

ewz (Deutschland) GmbH Annual Report 2020



ewz (Deutschland) GmbH

Annual Report 2020

**ewz (Deutschland) GmbH is a wholly owned
subsidiary of ewz (Zurich Municipal Electric Utility)**

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Foreword by the Executive Board

Summary of 2020

ewz (Deutschland) GmbH is a wholly owned subsidiary of ewz (Zurich Municipal Electric Utility). The long-term strategic objective of ewz (Deutschland) GmbH is to maintain companies that produce renewable energies in the focus countries of Germany, France, Norway and Sweden. With the successful conclusion of its construction projects in Norway, the portfolio of the ewz Deutschland Group* will produce over 1 terawatt hour (TWh) of renewable energy per year, which represents around one fifth of ewz's current electricity output. With this, the ewz Deutschland Group is making a targeted contribution to the expansion of renewable energies and the phasing out of nuclear energy. ewz (Deutschland) GmbH favours investment in sites where there is optimal availability of natural resources for the technology in question and where standards related to efficiency, climate and environmental impact and acceptance of the investment can best be fulfilled. In doing so, the ewz Deutschland Group is making an active contribution to energy transition, climate and environment protection and an energy supply compatible with the objectives of the 2000-watt society.

In the reporting year, the wind farms in Måkaknuten and Stigafjellet, southern Norway, were successfully put into operation according to schedule in the third and fourth quarters respectively after a construction time of one and a half years. With their 29 wind turbines, the two wind farms will produce almost half a terawatt hour (TWh) of electricity per year.

In France, ewz (Deutschland) GmbH entered into a cooperation with the experienced project developer Ostwind International SAS for the development, construction and operation of ten wind farms. The wind farm projects are scheduled for development within the next seven years and, following approval for construction and operation, ewz (Deutschland) GmbH will increase its interest from 50% to 70%. The goal of the partnership is long-term joint operation of the wind farms. The first two wind farm projects from the cooperation are almost ready for construction. The operation of the existing wind farms in France proceeded according to schedule and they produced almost the entire planned volume of electricity.

The challenges around the Trianel Borkum II offshore wind farm caused by the insolvency of the turbine supplier Senvion were overcome in 2019. The wind farm was successfully commissioned in summer, but the delay meant income was around a third less than planned in the reporting year. In a tender process, Siemens Gamesa won the contract for the provision of maintenance services. It also gained the rights of Senvion, giving it access to all construction documentation of the wind power plants.

* The ewz Deutschland Group includes ewz (Deutschland) GmbH and its subsidiaries

In Germany, the year opened with extraordinarily good wind conditions and consequently higher production. However, the later part of the year failed to fulfil expectations and production from onshore wind farms did not entirely meet forecast volumes. One-off effects related to adjustments for provisions put further strain on the result. Wind conditions for the two German offshore wind farms were similar across the year, if not so pronounced.

In Sweden, 2020 was a year of extraordinarily high wind levels. The wind yield for the Swedish wind farms didn't just significantly outstrip expectations, they set a new record.

Overall, the ewz Deutschland Group achieved a gratifying annual result in 2020, which serves as confirmation of its long-term strategy. For the future, further expansion should lead to increased revenues and yields.



A handwritten signature in blue ink, appearing to read 'Loepfe' followed by a stylized initial.

Benedikt Loepfe

A handwritten signature in blue ink, appearing to read 'Rahm' with a stylized flourish.

Hanspeter Rahm

A handwritten signature in blue ink, appearing to read 'Bottinelli' with a stylized flourish.

Tiziano Bottinelli

A handwritten signature in blue ink, appearing to read 'Gunnervall' with a stylized flourish.

Hans Gunnervall



Activities of ewz (Deutschland) GmbH Overview

Key figures (as at December 2020)

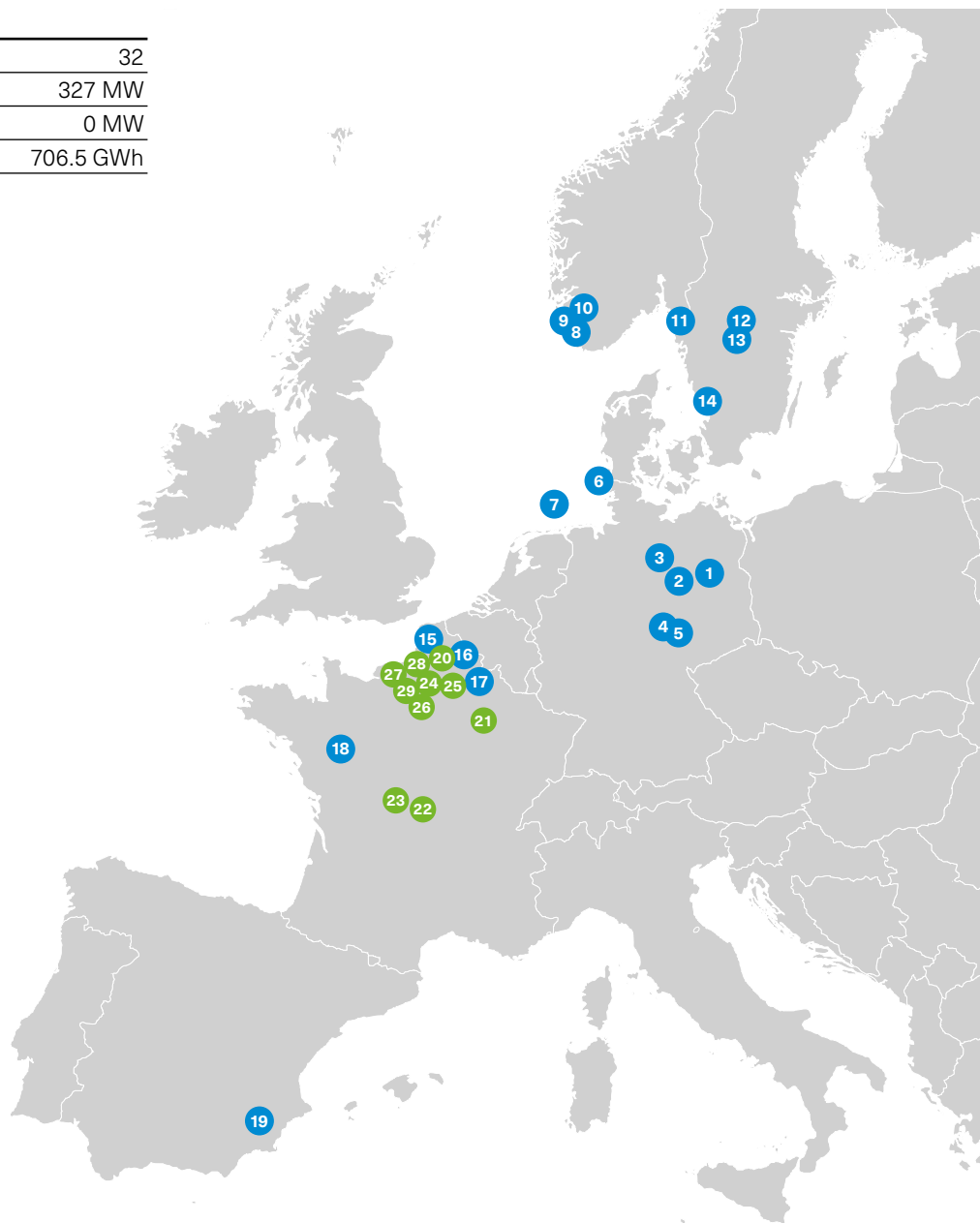
Investments	32
Installed capacity (ewz share)	327 MW
Capacity under construction (ewz share)	0 MW
Production (ewz share)	706.5 GWh

ewz (Deutschland) GmbH production sites

- 1 Crussow, wind onshore DE
- 2 Schermen, wind onshore DE
- 3 Dörnte, wind onshore DE
- 4 Vogelsberg, wind onshore DE
- 5 Kleinbrembach, wind onshore DE
- 6 Butendiek, wind offshore DE
- 7 Borkum, wind offshore DE
- 8 Høg-Jæren, wind onshore NO
- 9 Stigafjellet, wind onshore NO
- 10 Måkaknuten, wind onshore NO
- 11 Mungseröd, wind onshore SE
- 12 Ramsnäs, wind onshore SE
- 13 Skalleberg, wind onshore SE
- 14 Alered, wind onshore SE
- 15 Epinette, wind onshore FR
- 16 Graincourt, wind onshore FR
- 17 Autremencourt, wind onshore FR
- 18 Vihiersois, wind onshore FR
- 19 Puerto Errado 2, solar thermal ES

Future production sites in cooperation with Ostwind International SAS

- 20 Camblain, wind onshore FR
- 21 Blacy, wind onshore FR
- 22 Crevecoeur le Grand, wind onshore FR
- 23 Landes du Limousin, wind onshore FR
- 24 Lisbourg 1, wind onshore FR
- 25 Lisbourg 2, wind onshore FR
- 26 Mairy sur Marne, wind onshore FR
- 27 Mortemer, wind onshore FR
- 28 Oisemont, wind onshore FR
- 29 Sainte Beuve, wind onshore FR



Portfolio

Brief description

1 Crussow wind farm, Brandenburg, Germany



The wind farm is located 90 kilometres north-east of Berlin, near Angermünde in the state of Brandenburg. The immediate vicinity is an extensive agricultural region with arable farming land or meadows for grazing. In 2008, ewz (Deutschland) GmbH acquired three of a total of eight turbines.

Capacity	6 MW
Turbines	3 Vestas V-80; 2 MW
ewz share	100%
Commissioning	2002
Production	11 GWh

2 Schermen wind farm, Saxony-Anhalt, Germany



The Schermen wind farm is located in the district of Jerichower Land, Saxony-Anhalt, 15 kilometres north-east of the city of Magdeburg. The wind farm benefits from varying wind strengths at different elevations, with up to 20 metres' difference between the individual wind power plants.

Capacity	16 MW
Turbines	8 Vestas V-90; 2 MW
ewz share	100%
Commissioning	2007 (6) and 2009 (2)
Production	31 GWh

3 Dörnte wind farm, Lower Saxony, Germany



The Dörnte wind farm is located in the district of Uelzen, Lower Saxony, 70 kilometres south-east of Hamburg. The immediate vicinity of the wind farm consists of extensive arable farming land.

Capacity	16.5 MW
Turbines	11 REpower MD-77; 1.5 MW
ewz share	100%
Commissioning	2006
Production	31 GWh

4 Vogelsberg wind farm, Thuringia, Germany



The Vogelsberg wind farm is located in the district of Sömmerda, Thuringia, 75 kilometres south-west of Leipzig. It sits atop a slight elevation and is surrounded by extensive grain fields. Only a high-voltage line and a local authority border separate the wind farms of Vogelsberg and Kleinbrenbach.

Capacity	6 MW
Turbines	3 Vestas V-90; 2 MW
ewz share	100%
Commissioning	2009
Production	13 GWh

5 Kleinbrenbach wind farm, Thuringia, Germany



The Kleinbrenbach wind farm is located in the district of Sömmerda, Thuringia, 75 kilometres south-west of Leipzig. It is situated on an elevation in the midst of arable farming land directly adjacent to the Vogelsberg wind farm and cannot be seen from the village.

Capacity	10 MW
Turbines	5 Vestas V-90; 2 MW
ewz share	100%
Commissioning	2006
Production	22 GWh

6 Butendiek wind farm, North Sea, Germany



The Butendiek offshore wind farm is located off the German coast of the North Sea, around 32 kilometres from the island of Sylt. Construction began in March 2014 and the first turbines started feeding electricity into the public grid just eleven months later in February 2015. August 2015 saw the fastest completion of an offshore North Sea wind farm to date.

Capacity	288 MW
Turbines	80 Siemens SWT-3.6-120; 3.6 MW
ewz share	4.9%
Commissioning	2015
Production	1 143 GWh

7 Borkum II wind farm, North Sea, Germany



The Trianel Borkum II offshore wind farm is located in Germany's North Sea territory, around 45 kilometres from the North Sea island of Borkum and some 65 kilometres from the German mainland. ewz acquired a 12.26% share in this construction-ready project in February 2017. The wind farm was commissioned in July 2020.

Capacity	202.6 MW
Turbines	32 Senvion 6.3M 152; 6.33 MW
ewz share	12.26%
Commissioning	2020
Production	881 GWh

8 Høg-Jæren wind farm, Stavanger, Norway



Since mid-2011, 26 wind power plants have been operation in the Høg-Jæren wind farm, with a further six added in late 2012. They are located south of the port city of Stavanger, one of the most productive domestic locations for wind energy. The Høg-Jæren wind farm was named 'Wind Warrior of the Year' in 2013 and 2014.

Capacity	73.6 MW
Turbines	32 Siemens SWT-2.3-93; 2.3 MW
ewz share	20%
Commissioning	2011 (26) and 2012 (6)
Production	235 GWh

9 Stigafjellet wind farm, Bjerkreim, Norway



The wind farm is located just 12 kilometres east of the Høg-Jæren wind farm, in which ewz has a 20% share, in the wind-rich Rogaland region of south-western Norway. The developer Eolus was also responsible for the construction of the wind farm, which was commissioned in September 2020.

Capacity	30.1 MW
Turbines	7 Siemens SWT-DD-130; 4.3 MW
ewz share	100%
Commissioning	2020
Production	117 GWh

10 Måkaknuten wind farm, Gjesdal and Bjerkreim, Norway



The wind farm is located in the Rogaland region of south-western Norway. It is directly linked to the recently acquired Stigafjellet wind farm and is located around 12 kilometres east of the Høg-Jæren wind farm in which ewz has had a stake since 2010. The wind farm was commissioned in late November 2020.

Capacity	94.6 MW
Turbines	22 Siemens SWT-DD-130; 4.3 MW
ewz share	100%
Commissioning	2020
Production	348 GWh

Atlantic wind farm portfolio, southern Sweden

The four wind farms of Mungseröd, Ramsnäs, Skalleberg and Alered are located on elevations in forested regions (around 200 kilometres apart) and benefit from different wind regimes. ewz (Deutschland) GmbH acquired a 51% share in three of the four turnkey wind farms in January 2015 and the fourth, Skalleberg, in March 2015.



11 Mungseröd wind farm

Capacity	15.2 MW
Turbines	4 Vestas V-100; 1.8 MW 4 Vestas V-100; 2.0 MW
ewz share	51%
Commissioning	2014
Production	46 GWh

12 Ramsnäs wind farm

Capacity	13.4 MW
Turbines	1 Vestas V-100; 1.45 MW 1 Vestas V-100; 1.95 MW 5 Vestas V-100; 2.0 MW
ewz share	51%
Commissioning	2014
Production	41.5 GWh

13 Skalleberg wind farm

Capacity	19.4 MW
Turbines	2 Vestas V-90; 2.0 MW 3 Vestas V-100; 1.8 MW 5 Vestas V-100; 2.0 MW
ewz share	51%
Commissioning	2015
Production	59.5 GWh

14 Alered wind farm

Capacity	13.2 MW
Turbines	4 Vestas V-112; 3.3 MW
ewz share	51%
Commissioning	2014
Production	34.7 GWh

15 Epinette wind farm, Hauts-de-France region (formerly Nord Pas-de-Calais region), France



This location near the coast, around 30 kilometres from the English Channel, boasts particularly good wind potential. ewz (Deutschland) GmbH acquired a share in the construction-ready wind farm in 2013. It is the first wind farm that ewz has operated as a builder, constructed after just one year, and through which ewz gained experience with gearless wind turbines.

Capacity	12 MW
Turbines	6 Enercon E82; 2 MW
ewz share	100%
Commissioning	2014
Production	36 GWh

16 Graincourt wind farm, Hauts-de-France region, France



The Graincourt wind farm is located in the Hauts-de-France region in north-eastern France, in the vicinity of the Epinette wind farm that has been operational since 2014. The ownership of the construction-ready project carried out by Nordex was transferred to ewz (Deutschland) GmbH in February 2018. Operation began in the first quarter of 2019.

Capacity	12 MW
Turbines	4 Nordex N117 R91; 3.0 MW
ewz share	100%
Commissioning	2019
Production	34 GWh

17 Autremencourt wind farm, Hauts-de-France region, France



Like the Graincourt wind farm, the Autremencourt wind farm is located in the Hauts-de-France region of north-eastern France, relatively close to the Epinette wind farm. ewz acquired the construction-ready project from Nordex in December 2017. The wind farm was taken over in July 2019.

Capacity	14.4 MW
Turbines	6 Nordex N117 R91; 2.4 MW
ewz share	100%
Commissioning	2019
Production	39 GWh

18 Vihiersois wind farm, Pays de la Loire region, France



The Vihiersois wind farm is located in the Pays de la Loire region of western France, around 80 kilometres east of Nantes. Construction work began in autumn 2017. ewz acquired the wind farm project from the developer Nordex in December. The plant went into operation in October 2019.

Capacity	21.6 MW
Turbines	9 Nordex N117 R91; 2.4 MW
ewz share	100%
Commissioning	2019
Production	64 GWh

19 Puerto Errado 2, Calasparra, Spain



Located in the sunny Spanish region of Murcia, the Puerto Errado 2 thermal solar power plant went into operation in 2012 and is based on Fresnel technology with direct evaporation. It was constructed under Swiss management. Along with two conventional power plant blocks, the facility encompasses a solar field with around 302 000 m² of reflective surfaces.

Capacity	30 MW
Technology	linear Fresnel collectors
ewz share	10%
Commissioning	2012
Production	45 GWh

Wind farm portfolio in cooperation with Ostwind International SAS, France

ewz (Deutschland) GmbH entered into a strategic cooperation with Ostwind International SAS for the development, construction and operation of 10 wind farm projects (which were divided into 16 project companies for planning approval purposes) with a total of 67 turbines, a planned nominal output of around 171 MW and expected power production of around 450 GWh (from the point at which all projects are commissioned, expected to be 2026). Ostwind is one of the most experienced development companies for wind farms in France and known to ewz since 2013. Already, the first project from this cooperation, the Camblain wind farm, is ready for construction.

20 Camblain wind farm

Project company

SEPE Le Mont Duquenne

Capacity	planned 12 MW
Turbines	4 Vestas V-112; 3.0 MW
ewz share	as at 31/12/2020 50%
ewz share	at realisation 70%
Execution	expected 2021
Commissioning	expected 2022
Production	expected 34 GWh

Financial Report 2020

Positive Group result

Income situation

Along with the availability of facilities, the income situation is largely dependent on weather conditions and as such dependent on the volume of electricity produced. Wind levels in the focus countries met or exceeded forecasts for 2020.

Construction on the two Norwegian wind farms was successfully completed in 2020. Two of the new wind farms in France generated revenue for the whole year for the first time, which had a positive influence on the revenue situation of the ewz Deutschland Group. Buoyant construction and investment activity within the ewz Deutschland Group is reflected in the year 2020 consolidated annual result. The consolidated profit after minority interests amounted to TEUR 5 963 in 2020 (previous year: TEUR 4 474). This result was around TEUR 1 763 better than forecast. Greater power production resulting from highly favourable wind conditions increased revenues. The ewz Deutschland Group also profited from lower financing costs.

Improved wind levels and the expansion of the wind farm portfolio increased revenues from TEUR 31 470 in 2019 to TEUR 39 690 in 2020. This was in line with forecasts. In 2020, revenues were divided between the focus countries as follows: Germany TEUR 9 763 (previous year TEUR 10 016), Sweden TEUR 12 323 (previous year: TEUR 11 106), France TEUR 14 564 (previous year: TEUR 10 349), Norway TEUR 3 041 (previous year: TEUR 0). In Norway, the Stigafjellet and Måkaknuten wind farms were completed in autumn, leading to an increase in revenues.

The cost of materials increased to TEUR 9 365 compared to TEUR 7 176 in 2019, mainly due to expansion of the production portfolio to include the new Norwegian wind farms.

As a result, the EBITDA improved to reach TEUR 30 918 (previous year: TEUR 24 923). This result was in line with forecasts.

Depreciation and amortisation expenses increased to TEUR 18 578 (previous year: TEUR 16 031), largely driven by the commissioning of the new wind farms in Norway.

The expansion of the portfolio also brought higher levels of debt, although the favourable interest rate environment saw total interest expenses reduced to TEUR 3 792 (previous year: TEUR 3 883). Within the ewz Deutschland Group, interest costs are not capitalised during construction.

Financial situation

The balance sheet total increased by TEUR 98 547 to reach TEUR 460 078 (previous year: TEUR 361 531).

There was a particular increase in non-current assets due to strong investment activities for the Måkaknuten and Stigafjellet wind farms in Norway. This pushed the technical plant and machinery position up from TEUR 202 515 to TEUR 313 572. Intangible assets also increased, from TEUR 31 009 to TEUR 53 514, due to the conditional purchase price increase for the Måkaknuten wind farm. Cash and cash equivalents in the last financial year increased to TEUR 17 892 (previous year: TEUR 12 150), largely due to the open purchase price liability arising from construction activity in Norway. This liability was partially discharged in January 2021.

On the liabilities side, provisions increased from TEUR 2 456 to TEUR 3 594. Management reviewed and re-valued provisions for dismantling, resulting in an adjustment for the focus country of Germany. Loans and liabilities to banks increased by TEUR 47 000 to total TEUR 224 000, largely driven by new borrowing. This includes TEUR 39 000 taken out in loans, a treasury note placement of TEUR 10 000 and TEUR 2 000 in loan repayments. Investments made in the year under review were predominantly financed through external capital.

ewz Deutschland Group has set itself the goal of maintaining an equity capital ratio of at least 40%. As previously, we define the subordinated loans from ewz (Zurich Municipal Electric Utility) in the amount of TEUR 22 300 (previous year: 22 300) as economic equity, and they are included when calculating the equity capital ratio. Subordinated loans of minority shareholdings (TEUR 13 678) have been included in the calculation of the equity capital ratio since 2019. These loans were granted as hedging for ewz (Deutschland) GmbH. The resulting equity capital ratio for 2020 is 43%. The equity capital ratio for 2019 was 48%. As forecast, the equity capital ratio is over 40%.

Net debt increased in the past financial year by TEUR 64 408 to reach TEUR 226 663. This additional debt serves to finance long-term assets, which have also increased. The key figure of net debt/EBITDA deteriorated to 7.3 years (previous year: 6.5 years). This is largely due to increased loans and higher liabilities. This development was in line with forecasts.

In its function as a holding company, ewz (Deutschland) GmbH is responsible for financial management within the ewz (Deutschland) Group. ewz (Deutschland) GmbH finances fully consolidated companies through loans and current accounts and ensures optimisation of financing while also guaranteeing sufficient liquidity reserves. Cash pooling agreements exist with all German wind farm companies, with the exception of ewz Windpark Crussow GmbH.

In 2020, ewz (Zurich Municipal Electric Utility) paid TEUR 18 500 into the capital reserve of ewz (Deutschland) GmbH.

Cash and cash equivalents amounted to TEUR 17 892 at the end of 2020. The change since 2020 amounts to TEUR 5 741. An operating cash flow of TEUR 29 866 (previous year: TEUR 22 780) was generated. Cash flow from investment activity of TEUR 86 228 (previous year: TEUR 68 059) primarily reflects the acquisition in Norway. Cash flow from financing activities of TEUR 62 104 (previous year TEUR 24 831) largely reflects the additional loans and bonds of TEUR 47 000 net and payments into the capital reserve of TEUR 18 500.

The return on equity for 2020 increased to 4.2% (3.6% in 2019). This is mainly due to the improved earnings situation and the commissioning of the new wind farms in Norway.

Investments

In 2020, investments in the amount of TEUR 89 140 were carried out. The investments primarily encompassed the construction of the Norwegian wind farms Stigafjellet and Måkaknuten.

Profit and loss statement

2020

Profit and loss statement	2020	2019
	TEUR	TEUR
1. Revenues	39 690	31 470
2. Other operating income	4 404	1 917
3. Cost of materials		
Cost of purchased services	- 9 365	- 7 176
4. Depreciation and amortisation on intangible assets on fixed assets and property, plant and equipment	- 18 578	- 16 031
5. Other operating expenses	- 4 859	- 2 017
6. Income from affiliated companies	929	608
7. Earnings from investments	120	120
8. Earnings from loans of financial assets	746	505
9. Other interest and similar earnings	1	674
10. Depreciation and amortisation of financial assets	- 38	0
11. Interest and similar expenses	- 3 792	- 3 883
<i>of which from affiliated companies</i>	- 355	- 323
12. Taxes on income and earnings	- 1 672	- 809
13. Net income after taxes	7 586	5 381
14. Other taxes	- 816	- 478
15. Consolidated annual profit	6 770	4 902
16. Profit/loss from non-controlling interests	- 807	- 428
17. Consolidated net profit	5 963	4 474

Balance sheet

2020

Consolidated balance sheet	31/12/2020	31/12/2019
	TEUR	TEUR
A. Non-current assets		
I. Intangible assets		
1. Paid concessions, industrial property rights and similar rights and values as well as licences to such rights and values	41 859	22 806
2. Goodwill	11 656	8 203
	53 514	31 009
II. Property, plant and equipment		
1. Land, land rights and buildings, including buildings on third-party land	947	1 031
2. Technical plant and machinery	313 572	202 515
3. Other fixed assets, machinery and business equipment	0	0
4. Advance payments and assets under construction	0	45 289
	314 519	248 835
III. Financial assets		
1. Investments in affiliated companies	33 665	32 637
2. Other investments	7 557	7 557
3. Loans to companies related through investment	22 741	18 457
4. Other loans	707	692
	64 670	59 343
	432 704	339 187
B. Current assets		
I. Receivables and other assets		
1. Trade accounts receivable	7 306	7 193
2. Receivables from companies related through investment	350	271
3. Other assets	1 030	1 871
	8 686	9 335
II. Cash on hand and cash at banks	17 892	12 150
	26 578	21 486
C. Deferred income	797	858
ASSETS	460 078	361 531

Consolidated balance sheet	31/12/2020	31/12/2019
	TEUR	TEUR
A. Equity capital		
I. Subscribed capital	25	25
II. Capital reserve	164 313	145 813
III. Loss carried forward	-17 272	-21 746
IV. Consolidated profit	5 963	4 474
V. Non-controlling interests	7 875	7 460
	160 904	136 027
B. Provisions		
1. Tax provisions	864	258
2. Other provisions	2 730	2 198
	3 594	2 456
C. Liabilities		
1. Loans	40 000	30 000
2. Liabilities to banks	184 000	147 000
3. Trade accounts payable	3 134	2 248
4. Liabilities to affiliated companies	0	22 388
5. Liabilities to companies related through investment	35 978	13 678
6. Other liabilities	22 442	1 959
<i>of which taxes</i>	1 320	1 306
	285 554	217 273
D. Deferred income	71	78
E. Deferred tax assets	9 955	5 697
LIABILITIES	460 078	361 531

Cash flow statement

2020

Consolidated cash flow statement from 1 January to 31 December 2020		2020	2019
		TEUR	TEUR
1.	Period result (consolidated annual net profit, including profit share of other shareholders)	6 770	4 902
2.	+/- Depreciation and amortisation/appreciation on non-current assets	18 617	16 031
3.	+/- Increase/decrease in provisions	532	510
4.	+/- Other non-cash expenses/earnings	448	-517
5.	-/+ Increase/decrease in inventories, trade accounts receivable as well as other assets not included under investment or financing activity	1 210	1 807
6.	+/- Increase/decrease in trade accounts payable as well as other liabilities not included under investment or financing activity	548	-1 516
7.	+/- Interest expenses/interest income	3 044	2 703
8.	- Other investment income	-1 049	-728
9.	+/- Income tax expenses/income	1 672	809
10.	-/+ Income tax payments	-1 925	-1 221
11.	= Operating cash flow	29 866	22 780
12.	- Payments for investments in property, plant and equipment	-82 124	-51 736
13.	+ Payments from disposals of financial assets	2 605	1 397
14.	- Payments for investments of financial assets	-7 016	-6 991
15.	- Payments for additions to scope of consolidation	0	-11 051
16.	+ Interest received	186	202
17.	+ Dividends received	120	120
18.	= Cash flow from investment activity	-86 228	-68 059
19.	+ Payments from additions to equity capital from shareholders in the parent company	18 500	13 000
20.	+ Payments from issuance of bonds and raising of (financial) loans	49 000	27 000
21.	- Payments from proceeds of bonds and repayment of (financial) loans	-2 000	-12 084
22.	- Interest paid	-3 004	-2 875
23.	- Dividends paid to other shareholders	-392	-210
24.	= Cash flow from investment activity	62 104	24 831
25.	- Net change in cash and cash equivalents	5 741	-20 448
26.	+ Cash and cash equivalents at beginning of period	12 150	32 599
27.	= Cash and cash equivalents at end of period	17 892	12 150



Annex 2020

General principles and statement

ewz Deutschland Group, with parent company ewz (Deutschland) GmbH, located in 78467 Constance, registered in the commercial register in Freiburg, Germany, HRB 706311, is exempted from the obligation to prepare consolidated financial statements or a consolidated management report due to the size of the Group in accordance with section 293 of the German Commercial Code (Handelsgesetzbuch, HGB). With the balance sheet total and expected revenues exceeding the threshold set out in section 293(1) no. 2 from the 2021 financial year, there is a statutory obligation to produce consolidated financial statements under the HGB from 2022.

Nonetheless, for reasons of transparency, ewz Deutschland Group has voluntarily decided to prepare consolidated financial statements each year and prepared consolidated financial statements according to the provisions of the German Commercial Code (HGB) for the first time as at 31/12/2018. The parent company of the largest and at the same time smallest scope of consolidation is ewz (Deutschland) GmbH, whose consolidated financial statements are submitted for publication to the operator of the Federal Gazette (Bundesanzeiger).

The consolidated balance sheet is structured in line with section 266 HGB. The consolidated profit and loss statement is structured using the total cost method in line with section 275(2) HGB.

The annual financial statements are prepared in euros, with amounts shown in thousands of euros (TEUR).

Scope of consolidation

The consolidated financial statements are prepared as stipulated in section 290(1) HGB. For the consolidated financial statements, the following subsidiaries are included (directly or indirectly) in addition to the parent company ewz (Deutschland) GmbH in accordance with section 294(1) HGB:

Shareholding of ewz (Deutschland) GmbH at 31/12/2020

Company	Location	Share in %	Consolidation
Holding company			
ewz (Deutschland) GmbH	Constance (DE)	n/a	n/a
Fully consolidated companies			
ewz Windpark Crussow GmbH*	Constance (DE)	100%	Full consolidation
ewz Windpark Dörmte GmbH	Constance (DE)	100%	Full consolidation
ewz Windpark Kleinbrembach GmbH	Constance (DE)	100%	Full consolidation
ewz Windpark Schermen GmbH	Constance (DE)	100%	Full consolidation
ewz Windpark Vogelsberg GmbH	Constance (DE)	100%	Full consolidation
ewz parc éolien Epinette S.A.S.	Schiltigheim (FR)	100%	Full consolidation
ewz parc éolien Autremencourt S.A.S.	Schiltigheim (FR)	100%	Full consolidation
ewz parc éolien Vihiersois S.A.S.	Schiltigheim (FR)	100%	Full consolidation
ewz parc éolien Graincourt S.A.S.	Schiltigheim (FR)	100%	Full consolidation
ewz Stigafjellet Vind AS	Oslo (NO)	100%	Full consolidation
ewz Måkaknuten Vind AS	Stavanger (NO)	100%	Full consolidation
ewz Atlantic Sverige AB	Malmö (SE)	51%	Full consolidation
Affiliated companies			
ewz Offshore Borkum GmbH **	Constance (DE)	50.008%	At equity
SEPE Des Noues S.A.R.L.***	Schiltigheim (FR)	50%	At equity
SEPE Le Mont Duquenue S.A.R.L.***	Schiltigheim (FR)	50%	At equity
SEPE La Garenne S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Le Coqliamont S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Les Beaux Voisins S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Les Haillis S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE La Longe S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Landes des Verrines S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Fontaine le sec S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Le Grosseiller S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE La Cote Ronde S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Les Trente Journées S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Les Havettes S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Les Mottes S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE La Longe S.A.S.***	Schiltigheim (FR)	50%	At equity
SEPE Sainte Beuve S.A.S.***	Schiltigheim (FR)	50%	At equity
Minority shareholdings			
wpd Butendiek Beteiligungs GmbH ****	Bremen (DE)	49%	Acquisition value principle
Jæren Energi AS	Stavanger (NO)	20%	Acquisition value principle
Tubo Sol Puerto Errado 2 S.L.	Calasparra (ES)	10%	Acquisition value principle

* ewz Windpark Crussow GmbH has a 37.5% share in Windpark Crussow GmbH.

** ewz Offshore Borkum GmbH has a 24.51% share in Trianel Windkraftwerk Borkum II GmbH & Co. KG.

*** The income statements and balance sheets for Ostwind's 16 wind farm project companies are consolidated for this report.

**** wpd Butendiek Beteiligungs GmbH has a 10% share in Butendiek GmbH & Co. KG.

The 16 project development companies in France were added to the scope of consolidation. ewz (Deutschland) GmbH holds a 50% stake in each company. These project development companies appear in the consolidated accounts as affiliated companies and are valued according to the equity method. The book value contains goodwill in the amount of TEUR 22, which was subject to full, unscheduled depreciation in the 2020 financial year due to permanent impairment. The book value also includes the pro rata equity capital of TEUR 99 and the pro rata period profit of TEUR 12.

ewz Offshore Borkum GmbH, Constance, was first incorporated into the consolidated accounts as an affiliated company on 31/12/2017. In line with the consolidation option provided for by sections 296(1) no. 1 and (3) HGB, and in light of significant, long-term restriction of the rights of ewz (Deutschland) GmbH, it chose not to incorporate the company into the consolidated financial statements. This significant, long-term restriction exists in the articles of association, under which the business policy of the company can only be decided upon jointly.

For 2020, ewz Offshore Borkum GmbH was recognised in the consolidated financial statements with the following balance sheet and profit and loss statement. The financial statements for the company are prepared according to the provisions of commercial law and recorded within the Group. There is no goodwill acquired through payment.

ewz Offshore Borkum GmbH

Balance sheet	2020
	TEUR
Non-current assets	74 300
Current assets	4 014
Total assets	78 314
Equity capital	67 097
<i>of which annual profit</i>	<i>1 833</i>
Provisions	7
Liabilities	10 070
Deferred tax assets	1 140
Total liabilities	78 314

Profit and loss statement	2020
	TEUR
Other operating income	–
Other operating expenses	– 45
Other interest and similar earnings	2 902
<i>of which to companies</i>	
<i>related through investment</i>	<i>2 902</i>
Other operating expenses	– 674
Taxes on income and earnings	– 350
Annual profit	1 833

Consolidation principles

The assets and debts of the companies included in the consolidated financial statements were recognised according to Group-wide uniform accounting and valuation methods.

The consolidated financial statements were prepared from a summary of the annual financial statements of all companies concerned.

For purchases after 31 December 2009, capital consolidation was carried out according to the revaluation method (section 3301(1) no. 2 HGB). In applying the revaluation method, the carrying amount of the capital to be consolidated is determined by the fair value of the subsidiary's balance sheet items at the time of their initial inclusion in the consolidated financial statements.

The investment is offset against the pro rata equity capital of the subsidiary in proportion with the parent company's share in the subsidiary. Hidden reserves are disclosed. Any remaining asset difference from capital consolidation is capitalised in the form of goodwill. Minority interests in equity capital are recognised in an adjustment item for holdings of external shareholders (under 'Non-controlling interests') within consolidated equity capital. In the context of debt consolidation, all receivables and liabilities between the companies included in the consolidated financial statements were offset against each other in accordance with section 303(1) HGB. All revenues and other income and expenses between the companies included in the consolidated financial statements were eliminated by expense and income consolidation in accordance with section 305(1) HGB. Affiliated companies were accounted for using the book value method at their fair value in accordance with section 312(1) HGB.

Accounting and valuation

All annual financial statements included in the consolidated financial statements were prepared in EUR as of 31 December 2020. The accounting and valuation were carried out in accordance with section 297 et seq. HGB, applying the provisions of the HGB applicable to stock corporations.

The accounting and valuation methods are largely unchanged from the previous year. The statement of liabilities to the shareholder ewz (Zurich Municipal Electric Utility) now appears under liabilities to shareholders. In the previous year, this statement appeared under liabilities to affiliated companies.

The following accounting and valuation methods were decisive for the preparation of the consolidated financial statements. Purchased **intangible assets** are entered in the balance sheet at acquisition cost and reclassified according to their probable useful life and reduced by scheduled depreciation according to the straight-line method. Useful lives of 15 to 20 years are assumed.

The goodwill arising from capital consolidation was calculated and capitalised using the revaluation method. As goodwill divides the fate of intangible assets and property, plant and equipment, scheduled straight-line depreciation is based on the respective useful life of 15 to 20 years.

Property, plant and equipment is recognised at acquisition or production cost and is subject to scheduled amortisation. The normal useful lives are taken as follows:

Useful life of property, plant and equipment

Wind power plants (installed 2009 and earlier)	16 years
Wind power plants (installed 2010 and later)	20 years
Tools, furnishings, fittings	5 years

Interest on external capital is not included in manufacturing costs. **Investments in affiliated companies** are valued using the equity method according to the pro rata equity capital in the affiliated company. Equity capital of the affiliated company is increased by its annual profit and reduced by profit distributions. **Investments** are accounted for at acquisition cost.

Loans to companies that are related through investment include long-term interest-bearing loans and receivables that are accounted for at their acquisition costs or their fair value.

Other loans are generally stated at nominal value. Unscheduled depreciation and amortisation is carried out on non-current assets if permanent impairments are expected. Appreciation due to the requirement to reinstate original values is carried out up to the acquisition cost or amortised acquisition cost if the grounds for permanent impairment no longer apply.

Receivables and other assets are stated at nominal value. **Cash and cash equivalents** are stated at nominal value. Expenses recorded under **deferred charges** are recognised in the amount of the prepayment.

Provisions (tax provisions and other provisions) take into account all foreseeable risks and contingent liabilities based on prudent commercial assessment with the required settlement amount. For provisions with a remaining term of more than one year, price and cost increases are taken into account and discounted to the balance sheet date. The discount rates used are the average market interest rates for the past seven financial years corresponding to the residual terms of the provisions, as published monthly by the Bundesbank. Expenses and income from the compounding or discounting of provisions are recorded under 'Interest and similar expenses' or 'Other interest and similar earnings' as appropriate. Obligations that arise in an economic sense from current operations are accrued pro rata temporis in equal instalments.

Liabilities are posted at the settlement amount. Income recorded under **deferred income** is recognised in the amount of the prepayment.

Deferred taxes are calculated on the basis of temporary differences between the commercial value of assets, debts and deferred income and their tax valuations on the basis of tax losses carried forward or tax interest carried forward. The amount of the resulting tax burden or relief is valued according to company-specific tax rates. Deferred tax assets and liabilities are determined for the individual companies of the ewz Deutschland Group. Should there be a net deferred tax asset at the individual financial statement level, the option to recognise it provided for in section 274(1) no. 2 HGB in association with section 306 HGB is waived and there is no capitalisation.



Legal notice

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