
WIND ESTATE A/S

Læsøvej 1, DK-8940 Randers SV

Annual Report for 2022

CVR No. 26 27 18 86

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/4 2023

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 Financial Statements of WIND ESTATE A/S for the financial year 1 January - 31 December 2022.

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 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Randers, 27 April 2023

Executive Board

Erik Abraham
CEO

Bo Munkholm Andersen
CFO

Board of Directors

Bent Christensen
Chairman

Erik Abraham

Mirco Lother

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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 2022, 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 Financial 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 misstatement, 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.

Independent Auditor's report

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 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 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Meldgaard

State Authorised Public Accountant

mne24826

Rasmus Møllgaard Stenskrøge

State Authorised Public Accountant

mne34161

Company information

The Company	WIND ESTATE A/S Læsøvej 1 DK-8940 Randers SV Telephone: +45 87611144 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 Bo Munkholm Andersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 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 5-year period, the development of the Company is described by the following financial highlights:

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	156,935	72,078	96,120	149,542	110,270
Profit/loss of ordinary primary operations	55,675	-25,574	-3,643	50,151	43,872
Profit/loss before financial income and expenses	55,675	-25,574	-3,643	50,151	43,872
Profit/loss of financial income and expenses	-16,913	-11,219	-4,943	-13,500	-995
Net profit/loss	24,661	-30,642	-8,747	27,996	32,719
Balance sheet					
Balance sheet total	913,430	931,611	686,202	721,927	733,404
Investment in property, plant and equipment	27,005	278,568	32,496	66,754	141,789
Equity	-257,662	-81,645	201,011	271,987	264,145
Number of employees	27	25	24	25	21
Ratios					
Return on assets	6.1%	-2.7%	-0.5%	6.9%	6.0%
Solvency ratio	-28.2%	-8.8%	29.3%	37.7%	36.0%
Return on equity	-14.5%	-51.3%	-3.7%	10.4%	11.4%

Management's review

Key activities

Wind Estate A/S is one of Denmark's leading energy companies within generation- and sale of electricity from wind turbines.

The Company's activities include the entire value chain from development, design, construction and operations of renewable assets.

Development in the year

The financial year 2022 has been characterized as a normal wind year with normal power production from the wind turbine portfolio.

The level and volatility of merchant power prices in Denmark during 2022 was historical high following the Geopolitical situation in Europe, the derived effect on natural gas prices and overall power supply.

As the Company has hedged the majority of offtake volume on long-term hedging- and power price contracts, the high merchant prices during 2022 does only partially result in higher settlement prices for the Company.

The income statement for 2022 shows a result after tax of DKKm 24,7 and at 31 December 2022 the balance sheet shows equity of DKKm -257,7. The negative equity is due to negative mark-to-market values on financial power hedges of DKKm 632,5 before tax.

The financial result exceeded the expectations from last year of DKKm 8 – 12 net profit mainly due to higher power prices and is considered satisfactory by the Management.

Targets and expectations for the year ahead

Based on a normal wind year and assumed power prices Management expects EBIT (earnings before interest & taxes) in the range DKKm 0 - 10 for the year ahead.

Market risks

The Company is exposed to merchant power prices and has entered long-term fixed volume hedging- and power price contracts. During FY2022 the Company adopted a revised risk management- and power hedging policy which sets a baseline for future hedging levels on existing operational assets. The policy aims to manage volatility and generate stable cash flows using a rolling 3-year decreasing hedging profile.

The Company is partly funded by committed and non-committed loan- and debt facilities with floating interest rates based on market indices mainly CIBOR-3.

External environment

The Company is complying with Danish legislation for Environmental protection and applies risk assessment method standards (RAMS) for any procedures that involves commissioning or decommissioning of WTG's to ensure environmental protection is considered in the process.

Intellectual capital resources

The Company has a base of highly skilled employees which contribute to the value creation through extensive knowledge, knowhow and industry experience within renewable project development, construction, operations, and commercial asset management.

Subsequent events

During the beginning of FY2023 merchant power price forward curves have decreased significantly reducing the negative mark-to-market value of the Company's hedging positions and impact on equity.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Gross profit		156,935	72,078
Staff expenses	3	-21,676	-19,623
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-79,584	-78,029
Profit/loss before financial income and expenses		55,675	-25,574
Income from investments in subsidiaries		-15,876	-8,191
Income from investments in associates		6,666	2,939
Financial income	5	1,775	860
Financial expenses	6	-9,478	-6,827
Profit/loss before tax		38,762	-36,793
Tax on profit/loss for the year	7	-14,101	6,151
Net profit/loss for the year	8	24,661	-30,642

Balance sheet 31 December

Assets

	Note	2022 TDKK	2021 TDKK
Acquired patents		49,850	52,309
Intangible assets	9	49,850	52,309
Land and buildings		18,725	18,818
Plant and machinery		673,439	726,297
Other fixtures and fittings, tools and equipment		3,440	1,549
Property, plant and equipment	10	695,604	746,664
Investments in subsidiaries	11	21,090	2,113
Investments in associates	12	14,571	29,231
Receivables from group enterprises	13	5,435	5,137
Other investments	13	6,086	5,669
Fixed asset investments		47,182	42,150
Fixed assets		792,636	841,123
Trade receivables		45,887	50,780
Receivables from group enterprises		5,218	3
Other receivables		8,102	28,401
Deferred tax asset	14	50,603	6,204
Prepayments	15	2,710	2,100
Receivables		112,520	87,488
Cash at bank and in hand		8,274	3,000
Current assets		120,794	90,488
Assets		913,430	931,611

Balance sheet 31 December

Liabilities and equity

	Note	2022 TDKK	2021 TDKK
Share capital		1,000	1,000
Reserve for hedging transactions		-493,360	-285,951
Retained earnings		234,698	203,306
Equity		-257,662	-81,645
Provisions relating to investments in group enterprises		48,591	25,704
Provisions		48,591	25,704
Mortgage loans		374,493	119,836
Long-term debt	16	374,493	119,836
Mortgage loans	16	69,492	17,923
Credit institutions		0	426,147
Trade payables		33,728	51,303
Payables to group enterprises		0	1
Other payables	17	644,788	372,342
Short-term debt		748,008	867,716
Debt		1,122,501	987,552
Liabilities and equity		913,430	931,611
Going concern	1		
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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
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	0	-285,951	203,306	-81,645
Exchange adjustments	0	2,136	0	0	2,136
Fair value adjustment of hedging instruments, beginning of year	0	0	366,604	0	366,604
Fair value adjustment of hedging instruments, end of year	0	5,890	-632,513	0	-626,623
Tax on adjustment of hedging instruments for the year	0	-1,296	58,500	0	57,204
Net profit/loss for the year	0	-6,730	0	31,392	24,662
Equity at 31 December	1,000	0	-493,360	234,698	-257,662

Notes to the Financial Statements

1. Going concern

The Company has lost the share capital. The Company has realized a profit of DKK 24,661k in 2022, and equity is negative with DKK 257,662k at 31 December 2022.

The negative equity is mainly due to a negative regulation on fixed price financial hedge agreements of DKK 207,409k after tax, which has been recognized on equity. The negative regulation on fixed price financial hedge agreements can be explained by increased future power prices.

The fixed price financial hedge agreements have a remaining term up to 36 months and the fair value of the agreements amounts to DKK -632,513k before tax at 31 December 2022 of which DKK -337,583k relates to 2023.

The Company has the financing in place for the coming year and is budgeting with an EBIT in the range DKK 0 - DKK 10,000k

2. Subsequent events

During the beginning of 2023 merchant power price forward curves have decreased significantly reducing the negative mark-to-market value of the Company's fixed price financial hedge agreements and their impact on equity.

3. Staff Expenses

	2022	2021
	TDKK	TDKK
Wages and salaries	20,882	18,960
Pensions	438	301
Other social security expenses	356	362
	<u>21,676</u>	<u>19,623</u>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	4,837	4,263
Board of directors	549	203
	<u>5,386</u>	<u>4,466</u>
Average number of employees	<u>27</u>	<u>25</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,458	1,215
Depreciation of property, plant and equipment	<u>77,126</u>	<u>76,814</u>
	<u>79,584</u>	<u>78,029</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
5. Financial income		
Income from securities, which are fixed assets	418	589
Interest received from group enterprises	299	256
Other financial income	1,058	0
Exchange adjustments	<u>0</u>	<u>15</u>
	<u>1,775</u>	<u>860</u>

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
6. Financial expenses		
Other financial expenses	9,354	6,827
Exchange adjustments, expenses	<u>124</u>	<u>0</u>
	<u>9,478</u>	<u>6,827</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
7. Income tax expense		
Deferred tax for the year	-44,399	-75,780
	<u>-44,399</u>	<u>-75,780</u>
thus distributed:		
Income tax expense	14,101	-6,151
Tax on equity movements	-58,500	-69,629
	<u>-44,399</u>	<u>-75,780</u>

	2022	2021
	TDKK	TDKK
8. Profit allocation		
Reserve for net revaluation under the equity method	-6,731	5,146
Retained earnings	31,392	-35,788
	<u>24,661</u>	<u>-30,642</u>

9. Intangible fixed assets

	Acquired patents
	TDKK
Cost at 1 January	74,200
Disposals for the year	-700
Cost at 31 December	<u>73,500</u>
Impairment losses and amortisation at 1 January	21,892
Amortisation for the year	2,458
Reversal of amortisation of disposals for the year	-700
Impairment losses and amortisation at 31 December	<u>23,650</u>
Carrying amount at 31 December	<u>49,850</u>

Notes to the Financial Statements

10. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK
Cost at 1 January	22,347	1,406,826	8,478
Additions for the year	287	24,047	2,671
Disposals for the year	0	-9,927	-856
Cost at 31 December	<u>22,634</u>	<u>1,420,946</u>	<u>10,293</u>
Impairment losses and depreciation at 1 January	3,528	680,528	6,885
Depreciation for the year	381	75,921	824
Reversal of impairment and depreciation of sold assets	0	-8,942	-856
Impairment losses and depreciation at 31 December	<u>3,909</u>	<u>747,507</u>	<u>6,853</u>
Carrying amount at 31 December	<u>18,725</u>	<u>673,439</u>	<u>3,440</u>
Amortised 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>6,567</u>	<u>0</u>

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
11. Investments in subsidiaries		
Cost at 1 January	19,851	19,851
Additions for the year	100	0
Transfers for the year	19,406	0
Cost at 31 December	<u>39,357</u>	<u>19,851</u>
Value adjustments at 1 January	-43,442	-15,092
Exchange adjustment	2,136	-1,347
Net profit/loss for the year	-15,876	-8,190
Dividend to the Parent Company	-9,457	-15,014
Fair value adjustment of hedging instruments for the year	4,594	-3,799
Transfers for the year	-4,813	0
Value adjustments at 31 December	<u>-66,858</u>	<u>-43,442</u>
Equity investments with negative net asset value transferred to provisions	<u>48,591</u>	<u>25,704</u>
Carrying amount at 31 December	<u>21,090</u>	<u>2,113</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Wind Estate Hellas ApS	Randers	50	100%
Wind Estate UK ApS	Randers	50	100%
Wind Estate (UK) Limited	Huddersfield, UK	GBP 1	100%
Watson Head Wind Farm Limited	Huddersfield, UK	GBP 1	100%
Kadetbanke Offshore Wind Farm ApS	Randers	50	100%
Paludan Flak Offshore Wind Farm ApS	Randers	50	100%
Tagmark Vindselskab ApS	Aarhus	1,108	59%
Høgsted Vindkraft I/S	Hjørring	-	70%
Pearie Law II Wind Farm Limited	Huddersfield, UK	GBP 1	100%
Brownhill Wind Farm Limited	Huddersfield, UK	GBP 1	100%

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK
12. Investments in associated companies		
Cost at 1 January	28,175	28,148
Additions for the year	0	26
Transfers for the year	-19,406	0
Cost at 31 December	<u>8,769</u>	<u>28,174</u>
Value adjustments at 1 January	1,057	3,616
Net profit/loss for the year	6,667	3,237
Dividends received	-6,735	-5,796
Transfers for the year	4,813	0
Value adjustments at 31 December	<u>5,802</u>	<u>1,057</u>
Carrying amount at 31 December	<u>14,571</u>	<u>29,231</u>

Investments in associates are specified as follows:

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

13. Other fixed asset investments

	Receivables from group enterprises	Other investments
	TDKK	TDKK
Cost at 1 January	5,136	5,668
Additions for the year	299	418
Cost at 31 December	<u>5,435</u>	<u>6,086</u>
Carrying amount at 31 December	<u>5,435</u>	<u>6,086</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
14. Deferred tax asset		
Deferred tax asset at 1 January	6,204	-69,576
Amounts recognised in the income statement for the year	-14,101	6,151
Amounts recognised in equity for the year	58,500	69,629
Deferred tax asset at 31 December	<u>50,603</u>	<u>6,204</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 positive adjustments on fixed price financial hedge agreements.

15. Prepayments

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

16. 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>2022</u>	<u>2021</u>
	TDKK	TDKK
Mortgage loans		
After 5 years	288,688	48,569
Between 1 and 5 years	85,805	71,267
Long-term part	374,493	119,836
Within 1 year	69,492	17,923
	<u>443,985</u>	<u>137,759</u>

Notes to the Financial Statements

17. Derivative financial instruments

Derivative financial instruments contracts in the form of hedging have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	<u>2022</u>	<u>2021</u>
	TDKK	TDKK
Liabilities	632,513	366,604

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 36 months. The fair value of the agreements at the balance sheet date amounts to DKK -632,513k of which DKK -337,583k relates to 2023.

<u>2022</u>	<u>2021</u>
TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	18,725	18,818
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As security for balances with mortgage credit institutions and credit institutions with a residual debt of DKK 394,686k, a mortgage (mortgage deeds) of DKK 418,536k has been pledged with security in wind turbines with a book value of DKK 481,408k.

As security for balances with credit institutions, a mortgage (indemnity letters) of DKK 146,100k has been pledged with security in wind turbines with a book value of DKK 5,627k and other moveable assets.

As security for balances with credit institutions a mortgage (bearer mortgage) of DKK 229,195k has been pledged with security in wind turbines with a book value of DKK 221,119k.

Credit institutions have provided payment guarantees of DKK 25,206k.

Deposits with credit institutions are incl. DKK 1,609k 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 mortgage credit institutions and credit institutions for the debt in Wind Estate (UK) Ltd., Watson Head Wind Farm Limited and Tagmark Vindselskab ApS.

Notes to the Financial Statements

Other contingent liabilities

The company has service contracts with service providers valid between 10-15 years from the start date. The obligation amounts to DKK 41,997k at 31 December 2022.

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.

19. Related parties and disclosure of consolidated financial statements

	<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 2022 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 2022 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Notes to the Financial Statements

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 the fair value reserve 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.

Income statement

Net sales

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.

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, direct expenses, other operating income 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.

Notes to the Financial Statements

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.

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 on-account 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 the danish group companies. 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).

Balance sheet

Intangible fixed 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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	40 - 50 years
Plant and machinery	6 - 25 years
Tools and equipment	5 years

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments 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.

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 fixed asset 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.

Prepayments

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

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 is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Notes to the Financial Statements

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.

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

Financial Highlights

Explanation of financial ratios

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