Ensted Bulk Terminal A/S

Flensborgvej 185 C
6200 Aabenraa
CVR No. 32346103

Annual report 2020

The Annual General Meeting adopted the annual report on 08.06.2021

Penelope Annett Andersen
Chairman of the General Meeting

Contents

Entity details

Entity

Ensted Bulk Terminal A/S
Flensborgvej 185 C
6200 Aabenraa

CVR No.: 32346103
Date of foundation: 18.12.2013
Registered office: Aabenraa
Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jens Wimschulte, Chairman
Penelope Annett Andersen, Vice chairman
Laurent Pierre Roger Cheval
Dirk Josef Gerling

Executive Board

Søren Limkilde Hansen, CEO

Auditors

EY Godkendt Revisionspartnerselskab,
Dirch Passers Allé 36
2000 Frederiksberg, Denmark

Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Ensted Bulk Terminal A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of the Entity's operations for the financial year 01.01.2020 – 31.12.2020

Further, in our opinion, the Management commentary gives a fair commentary of the matters discussed in the Management commentary.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 8 June 2021

Executive Board

Søren Limkilde Hansen
CEO

Board of Directors

Jens Wimschulte
Chairman

Penelope Annett Andersen
Vice chairman

Laurent Pierre Roger Cheval

Dirk Josef Gerling

Independent auditor's report

To the shareholders of Ensted Bulk Terminal A/S

Opinion

We have audited the financial statements of Ensted Bulk Terminal A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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. 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

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

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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 8 June 2021

EY Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

Karsten Bøgel
State Authorised Public Accountant
mne27849

Management commentary

Primary activities

The Entity's activities comprise the activities of Ensted Bulk Terminal including storage of coal, biomass and other fuel and related activities.

Development in activities and finances

The result of the year after tax amounts to DKK 6.8 million compared to a result of DKK 3.7 million in 2019. Total equity amounts to DKK 150.3 million at 31 December 2020 compared to DKK 143.5 million in 2019.
Management finds the operating result satisfactory.

Outlook

Management expects that the annual report for 2021 will show a small profit of DKK 0-5 million, due to the continued but decreasing transshipment of coal out of Ensted Bulk Terminal. The harbour will be emptied of coal during 2021 and therefore still some activity in 2021. See Note 1. for further information.

Events after the balance sheet date

Closing date for the transfer of the harbor to new owner is postponed from 30th April 2021 until 30th September 2021. Subsequently some of the business will continue longer than expected.

Income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		**(9,842)**	**29,201**
Staff costs	2	(6,231)	(6,689)
Depreciation, amortisation and impairment losses		(2,557)	(18,767)
Operating profit/loss		**(18,630)**	**3,745**
Other financial income		11	0
Other financial expenses		(3)	(6)
Profit/loss before tax		**(18,622)**	**3,739**
Tax on profit/loss for the year	3	25,454	(466)
Profit/loss for the year	4	**6,832**	**3,273**

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Goodwill		0	1,043
Intangible assets	5	**0**	**1,043**
Plant and machinery		19,604	20,686
Other fixtures and fittings, tools and equipment		5,508	5,063
Property, plant and equipment	6	**25,112**	**25,749**
Fixed assets		**25,112**	**26,792**
Trade receivables		978	433
Receivables from group enterprises	7	115,883	121,000
Deferred tax		21,100	0
Other receivables		1,389	118
Tax receivable		4,000	0
Receivables		**143,350**	**121,551**
Current assets		**143,350**	**121,551**
Assets		**168,462**	**148,343**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		1,000	1,000
Retained earnings		149,296	142,464
Equity		**150,296**	**143,464**
Other provisions	8	13,843	1,000
Provisions		**13,843**	**1,000**
Trade payables		1,039	883
Tax payable		0	374
Other payables		3,284	2,622
Current liabilities other than provisions		**4,323**	**3,879**
Liabilities other than provisions		**4,323**	**3,879**
Equity and liabilities		**168,462**	**148,343**
Events after the balance sheet date	1		
Contingent liabilities	9		
Group relations	10		

Statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	142,464	143,464
Profit/loss for the year	0	6,832	6,832
Equity end of year	**1,000**	**149,296**	**150,296**

The share capital consists of 1000 shares of nominal DKK 1000 thousand. The Entity was established in 2013. Changes in share capital for the past six years can be specified as below;

	2020	2019	2018	2017	2016	2015
Balance at 1 January	1000	1000	1000	1000	1000	1000
Capital increase through contribution in kind	0	0	0	0	0	0
	1000	1000	1000	1000	1000	1000

Notes

1 Events after the balance sheet date

An Asset Transfer Agreement has been signed 4th February 2020 with transfer date 30th April 2021. The assets are sold to a higher value than booked value. After the balance sheet date an Amendment to the Asset Transfer Agreement has been signed adjusting the transfer date to 30th September 2021.

2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	5,455	5,872
Pension costs	561	719
Other social security costs	110	98
Other staff costs	105	0
	6,231	**6,689**
Average number of full-time employees	8	10

3 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	(4,000)	374
Adjustment of deferred tax from previous years	(21,100)	0
Adjustment concerning previous years	(354)	92
	(25,454)	**466**

4 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Retained earnings	6,832	3,273
	6,832	**3,273**

5 Intangible assets

	Goodwill DKK'000
Cost beginning of year	7,300
Cost end of year	**7,300**
Amortisation and impairment losses beginning of year	(6,257)
Amortisation for the year	(1,043)
Amortisation and impairment losses end of year	**(7,300)**
Carrying amount end of year	**0**

6 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	109,875	17,277
Additions	226	651
Cost end of year	**110,101**	**17,928**
Depreciation and impairment losses beginning of year	(89,189)	(12,214)
Depreciation for the year	(1,308)	(206)
Depreciation and impairment losses end of year	**(90,497)**	**(12,420)**
Carrying amount end of year	**19,604**	**5,508**

The assets are sold to a higher value than booked value. See note 1.

7 Receivables from group enterprises

Receivables from group entities represent both trade receivables and cash pool receivables of DKK 112.459 thousand (2019: DKK 117.924)

8 Other provisions

Other provisions of DKK 13.843 thousand.
The provision relates to removal of excavated coal and repairing the damages hereof.

9 Contingent liabilities

The Entity is jointly taxed with the Danish consolidated enterprises. As a group entity, the Entity is liable jointly and severally with other group entities for the Danish corporation tax and withholding taxes on dividends, interest and royalties in the joint taxation. The jointly taxed entities' total known net liability to the Danish tax authorities is presented in the management entity's financial statements, Vattenfall A/S. Any subsequent corrections of joint taxation of income and withholding tax, etc. could cause the Entity's liability to present a greater amount.

10 Group relations

Ensted Bulk Terminal A/S' related parties comprise the following:

Parties exercising control

Vattenfall Energy Trading A/S, Havneholmen 29, 1561 Copenhagen, which controls the Entity.

Ownership

The following shareholders are registered in the Entity's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

Vattenfall Energy Trading A/S
Havneholmen 29
1561 Copenhagen

The Entity is included in the consolidated financial statements for Vattenfall AB. The consolidated financial statements can be obtained at the parent company's webpage:
http://corporate.vattenfall.se/om-oss/finansiell-information/finansiella-rapporter/

Accounting policies

Reporting class

Ensted Bulk Terminal A/S' annual report for 2020 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.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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.

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 at 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.

Income statement

Gross profit or loss

With reference to section 32 of the Danish Financial statements Act, the items 'Revenue', 'Costs of sale', 'Other external expenses' and 'Operating income' are consolidated into one item designated 'Gross profit'

Revenue

Income from the sale of services is recognised in revenue when the service has been delivered and provided that the income can be reliably measured and payment is expected to be received.

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

Other external expenses

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Entity's employees. Refunds received from public authorities are deducted from staff costs.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income
Other financial income are recognised in the income statement at the amounts that relate to the reporting period. Other financial income include interest income, realised and unrealised capital and exchange gains on foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Other financial expenses
Financial expenses are recognised in the income statement at the amounts that relate to the reporting period. Other financial expenses include interest expenses, realised and unrealised capital and exchange losses on foreign currency transactions and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year
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 Entity is subject to the Danish rules on compulsory joint taxation with the Danish companies controlled by Vattenfall AB.

The Entity and its Danish group entities are jointly taxed. The Danish income tax charge is allocated between profit making and loss making Danish entities in proportion to their taxable income (full distribution).

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

Balance sheet

Intangible assets
Goodwill relates to the future cash flow of the Ensted Bulk Terminal. On initial recognition, goodwill is measured at cost.

Goodwill acquired is subsequently measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life estimated at 7 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Tangible Assets
On initial recognition, items of property, plant and equipment are measured at cost.

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

The basis of depreciation is based on the residual value of the asset at the end of its useful life and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In 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.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Production overheads and borrowing costs are not included in cost.

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.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which are as follows:

Plant and machinery	7 years
Other fixtures and fittings, tools and equipment	7 years

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

Impariment of non-current assets
The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount. The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets.

Receivables
Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is objective e vidence that a receivable has been impaired. If there is objective e vidence that an individual receivable has been impaired, write-down is made on an individual basis.

Equity – dividends
Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Joint taxation contributions receivable or payable
Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are measured 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. Any deferred net assets are measured at net realisable values.

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other provisions
Other provisions comprise expected future costs for clean-up commitments.

Other provisions are recognised when the enterprise has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Other provisions that are expected to be repaid later than one year after the balance sheet date are measured at the present value of the expected payments. Other provisions are measured at net realizablevalue.

The value of provisions related to clean-up commitments are recognised in property, plant and equipment and depreciated together with the relevant assets. An adjustment of the provision will be booked in the previous recognised asset. If a decrease in provision exceeds the booked asset, the difference is recognised in the income statement as other income. The increase of the present value due to the passage of time is recognised in the income statement as financial expenses.

Liabilities
Financial liabilities comprising trade payables and payables to group enterprises are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are measured at amortised cost.

Other liabilities are measured at net realisable value which usually is equal to nominal amount.