Solar Park Harre ApS

Gyngemose Parkvej 50
2860 Søborg

CVR no. 40 65 98 62

Annual report for the period 1 January to 31 December 2022

(3rd Financial year)

Adopted at the annual general meeting on 28 April 2023

Emil Overby Stephensen
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of Solar Park Harre 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 company's financial position at 31 December 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Søborg, 28 April 2023

Executive board

Christian Bertsch-Engel Director	Frank Grafe director

Independent auditor's report

To the shareholder of Solar Park Harre ApS

Opinion

We have audited the financial statements of Solar Park Harre ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 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 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 company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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 management's review

Management is responsible for management's review.

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

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

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

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

Copenhagen, 28 April 2023

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn Wolff Hansen
statsautoriseret revisor
MNE no. mne30154

Company details

The company	Solar Park Harre ApS Gyngemose Parkvej 50 2860 Søborg CVR no.: 40 65 98 62 Reporting period: 1 January - 31 December 2022 Incorporated: 3 July 2019 Domicile: Gladsaxe
Executive board	Christian Bertsch-Engel, director Frank Grafe, director
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København

Management's review

Business review

The purpose of the company is, directly or through shares in subsidiaries, to develop, finance, operate and sell renewable energy.

Recognition and measurement uncertainties

The Company hedges electricity price cash flow risks in respect of sales of electricity through forward PPA (Power Purchase Agreement) contracts. The contracts secure cash flows from power sales via an agreed Contract for Difference (CFD).

Measurement of the PPA's are attached with uncertainty as a result of parameters and factors used in the model for calculating the Mark-to-Market values (MtM).

The calculation of the value of the hedging instruments are based on assumptions of expected future power prices with an applied discount rate of 11.04%. This discount rate is compromised of both a base rate, country risk premium, credit spread and a credit adjustment dependent on the company's own credit rating.

Future power price curves are purchased from external providers, and these are first modified by expected future inflation rates and afterwards certain factors are used to develop an expected pricing for a similar PPA to that being valuated.

Changes in the applied assumptions and parameters could potentially have a significant effect on the calculated MtM-values.

Financial review

The company's income statement for the year ended 31 December 2022 shows a profit of DKK 24.913.351, and the balance sheet at 31 December 2022 shows equity of DKK 20.414.072.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Solar Park Harre ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2022 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Revenue

Income from the sale of power is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Accounting policies

Other external expenses

Other external expenses include expenses related to operation and maintenance, administration, rent of land etc.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Accounting policies

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Solar farms	30 years	2 %

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Impairment of fixed assets

The carrying amount of items of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

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 is impaired, an impairment loss for that individual asset is recognised.

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Fair value reserve

The year's changes in value adjustments of hedging instruments and tax hereof are recognised in the fair value reserve in equity.

Provisions

The provision relates to expected demolition costs to dismantle and remove solar farms. These provisions are recognised when the company has a legal and constructive obligation at the date of the statement of financial position and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions that are expected to be settled more than a year from the date of the statement of financial position, are measured at net realisable value.

The value of the dismantling costs is recognised in the value of non-current assets and is depreciated together with the relevant assets. The financial statements include a provision for future costs arising from the demolition costs and removal of wind and solar farms.

Based upon management's expectations for the maturity of the provisions, the provision is recognised as a non-current liability.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Accounting policies

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Derivative financial instruments

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in the balance sheet as 'Derivatives' and in the fair value reserve under ‘Equity’. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future 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 1 January 2022 - 31 December 2022

	Note	2022 DKK	2021 DKK
Revenue		**50.082.809**	**27.085.257**
Other external expenses		-7.538.603	-3.336.616
Gross profit		**42.544.206**	**23.748.641**
Depreciation, amortisation and impairment of property, plant and equipment		-6.166.359	-5.943.978
Profit/loss before net financials		**36.377.847**	**17.804.663**
Financial income		16.584	27.287
Financial costs	2	-4.451.417	-5.159.131
Profit/loss before tax		**31.943.014**	**12.672.819**
Tax on profit/loss for the year		-7.029.663	-2.788.021
Profit/loss for the year		**24.913.351**	**9.884.798**

Distribution of profit

Retained earnings		24.913.351	9.884.798
		24.913.351	**9.884.798**

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Assets			
Solar farms	3	176.592.209	180.336.152
Tangible assets		**176.592.209**	**180.336.152**
Total non-current assets		**176.592.209**	**180.336.152**
Trade receivables		5.472.203	888.515
Other receivables		1.953.605	52.889
Deferred tax asset		2.989.924	6.250.491
Prepayments		296.512	111.415
Receivables		**10.712.244**	**7.303.310**
Cash at bank and in hand		**43.967.379**	**7.293.221**
Total current assets		**54.679.623**	**14.596.531**
Total assets		**231.271.832**	**194.932.683**

Balance sheet 31 December

	Note	2022 DKK	2021 DKK
Equity and liabilities			
Share capital		60.000	60.000
Reserve for current value of hedging instruments		-24.806.531	-37.674.623
Retained earnings		45.160.603	20.247.251
Equity	4	**20.414.072**	**-17.367.372**
Other provisions	5	3.978.000	3.978.000
Total provisions		**3.978.000**	**3.978.000**
Payables to group entities		159.884.750	158.098.393
Derivative financial instruments, liabilities		0	19.570.300
Total non-current liabilities	6	**159.884.750**	**177.668.693**
Derivative financial instruments, liabilities	6	31.803.245	28.730.499
Trade payables		6.874.813	1.004.469
Joint taxation contributions payable		8.316.952	918.394
Total current liabilities		**46.995.010**	**30.653.362**
Total liabilities		**206.879.760**	**208.322.055**
Total equity and liabilities		**231.271.832**	**194.932.683**
Contingent liabilities	7		
Financial instruments	8		
Related parties and ownership structure	9		

Statement of changes in equity

	Share capital	Reserve for current value of hedging instruments	Retained earnings	Total
Equity at 1 January 2022	60.000	-37.674.623	20.247.252	-17.367.371
Fair value adjustment of hedging instruments	0	16.497.554	0	16.497.554
Net profit/loss for the year	0	0	24.913.351	24.913.351
Changes in equity of tax	0	-3.629.462	0	-3.629.462
Equity at 31 December 2022	**60.000**	**-24.806.531**	**45.160.603**	**20.414.072**

Notes

		2022	2021
		DKK	DKK
1	**Staff costs**		
	Average number of employees	0	0

The Company has entered into administration agreements with group entities. The Company has no employees besides the management whom is not remunerated by the Company.

		2022	2021
		DKK	DKK
2	**Financial costs**		
	Financial expenses, group entities	4.189.037	3.366.040
	Other financial costs	101.785	1.784.108
	Exchange adjustments costs	160.595	8.983
		4.451.417	**5.159.131**

3 Tangible assets

	Solar farms
Cost at 1 January 2022	187.247.821
Additions for the year	2.422.416
Cost at 31 December 2022	189.670.237
Impairment losses and depreciation at 1 January 2022	6.911.669
Depreciation for the year	6.166.359
Impairment losses and depreciation at 31 December 2022	13.078.028
Carrying amount at 31 December 2022	**176.592.209**

Notes

4 Equity

The share capital consists of 60.000 shares of a nominal value of DKK 1. No shares carry any special rights.

5 Other provisions

	2022 DKK	2021 DKK
Balance at beginning of year at 1 January 2022	3.978.000	0
Provision in year	0	3.978.000
Balance at 31 December 2022	**3.978.000**	**3.978.000**

The provision is related to the estimated future costs for decommissioning of the solar plant. Based on the management's expectations on the maturity of the liability, the provision is recognised as a long-term liability with a due date of more than 5 years.

6 Long term debt

	Debt at 1 January 2022	Debt at 31 December 2022	Instalment next year	Debt outstanding after 5 years
Payables to group entities	158.098.393	159.884.750	0	159.884.750
Derivative financial instruments, liabilities	48.300.799	31.803.245	31.803.245	0
	206.399.192	**191.687.995**	**31.803.245**	**159.884.750**

Notes

7 Contingent liabilities

The company is jointly taxed with other Danish group entities within the Danish joint taxation group. As management company, the company is jointly and severally liable with other jointly taxed entities for payment of income taxes.

Other contingent liabilities not recognised in balance sheet
The Company has entered into land lease agreements with an agreed termination period of 12 months from the tenant's side. The rent in the termination period amounts to 900 TDKK.

8 Financial instruments

Power Purchase Agreements (PPA)

The Company hedges electricity price cash flow risks in respect of sales of electricity through forward PPA (Power Purchase Agreement) contracts. The contracts secure cash flows from power sales via an agreed Contract for Difference (CFD).

Measurement of the PPA's are attached with uncertainty as a result of parameters and factors used in the model for calculating the Mark-to-Market values (MtM).

The calculation of the value of the hedging instruments are based on assumptions of expected future power prices with an applied discount rate of 11.04%. This discount rate is compromised of both a base rate, country risk premium, credit spread and a credit adjustment dependent on the company’s own credit rating.

Future power price curves are purchased from external providers, and these are first modified by expected future inflation rates and afterwards certain factors are used to develop an expected pricing for a similar PPA to that being valuated.

Changes in the applied assumptions and parameters could potentially have a significant effect on the calculated MtM-values.

		Fair value at balance date		Gains and losses recognised in equity during the year (pre tax)	
DKK	Period	2022	2021	2022	2021
Hedging of power prices	2022 - 2030	-31.803.245	-48.300.799	16.497.554	-48.300.799

Notes

9 Related parties and ownership structure

According to the company's register of shareholders, the following shareholder holds at least 5% of the votes or at least 5% of the share capital:

CEE RF7 Holding S.á.r.l., 17 Am Scheerleck, 6868 Wecker, Luxembourg