederiksberg, Denmark | 100% |
| Better Energy Jammerbugt P/S | Frederiksberg, Denmark | 100% |
| Better Energy Jelling P/S | Frederiksberg, Denmark | 100% |
| Better Energy Jernved P/S | Frederiksberg, Denmark | 100% |
| Better Energy Komplementar DK ApS | Frederiksberg, Denmark | 100% |
| Better Energy Komplementar DK I ApS | Frederiksberg, Denmark | 100% |
| Better Energy Kragerup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Køng Mose P/S | Frederiksberg, Denmark | 100% |
| Better Energy Lejrskov P/S | Frederiksberg, Denmark | 100% |
| Better Energy Lolland ApS | Frederiksberg, Denmark | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Lundsmark P/S | Frederiksberg, Denmark | 100% |
| Better Energy Mesballe P/S | Frederiksberg, Denmark | 100% |
| Better Energy Mønge P/S | Frederiksberg, Denmark | 100% |
| Better Energy Mollerup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Mørkøv P/S | Frederiksberg, Denmark | 100% |
| Better Energy Netherlands A/S | Frederiksberg, Denmark | 100% |
| Better Energy Nordals P/S | Frederiksberg, Denmark | 100% |
| Better Energy Norway A/S | Frederiksberg, Denmark | 100% |
| Better Energy Nyrup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Partners A/S | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships Holding ApS | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships II Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships II P/S | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships Komplementar ApS | Frederiksberg, Denmark | 100% |
| Better Energy Partnerships P/S | Frederiksberg, Denmark | 100% |
| Better Energy Perbøl P/S | Frederiksberg, Denmark | 100% |
| Better Energy Poland A/S | Frederiksberg, Denmark | 100% |
| Better Energy Poland Development A/S | Frederiksberg, Denmark | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Poland Estate A/S | Frederiksberg, Denmark | 100% |
| Better Energy Radsted II P/S | Frederiksberg, Denmark | 100% |
| Better Energy Radsted-Grænge P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ringe P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ringkjøbing P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ringsted P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ryomgaard P/S | Frederiksberg, Denmark | 100% |
| Better Energy Rønnede P/S | Frederiksberg, Denmark | 100% |
| Better Energy Sallinge Lunde Estate ApS | Frederiksberg, Denmark | 100% |
| Better Energy Saltø P/S | Frederiksberg, Denmark | 100% |
| Better Energy Skovby P/S | Frederiksberg, Denmark | 100% |
| Better Energy Skælskør P/S | Frederiksberg, Denmark | 100% |
| Better Energy Slagelse Vest ApS | Frederiksberg, Denmark | 100% |
| Better Energy Solar Park Holding ApS | Frederiksberg, Denmark | 100% |
| Better Energy Solar Park Nees ApS | Frederiksberg, Denmark | 100% |
| Better Energy Solar Parks A/S | Frederiksberg, Denmark | 100% |
| Better Energy Solar Parks UK ApS | Frederiksberg, Denmark | 100% |
| Better Energy Spain A/S | Frederiksberg, Denmark | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Spørring P/S | Frederiksberg, Denmark | 100% |
| Better Energy Starup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Staurby P/S | Frederiksberg, Denmark | 100% |
| Better Energy Stenderup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Studstrup ApS | Frederiksberg, Denmark | 100% |
| Better Energy Søby P/S | Frederiksberg, Denmark | 100% |
| Better Energy Sønderbæk Estate ApS | Frederiksberg, Denmark | 100% |
| Better Energy Tjørneby ApS | Frederiksberg, Denmark | 100% |
| Better Energy Tokkerup P/S | Frederiksberg, Denmark | 100% |
| Better Energy TRIBE ApS | Frederiksberg, Denmark | 100% |
| Better Energy TS Sønderborg ApS | Frederiksberg, Denmark | 100% |
| Better Energy Tved P/S | Frederiksberg, Denmark | 100% |
| Better Energy Tvis P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ubby ApS | Frederiksberg, Denmark | 100% |
| Better Energy UK A/S | Frederiksberg, Denmark | 100% |
| Better Energy Ukraine A/S | Frederiksberg, Denmark | 100% |
| Better Energy Ustrup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vamdrup P/S | Frederiksberg, Denmark | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Vedde P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vejrup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vemb Estate ApS | Frederiksberg, Denmark | 100% |
| Better Energy Vester Sottrup P/S | Frederiksberg, Denmark | 100% |
| Better Energy Videbæk P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vipperød P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vissenbjerg P/S | Frederiksberg, Denmark | 100% |
| Better Energy Viuf P/S | Frederiksberg, Denmark | 100% |
| Better Energy Vollerup Estate ApS | Sønderborg, Denmark | 100% |
| Better Energy Ærø A/S | Frederiksberg, Denmark | 100% |
| Better Energy Ørsbjerg P/S | Frederiksberg, Denmark | 100% |
| Better Energy Ørslev P/S | Frederiksberg, Denmark | 100% |
| P&B Partner ApS | Frederiksberg, Denmark | 100% |
| P&B Partner I ApS | Frederiksberg, Denmark | 100% |
| Selskabet af 24.09.2018 P/S under frivillig likvidation | Frederiksberg, Denmark | 90% |
| Solpark Nees Entreprise ApS | Frederiksberg, Denmark | 100% |
| Solpark Nees Estate ApS | Frederiksberg, Denmark | 100% |
| BE 22 P/S | Frederiksberg, Denmark | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| BE 85 ApS | Frederiksberg, Denmark | 100% |
| BE 134 ApS | Frederiksberg, Denmark | 100% |
| BE 149 ApS | Frederiksberg, Denmark | 100% |
| BE 150 ApS | Frederiksberg, Denmark | 100% |
| BE 151 A/S | Frederiksberg, Denmark | 100% |
| BE 152 A/S | Frederiksberg, Denmark | 100% |
| BE 164 ApS | Frederiksberg, Denmark | 100% |
| BE 165 ApS | Frederiksberg, Denmark | 100% |
| BE 176 ApS | Frederiksberg, Denmark | 100% |
| BE 179 ApS | Frederiksberg, Denmark | 100% |
| BE 185 ApS | Frederiksberg, Denmark | 100% |
| BE 186 ApS | Frederiksberg, Denmark | 100% |
| BE 187 ApS | Frederiksberg, Denmark | 100% |
| BE 188 ApS | Frederiksberg, Denmark | 100% |
| BE 189 ApS | Frederiksberg, Denmark | 100% |
| BE 190 ApS | Frederiksberg, Denmark | 100% |
| BE 191 ApS | Frederiksberg, Denmark | 100% |
| BE 192 ApS | Frederiksberg, Denmark | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| BE 193 ApS | Frederiksberg, Denmark | 100% |
| BE 194 ApS | Frederiksberg, Denmark | 100% |
| BE 195 ApS | Frederiksberg, Denmark | 100% |
| BE 196 ApS | Frederiksberg, Denmark | 100% |
| BE 197 ApS | Frederiksberg, Denmark | 100% |
| BE 198 ApS | Frederiksberg, Denmark | 100% |
| BE 199 ApS | Frederiksberg, Denmark | 100% |
| BE 200 ApS | Frederiksberg, Denmark | 100% |
| BE 201 ApS | Frederiksberg, Denmark | 100% |
| BE 202 ApS | Frederiksberg, Denmark | 100% |
| BE 203 ApS | Frederiksberg, Denmark | 100% |
| BE 204 ApS | Frederiksberg, Denmark | 100% |
| BE 205 ApS | Frederiksberg, Denmark | 100% |
| BE 206 ApS | Frederiksberg, Denmark | 100% |
| BE 211 A/S | Frederiksberg, Denmark | 100% |
| BE 348 P/S | Frederiksberg, Denmark | 100% |
| BE 349 P/S | Frederiksberg, Denmark | 100% |
| BE 350 P/S | Frederiksberg, Denmark | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| BE 351 P/S | Frederiksberg, Denmark | 100% |
| BE 352 P/S | Frederiksberg, Denmark | 100% |
| BE 353 P/S | Frederiksberg, Denmark | 100% |
| BE 354 P/S | Frederiksberg, Denmark | 100% |
| BE 355 P/S | Frederiksberg, Denmark | 100% |
| BE 356 P/S | Frederiksberg, Denmark | 100% |
| BE 357 P/S | Frederiksberg, Denmark | 100% |
| BE 358 P/S | Frederiksberg, Denmark | 100% |
| BE 359 P/S | Frederiksberg, Denmark | 100% |
| Better Energy Holding Poland sp. z o.o. | Warsaw, Poland | 100% |
| Better Energy Poland Sp. z o.o. | Warsaw, Poland | 100% |
| Better Energy Chelmno sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Kleczew sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Development sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 213 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 214 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 215 sp. z o.o. | Gdansk, Poland | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Solar Park 216 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 220 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 221 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 222 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 223 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 224 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 225 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Solar Park 226 sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Wagrowiec sp. z o.o. | Gdansk, Poland | 100% |
| Better Energy Holding Finland OY | Helsinki, Finland | 100% |
| Better Energy Finland OY | Helsinki, Finland | 100% |
| Better Energy Finland I Oy | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 267 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 268 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 269 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 283 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 284 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 285 OY | Helsinki, Finland | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Finnish Solar 286 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 287 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 288 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 289 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 290 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 291 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 292 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 293 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 294 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 295 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 296 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 297 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 298 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 299 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 300 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 301 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 302 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 313 OY | Helsinki, Finland | 100% |

# **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Finnish Solar 314 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 315 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 316 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 317 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 318 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 319 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 320 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 321 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 322 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 323 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 324 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 325 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 326 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 327 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 328 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 329 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 330 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 331 OY | Helsinki, Finland | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Finnish Solar 332 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 333 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 334 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 335 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 336 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 337 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 338 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 339 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 340 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 341 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 342 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 343 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 344 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 345 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 346 OY | Helsinki, Finland | 100% |
| Better Energy Finnish Solar 347 OY | Helsinki, Finland | 100% |
| Better Energy Holding Sweden AB | Malmø, Sweden | 100% |
| Better Energy Sweden AB | Malmø, Sweden | 100% |

## **Note 32.** List of companies (continued)

Investments in subsidiaries are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Generation Sweden AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 217 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 218 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 219 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 247 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 248 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 249 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 250 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 251 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 252 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 253 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 254 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 255 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 256 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 257 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 258 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 259 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 260 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 261 AB | Malmø, Sweden | 100% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Swedish Solar 262 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 263 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 264 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 265 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 266 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 303 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 304 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 305 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 306 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 307 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 308 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 309 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 310 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 311 AB | Malmø, Sweden | 100% |
| Better Energy Swedish Solar 312 AB | Malmø, Sweden | 100% |
| Better Energy Ukraine LLC | Lviv, Ukraine | 95% |
| Better Energy Partner DE GmbH | Hamburg, Germany | 100% |
| P&B Solarparks DK GmbH & Co. KG | Hamburg, Germany | 100% |

# **Note 32.** List of companies (continued)

Investments in associates are specified as follows:

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Bjerndrup P/S | Frederiksberg, Denmark | 50% |
| Better Energy Ebberup P/S | Frederiksberg, Denmark | 50% |
| Better Energy Energo P/S | Frederiksberg, Denmark | 49% |
| Better Energy Gimminge P/S | Frederiksberg, Denmark | 50% |
| Better Energy Impact International A/S | Frederiksberg, Denmark | 50% |
| Better Energy Impact K/S | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar I ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar II ApS | Frederiksberg, Denmark | 50% |
| Better Energy Impact Komplementar III ApS | Frederiksberg, Denmark | 50% |
| Better Energy Mejls P/S | Frederiksberg, Denmark | 50% |
| Better Energy Navnsø P/S | Frederiksberg, Denmark | 50% |
| Better Energy Norddjurs P/S | Frederiksberg, Denmark | 50% |
| Better Energy Næstved P/S | Frederiksberg, Denmark | 50% |
| Better Energy Nørre Aaby P/S | Frederiksberg, Denmark | 50% |
| Better Energy Rejstrup P/S | Frederiksberg, Denmark | 50% |
| Better Energy Slagelse P/S | Frederiksberg, Denmark | 50% |
| Better Energy Stevning P/S | Frederiksberg, Denmark | 50% |

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy Stoholm P/S | Frederiksberg, Denmark | 50% |
| Better Energy Svendborg P/S | Frederiksberg, Denmark | 50% |
| Better Energy Voldby P/S | Frederiksberg, Denmark | 50% |
| Better Energy Væggerløse P/S | Frederiksberg, Denmark | 50% |
| Better Energy Ådum P/S | Frederiksberg, Denmark | 50% |
| Sandvikenvej Infrastrukturselskab ApS* | Søborg, Denmark | 54% |
| SN 2022 A/S in bankruptcy | Hedehusene, Denmark | 35% |
| Better Energy Sadlogosz Estate sp. z o.o. | Gdansk, Poland | 50% |
| Better Energy Solar Park 80 sp. z o.o | Gdansk, Poland | 50% |
| Better Energy Solar Park 81 sp. z o.o | Gdansk, Poland | 50% |
| Better Energy Solar Park 82 sp. z o.o | Gdansk, Poland | 50% |
| Better Energy Wierzchowo sp. z o.o | Gdansk, Poland | 50% |
| Ganska SES LLC | Zhytomyr, Ukraine | 49% |

*Sandvikenvej Infrastrukturselskab ApS is considered an associated company because the owners have entered into an agreement that all decisions be made on consensus. The Group does not have control over the decision making.

## **Note 33.** Events after the reporting period

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

# Parent Company financial statements

CONTENTS

# Parent Company financial statements



# Income statement

For the period 1 January - 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| | Revenue | 3,791 | 3,600 |
| | Other external expenses | -1,976 | -874 |
| | **Gross profit** | **1,815** | **2,726** |
| 1 | Staff costs | -6,390 | -4,799 |
| | **EBITDA** | **-4,575** | **-2,073** |
| 2 | Amortisation | 0 | -9 |
| | **Operating profit** | **-4,575** | **-2,082** |
| | Income from investments in subsidiaries | 124,083 | 35,479 |
| 3 | Financial income | 24,419 | 3,889 |
| 4 | Financial expenses | -21,429 | -8,308 |
| | **Profit before tax** | **122,498** | **28,978** |
| 5 | Tax on profit for the year | 400 | 1,109 |
| 6 | **Profit for the year** | **122,898** | **30,087** |

# Balance sheet
## Assets

At 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| | Acquired patents and licences | 0 | 0 |
| 7 | **Intangible assets** | **0** | **0** |
| | Investments in subsidiaries | 284,630 | 283,112 |
| 8 | **Fixed asset investments** | **284,630** | **283,112** |
| | **Fixed assets** | **284,630** | **283,112** |
| | Receivables from group enterprises | 1,372,197 | 421,215 |
| | Joint taxation asset | 13,041 | 59,835 |
| 9 | Deferred tax assets | 2,023 | 936 |
| | Other receivables | 28 | 0 |
| | **Receivables** | **1,387,289** | **481,986** |
| 10 | **Cash** | **638,524** | **418,812** |
| | **Current assets** | **2,025,813** | **900,798** |
| | **Assets** | **2,310,443** | **1,183,910** |

# Balance sheet
## Equity and liabilities

At 31 December

| Note | DKK '000 | 2022 | 2021 |
|---|---|---|---|
| 11 | Share capital | 708 | 611 |
| | Reserve for net revaluation according to the equity method | 152,002 | 145,681 |
| | Retained earnings | 890,636 | 227,404 |
| | **Equity** | **1,043,346** | **373,696** |
| | Bond debt | 0 | 6,350 |
| | Debt to credit institutions | 986,080 | 732,805 |
| 12 | **Long-term liabilities other than provisions** | **986,080** | **739,155** |
| 12 | Bond debt | 6,350 | 0 |
| 12 | Debt to credit institutions | 150,000 | 0 |
| | Trade payables | 702 | 175 |
| | Payables to group enterprises | 110,528 | 4,530 |
| | Income taxes | 347 | 47,110 |
| | Joint taxation liability | 11,702 | 3,535 |
| 13 | Other payables | 1,388 | 15,709 |
| | **Short-term liabilities other than provisions** | **281,017** | **71,059** |
| | **Liabilities other than provisions** | **1,267,097** | **810,214** |
| | **Equity and liabilities** | **2,310,443** | **1,183,910** |

| | |
|---|---|
| 14 | Contingent liabilities |
| 15 | Assets charged and collateral |
| 16 | Related parties |

# Statement of changes in equity

For the period 1 January - 31 December

| DKK '000 | Share capital | Net revaluation, equity method | Retained earnings | Total |
|---|---|---|---|---|
| Equity at 1 January 2021 | 611 | 150,112 | 228,154 | 378,877 |
| Profit for the year | 0 | 35,479 | -5,392 | 30,087 |
| Value adjustments of hedging instruments | 0 | -38,516 | 0 | -38,516 |
| Tax of value adjustments of hedging instruments | 0 | 8,474 | 0 | 8,474 |
| Purchase of treasury shares | 0 | -9,223 | 0 | -9,223 |
| Sale of treasury shares | 0 | 0 | 4,642 | 4,642 |
| Other adjustments | 0 | -4,642 | 0 | -4,642 |
| Exchange adjustments | 0 | 3,997 | 0 | 3,997 |
| **Equity at 31 December 2021** | **611** | **145,681** | **227,404** | **373,696** |
| | | | | |
| **2022** | | | | |
| Profit for the year | 0 | 124,083 | -1,185 | 122,898 |
| Capital increase | 97 | 0 | 696,368 | 696,465 |
| Value adjustments of hedging instruments | 0 | -122,501 | 0 | -122,501 |
| Tax of value adjustments of hedging instruments | 0 | 26,950 | 0 | 26,950 |
| Purchase of treasury shares | 0 | 0 | -30,000 | -30,000 |
| Sale of treasury shares | 0 | 0 | 7,272 | 7,272 |
| Other adjustments | 0 | -11,306 | -9,223 | -20,529 |
| Exchange adjustments | 0 | -10,905 | 0 | -10,905 |
| **Equity at 31 December 2022** | **708** | **152,002** | **890,636** | **1,043,346** |

During the year, a total of 102,269 treasury shares were allotted to employees as part of a share programme and a total of 611,098 shares have been acquired. The total portfolio of treasury shares consists of 1,311,641 shares at 31 December 2022 (802,812 in 2021), corresponding to 1.9% of the share capital.

# Notes to Parent Company financial statements

## Note 1. Staff costs

| DKK '000 | 2022 | 2021 |
|---|---|---|
| **Average number of employees** | **3** | **3** |

## Note 2. Amortisations

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Acquired patents and licences | 0 | 9 |
| **Total amortisations** | **0** | **9** |

### Accounting policy

Amortisation relating to intangible assets is calculated on the basis of the residual values and useful lives of the individual assets.

## Note 3. Financial income

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Interests received from Group enterprises | 5,281 | 3,871 |
| Other financial income | 217 | 0 |
| Exchange rate gains | 18,921 | 18 |
| **Total financial income** | **24,419** | **3,889** |

### Accounting policy

Financial income comprises interest income, exchange rate gains on transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

## Note 4. Financial expenses

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Interests paid to Group enterprises | 0 | 4,197 |
| Other financial expenses | 1,709 | 4,018 |
| Exchange rate losses | 19,720 | 93 |
| **Total financial expenses** | **21,429** | **8,308** |

### Accounting policy

Financial expenses comprise interest expenses, exchange rate losses on transactions in foreign currencies, as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

## Note 5. Tax on profit for the year

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Current tax for the year | 742 | -767 |
| Deferred tax for the year | -1,087 | -342 |
| Adjustment of tax concerning previous years | -55 | 0 |
| **Total tax on profit for the year** | **-400** | **-1,109** |

### Accounting policy

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

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

## **Note 6.** Proposed appropriation of profit for the year

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Transfer to reserve for net revaluation according to the equity method | 124,083 | 35,479 |
| Retained earnings | -1,185 | -5,392 |
| **Profit for the year** | **122,898** | **30,087** |

## **Note 7.** Intangible assets

| DKK '000 | Licences and patents |
|---|---|
| Cost at 1 January 2022 | 141 |
| Disposals for the year | -141 |
| **Cost at 31 December 2022** | **0** |
| | |
| Amortisation and impairment losses at 1 January 2022 | 141 |
| Disposals for the year | -141 |
| **Amortisation and impairment losses at 31 December 2022** | **0** |
| | |
| **Carrying amount at 31 December 2022** | **0** |

### Accounting policy

Acquired patents and licences comprise acquired licences. Licences acquired are measured at cost less accumulated amortisation. Licences are written down to the lower of recoverable amount and carrying amount. The period of amortisation is three years.

# **Note 8.** Fixed asset investments

(Subsidiaries)

| DKK '000 | Subsidiaries |
|---|---|
| Cost at 1 January 2022 | 126,403 |
| Additions for the year | 316 |
| **Cost at 31 December 2021** | **126,719** |
| | |
| Net revaluation at 1 January 2022 | 156,709 |
| Net share of profit for the year | 124,083 |
| Value adjustments of hedging instruments | -95,551 |
| Other adjustments | -16,425 |
| Exchange rate adjustments | -10,905 |
| **Net revaluation at 31 December 2022** | **157,911** |
| | |
| **Carrying amount at 31 December 2022** | **284,630** |
| | |
| **Carrying amount of goodwill recognised** | **630** |

### Accounting policy

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised internal gains or losses.

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

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

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

# **Note 8.** Fixed asset investments (continued)

(Subsidiaries)

| Name | Place of registered office | Votes and ownership |
|---|---|---|
| Better Energy A/S | Frederiksberg, Denmark | 100% |
| Better Energy Generation A/S | Frederiksberg, Denmark | 100% |
| Better Energy Partners A/S | Frederiksberg, Denmark | 100% |
| Better Energy Holding Sweden AB | Malmø, Sweden | 100% |
| Better Energy Holding Poland sp. z o.o | Warsaw, Poland | 100% |
| Better Energy Holding Finland Oy | Helsinki, Finland | 100% |

Second-tier subsidiaries are listed in Note 32 of the consolidated financial statements.

## **Note 9.** Deferred tax

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Deferred tax is incumbent on the following financial statement items: | | |
| Long-term liabilities other than provisions | -2,023 | -936 |
| **Deferred tax at 31 December** | **-2,023** | **-936** |
| | | |
| Net value is recognised in the balance sheet as follows: | | |
| Deferred tax assets | 2,023 | 936 |
| **Deferred tax at 31 December** | **2,023** | **936** |
| | | |
| Deferred tax at 1 January | -936 | -594 |
| Recognised in the income statement | -1,087 | -342 |
| **Deferred tax at 31 December** | **-2,023** | **-936** |

Better Energy Holding A/S expects to use the deferred tax asset in future operations.

### Accounting policy

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

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

## **Note 10.** Cash

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Free cash | 634,900 | 12,089 |
| Cash only available for use on specific projects | 3,624 | 406,723 |
| **Cash at 31 December** | **638,524** | **418,812** |

## **Note 11.** Share capital

The share capital consists of 70,824,380 shares at DKK 0.01.
The shares have not been divided into classes.

| Changes in share capital in the past five years | DKK '000 |
|---|---|
| Share capital at 1 January 2018 | 500 |
| Capital increased 18 December 2019 | 111 |
| Capital increase 16 December 2022 | 97 |
| **Share capital at 31 December** | **708** |

## **Note 12.** Long-term liabilities other than provisions

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Long-term portion of bond debt | 0 | 6,350 |
| Current portion of bond debt | 6,350 | 0 |
| **Total bond debt** | **6,350** | **6,350** |
| | | |
| Long-term portion of debt to credit institutions | 986,080 | 732,805 |
| Current portion of debt to credit institutions | 150,000 | 0 |
| **Total debt to credit institutions** | **1,136,080** | **732,805** |
| | | |
| Included in the balance sheet as: | | |
| Long-term portion of long-term liabilities | 986,080 | 739,155 |
| Current portion of long-term liabilities | 156,350 | 0 |
| | | |
| **Long-term debt due after more than five years at 31 December** | **0** | **0** |

Nominal amount of total long-term liabilities other than provisions amounted to DKK 991.6 million compared to DKK 729.4 million last year.

### Accounting policy

Long term liabilities are measured at cost less transaction costs incurred.

## **Note 13.** Other payables

(Short-term liabilities)

| DKK '000 | 2022 | 2021 |
|---|---|---|
| Accrued interest | 0 | 14,128 |
| Other payables | 1,388 | 1,581 |
| **Other payables at 31 December** | **1,388** | **15,709** |

### Accounting policy

Other payables are measured at amortised cost, which corresponds to nominal value.

## **Note 14.** Contingent liabilities

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

Better Energy Holding A/S has issued a parent guarantee for Better Energy A/S's obligations in relation to the Heartland project. The guarantee covers technical, legal and financial conditions related to the delivered solar system.

Better Energy Holding A/S has provided security for the obligations of Better Energy A/S in relation to the sale of the shares in the Vollerup and Nees II projects to Nordic Solar Energy A/S.

Better Energy Holding has provided security for the obligations of Better Energy A/S towards Sydbank.

Better Energy Holding A/S has provided security for the obligations of Better Energy Poland A/S in relation to the sale of the shares in the NSE 10 MW and NSE 30 MW projects to Nordic Solar Energy A/S and NS Global I ApS, respectively.

Better Energy Holding A/S provides a guarantee of EUR 2.7 million for the obligations of Better Energy Solar Park 213 sp. z.o.o., Better Energy Sadlogosz Estate sp. z.o.o., Better Energy Solar Park 80 sp. z.o.o. and Better Energy Wierzchowo sp. z.o.o. towards Statkraft markets GmbH.

Better Energy Holding A/S provides a guarantee of DKK 45.0 million to a supplier for the debt of Better Energy A/S.

## **Note 15.** Assets charged and collateral

Debt to credit institutions of DKK 732.8 million is secured by capital interest in subsidiaries with a carrying amount of DKK 284.6 million and intergroup loans with Better Energy Holding A/S as a creditor with a total amount of DKK 110.5 million.

Cash totalling DKK 3.6 million is placed as collateral for banking facilities.

# **Note 16.** Related parties

### Transactions with related parties

Related party transactions in 2022 consist of the below mentioned transactions.

**Commercial management**
Better Energy Holding A/S has income from commercial management of DKK 3.8 million from Better Energy A/S (fully owned subsidiary).

**Better Energy A/S shares**
Through the wholly owned company, Mikkel Dau Holding Aps, Mikkel Dau Jacobsen (Chief Technology Officer until end of November 2022, Executive Operations Advisor as of 1st of December 2022 and board member) sold Better Energy Holding A/S shares to Better Energy Holding A/S for a purchase price of DKK 30 million.

**Balances as of 31 December 2022**
Receivables, debt and related interests to Group enterprises are disclosed in the balance sheet.

# Assurance statements

# Statement by the Executive Board & the Board of Directors

The Board of Directors and the registered Executive Board have today considered and approved the annual report of Better Energy Holding A/S, Central Business Registration No. 31865883, for the financial year 1 January – 31 December 2022.

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

In our opinion, the consolidated financial statements and the Parent Company's financial statements give a true and fair view of Better Energy's and the Parent Company's financial position at 31 December 2022 and of the results of Better Energy's and the Parent Company's operations and the consolidated cash flows for the financial year 1 January – 31 December 2022.

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

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

Frederiksberg, 30 March 2023

**Executive Board (registered)**

Rasmus Lildholdt Kjær
CEO

Annette Egede Nylander
CFO

Ho Kei Au
CLO

**Board of Directors**

Christian Motzfeldt
Chair

Claus Wiinblad

Michael Pollan

Michael Vater

Mikkel Dau Jacobsen

**Forward-looking statements**

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

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

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

## Statement by the Chair of the Annual General Meeting

Approved at the Annual General Meeting on 20 April 2023

**Ho Kei Au**
Chair of the Annual General Meeting

# Independent Auditor's Report

## To the shareholders of Better Energy Holding A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Better Energy Holding A/S, Central Business Registration No. 31865883, for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

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

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

**Statement on the management commentary**
Management is responsible for the management commentary. Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Kolding, 30 March 2023

**Deloitte**

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

**Lars Ørum Nielsen**
State-Authorised Public Accountant MNE no 26771

# About this report

Better Energy is pleased to present its first integrated annual report, which is prepared in accordance with the Danish Financial Statements Act sections 99a, 99b, and 99d. This report covers our approach to managing sustainability risks and opportunities, including those related, but not limited, to the environment, climate, human rights, labour and social conditions, anti-corruption, gender diversity in management, and data ethics. For our statutory statement pursuant to the Danish Financial Statements Act section 99 a, b and d, refer to the following pages:


- Impact that Matters p. 8-9
- Sustainability & Regeneration p. 24-32
- Risk p. 33-40
- Governance p. 41-45
- People p. 46-49


As a company following the principles in the Future-Fit Business Benchmark (FFBB), we are committed to transparent reporting. We are working on further developing and improving our data processes to meet the expectations of our stakeholders as well as comply with EU legislation, notably the Corporate Social Reporting Directive and the EU Taxonomy. For 2022 reporting, we will also complete our first Communication on Progress in line with the Ten Principles of the United Nations' Global Compact.

Our data on energy consumption and emissions cover all solar parks where we have an ownership stake, as well as our operational offices. To ensure comparable reporting, we prepare our Scope 1, 2, and 3 emissions data in accordance with the Greenhouse Gas Protocol.

We report data on people based on employee groups and assess governance such as business ethics and lobbying at group level. People figures relating to health and safety, gender diversity and wages are reported using a headcount approach.

We are committed to continuous improvement of our sustainability performance and will strive to provide even more details in our reporting in the years to come.

# List of abbreviations and definitions

| | |
|---|---|
| **ATP** | Arbejdsmarkedets Tillægspension |
| **Better Energy** | Better Energy Group |
| **Board** | Board of Directors |
| **CFA** | Charted Financial Analyst |
| **$CO_2e$** | carbon dioxide equivalent |
| **EBITDA** | earnings before interest, taxes, depreciation, and amortisation |
| **EPC** | engineering, procurement, construction |
| **EV** | electric vehicle |
| **FFBB** | Future-Fit Business Benchmark |
| **GHG** | greenhouse gas |
| **GW** | gigawatt |
| **GWh** | gigawatt hours |
| **IBAT** | Integrated Biodiversity Assessment Tool |
| **IFRS** | International Financial Reporting Standards |
| **ILO** | International Labour Organization |
| **IRO** | impacts, risks and opportunities |
| **MW** | megawatt |
| **MWh** | megawatt hours |
| **MWp** | megawatt peak |
| **NGO** | non-governmental organisation |
| **Parent Company** | Better Energy Holding A/S, CVR No. 31865883 |
| **PPA** | power purchase agreement |
| **PV** | photovoltaic |
| **UN** | United Nations |

# Company Information

### Company
Better Energy Holding A/S
Gammel Kongevej 60, 14th floor
1850 Frederiksberg C
Denmark
Central Business Registration No: 31865883
Registered in: Frederiksberg
Financial year: 01.01.2022 - 31.12.2022

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Internet: www.betterenergy.com
E-mail: info@betterenergy.dk

### Board of Directors
Christian Motzfeldt, Chair
Claus Wiinblad
Michael Pollan
Michael Vater
Mikkel Dau Jacobsen

### Executive Board
Rasmus Lildholdt Kjær (registered CEO)
Annette Egede Nylander (registered director)
Birgitte Brix Bendtsen (as of 1st of March 2023)
Ho Kei Au (registered director)
Kevin Wilkinson
Mark Augustenborg Ødum
Thor Möger Pedersen

### Company auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Egtved Allé 4, 6000 Kolding
Denmark
Business Registration No: 33963556