

VATTENFALL



Vattenfall Vindkraft Horns Rev 3 P/S

Exnersgade 2, 6700 Esbjerg

CVR no. 36 68 76 06

Annual Report 2020

Approved at the annual general meeting of shareholders on 26 March 2021

Chairman:

Woltmann
Hans werner

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Woltmann Hans werner
Date: 2021.04.13 10:57:44
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Vattenfall Vindkraft Homs Rev 3 P/S for the financial year 1 January - 31 December 2020.

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 Company's financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Esbjerg, 26 March 2021
Executive Board:

**Erik
Hiensch** Digitaal ondertekend
door Erik Hiensch
Datum: 2021.04.13
10:48:01 +02'00'
Frederik Bernard Hendrik Hiensch
CEO

Board of Directors:

**Jung
Catrin** Digital unterschrieben
von Jung Catrin
Datum: 2021.03.31
11:36:17 +02'00'
Catrin Fee Jung Draschil
Chairman

**Mansfeld
Jonas van** Digitaal ondertekend
door Mansfeld Jonas
van
Datum: 2021.03.29
11:09:51 +02'00'
Jonas Van Mansfeld

**Andersen
Jacob
Noergaard** Digitally signed by
Andersen Jacob
Noergaard
Date: 2021.03.26
12:17:58 +01'00'
Jacob Nørgaard Andersen

**Woltmann
Hans werner** Digitally signed by
Woltmann Hans werner
Date: 2021.03.26
11:55:20 +01'00'
Hans Werner Woltmann

Independent auditors' report

To the shareholders of Vattenfall Vindkraft Homs Rev 3 P/S

Opinion

We have audited the financial statements of Vattenfall Vindkraft Homs Rev 3 P/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and 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.

Independent auditors' report

- ▶ 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, 26 March 2021

EY Godkendt revisionspartnerselskab
CVR no. 30 70 02 28



Karsten Bøgel
State Authorised Public Accountant
mne27849

Company details

Name:	Vattenfall Vindkraft Horns Rev 3 P/S
Address:	Exnersgade 2, 6700 Esbjerg
CVR no.:	36 68 76 06
Established:	10 March 2015
Registered office:	Esbjerg
Financial year:	1 January – 31 December
Board of Directors:	Catrin Fee Jung Draschil, Chairman Jonas Van Mansfeld Jacob Nørgaard Andersen Hans Werner Woltmann
Executive Board:	Frederik Bernard Hendrik Hiensch, CEO
Auditors:	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg

Management's review

Financial highlights

DKK'000	2020	2019
Key figures		
Revenue	1,394,717	936,447
Gross profit/loss	1,174,293	760,490
Operating profit/loss	698,441	432,812
Net financials	-47,172	-19,789
Profit/loss for the year	651,269	413,023
Balance sheet		
Equity	4,042,517	3,391,378
Total Assets	7,169,534	7,453,675
Investments in property, plant and equipment	137,698	1,769,845
Average number of employees	0	0
Financial ratios		
Gross margin	84.2%	81.2%
Operating Margin (EBIT-Margin)	50.1%	46.2%
Return on assets	9.6%	6.3%
Solvency ratio	56.4%	45.5%
Return on equity	17.5%	13.0%

Financial ratios are calculated in accordance with the Danish Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

The Company has in 2020 changed reporting class from reporting class B to the large reporting class C under the Danish Financial statement Act.

With the exception of the change in reporting class, the financial statements is reported after same accounting policies as last year.

The implementation of the Danish Financial statement act 2020 has no effect on the financial highlights.

Management's review

Business review

The Company own and run the wind farm "Horns Rev 3" in the North Sea which consists of 49 turbines with a total capacity of 407 MW. At the moment, this is the largest Danish wind farm in operation. The company is via a subsidy scheme entitled to a minimum-price of 0.77 DKK/kWh for the first 50,000 operating hours. This is expected to last until year 2030.

In general, the Vattenfall Group is one of the largest investors in the production of renewable energy in Northern Europe.

Operations

The Company's core operation is to run the wind farm "Horns Rev 3".

Unusual matters having affected the financial statements

There has been no unusual matters that would have affected the financial statements.

Development in financial activities and matters

In 2020 the Company has produced and sold 1,812,061 MWh which is 34.4% more than in 2019. This is of course primarily explained by the fact that 2019 was not a full year of production as the turbines were installed continuously during the first half of the year. Also, the production has been impacted by good wind conditions in 2020.

At the same time, the Company has experienced a significant fall in the spot price from 256 DKK per MWh in 2019 to 151 DKK per MWh in 2020. The lower price is primarily explained by a very hot and wet winter which filled up the Nordic water reservoirs and lead to lower electricity prices. The effect on the total revenue per MWh is however limited as the Company is covered by a subsidy scheme with a guaranteed minimum price.

The total costs of the Company is generally higher in 2020 than in 2019 which again is explained by the fact that 2019 was not a full year of production.

In total, the Company's income statement for 2020 shows a profit of DKK 651,269 thousand against a profit of DKK 413,023 thousand last year. The proposed dividend for 2020 amounts to DKK 900,000 thousand.

Profit for the year compared with previously expressed expectations

The profit for 2020 is as expected.

Market risks

The Company is exposed to market prices as it is selling electricity on the spot market. However, the risks are limited due to the guaranteed minimum price.

Financial Risks

The Company is funded in order to secure a stable development in spite of changes in interest rates. Short term funding is provided via internal loans.

Research and development activities

The Company has no research and development activities. These activities are performed by other companies within the Group.

Knowledge resources

The Company has no employees and buys all necessary resources either from other companies within the Group or from external suppliers.

The key knowledge of running and optimizing the windfarm is provided by employees in the parent company Vattenfall Vindkraft A/S and its sister-companies in other countries. The Company is thereby supported by an international range of experts which support the availability of these as well.

Management's review

Statutory CSR report

Vattenfall Vindkraft Horns Rev 3 P/S refers to the Vattenfall Group policies in the CSR area in compliance with section 99a (7) of the Danish Financial Statements Act on the reporting of corporate social responsibility.

The Vattenfall Group has decided to comply with the principles defined in the UN Global Compact guidelines, and therefore, Vattenfall's corporate social responsibility work is subject to these principles. Vattenfall's corporate social responsibility work comprises seven areas:

- Environmental impact
- Business ethics
- Anti-corruption policies
- Human rights
- Working environment
- Ethnic diversity
- Gender equality

The results of the environmental efforts are discussed below.

The Company's work in relation to business ethics and anti-corruption policies is reflected in the Company's code of conduct together with a systematic registration of suppliers.

Corporate social responsibility (CSR)

Vattenfall depends on local communities, employees, customers and society at large, including the Company's immediate neighbours, policymakers, environmental organisations, owners and financial markets.

Without the confidence and trust of the surrounding world, we will not be able to operate and develop our business – in short: corporate responsibility creates value. Open and transparent dialogue and corporate responsibility are key to our day-to-day operations.

Each year, Vattenfall publishes a CSR report (on the Group's social responsibility) which complies with the guidelines of Global Reporting Initiative (GRI). The CSR report provides information that enables the measurement and assessment of the Company's ability to meet the expectations of local communities. The report gives access to data on Vattenfall's results in an environmental, social and financial perspective. Read the CSR report and download it at Vattenfall's website:

<https://group.vattenfall.com/investors/financial-reports-and-presentations>

Safety is one of our core values which also involves the safety of our employees, business partners and local communities. We must always make sure that our operations do not interfere with public health and safety. Vattenfall's definition of absence owing to industrial accidents is reflected in a financial ratio that is included in the monthly follow-up of all entities.

Vattenfall's working environment policy supports this work, and the Company is OHSAS 18001 certified. The working environment organisation at the individual locations ensures on a daily basis that the safety rules are complied with. Improvements to the working environment are continuously made in all departments of the Company.

The Company aims to increase the awareness, skills and knowledge of safety and health and to develop a safety and health culture. All employees at Vattenfall must be role models.

Management's review

Account of the gender composition of Management

The Board of Directors of Vattenfall Vindkraft Horns Rev 3 P/S has set a goal for the under-represented gender in the board at 33-40%. It is the Board of Directors' intention to meet the goal by within 3 years. At present, the under-represented gender accounts for 25% of the four board members appointed by the general meeting of shareholders. The Company assesses how to meet its 33% goal. The Company has no employees other than the Board of Directors.

The Company is part of Vattenfall Group, which has a goal of increasing diversity since an equal representation of gender will contribute positively to the performance of the company.

Vattenfall Group is running programs to support an equal representation of gender on all management levels which entails the definition of KPI's for the business units on gender-balance in recruiting managers as well as various initiatives to support the development of managers as explained in the Vattenfall Group Annual and Sustainability report. The Company has the goal to become "employer of choice" for all genders.

Impact on the external environment

It is Vattenfall's goal that the Group should be a leading developer of environmental, sustainable energy production. Vattenfall has during 2017 defined a new purpose "Power Climate Smarter Living" with a goal to become fossil free within one generation.

Vattenfall exists to help all our customers power their lives in ever climate smarter ways and free from fossil fuel within one generation. The world urgently needs to find alternative ways of powering and heating its businesses, cities and homes more cleanly. Change has to happen, and fast. The solution is energy that is 100% free from fossil fuel and that powers all aspects of people's lives, including heating, transportation and manufacturing. Power Climate Smarter Living has been defined as Vattenfall's purpose and is the starting point for the strategy.

Following the purpose statement strategic objectives have been defined as

- Leading towards sustainable consumption
- Leading towards sustainable production
- Having high performing operations
- Having empowered and engaged people

Events after the balance sheet date

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

Outlook

The Company expects a profit for the year 2021 in the range of DKK 630-660 million. This is based on an expectation of revenues in the range of DKK 1,330-1,400 million. The expected revenue and subsequent profit is mostly exposed to the wind conditions of the calendar year which of course varies from year to year.

Financial statements for the year 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
2	Revenue	1,394,717	936,447
	Cost of sales	-175,838	-112,031
	Other external costs	-44,586	-63,926
	Gross profit/loss	1,174,293	760,490
4	Amortisation and depreciations	-453,952	-327,678
	Other operating expenses	-21,900	0
	Operating profit/loss	698,441	432,812
	Financial income	478	11,377
	Financial expenses from group entities	-40,702	-18,750
	Financial expenses	-6,948	-12,416
	Profit/loss for the year	651,269	413,023

Financial statements for the year 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Plant and machinery	6,914,455	7,252,609
	Total property, plant and equipment	6,914,455	7,252,609
	Total fixed assets	6,914,455	7,252,609
	Non-fixed assets		
	Receivables		
	Trade receivables	95,960	101,520
5	Receivables from group entities	152,593	87,255
	Other receivables	1,094	8,178
6	Prepayments	5,432	4,113
	Total receivables	255,079	201,066
	Total non-fixed assets	255,079	201,066
	TOTAL ASSETS	7,169,534	7,453,675

Financial statements for the year 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	100,501	100,501
	Restricted equity	0	130
	Retained earnings	3,042,016	3,290,747
	Proposed dividend	900,000	0
	Total equity	4,042,517	3,391,378
7	Provisions		
	Other provisions	326,783	310,980
	Total provisions	326,783	310,980
	Liabilities other than provisions		
8	Non-current liabilities		
	Payables to group entities	2,400,000	2,700,000
	Non-current liabilities	2,400,000	2,700,000
	Current liabilities		
	Short-term of non-current liabilities	302,835	312,150
	Trade payables	33,629	209,901
5	Payables to group entities	63,770	529,046
	Other payables	0	220
	Total current liabilities	400,234	1,051,317
	Total liabilities other than provisions	400,234	3,751,317
	TOTAL EQUITY AND LIABILITIES	7,169,534	7,453,675

- 1 Accounting policies
- 3 Staff costs
- 9 Related parties
- 10 Fee to the auditors appointed by the Company in general meeting
- 11 Distribution of profit/ loss

Financial statements for the year 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Restricted equity	Retained earnings	Proposed dividend	Total
Equity at 1 January 2020	100,501	130	3,290,747	0	3,391,378
Value adjustment, hedging of future cash flows	0	-130	0	0	-130
Profit/loss for the year	0	0	-248,731	900,000	651,269
Equity at 31 December 2020	<u>100,501</u>	<u>0</u>	<u>3,042,016</u>	<u>900,000</u>	<u>4,042,517</u>

Financial statements for the year 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Vattenfall Vindkraft Homs Rev 3 P/S for 2020 has been prepared in accordance with the provisions which apply to the large reporting class C entities under the Danish Financial Statements Act.

The Company has in 2020 changed reporting class from reporting class B to the large reporting class C. The change in reporting class has only affected the presentation of the annual report and not the recognition and measurement of assets and liabilities.

With the exception of the change in reporting class, the accounting policies used in the preparation of the financial statements are consistent with those of last year.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement for the parent company, Vattenfall AB.

Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when, as a result of past events, the Company has a legal or a constructive obligation, when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any predictable losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned while costs are recognised at the amounts relating to the financial year. Value adjustments of financial assets and liabilities are recognised in the income statement as financial income or financial expenses.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

Financial statements for the year 1 January - 31 December

Notes to the financial statements

Income statement

Revenue

Income from the sale of electricity is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably. Revenue is measured net of VAT and other indirect taxes and discounts/rebates granted.

Cost of sales

Cost of sales comprise costs incurred in generating revenue for the year. Such costs include direct and indirect costs related to purchase of electricity.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, etc.

Amortisation/depreciation and impairment of property, plant and equipment

The item comprises amortisation/depreciation and impairment of property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	10-25 years
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The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any.

The residual value is determined at the time of acquisition. Where the residual value exceeds the carrying amount of the sub-components, no further depreciation charges are recognised. The depreciation period and the residual value are reassessed every year.

Other operating expenses

Other operating expense comprises items secondary to the entities' activities, including loss on disposal of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. The items comprise interest income and expenses, realized and unrealized capital gains and losses on transactions denominated in foreign currencies as well as amortization of financial assets and liabilities.

Tax

The limited partnership company is tax transparent and therefore is not independently taxable of its income. The individual partners in the company is therefore responsible for the tax. As a result of this, there is no current or deferred tax is recognized in the financial statements.

Balance sheet

Property, plant and equipment

Property, plant and equipment, including production plants, are measured at cost less accumulated amortisation and impairment losses. The estimated costs for dismantling and removing as well as restoring the asset are added to the cost of property, plant and equipment if such costs are recognized as a provision.

Financial statements for the year 1 January - 31 December

Notes to the financial statements

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Property, plant and equipment in the course of construction are recognized as property, plant and equipment in the course of construction in the balance sheet until the application date. After the application date, these assets are transferred to the relevant financial statement items under property, plant and equipment.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Company. The replaced components are derecognized in the balance sheet, and their carrying amount is transferred to profit or loss for the year. All other costs incurred for repair and maintenance are recognized in profit or loss as incurred.

Impairment tests are conducted of property, plant and equipment if there are indications of impairment losses. The impairment test is conducted of each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and net realisable value (recoverable amount) of the asset or group of assets if this is lower than the carrying amount.

Receivables

Receivables are measured at amortized cost, which is usually equivalent to the nominal value. Write-down is made of the value for anticipated bad debt losses.

Accrued income, etc. is recognized under other receivables. Other receivables is measured at amortized costs, which is in general equal to the nominal value.

Prepayments

Prepayments recognized under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Provisions

Provisions comprise expected future costs for dismantling and restoring the production plant, etc.

Provisions are recognized when the enterprise has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Provisions that are expected to be repaid later than one year after the balance sheet date are measured at the present value of the expected payments. Other provisions are measured at net realizable value.

The value of provisions related to dismantling and restoring the production plant is recognized as property, plant and equipment and depreciated together with the relevant assets. The increase in the present value due to passage of time is recognized in the income statement as financial expenses.

Liabilities

Financial liabilities comprising trade payables, amounts owed to group entities as well as other payables are recognized at the date of borrowing at cost. In subsequent periods, financial liabilities are measured at net realizable value.

Other liabilities are measured at net realizable value.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables.

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

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

Financial statements for the year 1 January - 31 December

Notes to the financial statements

Segment information

Information is provided on business segments. Segment information is based on the Company's accounting policies, risks and internal financial management. Assets in the segment comprises the assets that are used directly in the revenue-generating activity of the segment. Segment liabilities comprise liabilities resulting from the activities of the segment, including trade and other payables.

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$
Gross margin ratio	$\frac{\text{Gross margin} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax} \times 100}{\text{Average equity}}$

Financial statements for the year 1 January - 31 December

Notes to the financial statements

2 Revenue

The Company provides electricity production to the Danish market. Revenue from sale of electricity was recognized as DKK 1,394,717 thousand in 2020 (2019: DKK 936,446 thousand).

3 Staff costs

The Company has no employees in 2020 and 2019.

The Company buys the necessary resources for operations under a SLA with its parent company.

According to section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is not disclosed.

4 Property, plant and equipment

DKK'000	<u>Plant and machinery</u>
Cost at 1 January 2020	7,580,287
Additions	137,698
Disposals	-21,900
Cost at 31 December 2020	<u>7,696,085</u>
Impairment losses and depreciation at 1 January 2020	-327,678
Depreciation	-453,952
Impairment losses and depreciation at 31 December 2020	<u>-781,630</u>
Carrying amount at 31 December 2020	<u>6,914,455</u>

Additions of the year are partly derived from changes in the estimates related to the decommissioning provision.

Impairment test

Management has prepared an impairment test and thereby calculated the recoverable amount of the Company's property, plant and equipment at 31 December 2020.

The calculation of the recoverable amount is based on the value in use of the plant, which is determined based on expected future net cash flows on the basis of budgets from the Company's business plan for year 2021-2025 as well as forecast for subsequent years. The calculation of the value in use is based on Management's assessment of the discount factor, inflation as well as the useful life of the plant.

The impairment test has not shown any need for impairments in 2020.

5 Receivables/payables from group entities

Included in receivables from group entities is a group cash pool receivable of DKK 101,493 thousand (2019: payable of DKK 410,018 thousand).

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies and subscriptions

Financial statements for the year 1 January - 31 December Notes to the financial statements

7 Provisions

Provisions comprise expected future costs for dismantling and restoring the production site.

Based on Management's expectations of the liabilities' date of payment, the liabilities are recognized as long-term liabilities.

The financial statements contains changes of the estimates used for calculating the present value of the decommissioning provision at 31 December 2020.

The change has resulted in an increase of the decommissioning provision of DKK 9,003 thousand (2019: DKK 38,608 thousand). Adding also the interests of DKK 6,800 thousand (2019: DKK 7,186 thousand), the total change of the decommissioning provision is DKK 15,803 thousand (2019: DKK 45,794 thousand).

8 Non-current liabilities

All non-current liabilities are due within 1-5 years.

9 Related parties

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Vattenfall Vindkraft A/S	Jupitervej 6, Kolding, Denmark	Parent

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Vattenfall AB	16287 Stockholm, Sweden	www.vattenfall.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
Vattenfall Vindkraft A/S	Jupitervej 6, Kolding, Denmark

Transactions with related parties

The Company has had the following transactions with related parties:

<u>DKK'000</u>	<u>2020</u>	<u>2019</u>
Revenue from group entities	273,466	346,250
Costs from group entities	108,345	174,728

The Company has receivables and payables to other group entities, which are presented in the balance sheet and the related interests are presented in the income statement.

10 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Vattenfall AB.

Financial statements for the year 1 January - 31 December
Notes to the financial statements

11 Distribution of profit/loss

DKK'000	2020	2019
Profit/loss for the year	651,269	413,023
Amount available for distribution	651,269	413,023
Proposed dividend	900,000	0
Retained earnings	-248,731	413,023
Retained earnings/accumulated loss	651,269	413,023