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Encavis Solar Denmark ApS

C/O Momentum Gruppen A/S, Københavnsvej 81, 4000 Roskilde

CVR no. 42 71 55 81

Annual report 2023

Approved at the Company's annual general meeting on 5 July 2024

Chair of the meeting:

DocuSigned by:
Niklas Will
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....
Niklas Will

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Encavis Solar Denmark 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2023.

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, 5 July 2024
Executive Board:

DocuSigned by: Niklas Will 22B0B1C8DCC9431...	DocuSigned by: 331A23B14DB14C3...
Niklas Will	Michael Kubicek

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Independent auditor's report

To the shareholders of Encavis Solar Denmark ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Encavis Solar Denmark ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 Parent Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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.

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Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 5 July 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faurschou
State Authorised Public Accountant
mne34502

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Management's review

Company details

Name	Encavis Solar Denmark ApS
Address, Postal code, City	C/O Momentum Gruppen A/S, Københavnsvej 81, 4000 Roskilde
CVR no.	42 71 55 81
Established	28 September 2021
Registered office	Roskilde
Financial year	1 January - 31 December
Executive Board	Niklas Will Michael Kubicek
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

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Management's review

Business review

The group´s purpose is to operate a solar installation and sell the produced electricity.

The parent company's purpose is to hold shares in the group entities Solar Park Svinningegården ApS and Solar Park Rødby Fjord ApS.

Recognition and measurement uncertainties

During the financial year, the company and group carried out impairment tests regarding property, plant and equipment, as well as investments in group entities. The impairment test did not give rise to impairment of the accounting values of investments in group entities. However in the financial year, the impairment test of property, plant and equipment resulted in an impairment loss of DKK 14,265 thousand on property, plant and equipment.
When calculating the value in use, several input factors are subject to substantial estimation uncertainties and scope for discretion, in particular the estimated future energy prices and cash flows as well as the capital market parameters used for discounting the cash flows. If the assumptions used develop negatively, there may be a need to make further write-downs in the coming financial years.

Reference is made to note 2 for more details.

Financial review

The income statement for 2023 shows a loss of DKK 33,623 thousand against a loss of DKK 13,780 thousand last year, and the balance sheet at 31 December 2023 shows a negative equity of DKK 56,328 thousand.

The result for the year is particularly affected by an impairment loss of DKK 14,265 thousand. Besides the impairment loss, the result for the year is in line with management's expectations, as energy prices have been fixed until 2031.

The company has lost more than 50 %of the share capital and is thus subject to the capital loss provisions of the Danish Companies Act. Management expects to reestablish the equity through profit from the Company´s activities and expects that the Company will be profitable in the future, as energy prices are expected to increase once the fixed-price period expires.

Going concern

The group's operating and cash flow budgets for 2024 show positive cash flows, which are sufficient to pay the group's liabilities when they fall due.

Events after the balance sheet date

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

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK	2023 12 months	2021/22 15 months	2023 12 months	2021/22 15 months
	Gross profit/loss	21,896,118	24,310,784	-312,135	-803,135
	Amortisation/depreciation and impairment of property, plant and equipment	-30,534,750	-17,071,088	0	0
	Profit/loss before net financials	-8,638,632	7,239,696	-312,135	-803,135
5	Financial income	348,647	122,125	18,060,353	16,420,006
6	Financial expenses	-25,186,461	-20,321,276	-24,435,134	-20,408,006
	Profit/loss before tax	-33,476,446	-12,959,455	-6,686,916	-4,791,135
7	Tax for the year	-146,679	-820,646	90,280	-748,245
	Profit/loss for the year	-33,623,125	-13,780,101	-6,596,636	-5,539,380
	Recommended appropriation of profit/loss				
	Retained earnings/accumulated loss			-6,596,636	-5,539,380
				-6,596,636	-5,539,380

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
	ASSETS				
	Fixed assets				
8	**Property, plant and equipment**				
	Plant and machinery	469,500,000	529,330,006	0	0
		469,500,000	529,330,006	0	0
9	**Investments**				
	Investments in group entities	0	0	104,287,753	104,287,753
	Receivables from group entities	0	0	387,822,816	406,984,468
	Deposits	2,150,000	2,150,000	0	0
		2,150,000	2,150,000	492,110,569	511,272,221
	Total fixed assets	471,650,000	531,480,006	492,110,569	511,272,221
	Non-fixed assets				
	Receivables				
	Trade receivables	303,802	985,602	0	0
	Receivables from group entities	0	0	0	352,272
	Deferred tax assets	0	0	1,911,100	0
	Corporation tax receivable	399,691	0	0	0
	Joint taxation contribution receivable	5,185,324	12,065,212	76,282	47,693
	Other receivables	806,255	2,615,454	132,520	0
	Prepayments	0	101,400	0	0
		6,695,072	15,767,668	2,119,902	399,965
	Cash	11,604,800	34,794,872	709,721	12,069,327
	Total non-fixed assets	18,299,872	50,562,540	2,829,623	12,469,292
	TOTAL ASSETS	489,949,872	582,042,546	494,940,192	523,741,513

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	**DKK**	**2023**	**2021/22**	**2023**	**2021/22**
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	40,000	40,000	40,000	40,000
	Hedging reserve	-9,548,076	-2,821,994	-9,548,076	-2,821,994
	Retained earnings	-46,820,358	-13,197,233	-12,136,016	-5,539,380
	Total equity	-56,328,434	-15,979,227	-21,644,092	-8,321,374
	Provisions				
	Deferred tax	16,509,820	42,890,373	0	0
11	Other provisions	8,126,900	8,141,900	0	0
	Total provisions	24,636,720	51,032,273	0	0
	Liabilities other than provisions				
10	**Non-current liabilities other than provisions**				
	Bank debt	171,580,151	185,264,364	171,580,151	185,264,364
	Payables to group entities	323,716,646	329,090,952	323,716,646	329,090,952
		495,296,797	514,355,316	495,296,797	514,355,316
	Current liabilities other than provisions				
10	Short-term part of long-term liabilities other than provisions	9,018,410	10,531,246	9,018,410	10,531,246
12	Derivative financial instruments	12,241,123	3,617,932	12,241,123	3,617,932
	Trade payables	3,693,466	14,928,470	2,329	1,858
	Payables to group entities	0	3,406,930	0	3,406,929
	Corporation tax payable	1,366,165	0	0	0
	Other payables	25,625	149,606	25,625	149,606
		26,344,789	32,634,184	21,287,487	17,707,571
	Total liabilities other than provisions	521,641,586	546,989,500	516,584,284	532,062,887
	TOTAL EQUITY AND LIABILITIES	489,949,872	582,042,546	494,940,192	523,741,513

1 Accounting policies
2 Recognition and measurement uncertainties
3 Special items
4 Staff costs
13 Contractual obligations and contingencies, etc.
14 Security and collateral
15 Related parties

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Statement of changes in equity

	Group			
DKK	Share capital	Hedging reserve	Retained earnings	Total
Equity at 1 January 2023	40,000	-2,821,994	-13,197,233	-15,979,227
Transfer through appropriation of loss	0	0	-33,623,125	-33,623,125
Adjustment of hedging instruments at fair value	0	-8,623,164	0	-8,623,164
Tax on items recognised directly in equity	0	1,897,082	0	1,897,082
Equity at 31 December 2023	40,000	-9,548,076	-46,820,358	-56,328,434

	Parent company			
DKK	Share capital	Hedging reserve	Retained earnings	Total
Equity at 1 January 2023	40,000	-2,821,994	-5,539,380	-8,321,374
Transfer through appropriation of loss	0	0	-6,596,636	-6,596,636
Adjustment of hedging instruments at fair value	0	-8,623,164	0	-8,623,164
Tax on items recognised directly in equity	0	1,897,082	0	1,897,082
Equity at 31 December 2023	40,000	-9,548,076	-12,136,016	-21,644,092

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Encavis Solar Denmark ApS for 2023 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.

Some of the comparative figures have been restated in connection with the reclassification of internal items. The restatements have not affected the Company's profit/loss or equity in this year and last year.

Reporting currency

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

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

Gains or losses from disposal of group entities which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Foreign currency translation

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

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

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Notes to the financial statements

1 Accounting policies (continued)

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

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

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

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/loss

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/loss in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

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

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to service agreements, administration, premises, bad debts, payments under operating leases, etc.

Depreciation and impairment

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

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

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

Plant and machinery	30 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.

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Notes to the financial statements

1 Accounting policies (continued)

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.

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and 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.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

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.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deposits

Deposits are measured at amortised cost.

Investments in group entities

Investments in group entities are measured at cost. Dividends received that exceed the accumulated earnings in the group entity during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in group entities 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.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

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Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Provisions

Provisions comprise anticipated expenses relating to re-establishment obligations etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Income taxes and deferred tax

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.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

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1 Accounting policies (continued)

Special items

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities. Special items may comprise expenses incurred for extensive restructuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items that, in Management's opinion, do not form part of the Company’s primary operating activities and that are deemed not to be recurring.

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

2 Recognition and measurement uncertainties

During the financial year, the company and group carried out impairment tests regarding property, plant and equipment, as well as investments in group entities. The impairment test did not give rise to impairment of the accounting values of investments in group entities. However in the financial year, the impairment test of property, plant and equipment resulted in an impairment loss of DKK 14,265 thousand on property, plant and equipment.
When calculating the value in use, several input factors are subject to substantial estimation uncertainties and scope for discretion, in particular the estimated future energy prices and cash flows as well as the capital market parameters used for discounting the cash flows. If the assumptions used develop negatively, there may be a need to make further write-downs in the coming financial years.

The impairment test has been carried out using an after-tax discount rate of 6.05 %and a budget period of 28 years, which corresponds to the minimum remaining lease term of the leased land. Energy prices are fixed until 2031 and have been estimated thereafter using data from Aurora, increasing from DKK 492/MWh in 2032 to DKK 812/MWh in 2051.

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3 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

	Group		Parent company	
DKK	2023 12 months	2021/22 15 months	2023 12 months	2021/22 15 months
Expenses				
	14,265,065	0	0	0
	14,265,065	0	0	0
Special items are recognised in the below items of the financial statements				
	14,265,065	0	0	0
Net profit on special items	14,265,065	0	0	0

Group

Reference is made to note 2 for more details.

4 Staff costs

Group

The group has no employees.

Parent company

The parent company has no employees.

	Group		Parent company	
DKK	2023 12 months	2021/22 15 months	2023 12 months	2021/22 15 months
5 Financial income				
Interest receivable, group entities	0	0	17,737,208	16,339,041
Other financial income	348,647	122,125	323,145	80,965
	348,647	122,125	18,060,353	16,420,006
6 Financial expenses				
Interest expenses, group entities	13,875,974	18,336,240	13,875,974	18,336,240
Other financial expenses	11,310,487	1,985,036	10,559,160	2,071,766
	25,186,461	20,321,276	24,435,134	20,408,006
7 Tax for the year				
Deferred tax adjustments in the year	5,456,600	7,087,100	-1,911,100	0
Tax adjustments, prior years	70,276	0	0	0
Refund in joint taxation	-5,380,197	-6,266,454	1,820,820	748,245
	146,679	820,646	-90,280	748,245

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Notes to the financial statements

8 Property, plant and equipment

DKK	Group Plant and machinery
Cost at 1 January 2023	546,710,220
Additions	338,218
Disposals	-29,633,473
Cost at 31 December 2023	517,414,965
Impairment losses and depreciation at 1 January 2023	17,380,214
Impairment losses	14,265,065
Depreciation	16,269,686
Impairment losses and depreciation at 31 December 2023	47,914,965
Carrying amount at 31 December 2023	469,500,000
Depreciated over	30 years

Note 14 provides more details on security for loans, etc. as regards property, plant and equipment.

9 Investments

DKK	Group Deposits
Cost at 1 January 2023	2,150,000
Cost at 31 December 2023	2,150,000
Carrying amount at 31 December 2023	2,150,000

	Parent company		
DKK	Investments in group entities	Receivables from group entities	Total
Cost at 1 January 2023	104,287,753	406,984,468	511,272,221
Disposals	0	-19,161,652	-19,161,652
Cost at 31 December 2023	104,287,753	387,822,816	492,110,569
Carrying amount at 31 December 2023	104,287,753	387,822,816	492,110,569

Parent company

Name	Domicile	Interest
Solar Park Svinningegården ApS	Søborg	100.00%
Solar Park Rødby Fjord ApS	Søborg	100.00%

The above-mentioned entities are included in the Group.

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Notes to the financial statements

10 Non-current liabilities other than provisions

Group

Of the long-term liabilities, DKK 459,152 thousand falls due for payment after more than 5 years after the balance sheet date.

Parent company

Of the long-term liabilities, DKK 459,152 thousand falls due for payment after more than 5 years after the balance sheet date.

	Group		Parent company	
DKK	2023	2021/22	2023	2021/22
11 Other provisions				
The provisions are expected to be payable in:				
> 5 year	8,126,900	8,141,900	0	0
	8,126,900	8,141,900	0	0

12 Derivative financial instruments

Interest rate risks

The Group and parent company uses interest rate swaps to hedge interest rate risks, whereby floating interest payments are rescheduled into fixed interest payments.

Interest rate risks

			2023			
DKK	Receiving interest	Paying interest	Notional principal amount	Value adjustment recognised in equity	Fair value	Time to maturity
						years
Interest swap	EUR Euribor 6M + 1,45 %	4,84 %	131,384,252	-9,450,890	-9,450,890	16
Cross currency swap	EUR Euribor 6M	3,14 %	54,936,268	-2,790,233	-2,790,233	16
			186,320,520	-12,241,123	-12,241,123	

Group

Fair value level: 2.

Unrealised fair value adjustments for the year, recognised in hedging reserve: DKK 8,623,164.

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13 Contractual obligations and contingencies, etc.

Other financial obligations

Group

Rent and lease liabilities include rental obligations with remaining contract terms of 28 years. The rental agreements can be terminated after 1-28 years, resulting in a minimum rental obligation of DKK 40,844 thousand as of 31 December 2023. Furthermore, the Company has liabilities of interminable service agreements with remaining contract terms of 3-13 years, totalling DKK 49,193 thousand.

Parent company

The Company is jointly taxed with Encavis Wind Danmark ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2022 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 28 September 2021.

14 Security and collateral

Group

As security for the Group's debt to banks and derivative financial instruments, the Group has provided a company charge of DKK 149,829 thousand and security in cash at hand at DKK 11,605 thousand. The pledged assets include plant and machinery, cash and trade receivables. The total carrying amount of these assets is DKK 481,409 thousand as of 31 December 2023.

Parent company

Equity investments in Solar Park Rødby Fjord ApS and Solar Park Svinningegården ApS and cash at hand have been provided as security for Encavis Solar Denmark ApS' and the subsidiaries Solar Park Rødby Fjord ApS and Solar Park Svinningegården ApS debt to banks amounting to DKK 186,864 thousand at 31 December 2023. The carrying amount totalled approx. DKK 104,997 thousand at 31 December 2023.

15 Related parties

Group

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Encavis AG	Germany, Hamburg	www.encavis.com

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Peter Ulrik Faurschou
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Statsaut. revisor
På vegne af: EY Godkendt Revisionspartnerselskab
Serienummer: 4a896e38-9731-42bd-abad-34eec4d34b82
IP: 87.104.xxx.xxx
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