Capviva Solarpark Vandel Holding ApS

c/o Solarpark Vandel ApS, Koldinghus Alle 1C, DK-4690 Haslev

Annual Report for 2023

CVR No. 37 56 96 07

The Annual Report was presented and adopted at the Annual General Meeting of the company on 18/4 2024

Anders Dolmer
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of Capviva Solarpark Vandel Holding ApS for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Haslev, 18 April 2024

Executive Board

Jacob Simonsen Manager	Anders Dolmer Manager

Independent Auditor's report

To the shareholder of Capviva Solarpark Vandel Holding ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Capviva Solarpark Vandel Holding ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Consolidated Financial Statements and the Parent Company 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 consolidated financial statements and parent company 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 Group´s and the Parent 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 Group or the Parent 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 Group´s and the Parent 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 Group´s and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Ringsted, 18 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Sloth Langhoff Hansen
State Authorised Public Accountant
mne36027

Nikolaj Frausing Borch
State Authorised Public Accountant
mne44062

Company information

The Company	Capviva Solarpark Vandel Holding ApS c/o Solarpark Vandel ApS Koldinghus Alle 1C DK-4690 Haslev CVR No: 37 56 96 07 Financial period: 1 January - 31 December Municipality of reg. office: Faxe
Executive Board	Jacob Simonsen Anders Dolmer
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	78,264	83,494	74,539	80,456	78,997
Profit/loss of primary operations	53,624	58,854	49,900	43,760	42,301
Profit/loss of financial income and expenses	-24,150	-24,425	-25,339	-25,067	-27,667
Net profit/loss for the year	20,877	24,718	16,847	11,824	8,385
Balance sheet					
Balance sheet total	728,876	758,977	772,195	799,607	834,056
Equity	100,582	80,221	49,877	30,337	18,424
Number of employees	2	2	2	2	2
Ratios					
Return on assets	7.4%	7.8%	6.5%	5.5%	5.1%
Solvency ratio	13.8%	10.6%	6.5%	3.8%	2.2%
Return on equity	23.1%	38.0%	42.0%	48.5%	91.0%

Management's review

Key activities

The purpose of the Group is development and operation of solar projects at the former Flyveplads Vandel, Denmark.

Development in the year

The income statement of the Group for 2023 shows a profit of TDKK 20,877, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TDKK 100,582.

The past year and follow-up on development expectations from last year

The fiscal year 2023 has resulted in a decrease in profit before tax of TDKK 4,955 from DKK 34,429 thousand in 2022 to DKK 29,474 thousand in 2023.

The expectation last year was a profit before tax in 2023 on the same level as 2022.

During the financial year, the Group has experienced lower production compared to last year, which has caused a decrease of the revenue and the profit before tax.

In 2023, the Group's cash and cash equivalents decreased by DKK 7,106 thousand to DKK 52,594 thousand. The cash is used for pays instalments of the Groups debt. The debt increased by DKK 5,225 thousand in 2023.

Operating risks

A major part of the turnover is covered by long term power purchase agreements, which reduces the business risk. Management has reduced operational risk by entering into longterm operation, maintenance, commercial, technical and director agreements with competent and stable business partner in Denmark.

Foreign exchange risks

The Group's debt instruments in foreign currency means that the result, cash flows and equity are affected by the exchange rate and interest rate for EUR. It is the Group's policy to hedge commercial currency risks. Hedging takes place primarily via currency swaps to hedge expected interest rate developments in EUR.

Interest rate risks

The Group's debt instruments consist of instruments with a floating rate. It is the Group's policy to hedge commercial interest rate risks. Hedging takes place primarily via interest rate swaps to hedge changes in interest rates.

Targets and expectations for the year ahead

The Group's expectation for the year ahead is an increase in profit before tax to approximately DKK 32,000 – 36,000 thousand.

The weather conditions in Denmark may influence the Group's performance in terms of hours of sunshine.

External environment

The Group runs its power producing activities in accordance with applicable laws, focusing on the lowest possible climate and environmental impact of production, and it is contributed through its investments in sustainable energy.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's review

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

We refer to note 18.

Income statement 1 January - 31 December

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Gross profit		**78,264**	**83,494**	**-270**	**-208**
Depreciation and impairment losses of property, plant and equipment		-24,640	-24,640	0	0
Profit/loss before financial income and expenses		**53,624**	**58,854**	**-270**	**-208**
Income from investments in subsidiaries		0	0	32,966	35,565
Financial income		994	1,023	115	236
Financial expenses	1	-25,144	-25,448	-14,239	-13,096
Profit/loss before tax		**29,474**	**34,429**	**18,572**	**22,497**
Tax on profit/loss for the year	2	-8,597	-9,711	2,305	2,221
Net profit/loss for the year	3	**20,877**	**24,718**	**20,877**	**24,718**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Plant and machinery		672,143	696,782	0	0
Property, plant and equipment	4	**672,143**	**696,782**	**0**	**0**
Investments in subsidiaries	5	0	0	371,714	339,265
Deposits	6	20	19	0	0
Other receivables	6	22	1,257	0	0
Fixed asset investments		**42**	**1,276**	**371,714**	**339,265**
Fixed assets		**672,185**	**698,058**	**371,714**	**339,265**
Trade receivables		3,652	754	0	0
Receivables from group enterprises		0	0	8,719	5,402
Other receivables	13	326	347	0	0
Corporation tax receivable from group enterprises		0	0	2,305	2,221
Prepayments	7	119	118	0	0
Receivables		**4,097**	**1,219**	**11,024**	**7,623**
Cash at bank and in hand	8	**52,594**	**59,700**	**192**	**246**
Current assets		**56,691**	**60,919**	**11,216**	**7,869**
Assets		**728,876**	**758,977**	**382,930**	**347,134**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Share capital	9	50	50	50	50
Reserve for net revaluation under the equity method		0	0	177,262	144,813
Reserve for hedging transactions		7,893	8,409	0	0
Retained earnings		92,639	71,762	-76,730	-64,642
Equity		**100,582**	**80,221**	**100,582**	**80,221**
Provision for deferred tax	10	51,638	43,041	0	0
Other provisions	11	4,064	4,064	0	0
Provisions		**55,702**	**47,105**	**0**	**0**
Mortgage loans		146,182	204,243	0	0
Payables to group enterprises		363,686	358,461	281,018	266,889
Other payables		2,238	2,957	0	0
Long-term debt	12	**512,106**	**565,661**	**281,018**	**266,889**
Mortgage loans	12	58,516	58,214	0	0
Credit institutions		0	80	0	0
Trade payables		1,970	7,696	33	24
Payables to group enterprises	12	0	0	1,297	0
Short-term debt		**60,486**	**65,990**	**1,330**	**24**
Debt		**572,592**	**631,651**	**282,348**	**266,913**
Liabilities and equity		**728,876**	**758,977**	**382,930**	**347,134**

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Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50	8,409	71,762	80,221
Fair value adjustment of hedging instruments, end of year	0	-516	0	-516
Net profit/loss for the year	0	0	20,877	20,877
Equity at 31 December	**50**	**7,893**	**92,639**	**100,582**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	50	144,813	-64,642	80,221
Fair value adjustment of hedging instruments, end of year	0	-516	0	-516
Net profit/loss for the year	0	32,965	-12,088	20,877
Equity at 31 December	**50**	**177,262**	**-76,730**	**100,582**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		TDKK	TDKK
Result of the year		20,877	24,718
Adjustments	14	57,387	58,776
Change in working capital	15	-8,606	6,488
Cash flow from operations before financial items		**69,658**	**89,982**
Financial income		994	1,023
Financial expenses		-24,450	-24,584
Cash flows from operating activities		**46,202**	**66,421**
Change in restricted cash and cash equivalents relating to investing activities		-1,234	-689
Cash flows from investing activities		**-1,234**	**-689**
Repayment of mortgage loans		-58,453	-58,908
Repayment of loans from credit institutions		-80	0
Raising of loans from credit institutions		0	80
Raising of payables to group enterprises		5,225	2,759
Cash flows from financing activities		**-53,308**	**-56,069**
Change in cash and cash equivalents		**-8,340**	**9,663**
Cash and cash equivalents at 1 January		25,309	15,646
Cash and cash equivalents at 31 December		**16,969**	**25,309**
Cash and cash equivalents are specified as follows:			
Unrestricted cash at bank and in hand		16,969	25,309
Cash and cash equivalents at 31 December		**16,969**	**25,309**

Notes to the Financial Statements

1. Financial expenses

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	17,842	17,636	13,536	12,862
Other financial expenses	4,569	5,681	0	1
Exchange loss	2,733	2,131	703	233
	25,144	**25,448**	**14,239**	**13,096**

2. Income tax expense

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	0	0	-2,305	-2,221
Deferred tax for the year	8,597	9,711	0	0
	8,597	**9,711**	**-2,305**	**-2,221**

3. Profit allocation

	Parent company	
	2023	2022
	TDKK	TDKK
Reserve for net revaluation under the equity method	32,965	35,565
Retained earnings	-12,088	-10,847
	20,877	**24,718**

4. Property, plant and equipment
Group

	Plant and machinery
	TDKK
Cost at 1 January	917,393
Cost at 31 December	917,393
Impairment losses and depreciation at 1 January	220,611
Depreciation for the year	24,639
Impairment losses and depreciation at 31 December	245,250
Carrying amount at 31 December	**672,143**
Amortised over	35 years

Notes to the Financial Statements

	Parent company	
	2023	2022
	TDKK	TDKK

5. Investments in subsidiaries

	2023 TDKK	2022 TDKK
Cost at 1 January	194,452	194,452
Cost at 31 December	194,452	194,452
Value adjustments at 1 January	144,813	103,623
Net profit/loss for the year	38,523	41,123
Fair value adjustment of hedging instruments for the year	-516	5,625
Amortisation of goodwill	-5,558	-5,558
Value adjustments at 31 December	177,262	144,813
Carrying amount at 31 December	**371,714**	**339,265**
Positive differences arising on initial measurement of subsidiaries at net asset value	151,495	157,052

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership	Equity	Net profit/loss for the year
Solarpark Vandel ApS	Haslev, Denmark	125	100%	181,303	30,718
Vandel Sol ApS	Haslev, Denmark	50	100%	38,916	7,805
				220,219	**38,523**

6. Other fixed asset investments

Group

	Deposits	Other receivables
	TDKK	TDKK
Cost at 1 January	19	1,257
Additions for the year	1	0
Disposals for the year	0	-1,235
Cost at 31 December	20	22
Carrying amount at 31 December	**20**	**22**

Notes to the Financial Statements

7. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

8. Cash at bank and in hand

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Free cash	16,970	25,309	192	246
Restricted cash	35,624	34,391	0	0
	52,594	**59,700**	**192**	**246**

9. Share capital

The share capital consists of 50,000 shares of a nominal value of TDKK 0,001. No shares carry any special rights.

10. Provision for deferred tax

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	43,041	33,329	0	0
Amounts recognised in the income statement for the year	8,597	9,712	0	0
Deferred tax liabilities at 31 December	**51,638**	**43,041**	**0**	**0**

Deferred tax includes tangible assets, borrowing costs, interest rate swaps and previous years tax losses.

Notes to the Financial Statements

11. Other provisions

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Other provisions	4,064	4,064	0	0
	4,064	**4,064**	**0**	**0**
The provisions are expected to mature as follows:				
After 5 years	4,064	4,064	0	0
	4,064	**4,064**	**0**	**0**

Other provisions in the Group consist of provision to remove the solar cell plants with all installations and reestablish of the areas on which the solar cells and other plants is situated, after the expiry of the right of use in 2045 and 2047.

12. 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:

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	52,251	56,054	0	0
Between 1 and 5 years	93,931	148,189	0	0
Long-term part	146,182	204,243	0	0
Within 1 year	58,516	58,214	0	0
	204,698	**262,457**	**0**	**0**
Payables to group enterprises				
After 5 years	363,686	358,461	281,018	266,889
Long-term part	363,686	358,461	281,018	266,889
Other short-term debt to group enterprises	0	0	1,297	0
	363,686	**358,461**	**282,315**	**266,889**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
12. Long-term debt				
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	2,238	2,957	0	0
Long-term part	2,238	2,957	0	0
Within 1 year	0	0	0	0
	2,238	**2,957**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

13. Derivative financial instruments

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

Assets	22	1,257	0	0
Liabilities	2,238	2,957	0	0

The Group has entered one interest rate swap and 5 cross currency swap contracts recognized as non-current receivables other payables. The interest rate swap are recognized at a positive fair value of DKK 22 thousand and the cross currency swaps are recognized at a negative fair value of DKK 2,238 thousand. The principal amount on all the swaps are EUR 35,598 thousand equivalent to DKK 265,267 thousand. The Group swaps from floating interest rates to a fixed interest rate on the interest rate swap. On the cross currency swaps the Group swaps from fixed interest rates of 1,54-2,23% in DKK to fixed interest rates of 1,25-1,95% in EUR. The swaps will expire between the next 2-11 years.

	Value adjustment, equity	Fair value at 31. December
	TDKK	TDKK
Interest rate swap	-1,235	22
Cross currency swaps	719	-2,238

Notes to the Financial Statements

	Group	
	2023	2022
	TDKK	TDKK
14. Cash flow statement - Adjustments		
Financial income	-994	-1,023
Financial expenses	25,144	25,448
Depreciation, amortisation and impairment losses, including losses and gains on sales	24,640	24,640
Tax on profit/loss for the year	8,597	9,711
	57,387	**58,776**

	Group	
	2023	2022
	TDKK	TDKK
15. Cash flow statement - Change in working capital		
Change in receivables	-2,880	185
Change in trade payables, etc	-5,726	6,303
	-8,606	**6,488**

16. Contingent assets, liabilities and other financial obligations

Charges and security

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

As security for mortgage debt totaling DKK 250,670 thousand, the Group has granted charges totaling EUR 87,450 thousand equivalent to DKK 650,322 thousand on solarplants carried at DKK 534,285 thousand at 31 December 2023.

According to note 8 cash of DKK 35,622 thousand is placed as restricted cash.

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The Group has entered land lease agreements until 2045 and 2047. The land lease depends on the revenue so the total commitment cannot be measured reliably but is estimated to be between DKK 400-7.500 thousand per year.

The Group has entered into an operation and maintenance, commercial, technical and director agreements with an estimated annual fee of total DKK 1.870 thousand.

The Group has entered into a plant manager agreement which cannot be terminated for at least 3 months. The remaining liability is DKK 11 thousand.

Additionally, the Group has an operation and maintenance agreement until at least 2035. The operation and maintenance agreement cost mainly depends on the revenue so the total commitment cannot be measured reliably but is estimated to be between DKK 1.700-2.000 thousand per year.

Furthermore, two commercial and technical asset management agreement has been entered which cannot be terminated for at least 1 year. The remaining liability is DKK 280 thousand.

Other contingent liabilities

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 by the Group amounts to DKK 0. 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 Group’s liability.

17. Related parties

	Basis
Controlling interest	
CAPVIVA Solar Germany I GmbH	Parent company

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. All transactions have been carried out under the arm's length principle.

18. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Capviva Solarpark Vandel Holding ApS for 2023 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Capviva Solarpark Vandel Holding ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

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 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.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

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

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 Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated 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, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

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

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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.

The Company is jointly taxed with danish 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

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. In the cost for the group financial statements is goodwill regarding the parent company's investment in subsidaries recognized.

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:

Plant and machinery	35 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of 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 depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

The item "Investments in subsidiaries" 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 with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries 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.

Subsidiaries 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.

The amortization period of goodwill have been determined at 35 years. As the goodwill relates to subsidiaries where the only activity is operating solar plants, this amortization period is in line with the estimated useful life of the solar plants

Other fixed asset investments

Other fixed asset investments consist of deposits.

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.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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.

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 liabilities

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.

Cash Flow Statement

The cash flow statement shows the Group’s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group’s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise unrestricted cash.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity