

Annual financial report 2020

European Distributed Energy Assets Holding AS

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European Distributed Energy Assets Holding AS
Org.no.: 923 991 859

Board of Director's report 2020 for European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

The European Distributed Energy Assets Group (the EDEA Group) was founded in 2020 and has during its first year of operations financed leasing of residential solar installations in Spain (sales initiated in May), Norway (sales initiated in June) and Sweden (sales initiated in December). The Group raised NOK 155 million in equity from several solid long-term institutional investors and secured an initial debt facility from Nordea of NOK 50m. The EDEA Group financed 169 leasing contracts in 2020, representing NOK 10 million in asset acquisition cost. This corresponds to NOK 1 million in annual recurring revenue (ARR) which represents revenue from customer contracts over the following twelve months. Sales revenues were NOK 0.2 million, and the result of the year ended at a loss of NOK 3.2 million. The backlog of projects that are sold and not yet installed as of 31.12.20 was NOK 11.6 million.

The nature of the business

The EDEA Group was established by Otovo, a European market leader within residential solar energy solutions, to finance leasing of energy assets originated by Otovo. EDEA enables green affordable energy to European households and receives predictable cash flows on 20-year contracts.

Currently, the Group offers financing of solar systems to households, and aims to take a leading position in this market in Europe. The Group's head office is in Oslo.

Important events in 2020

The EDEA Group raised NOK 155 million in equity in the second half of the year and secured initial loan financing from Nordea of NOK 50 million. EDEA has a solid partnership with Otovo as the originator of leasing assets. Otovo launched leasing sales in Spain and Norway in May and June, respectively, and in Sweden in December 2020. Due to lead time from the point of sales to the point of installation, and the time needed to secure the appropriate organizational setup of the Group, the first leasing customers were transferred to the EDEA at the end of October. The groundwork for the launch of leasing in France was also completed in late 2020.

Financial statements

The Group's operating revenues for the financial year 2020 were NOK 0.2 million. Total operating expenses were NOK 3.4 million, of which NOK 2.6 million were establishment costs and NOK 0.1 million in depreciation expenses. The majority of the Group's liquidity is held in NOK.

The Group had assets of NOK 151.7 million as of 31 December 2020. Fixed assets were NOK 9.9 million. Current assets were NOK 141.8 million, of which cash represented NOK 136.6 million. The equity ratio for the group on 31 December 2020 was 97%.

The liquidity of the group is satisfactory with bank deposits of NOK 136.6 million as of 31 December 2020. The cash flow from operations was NOK -3.7 million for the financial year 2020. The cash flow from investing activities was NOK -10.0 million, while the cash flow from financing activities was NOK 150.3 million.

EDEA Holding AS

EDEA Holding AS is the parent company in the EDEA Group. EDEA AS had no operating revenues in 2020. The result for the year ended at a loss of NOK 2.6 million.

At the end of the year, EDEA Holding AS had assets of NOK 151.5 million and bank deposits of NOK 135.8 million. Total equity amounted to NOK 148.1 million.

Markets

The Covid-19 pandemic has affected the Group's business environment and financial results throughout the year. The solar panel supply chain was affected when Chinese factories closed and the supply of panels was limited at the beginning of the year. The demand side was affected by economic uncertainty, shutdowns and periodic curfews in large parts of Europe.

The euro strengthened against Norwegian and Swedish kroner, which led to higher prices for equipment in Norway and Sweden. In combination with record low electricity prices in the Nordic region, this led to reduced demand for residential solar in general in Scandinavia throughout the year.

The demand for solar power systems from private households is largely affected by regulation and subsidy schemes. In Norway, EDEA's leasing customers receive cash support upfront for leasing of solar power systems. In Sweden the customers may obtain tax relief for the installation work. For leasing a portion of the monthly leasing payment will then be directly deducted from the invoice. The practical implementation is still being discussed with Swedish tax authorities. In Spain, the customer value proposition is strong without a subsidy scheme. Further, demand is supported by the expectation of continued high electricity prices. However, there is uncertainty related to the Group's assessments of future market conditions, especially related to regulatory conditions and the long-term consequences of the ongoing corona crisis and future energy prices.

In order to carry out a successful scaling of the business, the Group is dependent on partnerships with originators of leasing assets and that these partnerships deliver sufficient volume. In order to attract such partnerships, the Group needs to provide good visibility on financing at attractive terms and adapt the product and value proposition to the customer to local conditions.

In addition, the Group's markets are in the early stages of development and EDEA Group is vulnerable to volatility in demand, increased competition from established energy companies and regulatory changes that may affect the markets in general or the Group's business model in particular. Furthermore, the Group is exposed to risk that results from day-to-day operations. This includes credit risk, processing of customer data, and HSE risk associated with the practical installation activities carried out through the Group's partnerships.

The board believes that the presented annual accounts give a true and fair view of the result of the business and the financial position.

Financial risk

The Group is exposed to financial risk related to interest rates, currency and liquidity risk.

The CEO and CRO handle and monitor the liquidity situation and financial risk on an ongoing basis. The group raised NOK 155 million in equity during 2020. In addition the group has an undrawn loan facility from Nordea bank of NOK 50 million.

In 2020, the Group acquired revenue-generating assets in both EUR and NOK, while the liquidity is held in NOK. The group is thus exposed to currency risk. This risk may be mitigated through debt financing in EUR, but until the Group starts drawing on the Nordea facility this risk remains unhedged. The Group's current policy is not to use financial derivatives.

When debt financing increases, the group will also be exposed to interest rate risk related to variable interest rates under the Nordea facility. This risk is partly mitigated by CPI-adjustment of the monthly leasing payments. The Group's current policy is not to use financial derivatives to hedge interest rate risk.

The Group is also exposed to credit risk, if customers are unable to pay their monthly leasing payments. There have been no historical losses on accounts receivable, but exposure to end customers can increase during periods of economic downturn. Customers with unpaid overdue invoices are continuously monitored and all new customers are approved through a credit check. The risk related to the customer segment the Group addresses (homeowners) is generally considered to be low. The credit risk is also mitigated by having a high number of independent customers.

The Group will be exposed to liquidity risk resulting from difference in maturity on its leasing agreements and its debt financing. However, the group's equity and cash position is currently solid. Cash and cash equivalents at the end of the year were NOK 136.6 million. The board considers the liquidity in the group to be satisfactory.

Subsequent events

A share purchase program was established in an extraordinary general meeting in EDEA Holding AS held on February 12th 2021. The total investment by the employees participating in the share purchase program is limited upwards to an amount equal to NOK 3 million. The purpose of the program is to seek an alignment of the Company's interests and the shareholders- interests where the employees can take part in the Company's success and profitability. In addition, the share program intends to attract and retain valuable employees in the Company.

An internal reorganisation of the group has been initiated in the first quarter to give European Distributed Energy Assets MidCo AS (EDEA MidCo AS) the intended place in the structure, namely between EDEA Holding AS and the other subsidiaries. EDEA Holding AS owned all shares in European Distributed Energy Assets AS, Distributed Energy Assets SLU and DEA SARL at year-end 2020. The internal reorganization will be carried out by using the shares as a contribution in kind in a share capital increase in EDEA MidCo AS.

There have been no other events after the end of the year that are of importance for the financial statements of the EDEA Group.

Going concern

The EDEA Group achieved sales revenues for 2020 of NOK 0.2 million which resulted in a loss after tax of NOK 3.2 million.

At the end of the year, the EDEA Group had assets of NOK 151.7 million, of which bank deposits of NOK 136.6 million. At the end of the year, the Group's equity was NOK 147.1 million.

The Group is in a start-up phase which means that the financial risk is greater than it would be for a group with an established position.

The long-term consequences of the ongoing corona crisis are uncertain, and may affect both the demand side in the form of reduced market growth and the ability of the Group's suppliers to deliver services. The EDEA Group will make the necessary adjustments in future cost and investment levels to manage the risk level in the Group to be in line with the current macroeconomic situation.

The board confirms that the annual accounts for 2020 have been prepared on a going concern basis.

External environment

Otovo estimates that the total solar power systems installed by Otovo in 2020 will remove 109,000 tonnes of CO₂ emissions from European power production during its lifetime. The EDEA Group's share of Otovo's installations in 2020 was roughly 8%.

The Group's value chain nevertheless represents a burden on the environment, and the Group measures the carbon footprint of the value chain as a whole. Through the use of technology, Otovo has reduced the environmental impact of installing solar power systems, among other things by enabling online inspections that replace physical inspections. Otovo will reduce the remaining impact on the environment by establishing an as efficient as possible value chain and logistics, and through focusing on sustainability across the company's internal activities and consumption.

Research and development

The EDEA Group does not have any research or development activities.

Employees and equality

The EDEA Group does not have any employees and the CEO and CRO are both employed in Otovo. At 31 December 2020, the Board of Directors consisted of five members of which all were men.

Corporate governance

The EDEA governance sets out to secure operational and financial performance follow up and effective decision-making based on transparency, clear communication and understanding of roles and responsibilities. The officers and board members adhere to our Code of Conduct which sets out requirements for business practices as well as personal conduct, rules for follow up and the whistleblower policy.

Outlook

The EDEA Group aims to expand its operations to new geographies in 2021. Leasing was launched in France during Q1 and a Polish subsidiary is under establishment to finance leasing assets in Poland in Q2. The Group currently offers financing of leasing contracts for residential solar, and will consider additional distributed energy assets in the future.

Annual profits and distributions

The result for the year in EDEA Holding AS was a loss of NOK 2.6 million. The board proposes that this is transferred from other equity. The board proposes that no dividend is distributed for the financial year 2020.

After the transfer, EDEA Holding AS will have an equity as of 31 December 2020 of NOK 148.1 million, corresponding to an equity ratio of 98%, while the Group has an equity of NOK 147.1 million and an equity ratio of 97%.

Oslo, 16/03/2021

Einar Unhjem Johansen

Board member

Lars Syse Christiansen

Board member

Tobias Told

Board member

Kristian Kristoffersen

Board member

Andreas Thorsheim

Chairman of the board

Statement of profit and loss
European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

EDEA Holding AS			EDEA Group	
2020	26.11 - 31.12.2019		Note	27.03 - 31.12.2020
		Operating income		
0	0	Income from contracts		158 858
0	0	Other income		0
<u>0</u>	<u>0</u>	Total operating income	11	<u>158 858</u>
		Operating expenses		
83 460	0	Payroll expenses	13	83 460
0	0	Depreciation	6	81 097
2 496 179	0	Other operating costs	12	3 200 137
<u>2 579 639</u>	<u>0</u>	Total operating costs		<u>3 364 694</u>
<u>-2 579 639</u>	<u>0</u>	Operating profit (loss)		<u>-3 205 836</u>
		Financial income and expenses		
1 609	0	Other financial income	15	1 609
1 130	0	Other financial expenses	15	1 130
<u>479</u>	<u>0</u>	Net financial items		<u>479</u>
<u>-2 579 161</u>	<u>0</u>	Profit (loss) before taxes		<u>-3 205 357</u>
0	0	Taxes	8	0
<u>-2 579 161</u>	<u>0</u>	Profit (loss)		<u>-3 205 357</u>
		Earnings/(loss) per share		
<u>-0.40</u>	<u>0.00</u>	Basic and dilutive earnings/(loss) per share		<u>-0.50</u>

Statement of comprehensive income
European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

EDEA Holding AS			EDEA Group	
2020	26.11 - 31.12.2019		Note	27.03 - 31.12.2020
<u>-2 579 161</u>	<u>0</u>	Profit (loss)		<u>-3 205 357</u>
		Items to be reclassified subsequently to profit or loss:		
0	0	Foreign exchange differences		-293 638
0	0	Items not to be reclassified subsequently to profit or		0
<u>0</u>	<u>0</u>	Other comprehensive income, net of tax		<u>-293 638</u>
<u>-2 579 161</u>	<u>0</u>	Total comprehensive income (loss)		<u>-3 498 995</u>
		Brought forward		
2 579 161	0	Transferred from other equity	3	3 498 995
<u>2 579 161</u>	<u>0</u>	Net brought forward		<u>3 498 995</u>

Balance sheet
European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

EDEA Holding AS		EDEA Group	
2020	2019	Note	2020
Assets			
Fixed assets			
Tangible assets			
0	0	5, 6	9 915 224
0	0	6	0
<u>0</u>	<u>0</u>		<u>9 915 224</u>
Financial fixed assets			
13 737 220	0	4, 7	0
<u>13 737 220</u>	<u>0</u>		<u>0</u>
<u>13 737 220</u>	<u>0</u>		<u>9 915 223</u>
Current assets			
Receivables			
0	0	14, 16	90 330
921 557	0	10, 16	3 428 034
0	0	16	1 687 500
1 008 205	0	18	0
<u>1 929 762</u>	<u>0</u>		<u>5 205 864</u>
Cash and bank deposits			
135 848 767	39 930	9, 16	136 593 383
<u>135 848 767</u>	<u>39 930</u>		<u>136 593 383</u>
<u>137 778 529</u>	<u>39 930</u>		<u>141 799 247</u>
<u>151 515 749</u>	<u>39 930</u>		<u>151 714 471</u>

Balance sheet
European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

EDEA Holding AS		EDEA Group	
2020	2019	Note	2020
Equity and liabilities			
Paid-in equity			
959 970	30 000	Share capital	959 970
149 675 110	9 930	Share premium	149 675 110
<u>150 635 080</u>	<u>39 930</u>	Total paid-in equity	<u>150 635 080</u>
Retained earnings			
-2 579 161	0	Retained earnings	-3 498 995
<u>-2 579 161</u>	<u>0</u>	Total retained earnings	<u>-3 498 995</u>
<u>148 055 919</u>	<u>39 930</u>	Total equity	<u>147 136 085</u>
Liabilities			
Other long-term liabilities			
0	0	Liabilities to financial institutions	0
0	0	Other long-term liabilities	0
<u>0</u>	<u>0</u>	Total long-term liabilities	<u>0</u>
Current liabilities			
208 921	0	Trade creditors	228 677
0	0	Tax payable	0
8 460	0	Public debt payable	39 660
0	0	Liabilities to group companies	0
3 242 448	0	Other current liabilities	4 310 049
<u>3 459 829</u>	<u>0</u>	Total current liabilities	<u>4 578 386</u>
<u>3 459 829</u>	<u>0</u>	Total liabilities	<u>4 578 386</u>
<u>151 515 749</u>	<u>39 930</u>	Total equity and liabilities	<u>151 714 471</u>

Oslo, 16.03.2021

Einar Unhjem Johansen
Board member

Lars Syse Christiansen
Board member

Tobias Told
Board member

Kristian Kristoffersen
Board member

Andreas Thorsheim
Chairman of the board

Statement of cash flows
European Distributed Energy Assets Holding AS / European Distributed Energy Assets Group

EDEA Holding AS			EDEA Group	
2020	26.11 - 31.12.2019		Note	27.03 - 31.12.2020
		Cash flows from operating activities		
-2 579 161	0	Profit/loss before tax		-3 205 357
0	0	Ordinary depreciation		81 097
0	0	Change in accounts receivable	14	-90 330
208 921	0	Change in accounts payable		228 677
0	0	Effect of exchange rate fluctuations		-293 638
1 321 147	0	Change in other accrual items		-765 825
<u>-1 049 093</u>	<u>0</u>	Net cash flows from operating activities		<u>-4 045 376</u>
		Cash flows from investment activities		
		Payments for tangible assets		-9 996 321
-13 737 220	0	Payments for acquisitions and capital increases in subsidiaries		0
<u>-13 737 220</u>	<u>0</u>	Net cash flows from investment activities		<u>-9 996 321</u>
		Cash flows from financing activities		
0	0	Proceeds from borrowings		0
150 595 150	39 930	Proceeds from issues of shares	3	150 595 150
<u>150 595 150</u>	<u>39 930</u>	Net cash flows from financing activities		<u>150 595 150</u>
<u>135 808 837</u>	<u>39 930</u>	Net change in cash and cash equivalents		<u>136 553 454</u>
<u>39 930</u>	<u>0</u>	Cash and cash equivalents at the start of the period		<u>39 930</u>
<u>135 848 767</u>	<u>39 930</u>	Cash and cash equivalents at the end of the period		<u>136 593 384</u>

Note 1 - Accounting Principles

General

European Distributed Assets Holding AS (EDEA Holding AS or the company) and its subsidiaries (together the Group) are leasing out solar panels to private customers and are currently operating in the Norwegian and Spanish market.

EDEA Holding AS is a limited liability company and its offices are located in Torggata 7, Oslo in Norway.

The annual financial statements cover both EDEA Holding AS's consolidated and company financial statements. Some of the accounting principles will thus only apply to the consolidated accounts and the company accounts, respectively. This will be specifically stated.

Basis for preparing the financial statements

The financial statements have been prepared and presented in accordance with the Accounting Act § 3-9 and regulations on simplified IFRS laid down by the Ministry of Finance on 3 November 2014. This mainly means that measurement and recognition follow international accounting standards (IFRS) and that presentation and note information are in accordance with Norwegian accounting law and good accounting practice. The financial statements are based on the principles of historical cost accounting.

Consolidation principles

The consolidated financial statements include the parent EDEA Holding AS and all subsidiaries, presented as a single economic entity. All the entities have applied consistent principles and all intercompany transactions and balances have been eliminated. Subsidiaries are all entities controlled, directly or indirectly, by EDEA Holding AS. The Group controls an entity when it is exposed to, or has rights to, variable returns from the involvement with the entity and has the ability to affect those returns through power over the entity. Power over an entity exists when the Group has existing rights that give the current ability to direct the activities that significantly affect the entity's returns. Generally, there is a presumption that a majority of voting rights result in control. The Group considers all relevant facts and circumstances in assessing whether control exists, including contractual arrangements and potential voting rights to the extent that those are substantive. Subsidiaries are included in the consolidated financial statements from the date EDEA Holding AS effectively obtains control of the subsidiary (acquisition date) and until the date EDEA Holding AS ceases to control the subsidiary.

Foreign currencies

The consolidated financial statements are presented in NOK, which is EDEA Holding AS' functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

Subsidiaries

Subsidiaries are recognised according to the cost method and yearly tested for impairment. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are recognised as income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Business combinations and goodwill

The acquisition method is used to account for all business combinations where EDEA Holding AS or a subsidiary is the acquirer, i.e. the entity that obtains control over another entity or business. When a subsidiary or business is acquired, a purchase price allocation is carried out. Identifiable assets acquired and liabilities, including contingent liabilities assumed are measured at fair value at the acquisition date. The residual value in the acquisition is goodwill. If the difference is negative, it is recognised directly in the consolidated income statement. Acquisition-related costs are expensed as incurred.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU.

Use of estimates

In the preparation of the financial statements estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

In the preparation of the financial statements the management has made some significant assessments based on estimates and judgment related to the application of the accounting principles. This is explained in the following:

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In the customer lease agreements the customer does not have the right to direct how and for what purpose the asset is used throughout the period of use, and therefore the customer agreements are not defined as lease contracts.

Revenue from contracts with customers

Revenue from contracts with customers is recognized at the time when control of the product or service is transferred to the customer and in accordance with the amount that reflects what the group expects to receive for the product or service. The customers are invoiced monthly in advance and the revenue is accrued over the period.

Revenue is measured at the fair value of the consideration received or receivable, excluding taxes and duties. Revenue from contracts with customers are all related to leasing of solar panels.

Tax

Current tax liabilities and assets are measured at the amount that is expected to be paid to or recovered from the tax authorities.

Deferred tax liabilities and assets are computed for all temporary differences between the tax basis and the carrying amount of an asset or liability in the consolidated financial statements and the tax basis of tax losses carried forward. For deferred tax assets and liabilities, the nominal tax rates expected to apply when the asset is realised or the liability is paid will be used.

Deferred tax assets relating to tax deficits and other tax-reducing temporary differences are recognised to the extent that it is probable that they can be applied against future taxable income.

Tax expense (tax income) comprises current tax expense (current tax income) and deferred tax expense (deferred tax income). Any amount recognised as current tax assets or liabilities and deferred tax assets or liabilities are recognised in profit or loss, except to the extent that the tax arises from a transaction or event recognised in other comprehensive income or directly in equity.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and depreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

Impairment of non-financial assets

At each reporting date, the group assesses whether there are indications that an asset has fallen in value. If such indications exist, the asset's recoverable amount is estimated.

The recoverable amount is considered to be the higher of fair value less costs to sell and value in use, and is calculated for a single asset, unless the asset generates cash flows that are essentially independent of cash flows from other assets or groups of assets.

An asset has fallen in value when its carrying amount exceeds its recoverable amount, and in such cases the asset is written down to the recoverable amount. The reduction is an impairment loss that is recognized in profit or loss.

At each reporting date, the Group assesses whether there are indications that an impairment loss that has been recognized for an asset other than goodwill in previous years no longer exists or has been reduced. If such indications exist, the recoverable amount of this asset is estimated, and previous write-downs are reversed to an amount that at most corresponds to the previous recoverable amount less accumulated depreciation.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. The provision is calculated on the basis of the best estimate of anticipated expenses. If the effect is material, anticipated future cash flows will be discounted, using a current pre-tax interest rate that reflects the risks specific to the provision.

Contingent liabilities are liabilities not recognised as it is not yet confirmed that the Group has a present obligation, or a present obligation for which it is not probable that an outflow of resources will be required to settle the obligation, or it is not possible to make a sufficiently reliable estimate of the obligation. Contingent liabilities are disclosed unless the probability that an economic settlement will be required to settle the obligation is remote.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for an entity and a financial liability or equity instrument to another entity.

Financial assets

The group's financial assets are accounts receivable, and cash and cash equivalents. The classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the asset, and which business model the group uses as a basis for the management of its financial assets. With the exception of trade receivables that do not have a significant financing element, the group recognizes a financial asset at fair value added, if the financial asset is not measured at fair value with changes in value over other income and expenses, transaction costs.

The group classifies its financial assets as financial assets measured at amortized cost

- Financial assets measured at fair value with changes in value over other income and expenses with reclassification of accumulated gains and losses to profit or loss
- Equity instruments valued at fair value with changes in value over other income and expenses without reclassification of accumulated gains and losses to profit or loss
- Derivatives at fair value through profit or loss (not designated as hedging instruments)

Financial assets measured at amortized cost

The group measures financial assets at amortized cost if the following conditions are met:

- The financial asset is held in a business model where the purpose is to receive contractual cash flows, and
 - The contract terms for the financial asset give rise to cash flows which consist exclusively of payment of principal and interest on given dates.
- Subsequent measurement of financial assets measured at amortized cost is made using the effective interest method and is subject to loss write-downs. Gains and losses are recognized in the income statement when the asset has been deducted, modified or written down.

The group's financial assets at amortized cost include accounts receivable and other short-term deposits.

Financial liabilities

Financial liabilities are, on initial recognition, classified as loans and liabilities. Loans and liabilities are recognized at fair value adjusted for directly attributable transaction costs.

Loans and liabilities

After initial recognition, interest-bearing loans will be measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liability is deducted.

Amortized cost is calculated by taking into account any discount or premium associated with the purchase, or costs and fees that are an integral part of the effective interest rate. Effective interest rates are presented as financial expenses in the income statement.

Liabilities are measured at their nominal amount if the effect of discounting is negligible.

Measurement of fair value

The fair value of financial instruments traded in active markets is determined at the end of the reporting period with reference to quoted market prices or prices from traders in financial instruments (purchase prices for long positions and sales prices for short positions), without deduction of transaction costs.

For financial instruments that are not traded in an active market, the fair value is determined using an appropriate valuation method. Such valuation methods include the use of recent market transactions at arm's length distance between well-informed and voluntary parties, if available, reference to the current fair value of another instrument that is practically the same, discounted cash flow calculation or other valuation models.

Cash and Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Events after the balance sheet date

New information after the balance sheet date about the company's financial position on the balance sheet date is taken into account in the annual accounts. Events after the balance sheet date that do not affect the company's financial position on the balance sheet date, but which will affect the company's financial position in the future are stated if this is significant.

Note 2 - Share Capital and Shareholders

Share capital	Total	Face value	Entered
Ordinary shares	6 399 800.00	0.15	959 970

Ownership Structure

Shareholder:	Number of shares	Ownership interest
Otovo AS	1 200 000	18.75 %
Verdipapirfondet KLP aksjenorge	575 200	8.99 %
Altitude Capital AS	520 400	8.13 %
Klaveness Marine Finance AS	440 000	6.88 %
J.P. Morgan Bank Luxembourg S.A.	368 000	5.75 %
Norron Sicav - Target	340 000	5.31 %
Immob Drift AS	280 000	4.38 %
Svenska Handelsbanken AB	240 000	3.75 %
Skeie Capital Investment AS	220 000	3.44 %
Skeie Technology AS	220 000	3.44 %
Pescara Invest AS	180 000	2.81 %
MP Pensjon PK	140 000	2.19 %
Domaren i Gøteborg AB	140 000	2.19 %
Agder Energi Venture AS	119 400	1.87 %
Nysnø Klimainvesteringer AS	110 400	1.73 %
OBOS BBL	101 000	1.58 %
Andmar Operations AS	100 000	1.56 %
Portia AS	92 000	1.44 %
Caceis bank	80 000	1.25 %
Sum >1% ownership interest	5 466 400	85.42 %
Sum others	933 400	14.58 %
Total number of shares	6 399 800	100 %

The company has one share class and all shares have equal voting rights. No one can alone or together with related parties vote for more than 49.9% of the shares represented at the general meeting.

Shares owned by the board

Shareholder:	Board member:	Role	Board members ownership in		Ownership interest	
			company:	Number of shares	100%	Indirect ownership
Cak AS	Lars Syse Christiansen	Board member	100 %	20 000	0.31 %	0.31 %
Andmar Operations AS	Andreas Egge Thorsheim	Chairman of the Board	50 %	100 000	1.56 %	0.78 %
Otovo AS	Lars Syse Christiansen	Board member	2.17 %	1 200 000	18.75 %	0.41 %
Otovo AS	Andreas Egge Thorsheim	Chairman of the Board	9.48 %	1 200 000	18.75 %	0.89 %

Note 3 - Equity

EDEA Holding AS	Share capital	Share premium	Retained earnings	Total
As at 01.01.2020	30 000	9 930	0	39 930
Capital increase 01.09.2020	329 970	54 665 030	0	54 995 000
Capital increase 16.10.2020	600 000	95 000 150	0	95 600 150
Loss of the year			-2 579 161	-2 579 161
As at 31.12.2020	959 970	149 675 110	-2 579 161	148 055 919

EDEA Group	Share capital	Share premium	Retained earnings	Total
As at 01.01.2020	30 000	9 930	0	39 930
Capital increase 01.09.2020	329 970	54 665 030	0	54 995 000
Capital increase 16.10.2020	600 000	95 000 150	0	95 600 150
Loss of the year			-3 498 995	-3 498 995
As at 31.12.2020	959 970	149 675 110	-3 498 995	147 136 085

Note 4 - Change in the composition of the Group

Four acquisitions were made by EDEA Holding AS in the financial year 2020 .

The purpose of acquisitions of the companies EDEA AS, DEA SLU and Otovo SARL was to establish operating companies for leasing of solar panels in Norway, Spain and France, respectively. It has been considered advantageous to establish a common company structure for the leasing business across countries.

EDEA Midco AS has been acquired in order to establish an appropriate loan structure in the group.

	Fair value recognized on acquisition			
	DEA SLU	Otovo SARL	EDEA Midco AS	EDEA AS
Assets				
Intangible assets	-	-	-	-
Fixed assets	-	-	-	-
Financial fixed assets	-	-	-	-
Cash and cash equivalents	32 115	-	60 000	60 000
Defferd tax	-	-	-	-
Receivables	-	54 359	-	-
Inventory	-	-	-	-
Patents and licenses	-	-	-	-
Total	32 115	54 359	60 000	60 000
Liabilities				
Accounts payable	-	-	-	-
Provisions	-	-	20 070	20 070
Public taxes and debts payable	-	-	-	-
Deferred tax liabilities	-	-	-	-
Interest bearing debt	-	-	-	-
Total	-	-	20 070	20 070
Net identifiable assets and liabilities	32 115	54 359	39 930	39 930
Goodwill on acquisition	-	-	-	-
Purchase price	32 115	54 359	39 930	39 930
Consideration				
Cash	32 115	54 359	39 930	39 930
Direct expenses	3 096	-	20 070	20 070
Purchase price	35 211	54 359	60 000	60 000

Note 5 - Estimates

The management has used estimates and assumptions that have affected assets, liabilities, income, expenses and disclosure of potential liabilities. This applies in particular to the assessment of fixed assets. Future events may cause the estimates to change. Estimates and the underlying assumptions are assessed on an ongoing basis. Changes in accounting estimates are accounted for in the period in which the changes occur. Estimates and assessments are continuously assessed based on experiences and factors that are considered reasonable under given conditions. Important estimates and assumptions that poses a significant risk of affecting the book values of assets and liabilities during the next financial year are specified below. Important and critical judgments in applying accounting policies are also specified.

Valuations of fixed assets

The most important estimates and assumptions that poses a considerable risk of significantly affecting the book values of assets and liabilities during the next financial year, are related to the valuation of solar panels. Fixed assets related to solar panels are depreciated over an economic life that is estimated to 20 years. Assets that are subject to depreciation are assessed annually for possible impairment. Recoverable amounts for cash-generating units are determined based on the valuation of fair value less costs to sell or by estimating the value in use.

Note 6 - Fixed assets

EDEA Group	Solar panels	Total
Acquisition cost 01.01.2020	-	-
Purchased fixed assets	9 996 321	9 996 321
Aquisition cost 31.12.2020	9 996 321	9 996 321
Accumulated depreciation	81 097	81 097
Accumulated write-off	-	-
Net carrying amount 31.12.2020	9 915 224	9 915 224
This year's ordinary depreciations	81 097	81 097
This year's write-downs	-	-
Economic life	20 years	
Depreciation method	Linear	

Note 7 - Subsidiaries

	Office Municipality	Owner share	Equity 31.12.2020	This year's result	Carrying amount
European Distributed Energy Assets AS	Oslo, Norway	100 %	7 776 759	-263 171	8 060 000
European Distributed Energy Assets Midco AS	Oslo, Norway	100 %	-213 795	-253 725	60 000
Distributed Energy Assets SLU	Madrid, Spain	100 %	5 233 826	-33 534	5 562 862
Otovo SARL	Paris, France	100 %	20 595	-32 531	54 359
Total					13 737 220

Note 8 - Tax

This year's tax expense	EDEA Holding AS		EDEA Group	
Payable tax		-		-
Changes in deferred tax assets		-		-
Tax expense on ordinary profit/loss		-		-
Taxable income:				
Ordinary result before tax	-	2 579 161	-	3 205 357
Permanent differences	-	4 399 850	-	4 396 754
Changes in temporary differences		-	-	521 509
Taxable income	-	6 979 011	-	8 123 620
Payable tax in the balance:				
Payable tax on this years result		-		-
Total payable tax in the balance		-		-

The tax effect of temporary differences and loss to be carried forward that has formed the basis for deferred tax and deferred tax advantage, specified on type of temporary differences:

EDEA Holding AS	2020	2019	Difference
Fixed assets	-	-	-
Other receivable	-	-	-
Sum	-	-	-
Accumulated loss to be brought forward	-6 979 011	-	6 979 011
Not included in the deferred tax calculation	6 979 011	-	-6 979 011
Basis for calculation og deferred tax	-	-	-
Deferred tax assets	-	-	-

EDEA Group	2020	2019	Difference
Fixed assets	521 509	-	521 509
Other receivable	-	-	-
Sum	521 509	-	521 509
Accumulated loss to be brought forward	-8 123 620	-	8 123 620
Not included in the deferred tax calculation	7 602 111	-	-7 602 111
Basis for calculation og deferred tax	-	-	-
Deferred tax assets	-	-	-

Note 9 - Bank deposits

As of the end of 31.12.20, the Group does not have restricted tax withholding funds.

Note 10 - Receivables and liabilities

Neither the company nor the group has receivables or liabilities that fall due over one year.

	EDEA Holding AS		EDEA Group
	2020	2019	2020
VAT reveivable	-	-	2 378 882
Reveivables to owners	921 557	-	973 908
Advances paid	-	-	15 244
Other reveivables	-	-	60 000
Other short-term receivables	921 557	-	3 428 034
	2020	2019	2020
Liabilities to owners	3 210 333	-	4 260 082
Accrued costs	32 115	-	49 967
Other current debt	3 242 448	-	4 310 049

Note 11 - Operating income

	EDEA Holding AS		EDEA Group
	2020	26.11 - 31.12.2019	27.03 - 31.12.2020
Type of operating income:			
Revenue lease of solar panels	-	-	158 858
Other	-	-	-
Total operating income	-	-	158 858
Geographical breakdown			
Norway	-	-	98 951
Spain	-	-	59 907
Total	-	-	158 858

Note 12 - Specification of other operating costs

	EDEA Holding AS		EDEA Group
	2020	26.11 - 31.12.2019	27.03 - 31.12.2020
Other operating expense			
Auditing, accounting and legal assistance	2 254 707	-	2 768 955
Maintenance cost	-	-	3 564
Insurance	64 666	-	119 837
IT	64 398	-	128 796
Other operating expenses	112 409	-	178 985
Total other operating expenses	2 496 179	-	3 200 137

Note 13 - Salary cost and benefits, remuneration to chief executive, board and auditor

Payroll expenses	EDEA Holding AS		EDEA Group
	2020	26.11 - 31.12.2019	27.03 - 31.12.2020
Board remuneration	75 000	-	75 000
Social security	8 460	-	8 460
Total	83 460	-	83 460

The Group CEO is formally employed in Otovo AS, and there are no employees in the Group in 2020. Payroll expenses for 2020 is solely board remuneration. From March 15th 2021 the Group CFO will be employed in EDEA Holding AS.

Pension liabilities

The company and Group is not liable to maintain an occupational pension scheme under the norwegian Mandatory Occupational Pensions Act.

Auditor

Audit fees expensed for 2020 amounts to NOK 0 ex VAT.

Note 14 - Accounts receivable

	EDEA Holding AS		EDEA Konsern
	2020	2019	2020
Accounts receivable at face value	-	-	90 330
Provision for losses	-	-	-
Net book value of accounts receivable 31.12	-	-	90 330
Change in provision for losses	-	-	-
Realized loss	-	-	-
Total recognized losses on receivables	-	-	-

Note 15 - Specification of financial income and expenses

	EDEA Holding AS		EDEA Group
	2020	26.11 - 31.12.2019	27.03 - 31.12.2020
Financial income			
Realized exchange rate gains	1 609	-	1 609
Total financial income	1 609	-	1 609
	2020	26.11 - 31.12.2019	27.03 - 31.12.2020
Financial expenses			
Realized exchange rate loss	1 130	-	1 130
Total financial expenses	1 130	-	1 130

Note 16 - Financial risk, classification of financial instruments and measurement of fair value

The Group and Company is exposed to financial risk related to credit risk, interest rates, currency and liquidity risk.

i) Credit risk

The Group is exposed to credit risk, if customers are unable to pay their monthly leasing payments. There have been no historical losses on accounts receivable, but exposure to end customers can increase during periods of economic downturn. Customers with unpaid overdue invoices are continuously monitored and all new customers are approved through a credit check. The risk related to the customer segment the Group addresses (homeowners) is generally considered to be low. The credit risk is also mitigated by having a high number of independent customers.

ii) Currency risk

The Group holds revenue-generating assets in Spain and Norway, thus part of the groups' assets are denominated in EUR, while the liquidity is held in NOK. The group is thus exposed to currency risk. This risk may be mitigated through debt financing in other currencies, but until the Group starts drawing on the Nordea facility this risk remains unhedged. The Group's current policy is not to use financial derivatives.

iii) Liquidity risk

The CEO and CRO handles and monitors the liquidity situation and financial risk on an ongoing basis. The group raised NOK 155 million in equity during 2020. In addition the group has an undrawn loan facility from Nordea bank of NOK 50 million.

The Group will be exposed to liquidity risk resulting from difference in maturity on its leasing agreements and its debt financing. However, the group's equity and cash position is currently solid. Cash and cash equivalents at the end of the year were NOK 137 million.

Classification of financial instruments

EDEA Group

The group's financial assets consist of receivables and bank deposits, which in their entirety are valued at amortized cost. All the group's financial liabilities are valued at amortized cost.

EDEA Holding AS

The company's financial assets consist of receivables and bank deposits, which in their entirety are valued at amortized cost. All the company's financial liabilities are valued at amortized cost.

Loan from Nordea - EDEA Group

The group has entered into a loan agreement with Nordea ABP with a loan limit of MNOK 50 which has not been drawn on the balance sheet date. Costs related to the loan of NOK 1,687,500 have been incurred. The cost is classified as "other prepaid costs" in the accounts. The costs will be recognized as part of the effective interest rate at the time the loan is drawn.

Principles for calculating fair value

Financial instruments in the parent company and the group's accounts consist of cash, accounts receivable and current liabilities. All are rated at face value, which represents

Note 17 - Related party transactions

Related party	Link
European Distributed Energy Assets AS	Subsidiary
European Distributed Assets Midco AS	Subsidiary
DEA SLU	Subsidiary
Otovo SARL	Subsidiary
Otovo AS	Shareholder

Transactions with related parties

The group has made several transactions with related parties. All transactions are made as part of the ordinary course of business and at arm's length prices. The most important transactions are as follows:

- a) Purchase of solar panels from Otovo AS for a total of NOK 5 702 062 excl. VAT
- b) Maintenance and service fee from Otovo AS for a total of NOK 8 909 excl. VAT

	EDEA Holding AS		EDEA Group
	2020	2019	2020
Short-term receivables to Otovo AS	921 557	-	973 908
Short-term liabilities to Otovo AS	3 210 333	-	4 260 082
Net short-term liabilities to related parties	-	2 288 777	-

Note 18 - Intercompany items between companies in the same group

	EDEA Holding AS	
	2020	2019
Receivables from group companies		
EDEA AS	28 999	-
DEA SLU	36 385	-
Otovo SARL	5 321	-
EDEA Midco AS	937 500	-
Short-term receivables from group companies	1 008 205	-

Note 19 - Subsequent events

A share purchase program was established in an extraordinary general meeting in EDEA Holding AS held on February 12th 2021. The total investment by the employees participating in the share purchase program is limited upwards to an amount equal to NOK 3 million. The purpose of the program is to seek an alignment of the Company's interests and the shareholders' interests where the employees can take part in the Company's success and profitability. In addition, the share program intends to attract and retain valuable employees in the Company.

There have been no other events after the end of the year that are of importance for the financial statements of the EDEA Group.

Independent Auditor's Report

To the General Meeting in European Distributed Energy Assets Holding AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of European Distributed Energy Assets Holding AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, income statement, statement of comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2020, and income statement, statement of comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of European Distributed Energy Assets Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group European Distributed Energy Assets Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

Roger Telle-Hansen
State Authorised Public Accountant
(This document is signed electronically)

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