Capviva Solarpark Vandel Holding ApS

Koldinghus Alle 1, Bregentved, DK-4690 Haslev

Annual Report for 1 January - 31 December 2021

CVR No 37 56 96 07

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 18/02 2022

Ander Dolmer
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of Capviva Solarpark Vandel Holding ApS for the financial year 1 January - 31 December 2021.

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

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

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

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

Haslev, 18 February 2022

Executive Board

Jacob Simonsen Executive Officer	Anders Dolmer Executive Officer

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 2021 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 2021 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 2021, 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 Financials 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

Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

Independent Auditor's Report

may cause the Group and 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.

- 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.

Ringsted, 18 February 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Martin Langhoff Hansen statsautoriseret revisor mne36027	Nikolaj Frausing Borch statsautoriseret revisor mne44062

Company Information

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

Financial Highlights

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

	Group			
	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Gross profit/loss	74.539	80.456	78.997	80.661
Profit/loss before financial income and expenses	49.900	43.760	42.301	43.965
Net financials	-25.339	-25.067	-27.669	-30.720
Net profit/loss for the year	16.847	11.824	8.385	6.796
Balance sheet				
Balance sheet total	772.195	799.607	834.056	877.647
Equity	49.877	30.337	18.423	10.592
Investment in property, plant and equipment	0	0	0	125
Number of employees	2	2	2	2
Ratios				
Return on assets	6%	5%	5%	5,0%
Solvency ratio	6%	4%	2%	1,2%
Return on equity	42%	48%	58%	112,0%

IAccording to section 128(4) of the Danish Financial Statements Act, the Group has omitted to disclose the financial highlights for the financial year 2017.

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 2021 shows a profit of TDKK 16,847, and at 31 December 2021 the balance sheet of the Group shows equity of TDKK 49,877.

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

The fiscal year 2021 has resulted in an increase in profit before tax of DKK 3.215 thousand from DKK 18.693 thousand in 2020 to DKK 21.908 thousand in 2021.

During the financial year, the Group has focused on reducing its fixed costs, which can be seen by the positive development in profit before tax for 2021.

In 2021, the Group's cash and cash equivalents decreased by DKK 2.268 thousand to DKK 49.348 thousand. The cash is used for pays instalments of the Groups debt. The debt increased by DKK 4.309 thousand in 2021.

Targets and expectations for the year ahead

The Group expects profit before tax in 2022 to be at the same level as in 2021.

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.

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

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.

Management's Review

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.

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.

Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		**74.539**	**80.456**	**-359**	**-303**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-24.639	-36.696	0	0
Profit/loss before financial income and expenses		**49.900**	**43.760**	**-359**	**-303**
Income from investments in subsidiaries		0	0	27.612	21.231
Financial income		614	2.969	244	1.024
Financial expenses	2	-25.953	-28.036	-12.394	-11.738
Profit/loss before tax		**24.561**	**18.693**	**15.103**	**10.214**
Tax on profit/loss for the year	3	-7.714	-6.869	1.744	1.610
Net profit/loss for the year		**16.847**	**11.824**	**16.847**	**11.824**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Plant and machinery		721.421	746.060	0	0
Property, plant and equipment	4	**721.421**	**746.060**	**0**	**0**
Investments in subsidiaries	5	0	0	298.075	267.770
Deposits	6	17	17	0	0
Fixed asset investments		**17**	**17**	**298.075**	**267.770**
Fixed assets		**721.438**	**746.077**	**298.075**	**267.770**
Trade receivables		723	877	0	0
Receivables from group enterprises		0	0	4.688	3.577
Other receivables		595	437	0	0
Deferred tax asset	11	0	0	0	292
Corporation tax receivable from group enterprises		0	0	2.214	1.680
Prepayments	7	91	600	0	0
Receivables		**1.409**	**1.914**	**6.902**	**5.549**
Cash at bank and in hand	8	**49.348**	**51.616**	**85**	**12**
Currents assets		**50.757**	**53.530**	**6.987**	**5.561**
Assets		**772.195**	**799.607**	**305.062**	**273.331**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
		TDKK	TDKK	TDKK	TDKK
Share capital	9	50	50	50	50
Reserve for net revaluation under the equity method		0	0	103.622	73.317
Reserve for hedging transactions		2.783	90	0	0
Retained earnings		47.044	30.197	-53.795	-43.030
Equity		**49.877**	**30.337**	**49.877**	**30.337**
Provision for deferred tax	11	33.329	25.616	0	0
Other provisions	12	4.064	2.992	0	0
Provisions		**37.393**	**28.608**	**0**	**0**
Mortgage loans		262.457	320.623	0	0
Payables to group enterprises		355.702	351.393	254.029	241.879
Other payables		7.325	10.017	0	0
Long-term debt	13	**625.484**	**682.033**	**254.029**	**241.879**
Mortgage loans	13	58.044	57.899	0	0
Trade payables		1.397	730	56	15
Payables to group enterprises	13	0	0	1.100	1.100
Short-term debt		**59.441**	**58.629**	**1.156**	**1.115**
Debt		**684.925**	**740.662**	**255.185**	**242.994**
Liabilities and equity		**772.195**	**799.607**	**305.062**	**273.331**

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Statement of Changes in Equity

Group

	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	50	0	90	30.197	30.337
Fair value adjustment of hedging instruments, end of year	0	0	2.693	0	2.693
Net profit/loss for the year	0	0	0	16.847	16.847
Equity at 31 December	**50**	**0**	**2.783**	**47.044**	**49.877**

Parent Company

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Total
Equity at 1 January	50	73.317	0	-43.030	30.337
Fair value adjustment of hedging instruments, end of year	0	2.693	0	0	2.693
Net profit/loss for the year	0	27.612	0	-10.765	16.847
Equity at 31 December	**50**	**103.622**	**0**	**-53.795**	**49.877**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021 TDKK	Group 2020 TDKK
Net profit/loss for the year		16.847	11.824
Adjustments	15	57.692	68.632
Change in working capital	16	2.245	-11
Cash flows from operating activities before financial income and expenses		**76.784**	**80.445**
Financial income		614	2.969
Financial expenses		-24.921	-28.036
Cash flows from operating activities		**52.477**	**55.378**
Repayment of mortgage loans		-59.052	-58.112
Raising of loans from group enterprises		4.307	4.851
Cash flows from financing activities		**-54.745**	**-53.261**
Change in cash and cash equivalents		**-2.268**	**2.117**
Cash and cash equivalents at 1 January		51.616	49.499
Cash and cash equivalents at 31 December		**49.348**	**51.616**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		49.348	51.616
Cash and cash equivalents at 31 December		**49.348**	**51.616**

Notes to the Financial Statements

		Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Average number of employees	**2**	**2**	**2**	**2**

		Group		Parent Company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
2	**Financial expenses**				
	Interest paid to group enterprises	17.454	17.212	12.240	11.665
	Other financial expenses	6.796	9.314	1	0
	Exchange loss	1.703	1.510	153	73
		25.953	**28.036**	**12.394**	**11.738**
3	**Tax on profit/loss for the year**				
	Current tax for the year	0	0	-2.214	-1.678
	Deferred tax for the year	7.705	6.869	247	68
	Adjustment of tax concerning previous years	9	0	223	0
		7.714	**6.869**	**-1.744**	**-1.610**

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	171.333
Depreciation for the year	24.639
Impairment losses and depreciation at 31 December	195.972
Carrying amount at 31 December	**721.421**

Notes to the Financial Statements

Group

	Plant and machinery
	TDKK
Interest expenses recognised as part of cost	3.938

	Parent Company	
	2021	2020
	TDKK	TDKK

5 Investments in subsidiaries

	2021	2020
Cost at 1 January	194.452	194.452
Cost at 31 December	194.452	194.452
Value adjustments at 1 January	73.318	51.996
Net profit/loss for the year	33.171	29.442
Fair value adjustment of hedging instruments for the year	2.692	91
Amortisation of goodwill	-5.558	-8.211
Value adjustments at 31 December	103.623	73.318
Carrying amount at 31 December	**298.075**	**267.770**
Remaining positive difference included in the above carrying amount at 31 December	162.611	168.166

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Solarpark Vandel ApS	Haslev, Denmark		100%	116.298	26.849
Vandel Sol ApS	Haslev, Denmark		100%	19.165	6.318

Notes to the Financial Statements

6 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 January	17
Cost at 31 December	17
Carrying amount at 31 December	**17**

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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Free cash	15.645	18.478	85	12
Restricted cash	33.703	33.138	0	0
	49.348	**51.616**	**85**	**12**

9 Equity

The share capital consists of 50,000 shares of a nominal value of DKK 1. No shares carry any special rights.

10 Distribution of profit

Reserve for net revaluation under the equity method	0	0	27.612	21.231
Retained earnings	16.847	11.824	-10.765	-9.407
	16.847	**11.824**	**16.847**	**11.824**

Notes to the Financial Statements

11 Provision for deferred tax

	Group		Parent Company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Provision for deferred tax at 1 January	25.616	18.746	-292	-360
Amounts recognised in the income statement for the year	7.705	6.870	247	68
Adjustment of tax concerning previous years	8	0	45	0
Provision for deferred tax at 31 December	**33.329**	**25.616**	**0**	**-292**

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

12 Other provisions

Other provisions	4.064	2.992	0	0
	4.064	**2.992**	**0**	**0**

Other provisions in the Group consist of provision to remove the solar cell plants with all installations and re-establish 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.

Notes to the Financial Statements

13 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	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	71.695	87.329	0	0
Between 1 and 5 years	190.762	233.294	0	0
Long-term part	262.457	320.623	0	0
Within 1 year	58.044	57.899	0	0
	320.501	**378.522**	**0**	**0**
Payables to group enterprises				
After 5 years	355.702	351.393	254.029	241.879
Long-term part	355.702	351.393	254.029	241.879
Other short-term debt to group enterprises	0	0	1.100	1.100
	355.702	**351.393**	**255.129**	**242.979**
Other payables				
After 5 years	7.325	10.017	0	0
Long-term part	7.325	10.017	0	0
Within 1 year	0	0	0	0
	7.325	**10.017**	**0**	**0**

Notes to the Financial Statements

14 Derivative financial instruments

The Group has entered one interest rate swap and 5 cross currency swap contracts recognized as non-current other payables. The interest rate swap are recognized at a negative fair value of DKK 3.697 thousand and the cross currency swaps are recognized at a negative fair value of 3.628. The principal amount on all the swaps are EUR 50.424 thousand equivalent to DKK 375.392 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 4-13 years.

Group

	Value adjust-ment, income statement	Value adjust-ment, equity	Fair value at 31 December
	TDKK	TDKK	TDKK
Interest rate swap	0	1.277	-3.697
Cross currency swaps	0	1.415	-3.628

15 Cash flow statement - adjustments

	Group	
	2021	2020
	TDKK	TDKK
Financial income	-614	-2.969
Financial expenses	25.953	28.036
Depreciation, amortisation and impairment losses, including losses and gains on sales	24.639	36.696
Tax on profit/loss for the year	7.714	6.869
	57.692	**68.632**

16 Cash flow statement - change in working capital

	Group	
	2021	2020
	TDKK	TDKK
Change in receivables	505	-136
Change in other provisions	1.072	217
Change in trade payables, etc	668	-92
	2.245	**-11**

Notes to the Financial Statements

17 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 326.826 thousand, the Group has granted charges totaling EUR 87.450 thousand equivalent to DKK 650.503 thousand on solarplants carried at DKK 558.811 thousand at 31 December 2021.

According to note 8 cash of DKK 33.703 thousand is placed as restricted cash.

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 400-7.250 thousand per year.

The Group has entered commercial, technical and director agreements with an estimated annual fee of total DKK 1.805 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 1.500-1.750 thousand per year.

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 TDKK 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 Company’s liability.

Notes to the Financial Statements

18 Related parties

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’slength principle.

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

CAPVIVA Solar Germany I GmbH

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Capviva Solarpark Vandel Holding ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

Changes in accounting estimates

For 2021 Management has changed the depreciation period of the Group's solar plant from 25 years to 35 year and on the amortization period for goodwill on investment in subsidiaries for the Parent, to better reflect actual expected useful lifetime of the asset. As goodwill is amortized in line with the useful life of the solar plants, the amortization period for goodwill is changed accordingly. The effect of the change for the Group amounts to TDKK 12.057 and for the Parent TDKK 2.653.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

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

Derivative financial instruments

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

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

Notes to the Financial Statements

19 Accounting Policies (continued)

Hedge accounting

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

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

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

Income Statement

Revenue

Revenue from the sale of electricity is recognised when the risks and rewards relating to the electricity 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.

Costs related to sale of electricity

Expenses for operation and maintenance, insurance, land lease, electricity costs etc. used in generating the year’s revenue.

Other external expenses

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

Gross profit/loss

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

Notes to the Financial Statements

19 Accounting Policies (continued)

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 changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is part of a joint taxation with all Danish Group Companes. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

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

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

Plant and machinery	35 years

The fixed assets’ residual values are determined at nil.

Notes to the Financial Statements

19 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, 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.

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.

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

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.

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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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 income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

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

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. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as 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.

Notes to the Financial Statements

19 Accounting Policies (continued)

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 ”Cash at bank and in hand”.

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

Financial Highlights

Explanation of financial ratios

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