
Wind Estate A/S

Læsøvej 1, DK-8940 Randers

Annual Report for 1 January - 31 December 2021

CVR No 26 27 18 86

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/4 2022

Bent Christensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Wind Estate A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Randers, 27 April 2022

Executive Board

Erik Abraham
CEO

Jesper Søndergaard Pedersen

Board of Directors

Bent Christensen
Chairman

Erik Abraham

Mirco Lothar

Enis Moran

Dermot Joseph Logan

Sam Kieron Wither

Independent Auditor's Report

To the Shareholder of Wind Estate A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Wind Estate A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstate-

Independent Auditor's Report

ment, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events

Independent Auditor's Report

in a manner that gives a true and fair view.

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.

Aalborg, 27 April 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard
State Authorised Public Accountant
mne24826

Rasmus Møllergaard Stenskrøge
State Authorised Public Accountant
mne34161

Company Information

The Company

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Læsøvej 1
DK-8940 Randers

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Facsimile: + 45 87611122
Website: www.windestate.com

CVR No: 26 27 18 86
Financial period: 1 January - 31 December
Municipality of reg. office: Randers

Board of Directors

Bent Christensen, Chairman
Erik Abraham
Mirco Lothar
Enis Moran
Dermot Joseph Logan
Sam Kieron Wither

Executive Board

Erik Abraham
Jesper Søndergaard Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Skelagervej 1A
DK-9000 Aalborg

Lawyers

Kromann Reumert
Rådhuspladsen 3
8000 Århus

Ret&Råd
Østervold 20, 3
8900 Randers

Bankers

Nykredit
Tankedraget 25
9000 Aalborg

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Key figures					
Profit/loss					
Gross profit/loss	72.079	96.120	149.542	110.270	205.716
Operating profit/loss	-27.230	-4.132	50.140	43.622	80.168
Profit/loss before financial income and expenses	-25.574	-3.643	50.151	43.872	130.590
Net financials	-11.219	-4.943	-13.500	-995	270
Net profit/loss for the year	-30.642	-8.747	27.996	32.719	99.646
Balance sheet					
Balance sheet total	931.612	686.202	721.927	733.404	639.925
Equity	-81.644	201.011	271.987	264.145	311.703
Investment in property, plant and equipment	-278.568	-32.496	-66.754	-141.789	-97.307
Number of employees	25	24	25	21	20
Ratios					
Return on assets	-2,7%	-0,5%	6,9%	6,0%	20,4%
Solvency ratio	-8,8%	29,3%	37,7%	36,0%	48,7%
Return on equity		-3,7%	10,4%	11,4%	36,3%

Management's Review

Key activities

Wind Estate A/S is one of Denmark's leading energy companies in producing and selling electricity from wind turbines.

The Company's activities include the entire value chain from design and construction of new wind farms, acquisition of existing wind turbines as well as operation, monitoring service and maintenance of the Company's entire wind turbine portfolio enabling the Company to sell the produced electricity on the Nordpool stock exchange.

Development in the year

The year 2021 has been characterized by low wind. This has resulted in a lower production and a lower revenue for the entire year.

Further the power prices have risen through the year creating an increased volatility in power prices. In addition, profiling costs has also increased due to the increase in power prices.

The Company has not been able to capitalize on the increases in power prices, as the production had already been hedged prior to the increases in power prices.

As a result, the result for the year was approximately DKK - 30,6 million after tax.

Due to the hedging positions the equity at the end of the year was negative with approximately DKK - 81,6 million meaning that the Company has lost the share capital. Please refer to note 1 for further clarification. EBITDA of DKK 52,5 million was realized in the financial year, which was lower than budgeted. The deviation is largely due to the poor wind year as well as the increase in profiling costs.

Overall, the financial ratios for the year have developed worse than budgeted due to the reasons mentioned above. Management considers both the result for the year and the other financial ratios to be unsatisfactory.

Targets and expectations for the year ahead

A similar activity level is expected in the year ahead. Further we expect a normal wind year hence we expect a positive result for the year 2022 in the range of DKK 8 - 12 million.

Risk on power prices

The Company has hedged positions on power prices - both financially and physically for various periods and various volumes to accommodate future risk in changes in power prices.

Management's Review

Risk on currency

To avoid currency risks all mortgage and bank debt have been obtained in local currency.

Risk on interest rates

The Company has both committed and uncommitted debt facilities. Further part of the debt is based on fixed interest rates whereas other parts are based on variable interest rates.

Research and development

The development activities consist exclusively of the development of new renewable energy facilities.

External environment

The company continuously tries to improve and take the greatest possible account to external environmental conditions.

Intellectual capital resources

The Company is dependent on highly skilled human resources. The culture and the working environment of the employees at the Company has enabled us to continuously find talent in the past, present and future.

Subsequent events

The Russian invasion of Ukraine has increased the volatility in the power prices. This could potentially have a negative impact on the hedging positions of the Company. But given that we expect a normal wind year the invasion should not materially impact the assessment of the Annual Report as the Company has the production capacity to accommodate this negative impact of the hedging positions.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
Gross profit/loss		72.079.130	96.120.184
Staff expenses	2	-19.623.865	-19.427.990
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-78.029.326	-80.335.138
Profit/loss before financial income and expenses		-25.574.061	-3.642.944
Income from investments in subsidiaries		-8.190.855	-2.918.122
Income from investments in associates		2.938.218	3.417.481
Financial income	4	859.974	1.124.101
Financial expenses	5	-6.826.262	-6.566.824
Profit/loss before tax		-36.792.986	-8.586.308
Tax on profit/loss for the year	6	6.151.018	-160.417
Net profit/loss for the year		-30.641.968	-8.746.725

Balance Sheet 31 December

Assets

	Note	2021 DKK	2020 DKK
Acquired rights		52.308.592	14.618.216
Intangible assets	7	52.308.592	14.618.216
Land and buildings		18.819.196	19.199.967
Plant and machinery		726.296.806	532.318.756
Other fixtures and fittings, tools and equipment		1.550.121	2.233.668
Property, plant and equipment in progress		0	27.285.343
Property, plant and equipment	8	746.666.123	581.037.734
Investments in subsidiaries	9	2.112.944	19.750.683
Investments in associates	10	29.231.465	31.763.790
Receivables from group enterprises	11	5.136.740	4.882.351
Other investments	11	5.668.276	5.608.922
Fixed asset investments		42.149.425	62.005.746
Fixed assets		841.124.140	657.661.696
Trade receivables		50.779.932	9.386.896
Receivables from group enterprises		3.070	6.665.148
Other receivables		28.401.170	3.052.399
Deferred tax asset	14	6.203.654	0
Prepayments	12	2.099.794	6.607.938
Receivables		87.487.620	25.712.381
Cash at bank and in hand		3.000.628	2.828.231
Currents assets		90.488.248	28.540.612
Assets		931.612.388	686.202.308

Balance Sheet 31 December

Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		1.000.000	1.000.000
Reserve for hedging transactions		-285.951.187	-39.083.325
Retained earnings		203.306.859	239.094.700
Equity		-81.644.328	201.011.375
Provision for deferred tax	14	0	69.576.760
Provisions relating to investments in group enterprises		25.703.822	14.991.813
Provisions		25.703.822	84.568.573
Mortgage loans		119.837.462	124.050.840
Long-term debt	15	119.837.462	124.050.840
Mortgage loans	15	17.923.493	17.632.463
Credit institutions		426.147.744	177.751.997
Trade payables		51.302.123	10.652.899
Payables to group enterprises		1.305	15.257.545
Other payables	16	372.340.767	55.276.616
Short-term debt		867.715.432	276.571.520
Debt		987.552.894	400.622.360
Liabilities and equity		931.612.388	686.202.308
Going concern	1		
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	17		
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Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	1.000.000	0	-39.083.325	239.094.700	201.011.375
Exchange adjustments relating to foreign entities	0	-1.346.602	0	0	-1.346.602
Fair value adjustment of hedging instruments, beginning of year	0	0	50.106.827	0	50.106.827
Fair value adjustment of hedging instruments, end of year	0	-4.870.860	-366.604.086	0	-371.474.946
Tax on adjustment of hedging instruments for the year	0	1.071.589	69.629.397	0	70.700.986
Net profit/loss for the year	0	5.145.873	0	-35.787.841	-30.641.968
Equity at 31 December	1.000.000	0	-285.951.187	203.306.859	-81.644.328

Notes to the Financial Statements

1 Going concern

The Company has lost the share capital. The Company has realized a loss of TDKK 30.642 in 2021, and equity is negative with TDKK 81.644 at 31 December 2021.

The negative equity is partly due to a loss for the year of TDKK 30.642 and partly due to a negative regulation on fixed price financial hedge agreements of TDKK 284.009 after tax, which has been recognized on equity.

The loss for the year of TDKK 30.642 can mainly be explained by low wind and increases in profiling costs. The negative regulation on fixed price financial hedge agreements of TDKK 284.009 after tax can be explained by the increasing prices on electricity especially at the end of 2021.

The fixed price financial hedge agreements have a remaining term up to 48 months and the fair value of the agreements amounts to TDKK 364.114 before tax at 31 December 2021 of which TDKK 191.508 relates to 2022.

The Company has the financing in place for the coming year and is budgeting with a net profit in the range TDKK 8.000 - TDKK 12.000.

2 Staff expenses

	<u>2021</u> DKK	<u>2020</u> DKK
Wages and salaries	18.960.561	18.939.481
Pensions	300.862	241.038
Other social security expenses	<u>362.442</u>	<u>247.471</u>
	<u>19.623.865</u>	<u>19.427.990</u>
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	4.262.669	5.105.474
Supervisory Board	<u>203.336</u>	<u>100.008</u>
	<u>4.466.005</u>	<u>5.205.482</u>
Average number of employees	<u>25</u>	<u>24</u>

Notes to the Financial Statements

	2021 <u>DKK</u>	2020 <u>DKK</u>
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1.215.388	921.047
Depreciation of property, plant and equipment	<u>76.813.938</u>	<u>79.414.091</u>
	<u>78.029.326</u>	<u>80.335.138</u>
4 Financial income		
Income from fixed asset investments	589.079	880.561
Interest received from group enterprises	256.227	243.540
Exchange adjustments	<u>14.668</u>	<u>0</u>
	<u>859.974</u>	<u>1.124.101</u>
5 Financial expenses		
Interest paid to group enterprises	0	238.685
Other financial expenses	6.826.262	6.327.044
Exchange adjustments, expenses	<u>0</u>	<u>1.095</u>
	<u>6.826.262</u>	<u>6.566.824</u>
6 Tax on profit/loss for the year		
Current tax for the year	0	0
Deferred tax for the year	-75.780.415	-10.612.616
Adjustment of tax concerning previous years	<u>0</u>	<u>1.463.560</u>
	<u>-75.780.415</u>	<u>-9.149.056</u>
which breaks down as follows:		
Tax on profit/loss for the year	-6.151.018	160.417
Tax on changes in equity	<u>-69.629.397</u>	<u>-9.309.473</u>
	<u>-75.780.415</u>	<u>-9.149.056</u>

Notes to the Financial Statements

7 Intangible assets

	<u>Acquired rights</u> DKK
Cost at 1 January	35.294.452
Additions for the year	1.501.750
Transfers for the year	<u>37.404.020</u>
Cost at 31 December	<u>74.200.222</u>
Impairment losses and amortisation at 1 January	20.676.242
Amortisation for the year	<u>1.215.388</u>
Impairment losses and amortisation at 31 December	<u>21.891.630</u>
Carrying amount at 31 December	<u>52.308.592</u>
Amortised over	<u>5 - 25 years</u>

Notes to the Financial Statements

8 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	22.347.186	1.142.391.502	8.800.644	27.285.343
Additions for the year	0	13.181.656	538.239	274.967.019
Disposals for the year	0	-13.596.073	-860.922	0
Transfers for the year	0	264.848.342	0	-302.252.362
Cost at 31 December	<u>22.347.186</u>	<u>1.406.825.427</u>	<u>8.477.961</u>	<u>0</u>
Impairment losses and depreciation at 1 January	3.147.219	610.072.846	6.566.977	0
Depreciation for the year	380.771	75.856.059	577.109	0
Reversal of impairment and depreciation of sold assets	0	-5.400.284	-216.246	0
Impairment losses and depreciation at 31 December	<u>3.527.990</u>	<u>680.528.621</u>	<u>6.927.840</u>	<u>0</u>
Carrying amount at 31 December	<u>18.819.196</u>	<u>726.296.806</u>	<u>1.550.121</u>	<u>0</u>
Depreciated over	<u>45 - 50 years</u>	<u>6 - 25 years</u>	<u>5 years</u>	
Interest expenses recognised as part of cost	<u>0</u>	<u>7.003.270</u>	<u>0</u>	<u>0</u>

Notes to the Financial Statements

	2021 DKK	2020 DKK
9 Investments in subsidiaries		
Cost at 1 January	19.850.683	600.000
Additions for the year	0	19.750.683
Disposals for the year	0	-500.000
Cost at 31 December	<u>19.850.683</u>	<u>19.850.683</u>
Value adjustments at 1 January	-15.091.813	-12.950.833
Exchange adjustment	-1.346.602	777.142
Net profit/loss for the year	-8.190.061	-2.918.122
Dividend to the Parent Company	-15.013.814	0
Fair value adjustment of hedging instruments for the year	-3.799.271	0
Value adjustments at 31 December	<u>-43.441.561</u>	<u>-15.091.813</u>
Equity investments with negative net asset value transferred to provisions	<u>25.703.822</u>	<u>14.991.813</u>
Carrying amount at 31 December	<u>2.112.944</u>	<u>19.750.683</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Wind Estate UK ApS	Randers	50.000	100%
Wind Estate Hellas ApS	Randers	50.000	100%
Tagmark Vindselskab ApS	Aarhus	1.108.300	59%
Wind Estate (UK) Limited	Harrogate, UK	GBP 1	100%
Watson Head Wind Farm Limited	Harrogate, UK	GBP 1	100%

Notes to the Financial Statements

	2021 DKK	2020 DKK
10 Investments in associates		
Cost at 1 January	28.147.981	41.443.807
Additions for the year	26.400	0
Disposals for the year	0	-13.295.826
Cost at 31 December	<u>28.174.381</u>	<u>28.147.981</u>
Value adjustments at 1 January	3.615.809	4.789.934
Net profit/loss for the year	3.237.111	3.201.772
Dividends received	-5.795.836	-6.206.119
Other adjustments	0	1.830.222
Value adjustments at 31 December	<u>1.057.084</u>	<u>3.615.809</u>
Carrying amount at 31 December	<u>29.231.465</u>	<u>31.763.790</u>

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Høgsted Vindkraft I/S	Hjørring	70%
Vester Barde Vindkraft I/S	Ringkjøbing-Skjern	30%
Assing Vindkraft I/S	Herning	29%
Abildå Vindkraft I/S	Herning	22%
Krusbjerg Vindkraft I/S	Herning	47%

Notes to the Financial Statements

11 Other fixed asset investments

	Receivables from group enterprises	Other investments
	DKK	DKK
Cost at 1 January	4.882.351	5.608.922
Additions for the year	254.389	59.354
Cost at 31 December	<u>5.136.740</u>	<u>5.668.276</u>
Carrying amount at 31 December	<u>5.136.740</u>	<u>5.668.276</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions, interests and service contracts.

	2021	2020
	DKK	DKK
13 Distribution of profit		
Reserve for net revaluation under the equity method	5.145.873	-777.142
Retained earnings	<u>-35.787.841</u>	<u>-7.969.583</u>
	<u>-30.641.968</u>	<u>-8.746.725</u>

14 Deferred tax asset

Deferred tax asset at 1 January	-69.576.760	-80.189.378
Amounts recognised in the income statement for the year	6.151.018	1.303.143
Amounts recognised in equity for the year	<u>69.629.397</u>	<u>9.309.475</u>
Deferred tax asset at 31 December	<u>6.203.654</u>	<u>-69.576.760</u>

The recognised tax asset comprises tax loss carry-forwards and unused tax credits arising from temporary differences expected to be utilised within the next couple of years. In connection with the assessment of the utilisation of the tax asset, the company expects an increased activity and earning in the coming years especially due to new projects and less loss on financial instruments.

Notes to the Financial Statements

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2021</u> DKK	<u>2020</u> DKK
Mortgage loans		
After 5 years	48.569.265	53.717.977
Between 1 and 5 years	<u>71.268.197</u>	<u>70.332.863</u>
Long-term part	119.837.462	124.050.840
Within 1 year	<u>17.923.493</u>	<u>17.632.463</u>
	<u>137.760.955</u>	<u>141.683.303</u>

16 Derivative financial instruments

Agreements have been entered into on derivative financial instruments in the form of interest rate swaps and hedging. The fair value of derivative financial instruments at the balance sheet date is:

	<u>2021</u> DKK	<u>2020</u> DKK
Liabilities	366.604.086	50.106.827

Interest rate swap agreements have been entered to hedge future interest payments on variable-rate loans. The agreements have a remaining term of 21 months. The agreements with total principal TDKK 100.000 includes the exchange of interest CITA 6M with fixed interests. The fair value of the agreement at the balance sheet date amounts to TDKK -2.490.

Agreements on hedging on electricity price contracts have been entered to hedge future rates on the settlement of electricity production. The agreements have a remaining term of up to 48 months. The fair value of the agreements at the balance sheet date amounts to TDKK -364.114 of which TDKK -191.508 relates to 2022.

Notes to the Financial Statements

	2021 DKK	2020 DKK
17 Contingent assets, liabilities and other financial obligations		

Charges and security

The following assets have been placed as security with mortgage lenders:

Land and buildings with an accounting value of	18.819.196	19.199.967
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As security for balances with mortgage credit institutions and credit institutions with a residual debt of TDKK 264.053, a mortgage (mortgage deeds) of TDKK 469.005 has been pledged with security in wind turbines with a book value of TDKK 254.542.

As security for balances with credit institutions, a mortgage (indemnity letters) of TDKK 46.100 has been pledged with security in wind turbines with a book value of TDKK 7.759.

Credit institutions have provided payment guarantees of TDKK 4.256.

Deposits with credit institutions are incl. TDKK 1.609 placed in escrow accounts.

Credit institutions also have transport in electricity bills from Vindenergi Danmark and Energinet.

Guarantee obligations

Debt guarantee has been provided to credit institutions for the debt in Wind Estate (UK) Ltd. and Watson Head Wind Farm Limited.

Other contingent liabilities

The company has service contracts with service providers valid between 10-15 years from the start date. The obligation amounts to TDKK 44.295 at 31 December 2021.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Nord Renewables ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are agreed the normal warranty obligations for the industry.

Notes to the Financial Statements

18 Subsequent events

The Russian invasion of Ukraine has increased the volatility in the power prices. This could potentially have a negative impact on the hedging positions of the Company. But given that we expect a normal wind year the invasion should not materially impact the assessment of the Annual Report as the Company has the production capacity to accommodate this negative impact of the hedging positions.

19 Related parties

	<u>Basis</u>
Controlling interest	
Nord Renewables ApS, Læsøvej 1, 8940 Randers SV	Primary shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions have occurred.

Consolidated Financial Statements

Wind Estate A/S is included in the consolidated report for the Parent Company

<u>Name</u>	<u>Place of registered office</u>
Nord Renewables ApS	Randers, Denmark

The consolidated report for Nord Renewables ApS can be requested at the following address: Læsøvej 1, 8940 Randers SV., Denmark.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of Wind Estate A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Nord Renewables ApS, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Nord Renewables ApS, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Notes to the Financial Statements

20 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

20 Accounting Policies (continued)

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Acquired rights are measured at cost less accumulated depreciation. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are: 5-25 years.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	45 - 50 years
Plant and machinery	6 - 25 years
Other fixtures and fittings, tools and equipment	5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

20 Accounting Policies (continued)

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other receivables

Other receivables are measured in the balance sheet at the lower of cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Other investments

Other investments which consist of shares in wind turbine associations registered as interessentselskaber are measured at the lower of cost and recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Notes to the Financial Statements

20 Accounting Policies (continued)

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Notes to the Financial Statements

20 Accounting Policies (continued)

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$