

Encavis Wind Danmark ApS


Københavnsvej 81, 4000 Roskilde

CVR no. 38 65 22 81

Annual report 2022

Approved at the Company's annual general meeting on 11 May 2023

Chair of the meeting:



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Anders Egebjerg Jensen

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Encavis Wind Danmark ApS for the financial year 1 January - 31 December 2022.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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.

Roskilde, 11 May 2023
Executive Board:



Michael Kubicek
CEO



Ingo Volker Willi Ermel
CEO

Independent auditor's report

To the shareholders of Encavis Wind Danmark ApS

Conclusion

We have conducted an extended review of the financial statements of Encavis Wind Danmark ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's standard on extended review for Small entities and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 that 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance for our conclusion on the financial statements and perform specifically required supplementary procedures to obtain additional assurance for our conclusion.

An extended review comprises procedures that primarily consist of making enquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review

Management is responsible for the Management's review.

Our conclusion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

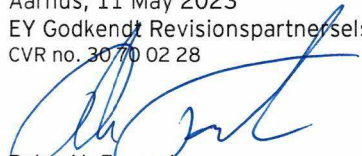
In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 11 May 2023
EY Godkendt Revisionspartnerselskab
CVR no. 3070 02 28



Peter U. Faurischou
State Authorised Public Accountant
mne34502

Management's review

Company details

Name	Encavis Wind Danmark ApS
Address, Postal code, City	Københavnsvej 81, 4000 Roskilde
CVR no.	38 65 22 81
Established	17 May 2017
Registered office	Roskilde
Financial year	1 January - 31 December
Executive Board	Michael Kubicek, CEO Ingo Volker Willi Ermel, CEO
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management commentary

Business review

The entities purpose is to conduct business with ownership and operation of renewable energy plants and, in the opinion of the Management Board, related activities.

Financial review

The income statement for 2022 shows a profit of DKK 20,673 thousand against a profit of DKK 432 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 35,872 thousand.

Events after the balance sheet date

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

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit	43,672	22,359
	Amortisation of property, plant and equipment	-15,757	-15,765
	Other operating expenses	-11	0
	Profit before net financials	27,904	6,594
	Income from investments in group enterprises	6,749	3,036
4	Financial expenses	-8,158	-9,088
	Profit before tax	26,495	542
5	Tax for the year	-5,822	-110
	Profit for the year	20,673	432
	Recommended appropriation of profit		
	Extraordinary dividend distributed in the year	10,000	0
	Retained earnings	10,673	432
		20,673	432

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Land and buildings	10,342	11,205
	Plant and machinery	173,244	188,138
		<u>183,586</u>	<u>199,343</u>
7	Investments		
	Investments in group enterprises	49,909	52,836
	Other securities and investments	0	136
		<u>49,909</u>	<u>52,972</u>
	Total fixed assets	<u>233,495</u>	<u>252,315</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	8,107	2,461
	Dividend receivable from group enterprises	0	554
	Joint taxation contribution receivable	3,851	1,592
	Other receivables	322	395
	Prepayments	798	838
		<u>13,078</u>	<u>5,840</u>
	Cash	<u>10,455</u>	<u>0</u>
	Total non-fixed assets	<u>23,533</u>	<u>5,840</u>
	TOTAL ASSETS	<u>257,028</u>	<u>258,155</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	50	50
	Retained earnings	35,822	25,149
	Total equity	<u>35,872</u>	<u>25,199</u>
	Provisions		
	Deferred tax	15,428	11,462
	Total provisions	<u>15,428</u>	<u>11,462</u>
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Mortgage debt	56,822	65,941
	Payables to group enterprises	135,651	143,327
		<u>192,473</u>	<u>209,268</u>
	Current liabilities other than provisions		
8	Short-term part of long-term liabilities other than provisions	8,606	8,606
	Bank debt	0	3,239
	Trade payables	5	43
	Corporation tax payable	4,040	0
	Other payables	1	159
	Deferred income	603	179
		<u>13,255</u>	<u>12,226</u>
		<u>205,728</u>	<u>221,494</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>257,028</u></u>	<u><u>258,155</u></u>

- 1 Accounting policies
- 2 Other operating income
- 3 Staff costs
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2021	50	24,717	24,767
Transfer through appropriation of profit	0	432	432
Equity at 1 January 2022	50	25,149	25,199
Transfer through appropriation of profit	0	20,673	20,673
Proposed extraordinary dividend recognised under equity	0	-10,000	-10,000
Equity at 31 December 2022	50	35,822	35,872

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Encavis Wind Danmark ApS for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

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

Income statement

Revenue

Income from the sale of electricity, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains and losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, administration, etc.

Depreciation

The item comprises depreciation of property, plant and equipment.

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 from construction date. The expected useful lives of the assets are as follows:

Land and buildings	15-20 years
Plant and machinery	15-20 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Other operating income

3 Staff costs

The Company has no employees.

DKK'000	2022	2021
4 Financial expenses		
Interest expenses, group enterprises	6,917	7,617
Other financial expenses	1,241	1,471
	<u>8,158</u>	<u>9,088</u>
5 Tax for the year		
Deferred tax adjustments in the year	5,822	110
	<u>5,822</u>	<u>110</u>

6 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Total
Cost at 1 January 2022	14,614	263,683	278,297
Cost at 31 December 2022	14,614	263,683	278,297
Impairment losses and depreciation at 1 January 2022	3,409	75,545	78,954
Depreciation	863	14,894	15,757
Impairment losses and depreciation at 31 December 2022	4,272	90,439	94,711
Carrying amount at 31 December 2022	<u>10,342</u>	<u>173,244</u>	<u>183,586</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

DKK'000	Investments in group enterprises	Other securities and investments	Total
Cost at 1 January 2022	72,147	136	72,283
Disposals	0	-136	-136
Cost at 31 December 2022	72,147	0	72,147
Value adjustments at 1 January 2022	-19,311	0	-19,311
Impairment losses	-2,927	0	-2,927
Value adjustments at 31 December 2022	-22,238	0	-22,238
Carrying amount at 31 December 2022	49,909	0	49,909

8 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 20,769 thousand falls due for payment after more than 5 years after the balance sheet date.

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2019 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 20th december 2019.

Other financial obligations

Other financial obligations consist of interminable service agreements with remaining contracts of 2 - 10 years. The obligation amounts to DKK 39,724 thousand.

The Company is jointly and severally liable for Nørhede-Hjortmose Vindkraft I/S.

10 Collateral

As security for the Company's mortgage debt, the Company has provided security in property, plant and equipment with a total value of DKK 183,586 thousand.

As security for the Company's debt to banks, the Company has provided security or other collateral in the following:

- ▶ The company's service agreements, electrical settlements and insurances.
- ▶ Partnership shares in Nørhede-Hjortmose VindKraft I/S.