# A/S Storebæltsforbindelsen

# Annual Report 2020

Chair of the Annual General Meeting: Charlotte Yun Linde
Approved at the Annual General Meeting: 19 April 2021

**A/S Storebæltsforbindelsen, Vester Søgade 10, 1601 Copenhagen V, CVR 10634970**

Storebælt

Sund≈Bælt

## Contents

# Highlights of the year

**Traffic**
Road traffic on the Storebælt Bridge was hard hit by the Covid-19 pandemic. Traffic totalled 11.2 million vehicles in 2020, which was a fall of 15.5 per cent compared to 2019. The fluctuations in passenger traffic in 2020 reflected the extent of the restrictions. Traffic, for example, fell by approximately 60 per cent in a few days in March The overall fall in passenger car traffic totals 17.4 per cent.  Lorry traffic increased by 0.2 per cent and reflects the effort to ensure deliveries and keep businesses afloat.

**Economy**
The result before fair value adjustments and tax is a profit of DKK 1,832 million and is thus DKK 350 million lower compared to 2019.

The result was primarily affected by a fall in net revenue of DKK 334 million largely as a result of the Covid-19 pandemic.

Fair value adjustments amount to a gain of DKK 100 million against an expense of DKK 262 million in 2019, which, in relation to 2019, had a positive impact after tax of approximately DKK 280 million.

The result after tax is a profit of DKK 1,507 million against a profit of DKK 1,498 million in 2019.

If is proposed that a dividend of DKK 1,378 million be paid to the shareholder.

**Profitability**
For A/S Storebælt, the repayment period remains unchanged on the year and totals 34 years, which means that the debt will be repaid in 2032.

# Key figures and financial ratios

| (DKK million) | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Net revenue, road | 2,578 | 2,916 | 2,873 | 3,164 | 3,069 |
| Net revenue, railway | 295 | 292 | 305 | 348 | 324 |
| Other external expenses | -361 | -364 | -370 | -407 | -388 |
| Depreciation, amortisation and writedowns | -538 | -530 | -528 | -530 | -858 |
| Operating profit (EBIT) | 2,007 | 2,347 | 2,384 | 2,621 | 2,204 |
| Financial items excl. value adjustment | -174 | -165 | -268 | -442 | -486 |
| Profit before value adjstmts. | 1,832 | 2,182 | 2,117 | 2,178 | 1,718 |
| Value adjustments, net | 100 | -262 | 91 | 404 | -47 |
| **Profit** | **1,507** | **1,498** | **1,722** | **2,003** | **1,303** |
| | | | | | |
| Capital investment for the year, road and railway | 72 | 118 | 105 | 75 | 115 |
| Capital investment, road and railway, closing balance | 24,921 | 25,361 | 26,015 | 26,439 | 26,798 |
| **Net debt (fair value)** | **20,021** | **20,618** | **21,288** | **22,070** | **23,599** |
| Interest-bearing net debt | 18,473 | 18,946 | 19,832 | 20,307 | 21,281 |
| Equity | 3,914 | 4,007 | 4,109 | 3,987 | 3,234 |
| Balance sheet total | 27,765 | 28,263 | 29,328 | 29,586 | 30,114 |
| | | | | | |
| Cash flow from operating activities | 2,359 | 2,888 | 2,555 | 2,700 | 3,454 |
| Cash flow from investing activities | -316 | 129 | -44 | -82 | -128 |
| Cash flow from financing activities | -2,027 | -3,283 | -2,246 | -2,919 | -2,842 |
| **Total cash flow** | **15** | **-265** | **265** | **-301** | **484** |
| | | | | | |
| **Financial ratios, per cent** | | | | | |
| Profit ratio (EBIT) | 69.1 | 72.4 | 72.6 | 73.7 | 63.9 |
| Rate of return (EBIT) | 7.2 | 8.3 | 8.1 | 8.9 | 7.3 |
| Return on facilities (EBIT) | 8.1 | 9.3 | 9.2 | 9.9 | 8.2 |

N.B. The financial ratios are calculated as stated in Note 1, Accounting Policies
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## Management report

### Development in activities and economic factors

**Economy**
The result for the year reflects the impact of the Covid-19 pandemic. Before financial value adjustments and tax, the result is thus a profit of DKK 1,832 million, which is DKK 350 million lower than in 2019.

Group revenue declined by DKK 334 million and totals DKK 2,902 million. Revenue from Storebælt's road link declined by 11.6 per cent corresponding to DKK 338 million, thus totalling DKK 2,578 million. The fall can be attributed to the fact that traffic as a whole declined by 15.5 per cent compared to 2019.

Expenses total DKK 361 million and are slightly lower compared to 2019.

Depreciation, amortisation and writedowns are on a par with 2019 and totalled DKK 538 million in 2020.

In 2020, interest expenses were slightly higher than 2019 and total DKK 174 million. The rise can primarily be attributed to previously established interest rate hedging, which became effective during the year, while continued low inflation supported the portion of the net debt revalued by an inflation index.

In 2020, fair value adjustments amount to a gain of DKK 100 million against an expense of DKK 262 million in 2019. The fair value adjustments are an accounting item with no effect on the repayment period for the company's debt as the debt is repaid at nominal value.

**The impact of value adjustments on financial results**

| (DKK million) | Income statement with ref. to 2020 | Fair value adjustments | Pro forma income statement 2020 | Pro forma income statement 2019 |
|---|---|---|---|---|
| Operating profit (EBIT) | 2,007 | | 2,007 | 2,347 |
| Financial items excl. value adjustment | -75 | -100 | -175 | -165 |
| **Profit before fair val. adjstmts. and tax** | **1,932** | | **1,832** | **2,182** |
| Fair value adjustment | | 100 | 100 | -262 |
| **Profit before tax** | **1,932** | | **1,932** | **1,920** |
| Tax | -425 | | -425 | -422 |
| **Profit** | **1,507** | | **1,507** | **1,498** |

Net financing expenses, including fair value adjustment, amount to an expense of DKK 75 million against an expense of DKK 427 million in 2019.

The result before tax is a profit of DKK 1,932 million against a profit of DKK 1,920 million in 2019.

Tax on the year's profits is an expense of DKK 425 million.

The company's result after tax is a profit of DKK 1,507 million.

In the interim financial statements for Q3 2020, the outlook for the year's results before financial value adjustments and tax was for a profit within the range of DKK 1.7-2.0 billion. The realised profit before fair value adjustments and tax is thus within this framework.

Equity in the company was positive at DKK 3,914 million as at 31 December 2020 and will remain positive following the proposed dividend of DKK 1,378 million.

Cash flow from operations totals DKK 2,359 million, which is DKK 529 million lower compared to 2019.

Cash flow from investing activities is negative and totals DKK 316 million, primarily as a result of the purchase of securities.

The free cash flow arises on the basis of operations, less capital investments, and totals DKK 2,043 million. Free cash flow expresses the company's ability to generate funds for the financing of interest and repayments on the company's liabilities.

Financing activities include borrowings, repayments, interest expenses and dividend payment, which amount to DKK 2,027 net.

In total, the company's cash and cash equivalents increased by DKK 15 million. Thus, cash and cash equivalents totalled DKK 15 million at the end of 2020.

Future operating results are estimated on the basis of the Ministry of Transport's fixed fee from Banedanmark for use of the rail link and on the basis of traffic forecasts for road traffic.

It should be noted that under the terms of the Act on Sund & Bælt Holding A/S for A/S Storebælt, and against a guarantee commission of 0.15 per cent, the Danish State has extended separate guarantees for interest and repayments and other ongoing liabilities associated with the company's borrowings. In addition, and without further notification of each individual case, the Danish State guarantees the company's other financial liabilities.

## Finance

The main theme of 2020 – including in the financial markets – was the Covid-19 pandemic, which spread from China to the rest of the world during Q1.

Society was shut down – as was economic growth. Virtually all countries in the industrialised world introduced aid packages to keep economies afloat. At the same time, central banks used all available instruments to support economies and finance the aid packages. Both short and long-term interest rates fell further compared to 2019.

A/S Storebælt reduced interest-bearing net debt by DKK 473 million in 2020. By year end, the interest-bearing net debt totalled DKK 18,473 million.

### Financial strategy

A/S Storebælt's objective is to conduct an active and holistic financial management that minimises the long-term financing expenses with due regard for financial risks. Among other things, financial risks are minimised by having exposure to DKK and EUR only, while optimisation of the loan portfolio is achieved through the use of swaps and other derivative financial instruments.

Through 2020, A/S Storebælt raised loans via Nationalbanken only. Such on-lending continues to remain very attractive compared to alternative funding sources.

The company's cautious strategy as regards credit risks meant that the company did not lose money on the failures of financial counterparties in 2020.

Interest expenses were slightly higher in 2020 compared to 2019, which is primarily due to previously established interest rate hedging, which became effective during the year while continued low inflation supported the portion of the net debt revalued by an inflation index.

The duration of the nominal debt in 2020 was fairly constant at around four years.

**A/S Storebælt – financial ratios 2020**

| | DKK million | % per annum |
|---|---|---|
| Borrowing 2020 | 2,086 | |
| - of which on-lending | 2,086 | |
| Gross debt (fair value) | 21,199 | |
| Net debt (fair value) | 20,021 | |
| Interest-bearing net debt | 18,473 | |
| Real interest rate (before value adjustment) | | 0.40 |
| Interest expenses | 145 | 0.76 |
| Value adjustments | -100 | -0.52 |
| Total financing expenses[1)] | **45** | **0.24** |

1) Note: The amount excludes the guarantee commission, which totals DKK 28.6 million.

**A/S Storebælt: profitability**

A/S Storebælt's debt is repaid from the revenue from the road and rail traffic. In the long-term profitability calculation, the repayment period is calculated on the Ministry of Finance's long-term interest rate estimate for a 10-year government bond from August 2020 on the part of the debt that is not hedged while the part of the debt that is hedged is included with the agreed interest rate terms.

The political agreement of 21 September 2017 regarding a 25 per cent reduction in toll charges and the obligation to co-finance the extension of the Funen Motorway to the amount of DKK 2.1 billion (in 2017 prices) resulted in the repayment period being extended to 34 years, whereby the debt is expected to be repaid in 2032. For the current financial year, the repayment period is unchanged at 34 years.

The rail companies' payments for use of the fixed link across Storebælt was reduced in connection with the Finance Act of 2016. For A/S Storebælt, revenue depends on actual train traffic. The lowering of the railway payment resulted in a reduction in rail revenues of DKK 270 million (2016 prices).

Co-financing of the political agreement, 'A Green Transport Policy' from 29 January 2009, is included in the calculation of the repayment period where the company pays a dividend to the State of DKK 9.0 billion (2008 prices) until the financial year 2022. In addition, there is an obligation to co-finance the aforementioned Funen Motorway of DKK 2.2 billion (2018 prices).

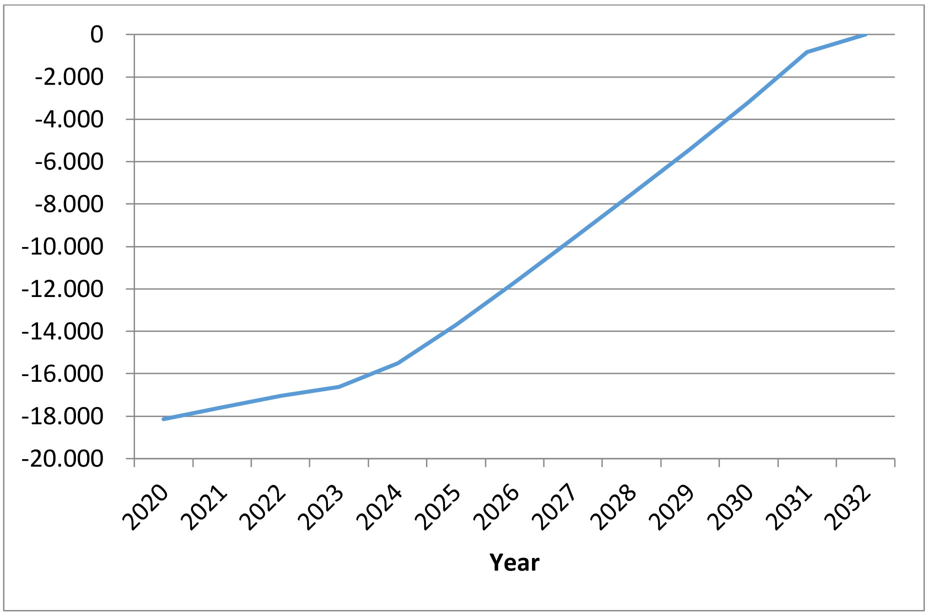
After distribution of an expected dividend of DKK 1,378 million for the 2020 financial year, a total of DKK 9,821 million will have been paid to the shareholder. Of the total distribution, DKK 9,000 million relates to the co-financing of the political agreement, 'A Green Transport Policy' from 2009 and DKK 821 million to the co-financing of the expansion of the Funen Motorway. At current prices, there remains approx. DKK 1.6 billion relating to 'A green transport policy' and approx. DKK 1.4 billion relating to the financing of the Funen Motorway.

The main uncertainties in the profitability calculations relate to the long-term traffic developments and the estimate of the interest rate development, which is based on the Ministry of Finance's interest rate estimate for a 10-year government bond.

In 2021, positive traffic growth is expected for passenger cars, which will in part make up for the downturn traffic in 2020 caused by the Covid-19 pandemic. Lorries are expected to show zero growth. Traffic growth will gradually increase towards a long-term level of 1.5 per cent for passenger cars and 1.0 per cent for lorries from 2025.

Operating expenses are based on assumed annual efficiency improvements of 2 per cent per annum until 2024, after which they are expected to rise in line with general inflation. There is also some uncertainty about the size and timing of the reinvestments in the railway system.

**A/S Storebælt – expected debt development, DKK million**




## Events after the balance sheet date

No events of significance to the Annual Report 2020 have occurred after the balance sheet date.

## Outlook for 2021

The expectations for the results for 2021 – based on the budget adopted in November 2020 – amount to a profit before fair value adjustments and tax in the order of DKK 19-2.1 billion. The budget incorporates the expected effects of the continued closure of workplaces and national borders after New Year. However, the uncertainty about the duration and extent of the restrictions caused by the Covid-19 pandemic and the subsequent reopening of society mean that the results for 2021 carry substantial uncertainty.

The uncertainty primarily relates to the traffic revenue from the road link, while the uncertainty relating to financing expenses is assessed to be limited as interest rates and inflation are expected to remain at low levels for some time to come.

# Business areas

## Road

### Traffic

2020 was affected by Covid-19. This also applies to traffic across Storebælt, which declined by 15.5 per cent compared to 2019. A total of 11,242,651 vehicles crossed Storebælt, which corresponds to annual average daily traffic of 30,718 vehicles. Traffic was therefore at a lower level compared to the previous six years.

The fluctuations in passenger car traffic in 2020 reflect the level of restrictions due to Covid-19. Traffic fell by 60 per cent in just a few days in March and only gradually recovered in the spring as society reopened. A monthly record was set in July with 1,293,597 vehicles across Storebælt. This was because many people took their holidays in Denmark. Restrictions were reimposed in the first week of September, which caused passenger traffic to fall again. By the week leading up to Christmas, traffic was almost 30 per cent below 2019. Across the year as a whole, passenger car traffic fell by 17.4 per cent compared to 2019.

Covid-19 and social distancing requirements particularly affected coach traffic, which fell by 60 per cent compared to 2019. In April, traffic amounted to 7-8 coaches per day, and during the most restrictive periods, was 80-90 per cent below 2019 levels.

Lorry traffic reflects the widespread effort to ensure deliveries and keep businesses going. Thus, in the spring, lorry traffic only fell by approximately 5 per cent and since September, it has exceeded 2019 levels. Overall, lorry traffic increased by 0.2 per cent in 2020 compared to 2019.

The establishment of express lanes at the Storebælt toll station and the continued growth of payment through number plate increased the share of automatic payment to 79.6 per cent for the year as a whole, which is 3.6 percentage points higher than 2019. This helped to ensure a smooth traffic flow – even during the record-breaking month of July.

**Traffic records on Storebælt - top 5**

| Year | Number of vehicles per year |
|---|---:|
| 2019 | 13,271,084 |
| 2018 | 13,029,955 |
| 2017 | 12,779,645 |
| 2016 | 12,437,748 |
| 2015 | 11,880,022 |

**Traffic per day on Storebælt**

| | 2020 | 2019 | 2018 |
|---|---:|---:|---:|
| Passenger cars | 26,522 | 32,094 | 31,508 |
| Lorries | 4,144 | 4,135 | 4,058 |
| Coaches | 51 | 130 | 133 |
| **Total** | **30,718** | **36,359** | **35,699** |

**Annual traffic development on Storebælt (%)**

| | 2019-2020 | 2018-2019 | 2017-2016 |
|---|---|---|---|
| Passenger cars | -17.4 | 1.8 | 1.7 |
| Lorries | 0.2 | 2.1 | 3.6 |
| Coaches | -60.4 | -3.7 | 11.9 |
| **Total** | **-15.5** | **1.8** | **2.0** |

**Quarterly traffic development (%) on Storebælt in 2020 compared to the same quarter in 2019**

| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Passenger cars | -14.0 | -36.6 | -1.7 | -16.6 |
| Lorries | 2.6 | -3.3 | -1.7 | 3.7 |
| Coaches | -31.0 | -85.1 | -46.5 | -70.3 |
| **Total** | **-11.9** | **-33.2** | **-1.9** | **-14.4** |

### Maintenance and reinvestments

The company's maintenance strategy is based on long-term profitability, proactive preventive maintenance of all critical systems and the highest possible level of accessibility, availability and safety of road users. The importance of the maintenance strategy will become more evident as the infrastructure ages and wears, that new technology enables optimisations and that new environmental requirements require adjustments.

It is increasingly necessary to reinvest in the infrastructures, which were designed back in the late 80s and early 90s, and which have now been in operation for more than 20 years.

Examples of major maintenance work and investment projects in 2020 include painting the East Bridge girders and crack injection works in the tunnel.

The company updated its asset management system, Maximo, to handle the implementation of digital tools and analyse the large amount of new data. The project, which required considerable resources and commitment from across the operating organisation, succeeded in developing a strong asset management platform for the benefit of future digital operations. Moreover, it delivered a solution that can be used by similar infrastructure companies across the world.

Work to advance safety and accessibility on the road link continued throughout 2020. The work comprised the installation of remote-controlled mobile crash barriers at four points on the link. The first two were installed at the end of 2020. The second set will be installed at the start of 2021. A system to control traffic on the link when the crash barriers are deployed will also be installed. This includes a number of booms and variable road signs evenly spaced along the link. Moreover, work on automatic incident detection and measures in relation to wind-vulnerable vehicles will continue in 2021.

### Digitalisation and data

The company continues to develop and improve inspections of its major infrastructure facilities using drones, cameras and sensors. This technology and the processes and procedures used for inspection and maintenance are being developed on an ongoing basis. The work will ensure better and cost-efficient inspections, the establishment of objective condition assessments and extended service life as well as a data basis for the establishment of predictive maintenance. Overall, the implementation of digital tools means a reduction in maintenance costs and in $CO_2$ emissions over time due to the extension of the service life of, in particular, the concrete and steel structures.

**Key figures, DKK milion**

| **Road – Storebælt** | **2020** | **2019** |
|---|---|---|
| Revenue | 2,578 | 2,916 |
| Expenses | -211 | -217 |
| Depreciation | -238 | -234 |
| **Operating profit (EBIT)** | **2,129** | **2,465** |
| Financial items excl. value adjustments | 28 | 27 |
| **Profit before financial value adjustments** | **2,157** | **2,492** |

## Railway

**New maintenance contract**
A new common Group contract, which covers the maintenance of railway engineering systems and involved a change on contractors on 1 November, was agreed. The contract runs for four years after which it can be extended for up to four years.

**Storebælt's rail link**
Storebælt's rail link comprises approx. 25 km double-track electrified railway and includes stations at Nyborg and Korsør.

**Train traffic across Storebælt**
The number of passenger trains across Storebælt's rail section totalled 39,586 in 2020, which is an increase of approximately 7 per cent compared to 2019 when 37,103 passenger trains crossed the link. As regards freight traffic, there were 8,779 trains in 2020 corresponding to an increase of approximately 4 per cent compared to 2019 when 8,474 trains crossed the link.

**Punctuality**
In 2020, the framework conditions for the operational impact of trains on Storebælt's railway were set at a maximum of 576 delayed trains. At year end, 505 delayed trains were recorded, which corresponds to approximately 88 per cent of the quota allotted to A/S Storebælt in 2020. Analyses of the identified faults are carried out on an ongoing basis with a view to preventing recurrences and to strengthen the system's reliability and uptime. The number of faults in the ageing signalling system was the most significant factor in the statistics.

**Key figures, DKK million**

| **Railway – Storebælt** | **2020** | **2019** |
|---|---|---|
| Revenue | 295 | 292 |
| Expenses | -108 | -109 |
| Depreciation | -287 | -291 |
| **Operating loss (EBIT)** | **-100** | **-108** |
| Financial items, excl. value adjustments | -200 | -189 |
| **Loss before financial value adjustments** | **-300** | **-296** |

## Ports and ferry services

A/S Storebælt owns four ferry ports north and south of the Storebælt fixed link. They are Odden and Ebeltoft, Spodsbjerg and Tårs.

The ports are operated on standard commercial terms under which port revenues from users finance investments, operations and maintenance. Molslinjen A/S manages the two ferry services that operate out of the four ports.

As the operation of the Spodsbjerg-Tårs ferry service cannot be run on commercial terms, the task of operator of the service – following the tender in 2016 – is handled by Molslinjen A/S. A/S Storebælt covers the ongoing loss on this route.

For both routes, the Covid-19 pandemic significantly affected traffic. Molslinjen A/S, which operates out of the ports of Odden and Ebeltoft, saw a 28.0 per cent decline in the number of passenger cars on the Odden-Aarhus service compared to 2019. The Spodsbjerg-Tårs service saw a decline of 10.4 per cent for passenger cars and a decline for lorries and coaches of 5.1 per cent.

The operating subsidy for Spodsbjerg-Tårs amounts to DKK 33 million against DKK 39 million in 2019.

**Key figures, DKK million**

| **Ports** | **2020** | **2019** |
|---|---|---|
| Revenue | 30 | 28 |
| Expenses | -6 | -5 |
| Depreciation | -13 | -14 |
| **Operating profit (EBIT)** | **11** | **9** |
| Financial items excl. value adjustments | -2 | -2 |
| **Profit before financial value adjustments** | **9** | **6** |

| **Ferries** | **2020** | **2019** |
|---|---|---|
| Revenue | 0 | 0 |
| Expenses | -33 | -39 |
| Depreciation | 0 | 0 |
| **Operating loss (EBIT)** | **-33** | **-39** |
| Financial items excl. value adjustments | 0 | 0 |
| **Loss before financial value adjustments** | **-33** | **-39** |

## Corporate Social Responsibility

**Statutory statement of Corporate Social Responsibility c.f. Section 99a of the Danish Financial Statements Act**

With regard to the company’s formal compliance with Section 99a of the Danish Financial Statements Act on reporting on corporate social responsibility, please refer to the parent company’s Management Report 2020 under CSR – Corporate Social Responsibility, Corporate Governance, Environment and Climate, Employees and Targets for CSR work in 2021.

**Statutory statement regarding the under-represented gender, c.f. Section 99b of the Danish Financial Statements Act.**

The company meets the diversity requirements at top management level, which is why the company has not drawn up and accounted for a target figure. As the company has no employees, no policy has been put in place for increasing the underrepresented gender at other management levels.

*The Annual Report for Sund & Bælt Holding A/S is available at: https://sundogbaelt.dk/publikationer/*

*Read more about Sund & Bælt’s Corporate Social Responsibility at www.sundogbaelt.dk/samfundsansvar*

## Risk management and control environment

Certain events may prevent A/S Storebælt from achieving its objectives in whole or in part. The consequences and likelihood of such events occurring is an element of risk of which the company is well aware. Some risks can be managed and/or reduced by the company itself while others are external events over which the company has no control. The company has identified and prioritised certain risks based on a holistic approach. As part of the work with these issues, the Board of Directors receives a report on an annual basis.

The greatest risk to accessibility is a prolonged disruption to a traffic link caused by a ship colliding with a bridge, terrorist activity, flooding or the like. The likelihood of such incidents is remote, but the potential consequences are significant. The potential financial losses for the company from such events, including operating losses for up to two years, are covered by insurances.

The company's objective is to ensure that safety on the link is high and at least as high as on similar Danish infrastructure. So far, this objective has been met and the proactive safety work continues. The work is supported by regularly updated risk analyses.

The work to promote safety and accessibility on the Storebælt road link continued throughout 2020 and will continue in 2021. This includes mobile crash barriers to bypass accidents that block traffic, increased signage and improved incident detection.

In view of climate change, which is increasing the risk of generally elevated water levels and an increased risk of dangerous weather conditions, the risk of flooding to the infrastructure facilities is assessed on an ongoing basis. In 2019, the dykes on Sprogø were raised, and similar projects have been planned for the facilities at Knudshoved and Halsskov.

In partnership with the relevant authorities, the company maintains a comprehensive contingency plan, including an internal crisis management programme for handling accidents etc. on the company's traffic facilities. The programme is tested regularly through exercises.

To address the environmental risks associated with the implementation of construction and operations, this is covered by regulatory and planning procedures and subsequently in the execution of the work as well as ongoing control and follow-up. Examples of such risks include the impact on the aquatic environment.

Long-term traffic development is a significant factor in the repayment period of the debt, c.f. notes 20 and 21, where the calculations and uncertainty factors are described. In addition to the general uncertainties that are inherent in such long-term forecasts, there is a special risk related to adjustment to prices introduced by the authorities, e.g. in the form of EU directives.

The development in long-term maintenance and reinvestment costs is subject to some uncertainty too. The company works proactively and systematically to reduce such factors and it is unlikely that these risks will have a major effect on the repayment period.

Work on holistic risk management has defined and systemised certain risks linked to the company's general operations. These include the risk of computer breakdowns or a failure of other technical systems, unauthorised access to computer systems, delays to, and cost increases for, maintenance work etc. These risks are handled by day-to-day management and the line organisation.

The company's risk management and internal controls in connection with the financial statements and financial reporting are intended to minimise the risk of material error. The internal control system contains clearly defined roles and areas of responsibility, reporting requirements and procedures for attestation and approval. Internal controls are examined by the auditors and reviewed by the Board of Directors through the Audit Committee.

## Environment and Climate

One of the Sund & Bælt Group's fundamental values is to support sustainable development and to contribute to meeting the objectives that society has set out with regard to the climate and the environment. This is achieved through a proactive approach to preventing and minimising the impact from the Group's activities on the surrounding world.

In 2020, the consultancy, MOE, carried out a study for A/S Storebælt into how the establishment and operation of the infrastructure facility and the way in which we manage nature on Sprogø has impacted Sprogø's nature values. Experience has gradually been gained that is of significant value to Sprogø's further management. In their report MOE writes:

*"Sprogø is a gem of nature with many exciting species of flora and fauna. Since the end of the construction phase, there has been a generally positive development in its nature to which Sund & Bælt's nature conservation has significantly contributed."*

The Group's overall trend is set out below

**Key figures for selected environmental indicators**

| | 2020 | 2019 | Trend |
|---|---|---|---|
| Waste volume (tonnes) | 1,308 | 1,365 | ↓ |
| Water consumption ($m^3$) | 9,984 | 11,222 | ↓ |
| Water discharge (million $m^3$) | 3.5 | 3.5 | → |
| Electricity consumption (million kWh) | 9.8 | 9.9 | → |
| $CO_2$ emissions (tonnes) | 5,112 | 5,158 | → |

The volume of waste was slightly lower in 2020 compared to 2019. Due to Covid-19, activity levels were slightly lower. Many office-based employees worked from home, which may have impacted the volume of waste.

Water consumption in 2020 fell by more than 1.2 million $m^3$, corresponding to an 11 per cent reduction. This was due to the mild weather in 2020, which reduced the use of salt. A mixture of salt and water is spread on the roads during icy weather. Water consumption at Vester Søgade was also much lower in 2020 compared to 2019 due to the fact that many employees worked from home.

The company's total $CO_2$ emissions showed a slight reduction in 2020 compared to 2019. $CO_2$ emissions include Sund & Bælt's total use of fuel, electricity and natural gas. As 2020 was a mild winter, there was less salting and snow clearance. The use of electricity in offices was also lower. The number of kilometres covered by employees for work reasons was also lower as many meetings were held virtually, which had a positive impact on fuel consumption.

The company converted all company vehicles from petrol to electricity in December 2020. Electricity consumption is therefore expected to increase in future and fuel consumption is expected to be reduced accordingly.

The volume of discharged groundwater, rain and drainage water was the same in 2020 as it was in 2019. Most of the water is groundwater pumped away to keep the facilities dry. The volume of rain and drainage water usually varies from year to year. That the figures for both years are identical is a coincidence.

**Priority on the working environment**
The health and safety of our many employees on Sund & Bælt's infrastructure has high priority in our day-to-day work. The size and layout of the facilities as well as the traffic itself require constant focus on our contractors' and employees' working environment. It should be safe and secure for everyone to work anywhere on the facilities whether carrying out inspections or operational and maintenance tasks. Everyone who is required to work on Sund & Anlæg for work reasons must have passed a compulsory safety course. The course is on-line based and can be taken from anywhere with internet coverage. In order to maintain and improve working environment standards, Sund & Bælt's Technical Department, which is responsible for the operation and maintenance of most of our facilities, is in the process of converting its previous OHSAS 18001 certification to ISO 45001 working environment certification. The certification will ensure, by means of external auditing, that any deviations from the current working environment legislation, for example, are identified and rectified.

To ensure the best possible working environment conditions for people carrying out operational and maintenance work on the Storebælt Bridge's motorway, parts of the road can be blocked to traffic by new mobile crash barriers during largescale work. These will ensure that work is carried out safely and without interruption while traffic flows in two directions on the other side of the central reservation. Most of the operations and maintenance work on the railway facilities is carried out at night as this causes least disruption. Here it is possible to block one rail track at a time so that the necessary work can be carried out. However, a considerable amount of planning is required as the work has to be completed before the start of morning traffic. Often, due to the limited working time, many teams will be at work at the same time, which requires careful planning both for logistical reasons and for the sake of those working in the tunnel.

For the second year running, no accidents involving absence from work were reported at Sund & Bælt's facilities, workshops and offices in 2020.

**Traffic safety on the road link**
One of company's objectives is that it must be at least as safe to drive on the motorway section across Storebælt as it is on other motorways in Denmark. The company takes a proactive approach to traffic safety, i.e. by preventing accidents through analysis and by screening all incidents.

In 2020, there was one accident on the Storebælt fixed link resulting in one serious injury (preliminary calculations).

The company is seeing an increasing number of vehicle collisions with road barriers. There were nine incidents in 2020 where the equipment used for blocking traffic was hit by passing lorries. In an attempt to reduce the number of collisions, the company has introduced a new procedure whereby rumble strips are used to alert drivers to the upcoming hazard.

Since 2019, the company has been working on a project aimed at creating greater accessibility by establishing mobile crash barriers which can be deployed in the event of an accident so that traffic can flow in both directions in either the westbound or eastbound lane.

In 2020, the Storebælt Bridge was closed to all traffic for just one hour – including a total 40 minutes when the bridge was closed on two occasions at night in December to test the new mobile crash barriers. In addition, there were a total of 16 closures in one direction lasting just over 15 hours. The 11 closures were due to traffic accidents, and four closures, which lasted a total of 1.5 hours, were in order to test the new mobile crash barriers. One accident stands out from the others in that a burning lorry in the emergency lane on the high bridge and loaded with flammable liquid in glass bottles resulted in a fully blocked off lane for more than 4.5 hours in the westbound direction.

**Nature conservation on Sprogø**
Sund & Bælt's policy is to maintain green areas with due regard for nature and to practise pro-active nature conservation. This is manifested on Sprogø in its maintenance as a unique natural area. Sprogø is located in the bird protection area 98 and is part of Natura 2000 area 116. Consequently, special account is taken of the area's designated protected birds. The Natura 2000 plan includes eiders, sandwich terns and little terns.

Little terns breed along the water’s edge on the eastern reef, which means that nests are often flooded and destroyed. Only one breeding pair was observed in 2020. The size of Sprogø’s breeding population fluctuates considerably as little terns move between different locations: in certain years, they breed in West Zealand instead. Eiders forage in the sea around Sprogø. The population here is stable and 250 breeding pairs have been counted. As their food depends on the sea, this is a species upon whose general conditions Sund & Bælt has no influence.

However, the conditions for sandwich terns have been improved through straightforward means. Until 2008, only a few sandwich terns bred on Sprogø but after the establishment of a water area in what is an optimally situated area of the island for sandwich terns and its “protector bird”, the black-headed gull, the island has succeeded in attracting a large number of breeding sandwich terns. Between 2010 and 2014, the number of breeding pairs increased from year to year. In subsequent years, the number has remained stable at approximately 1,000 breeding pairs. In 2019, however, this figure was reduced to approximately 750 breeding pairs. The reason for the decline is thought to be due to the fact that it has become more difficult for the birds to find food in the areas around Sprogø.

The green toad is also found on Sprogø. This is protected under the EU Habitats Directive (Annex IV) and is protected in Denmark. Its water holes are protected according to §3 of the Nature Protection Act and its habitats cannot not be damaged or destroyed.

As part of the nature monitoring programme on Sprogø, an inventory of the green toad is carried out periodically. In 2018, the population was estimated at approximately 2,400 individuals of which 1,600 live on Gl. Sprogø. In the period prior to the opening of the Storebælt fixed link, the number was calculated at 1,600-2,800 individuals on Gl. Sprogø. In 2014, approximately 4,000 individuals were estimated to inhabit Ny Sprogø, but this figure had been reduced to 800 individuals by 2018. The safeguarding of living conditions for the green toad on Sprogø therefore remains a priority. The next population count is planned for 2021.

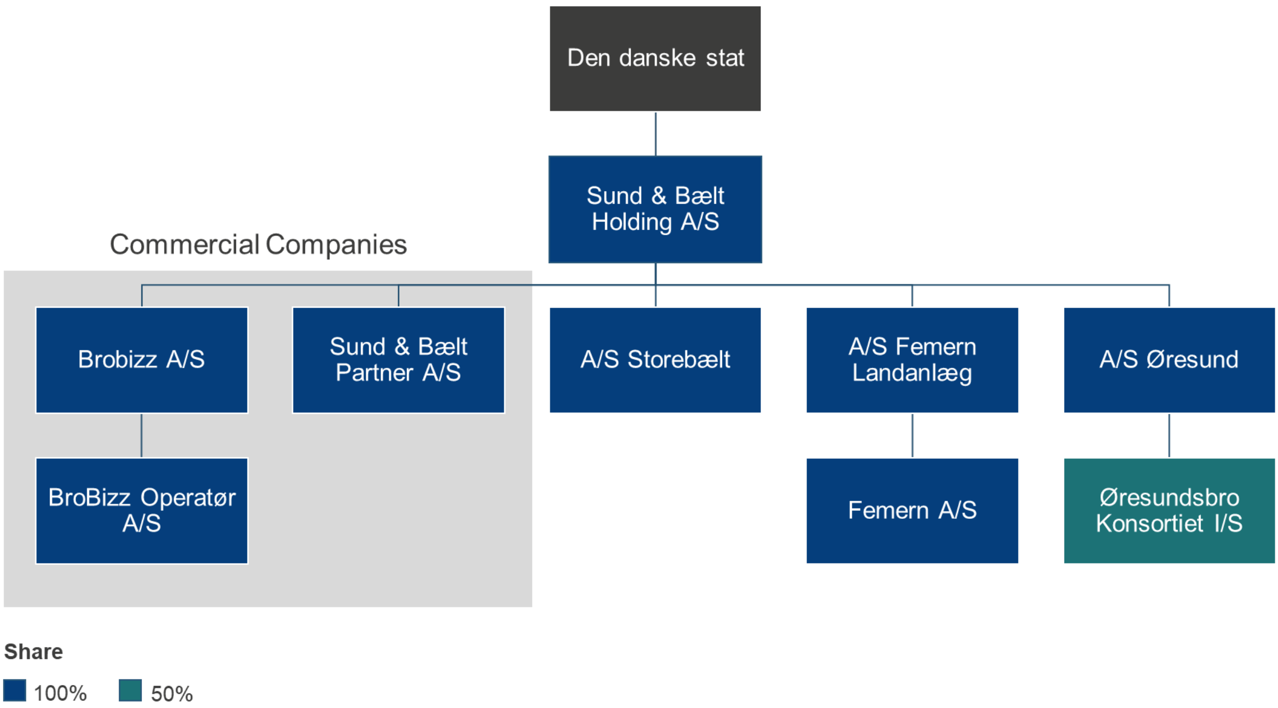
# About A/S Storebælt

## Shareholder information

A/S Storebælt is a limited company based in Denmark. A/S Storebælt is a subsidiary company of Sund & Bælt Holding A/S and is included in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

Sund & Bælt Holding A/S' entire share capital is owned by the Danish State.

## Group overview




## Main activity

A/S Storebælt's primary task is to own and operate the fixed link across Storebælt. This task is managed with due consideration for the maintenance of a high level of accessibility and safety on the link. In addition, the repayment of loans raised to finance the facilities must be made within a reasonable time frame.

# Board of Directors and Management Board

## Board of Directors

**Mikkel Hemmingsen**
Chairman
CEO of
Sund & Bælt Holding A/S
Election period expires in 2022

**Other positions held**
Chairman of:
A/S Øresund
A/S Femern Landanlæg
Femern A/S
Brobizz A/S
BroBizz Operatør A/S
Sund & Bælt Partner A/S

Member of the Board of Directors of:
Øresundsbro Konsortiet I/S

**Areas of expertise**
Management experience particularly in strategy, economy, socio-economic analysis and change management

**Louise Friis**
Vice-Chair
Chief Legal Officer at:
Sund & Bælt Holding A/S
Election period expires in 2022

**Other positions held**
Vice-Chair of:
A/S Øresund
A/S Femern Landanlæg
Femern A/S
Brobizz A/S
BroBizz Operatør A/S
Sund & Bælt Partner A/S

**Areas of expertise**
Transport policy, particularly relating to mega projects. Legal expertise in company law and rail and road legislation.

**Mogens Hansen**
CFO of:
Sund & Bælt Holding A/S
CEO of
A/S Storebælt
A/S Øresund
A/S Femern Landanlæg
Election period expires in 2022

**Other positions held**
Member of the Board of Directors of:
A/S Øresund
A/S Femern Landanlæg
Femern A/S
Brobizz A/S
BroBizz Operatør A/S
Sund & Bælt Partner A/S

**Areas of expertise**
Management experience in strategy, economy, IT, company law and contractual matters. Experience in the construction and operation of major infrastructure projects.

## Management Board

**Mogens Hansen**
CEO

# Financial Statements

## Comprehensive income statement 1 January – 31 December

(DKK million)

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Net revenue** | | | |
| Net revenue | | 2,902 | 3,236 |
| **Total net revenue** | 4 | **2,902** | **3,236** |
| | | | |
| **Expenses** | | | |
| Other external expenses | 5 | -361 | -364 |
| Other operating income | | 3 | 5 |
| Depreciation, amortisation and w ritedow ns | 7 | -538 | -530 |
| **Total expenses** | | **-896** | **-890** |
| | | | |
| **Operating profit/loss (EBIT)** | | **2,007** | **2,346** |
| | | | |
| **Financial items** | | | |
| Financial income | | 40 | 0 |
| Financial expenses | | -214 | -165 |
| Value adjustments, net | | 100 | -262 |
| **Total financial items** | 8 | **-75** | **-427** |
| | | | |
| **Profit before tax** | | **1,932** | **1,920** |
| | | | |
| Tax | 9 | -425 | -422 |
| **Profit** | | **1,507** | **1,498** |
| | | | |
| Other comprehensive income | | 0 | 0 |
| Tax on other comprehensive income | | 0 | 0 |
| **Comprehensive income** | | **1,507** | **1,498** |

## Balance sheet 31 December – Assets

(DKK million)

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Non-current assets** | | | |
| **Property, plant and equipment** | | | |
| Road link | 11 | 13,354 | 13,539 |
| Rail link | 12 | 11,567 | 11,821 |
| Port facilities | 13 | 170 | 181 |
| Land and buildings | 14 | 68 | 74 |
| Other fixtures and fittings, plant and equipment | 15 | 28 | 25 |
| **Total property, plant and equipment** | | **25,187** | **25,640** |
| **Total non-current assets** | | **25,187** | **25,640** |
| **Current assets** | | | |
| **Receivables** | | | |
| Receivables | 16 | 304 | 343 |
| Securities | | 1,163 | 943 |
| Derivatives | 20 | 899 | 1,128 |
| Prepayments and accrued income | 17 | 198 | 209 |
| **Total receivables** | | **2,563** | **2,623** |
| **Cash at bank and in hand** | | **15** | **0** |
| **Total current assets** | | **2,578** | **2,623** |
| **Total assets** | | **27,765** | **28,263** |

## Balance sheet 31 December – Equity and liabilities

(DKK million)

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | 18 | 355 | 355 |
| Retained earnings | | 2,181 | 2,052 |
| Proposed dividend | | 1,378 | 1,600 |
| **Total equity** | | **3,914** | **4,007** |
| | | | |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Deferred tax | 19 | 1,135 | 978 |
| Bond loans and amounts owed to credit institutions | 20 | 17,907 | 18,311 |
| **Total non-current liabilities** | | **19,042** | **19,289** |
| | | | |
| **Current liabilities** | | | |
| Current portion of non-current liabilities | 20 | 2,338 | 2,322 |
| Credit institutions | 20 | 0 | 30 |
| Corporation tax | 9 | 268 | 250 |
| Trade and other payables | 23 | 167 | 141 |
| Derivatives | 20 | 1,889 | 2,036 |
| Accruals and deferred income | 24 | 147 | 187 |
| **Total current liabilities** | | **4,809** | **4,967** |
| | | | |
| **Total liabilities** | | **23,852** | **24,256** |
| | | | |
| **Total equity and liabilities** | | **27,765** | **28,263** |

| | |
|---|---|
| Accounting policies | 1 |
| Significant accounting estimates and judgements | 2 |
| Segment information | 3 |
| Software | 10 |
| Financial risk management | 21 |
| Profitability | 22 |
| Contractual obligations, contingent liabilities and collateral | 25 |
| Related parties | 26 |
| Events after the balance sheet date | 27 |
| Approval of the Annual Report for publication | 28 |

## Statement of changes in equity 1 January – 31 December

(DKK million)

| | Share capital | Retained earnings | Proposed dividend | Total |
|---|---|---|---|---|
| **Balance at 1 January 2019** | 355 | 2,154 | 1,600 | 4,109 |
| Dividend paid | 0 | 0 | -1,600 | -1,600 |
| Profit for the year and comprehensive income | 0 | -102 | 1,600 | 1,498 |
| **Balance at 31 December 2019** | **355** | **2,052** | **1,600** | **4,007** |
| | | | | |
| **Balance at 1 January 2020** | 355 | 2,052 | 1,600 | 4,007 |
| Dividend paid | 0 | 0 | -1,600 | -1,600 |
| Profit for the year and comprehensive income | 0 | 129 | 1,378 | 1,507 |
| **Balance at 31 December 2020** | **355** | **2,181** | **1,378** | **3,914** |

# Cash flow statement 1 January – 31 December

(DKK million)

| | Note | 2020 | 2019 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Operating profit/loss (EBIT) | | 2,007 | 2,347 |
| **Adjustments** | | | |
| Depreciation, amortisation and writedowns | 7 | 538 | 530 |
| Joint taxation contribution | 9 | -268 | -250 |
| **Cash flow from operations (operating activities) before change in working capital** | | **2,276** | **2,627** |
| **Change in working capital** | | | |
| Receivables and prepayments | | -232 | 8 |
| Trade and other payables | | 314 | 254 |
| **Total cash flow from operating activities** | | **2,359** | **2,888** |
| **Cash flow from investing activities** | | | |
| Acquisition of tangible fixed assets | | -85 | -136 |
| Purchase of securities | | -231 | 0 |
| Sale of securities | | 0 | 265 |
| **Total cash flow from investing activities** | | **-316** | **129** |
| **Free cash flow** | | **2,043** | **3,018** |
| **Cash flow from financing activities** | | | |
| Other non-current liabilities incurred | | 2,144 | 3,177 |
| Redemption and repayment of non-current liabilities | | -2,296 | -4,655 |
| Raising of loans at credit institutions | | 0 | 30 |
| Debt reduction with credit institutions | | -30 | 0 |
| Interest expenses, paid | | -245 | -235 |
| Paid dividend to shareholder | | -1,600 | -1,600 |
| **Total cash flow from financing activities** | 22 | **-2,027** | **-3,283** |
| **Change for the period in cash and cash equivalents** | | **15** | **-265** |
| Opening cash and cash equivalents | | 0 | 265 |
| **Closing cash and cash equivalents** | | **15** | **0** |

# Notes

**Note 1 Accounting policies**

A/S Storebælt is a limited company based in Denmark. A/S Storebælt is a subsidiary of Sund & Bælt Holding A/S and is included in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

A/S Storebælt's financial statements for 2020 are presented in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB and approved by the EU as well as additional Danish disclosure requirements for annual reports for companies with listed bonds (class D).

The financial statements are presented in Danish kroner, which is also the company's functional currency. Unless otherwise stated, all amounts are stated in DKK million.

The accounting policies, as described below, have been applied consistently in the financial statements and for the comparative figures. However, for standards implemented going forwards, the comparative figures have not been restated.

The comprehensive income statement includes income from the use of fibre optic and telephone cables on the Storebælt link, and other income in Other operating income. This is in contrast to previously where such income was recognised in net revenue.

The balance sheet presents joint taxation contribution due and receivable under assets and liabilities, respectively. This is in contrast to previously when joint taxation contribution due and receivable was included in balances with affiliated companies and presented in the Note: Trade and Other payables.

The balance sheet presents accrued interest in respect of financial instruments under prepayments and accrued income and accruals and deferred income. This is in contrast to previously when accrued interest in respect of financial instruments was included in receivables as well as trade and other payables.

The accounting policies for net revenue, other external expenses, staff expenses, receivables, prepayments and accrued income, cash at bank and in hand and accruals and deferred income are described in the respective notes.

The company has opted to use the so-called Fair Value Option under IFRS 9. This means that all loans and derivatives are measured at fair value and that changes in the fair value are recognised in the comprehensive income statement. Loans are measured at fair value on initial recognition in the balance sheet whereas derivative financial instruments are always measured at fair value, c.f. IFRS 9.

The rationale for using the Fair Value Option is that the company consistently applies a portfolio approach to financial management, which implies that the intended exposure to financial risks is managed through different financial instruments, both primary and derivative financial instruments. Accordingly, in the management of the financial market risk, the company does not distinguish between, for example, loans and derivatives, but solely focuses on overall exposure. Using financial instruments to manage financial risks could, therefore, result in accounting inconsistencies were the Fair Value Option not used.

It is the company's opinion that the Fair Value Option is the only principle under IFRS that reflects this approach as the other principles lead to inappropriate accounting inconsistencies between otherwise identical exposures depending on whether the exposure relates to loans or derivative financial instruments or necessitates extensive requirements for documentation of hedging as is the case with the rules on hedge accounting. As both loans and derivatives are measured at fair value, recognition in the financial statements will produce the same results for loans and related derivatives when hedging is effective. Thus, the company will achieve accounting consistency. Loans without associated derivative financial instruments are also measured at fair value in contrast to the main rule laid down in IFRS 9 pursuant to which loans are measured at amortised cost. This naturally leads to volatility in the profit/loss for the year as a result of value adjustments.

## Implementation of new and amended accounting standards
With effect from 1 January 2019, A/S Storebælt implemented the following amendments or new accounting standards: IFRS 16, Leases, and IFRS 9, Early termination with negative compensation (a minor amendment to the classification) which becomes effective for the financial year beginning 1 January 2019 or later. The implementation has not had any effect in terms of value on the comprehensive income statement, the balance sheet and the equity statement in connection with the company's presentation of accounts.

## Adopted accounting standards and interpretations that have not come into effect
There are currently no revised accounting standards and interpretations adopted by the IASB and approved by the EU which will subsequently come into effect and which are relevant to the company.

## Foreign currency translation
On initial recognition, foreign currency transactions are translated into the exchange rates on the transaction date. Foreign exchange differences arising between the exchange rates on the transaction date and the rates at the date of payment are recognised in the comprehensive income statement as a financial item.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates on the balance sheet date. The difference between the exchange rate on the balance sheet date and the rate on the date at which the receivable or payable arose, or the rate recognised on the previous balance sheet date are recognised in the comprehensive income statement under financial items.

Non-monetary assets and liabilities in foreign currencies, which have not been revalued at fair value, are translated at the time of transaction at the rate of exchange on the transaction date.

Translation of financial assets and liabilities is recognised in the value adjustment and translation of receivables, payables etc. is assigned to financial income and expenses.

## Other operating income and expenses
Other operating income and expenses contain items of a secondary nature in relation to the company's activities, including profits and losses on current sales and replacement of intangible and tangible fixed assets. Profits and losses on the sale of intangible and tangible fixed assets are calculated as the sales price less sales costs and the net book value at the time of sale.

## Financial items
Financial items comprise interest income and expenses, realised inflation indexation, gains and losses for cash at bank and in hand, securities, payables, derivatives and foreign exchange translation of transactions in foreign currencies as well as realised gains and losses relating to derivative financial instruments.

The difference in fair value at the balance sheet dates amounts to the total financial items, which, in the comprehensive income statement, are split into financial income, financial expenses and value adjustment. Financial income and expenses comprise interest income, interest expenses and realised inflation indexation from payables and derivatives. The value adjustment includes exchange gains and losses as well as foreign exchange translation for financial assets and liabilities.

Financial expenses for financing assets in progress are recognised in the cost of the assets.

## Tax on the year's results
The company is covered by the Danish rules on mandatory joint taxation of the Sund & Bælt Group companies. The subsidiaries are jointly taxed from the date they are included in the consolidated accounts and until such time when they may be omitted from the consolidation.

Sund & Bælt Holding A/S is the administrating company for joint taxation and therefore settles all tax payments with the tax authorities.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such balances are recognised in the balance sheet while deferred tax assets are recognised only if the criteria for doing so are met.

Current Danish corporation tax is distributed by settlement of joint taxation contribution among the jointly taxed companies in proportion to their taxable earnings. Moreover, the companies with tax losses receive a joint taxation contribution from companies that are able to use these losses to reduce their own tax profits.

Tax for the year, which comprises the year's current corporation tax, the year's joint taxation contribution and changes in deferred tax – including the change in the tax rate - is recognised in the comprehensive income statement with the proportion attributable to the year's results and directly in the equity with the proportion attributable to the entries made directly in the equity.

**Financial assets and liabilities**
Initial recognition of financial assets and liabilities takes place on the trading date.

Initial recognition of cash at bank and in hand is at fair value as well as on subsequent measurement in the balance sheet. The difference in the fair value between the balance sheet dates is recognised in the comprehensive income statement under financial items. On initial recognition, all cash at bank and in hand is classified as assets valued at fair value.

Listed securities are recognised on the trading date at fair value under current assets and subsequently measured at fair value. Changes in the fair value are recognised in the comprehensive income statement under financial items on an ongoing basis.

Holdings and returns on treasury shares are set off against equivalent bond loans issued and are therefore not recognised in the consolidated accounts' comprehensive income statement and balance sheet.

Loans are initially and subsequently measured at fair value in the balance sheet.  On recognition, all loans are classified as financial liabilities at fair value via the comprehensive income statement. Irrespective of the scope of interest rate hedging, all loans are measured at fair value with value adjustments being recognised continually in the income statement, stated as the difference in fair value between the balance sheet dates.

The fair value of bond issues of bilateral loans is calculated as the market value by discounting back future known and expected cash flows with the relevant discounting rates, as no quotations are available for unlisted bond issues and bilateral loans. Discounting rates are based on current market rates considered to apply to the company as borrower.

Real interest rate loans consist of a real interest rate plus an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the real interest rate loans and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break-even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of loans with related structured financial instruments is determined collectively and the market value of any options for payment of interest or instalments on the loans are measured using generally accepted standard valuation methods (locked formulas) with the volatility of reference rates and foreign currencies being included.

Loans that contractually fall due after more than one year are recognised as non-current liabilities.

Derivative financial instruments are recognised and measured in the balance sheet at fair value and initial recognition in the balance sheet is stated at fair value. Positive and negative fair values are included in Financial Assets and Liabilities respectively, and positive and negative fair values on derivatives are only set off when the company has the right and intention to settle several financial instruments collectively.

Derivative financial instruments are actively used to manage the debt portfolio and are therefore included in the balance sheet as current assets and current liabilities, respectively.

Derivative financial instruments include instruments where the value depends on the underlying value of the financial parameters, primarily reference rates and currencies. All derivative financial instruments are recognised with financial counterparties and are OTC derivatives. There are no listed quotations for such transactions. Derivative financial instruments typically comprise interest rate swaps and currency swaps, forward exchange contracts, currency options, FRAs and interest rate guarantees and swaptions. The market value is determined by discounting known and expected future cash flows using relevant discounting rates. The discounting rate is determined in the same way as loans and cash at bank and in hand, i.e. based on current market interest rates that are expected to be available to the company as borrower.

As with real interest rate loans, inflation swaps contain an allowance for inflation indexation. The expected inflation is recognised in the determination of the fair value on the inflation swaps and is determined from the equilibrium inflation from the so-called "break-even" inflation swaps, where a fixed inflation rate payment is exchanged against realised inflation, which is unknown at that time. Danish equilibrium inflation is calculated by a spread to Europe's "break even" inflation swaps with HICPxT as reference index. Discounting follows from the general principles referred to above.

The fair value of derivatives with optionality in the payment flows, such as currency options, interest rate guarantees and swaptions, is determined by recognised and standardised valuation methods (closed formulas) wherein the volatility of the underlying reference rates and foreign currencies is included. Derivatives comprising a combination of several underlying financial instruments are recognised together with the sum of the fair value of the individual financial instruments.

According to IFRS 13, financial assets and liabilities, which are recognised at fair value, shall be classified in a 3-layer hierarchy for valuation methodology. Level 1 of the fair value hierarchy includes assets and liabilities recognised at quoted prices in active markets. At level 2, assets and liabilities are valued using active quoted market data as input to generally accepted valuation methods and formulas. Finally, level 3 includes assets and liabilities in the balance sheet that are not based on observable market data, and therefore require separate comment.

**Intangible assets**
On initial recognition, intangible assets are measured at cost. Subsequently, the assets are measured at cost less depreciation and writedowns performed.

Intangible assets are depreciated on a straight-line basis over the expected useful life, not exceeding more than 5 years.

**Property, plant and equipment**
On initial recognition, property, plant and equipment are measured at cost. Cost comprises the purchase price and any expenses directly attributable to the acquisition until the date when the asset is available for use. Subsequently, the assets are measured at cost less depreciation and writedowns performed.

During the construction period, the value of the road and rail link was stated using the following principles:

- Expenses relating to the links are based on concluded contracts and contracts are capitalised directly
- Other direct expenses are capitalised as the value of own work
- Net financing expenses are capitalised as construction loan interest

Significant future one-off replacements/maintenance work are regarded as separate elements and depreciated over the expected useful life. Ongoing maintenance work is recognised in the comprehensive income statement as the costs are incurred.
Depreciation on the road and rail links commences when the construction work is finalised, and the facilities are ready for use. The facilities are depreciated on a straight-line basis over the expected useful lives. For the road and rail link, the facilities are divided into components with similar useful lives:

- The main part of the facilities comprises structures designed with minimum useful lives of 100 years. The depreciation period for these parts is 100 years
- Mechanical installations, crash barriers and road surfaces are depreciated over useful lives of 20-50 years
- Software and electrical installations are depreciated over useful lives of 10-20 years
- Technical rail installations are depreciated over 25 years

Other assets are recognised at cost and depreciated on a straight-line basis over the assets' useful lives:

- Administrative IT systems and programmes (software) 3-5 years
- Other plant, machinery, fixtures and fittings 5-10 years
- Port facilities and buildings at the ports 25 years
- Buildings for operational use 25 years

Depreciation is recognised in the comprehensive income statement as a separate item.

The depreciation method and the expected useful life are reassessed annually and are changed if there has been a major change in the conditions or expectations. If there is a change to the depreciation method, the effect is recognised moving forward as a change in accounting estimates and judgements.

The basis of depreciation is stated on the basis of residual value less any writedowns. The residual value is determined at the time of acquisition and is reassessed annually. If the residual value exceeds the net book value, depreciation will be discontinued.

**Writedown of assets**
Property, plant and equipment, intangible assets and financial fixed assets are subject to valuation testing when there is an indication that the net book value may not be recovered (other assets are covered under IFRS 9). Provision for losses is recognised at the amount by which the asset's net book value exceeds the recoverable amount, i.e. the asset's net sales price or its value in use, whichever is higher. Value in use is calculated at the present value of expected future cash flows using a discounting factor that reflects the market's current required rate of return. In determining provision for losses, assets are grouped in the smallest group of assets that generate separate identifiable cash flows (cash-generating units). See also note 24: Profitability.

Provision for losses is recognised in the comprehensive income statement.

**Equity**
Dividend proposed by the management for the financial year is shown as a separate item under Equity.

**Current tax and deferred tax**
Sund & Bælt Holding A/S and the jointly taxed companies are liable for tax on earnings, etc. for the jointly taxed companies and for any liabilities to include tax at source on interest, royalties and dividends for the jointly taxed companies.

Current tax due and receivable is recognised in the balance sheet as tax calculated on the year's taxable income, adjusted for tax on taxable income for previous years and for prepaid tax.

Joint tax contribution due and receivable is recognised in the balance sheet under corporation tax.

Deferred tax is measured using the balance-sheet liability method providing for all temporary differences between the accounting and tax value of assets and liabilities. When the statement definition of value for tax can be performed according to different taxation rules, deferred tax is measured on the basis of the management's planned utilisation of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised as other non-current assets at the value at which they are expected to be utilised, either by elimination in tax on future earnings or by offsetting deferred tax liabilities within the same legal tax entity and jurisdiction.

Balances below the interest deduction limitation rules of the Danish Corporation Tax Act are distributed among the jointly taxed companies in accordance with the joint taxation agreement. Deferred tax liabilities relating to such balances are recognised in the balance sheet while tax assets are recognised only if the criteria for deferred tax assets are met.

Deferred tax is adjusted for elimination of unrealised intra-group gains and losses.

**Other financial liabilities**
Other financial liabilities are measured at amortised cost which usually corresponds to the nominal value.

**Cash flow statement**
The company's cash flow statement is prepared in accordance with the indirect method based on the items in the comprehensive income statement. The company's cash flow statement shows the cash flows for the year, the year's changes in cash and cash equivalents as well as the company's cash and cash equivalents at the beginning and end of the year.

Cash flow from operating activities is determined as the profit/loss for the year before financial items adjusted for non-cash operating items, corporation tax and changes in working capital. The working capital comprises the operations-related balance sheet items recognised in current assets and current liabilities.

Cash flow from investing activities comprises the acquisition and disposal of intangible assets, property, plant and equipment, financial assets and dividend received from the jointly managed company.

Cash flow from financing activities comprises borrowing, repayment of debt, financial items and dividend to the shareholder.

Cash and cash equivalents comprise cash at bank and in hand and securities that, at the time of acquisition, have a maturity of three months or less and which can be converted into cash at bank and in hand and where there are only insignificant risks of changes in value.

**Financial ratios**
The following financial ratios presented under financial highlights are calculated as follows:

| | |
|---|---|
| Profit ratio: | Operating profit (EBIT) in percentage of revenue. |
| Rate of return: | Operating profit (EBIT) in percentage of total assets |
| Return on facilities: | Operating profit (EBIT) in percentage of investment in road and rail links |

**Note 2 Significant accounting estimates and judgements**

Determining the net book value of certain assets and liabilities requires an estimate of to what extent future events will affect the value of such assets and liabilities at the balance sheet date. Estimates deemed significant to the preparation of the financial statements are made, for instance, by calculating amortisation, depreciation and writedowns of the road and rail link and by calculating the fair value of certain financial assets and liabilities.

Depreciation of the road and rail link is based on an assessment of their main components and their useful lives. An ongoing estimate of the assets' useful life is carried out. Any change in these assessments will significantly affect the profit/loss for the year but will not affect cash flows. For certain financial assets and liabilities, an estimate is made of the expected future rate of inflation when calculating the fair value.

The calculation of fair value of financial instruments is based on estimates of the relevant discounting rate for the company, the volatility of reference rates and currencies of financial instruments with optionality in the payment flows and estimates of future inflation for real interest rate loans and swaps. Estimates for determining fair values and the need for provision for losses are, as far as possible, based on observable market data and continuously adjusted to actual price indications, see note 1 Accounting policies.

**Note 3 Segment information**

The segment information below is the information that is mandatory even if there is only one segment, c.f. Note 1 Accounting Policies.

Net revenue from the Road comprises payment per vehicle that crosses the link while net revenue from the Rail comprises payments from Banedanmark and is based on the number of trains in operation. Net revenue thus includes net revenue for one customer amounting to more than 10 per cent of the company's net revenue.

The company's entire net revenue is generated in Denmark.

In addition to the payment from Banedanmark in net revenue Rail, the company is not dependent on individual major customers and has no transactions with individual customers amounting to 10 per cent of the company's net revenue or more.

## Note 4 Net revenue

Income from the sale of services is recognised as the services are provided, and if the income can be measured reliably and is expected to be received. Income is measured excl. VAT, taxes and discounts in connection with sale. Net revenue includes income from the road and rail facilities and port fees for the use of port facilities.

Revenue from the road facilities comprises payment per vehicle crossing the Storebælt link. Payment is charged in cash via debit/credit card with subsequent invoicing or as prepayment. Prepaid journeys are recognised as they are consumed. The charges on the Storebælt link are set by the Minister of Transport.

| **Specification of net revenue** | **2020** | **2019** |
|---|---|---|
| Net revenue, road | 2,578 | 2,916 |
| Net revenue, railw ay | 295 | 292 |
| Net revenue, ports | 30 | 28 |
| **Total net revenue** | **2,902** | **3,236** |

## Note 5 Other external expenses

Other external expenses comprise expenses relating to the technical, traffic-related and commercial operations of the Storebælt Bridge. This includes, for instance, the operation and maintenance of technical systems, staffing and collection expenses related to the toll station, insurances and external support. Other Operating expenses also include fees to the parent company of DKK 95 million (DKK 85 million in 2019).

| **Fees to auditors appointed by Annual General Meeting:** | **Deloitte** | **Price waterhouse Coopers** | **Price waterhouse Coopers** |
|---|---|---|---|
| **Amount** | **2020** | **2020** | **2019** |
| Statutory audit | 200 | 0 | 200 |
| Other services | 12 | 76 | 234 |
| **Audit fees, total** | **212** | **76** | **434** |

Other services comprise statements on the company's financial management and the EMTN programme as well as XBRL reports of interim and annual reports.

## Note 6 Staff expenses

The company has no employees.

The Management Board and the Board of Directors receive fees from Sund & Bælt Holding A/S, which are paid via the administration contribution. The Management Board's share totals DKK 0.7 million (DKK 0.7 million in 2019).

## Note 7 Depreciation, amortisation and writedowns

Gains and losses on the disposal of tangible fixed assets are stated as the difference between the sales price less sales costs and the net book value at the time of sale. Gains or losses are recognised in the comprehensive income statement under other operating income and other operating expenses.

| | **2020** | **2019** |
|---|---|---|
| *Depreciation* | | |
| Tangible fixed assets - road link | 225 | 223 |
| Tangible fixed assets - rail link | 280 | 282 |
| Tangible fixed assets - port facilities | 13 | 14 |
| Tangible fixed assets - land and buildings | 6 | 6 |
| Tangible fixed assets - other fixtures and fittings, plant and equipment | 6 | 5 |
| **Total depreciation** | **531** | **530** |
| *Writedowns:* | | |
| Tangible fixed assets - road link | 7 | 0 |
| **Total writedowns** | **7** | **0** |
| **Total depreciation and writedowns** | **538** | **530** |
| *Profit/loss from sale of assets:* | | |
| Profit from sale of plant | 0 | -1 |
| Loss from sale of plant | 0 | 0 |
| **Profit/loss from sale of assets Total** | **0** | **-1** |

## Note 8 Financial items

The company recognises changes in the fair value of financial assets and liabilities via the comprehensive income statement. The difference in fair value between the balance sheet dates comprises the total financial items allocated between value adjustments and net financing expenses where the latter comprises interest income and expenses.

Net financing expenses comprise accrued nominal/real coupons rates, realised inflation indexation and amortisation of premiums/discounts while premiums and expected inflation indexation are included in the value adjustments.

Value adjustments comprise realised and unrealised gains and losses on financial assets and liabilities and corresponding foreign exchange gains and losses.

| | 2020 | 2019 |
|---|---|---|
| **Financial income** | | |
| Interest income, financial instruments | 40 | 0 |
| **Total financial income** | **40** | **0** |
| **Financial expenses** | | |
| Interest expenses, loans | -134 | -163 |
| Interest expenses, financial instruments | -79 | 0 |
| Other financial items, net | -2 | -2 |
| **Total financial expenses** | **-214** | **-165** |
| **Net financing expenses** | **-174** | **-165** |
| **Value adjustments, net** | | |
| - Securities | -4 | 0 |
| - Loans | 59 | -224 |
| - Currency and interest rate swaps | 45 | -38 |
| - Other value adjustments | 0 | 1 |
| **Value adjustments, net** | **100** | **-262** |
| **Total financial items** | **-75** | **-427** |
| Of which financial instruments | 6 | -38 |

Commission to the Danish State of DKK 29 million (2019: DKK 30 million) is recognised in interest expenses.

Net financing expenses were DKK 9 million higher in 2020 compared to 2019. This is primarily due to the impact of previously established interest rate hedging, which became effective, while low inflation on the portion of the net debt revalued with an inflation index, made a positive contribution.

## Note 9 Tax

| | 2020 | 2019 |
|---|---|---|
| Current tax | -268 | -250 |
| Change in deferred tax | -157 | -173 |
| Adjustment current tax, previous years | 0 | 27 |
| Adjustment deferred tax, previous years | 0 | -27 |
| **Total tax** | **-425** | **-422** |
| | | |
| Tax on the year's results is specified as follows: | | |
| Computed 22 per cent tax on annual results | -425 | -422 |
| **Total** | **-425** | **-422** |
| | | |
| **Effective tax rate** | 22.0 | 22.0 |

## Note 10 Software

| | 2020 | 2019 |
|---|---|---|
| Cost opening balance | 13 | 13 |
| **Cost closing balance** | **13** | **13** |
| Depreciation, amortisation and writedowns, opening balance | 13 | 13 |
| **Depreciation, amortisation and writedowns, closing balance** | **13** | **13** |
| | | |
| **Net book value** | **0** | **0** |

## Note 11 Road link

| | Directly capitalised expenses | Value of own work | Financing expenses (net) | Projects in progress | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|
| Cost opening balance | 12,961 | 982 | 4,399 | 60 | 18,402 | 18,331 |
| Additions for the year | 54 | 0 | 0 | -8 | 46 | 86 |
| Disposals for the year | -95 | 0 | 0 | 0 | -95 | -14 |
| **Cost closing balance** | **12,920** | **982** | **4,399** | **52** | **18,353** | **18,402** |
| Depreciation, amortisation and writedowns, opening balance | 3,682 | 217 | 964 | 0 | 4,863 | 4,654 |
| Depreciation, amortisation and writedowns for the year | 171 | 10 | 44 | 0 | 225 | 223 |
| Depreciation on assets disposed of | -88 | 0 | 0 | 0 | -88 | -14 |
| **Depreciation, amortisation and writedowns, closing balance** | **3,765** | **226** | **1,008** | **0** | **4,999** | **4,863** |
| | | | | | | |
| **Net book value** | **9,155** | **756** | **3,391** | **52** | **13,354** | **13,539** |

## Note 12 Rail link

| | Directly capitalised expenses | Value of own work | Financing expenses (net) | Projects in progress | Total 2020 | Total 2019 |
|---|---|---|---|---|---|---|
| Cost opening balance | 12,449 | 567 | 5,034 | 30 | 18,080 | 18,052 |
| Additions for the year | 13 | 0 | 0 | 13 | 26 | 32 |
| Disposals for the year | -57 | 0 | 0 | 0 | -57 | -4 |
| **Cost closing balance** | **12,404** | **567** | **5,034** | **43** | **18,048** | **18,080** |
| Depreciation, amortisation and writedowns, opening balance | 4,254 | 203 | 1,801 | 0 | 6,258 | 5,980 |
| Depreciation, amortisation and writedowns for the year | 202 | 8 | 70 | 0 | 280 | 282 |
| Depreciation on assets disposed of | -57 | 0 | 0 | 0 | -57 | -3 |
| **Depreciation, amortisation and writedowns, closing balance** | **4,399** | **211** | **1,871** | **0** | **6,481** | **6,259** |
| **Net book value** | **8,005** | **356** | **3,162** | **43** | **11,567** | **11,821** |

## Note 13 Port facilities

| | 2020 | 2019 |
|---|---|---|
| Cost opening balance | 354 | 352 |
| Additions for the year | 3 | 6 |
| Disposals for the year | 0 | -4 |
| **Cost closing balance** | **357** | **354** |
| Depreciation, amortisation and writedowns, opening balance | 173 | 163 |
| Depreciation, amortisation and writedowns for the year | 13 | 14 |
| Depreciation on assets disposed of | 0 | -4 |
| **Depreciation, amortisation and writedowns, closing balance** | **186** | **173** |
| **Net book value** | **170** | **181** |

## Note 14 Land and buildings

| | 2020 | 2019 |
|---|---|---|
| Cost opening balance | 158 | 156 |
| Additions for the year | 0 | 2 |
| Disposals for the year | -1 | 0 |
| **Cost closing balance** | **157** | **158** |
| Depreciation, amortisation and writedowns, opening balance | 84 | 78 |
| Depreciation, amortisation and writedowns for the year | 6 | 6 |
| Depreciation on assets disposed of | -1 | 0 |
| **Depreciation, amortisation and writedowns, closing balance** | **90** | **84** |
| **Net book value** | **68** | **74** |

## Note 15 Other plant, machinery and fixtures and fittings

| | 2020 | 2019 |
|---|---|---|
| Cost opening balance | 133 | 122 |
| Additions for the year | 10 | 13 |
| Disposals for the year | -1 | -2 |
| **Cost closing balance** | **142** | **133** |
| Depreciation, amortisation and w ritedow ns, opening balance | 109 | 105 |
| Adjustment to opening balance | 0 | 0 |
| Depreciation, amortisation and w ritedow ns for the year | 6 | 5 |
| Depreciation on assets disposed of | -1 | -2 |
| **Depreciation, amortisation and writedowns, closing balance** | **115** | **109** |
| **Net book value** | **28** | **25** |

## Note 16 Receivables

Trade receivables are valued at cost. Trade receivables comprise amounts owed by customers and balances with payment card companies. Provision is made for debts where an individual receivable or a portfolio of receivables are considered to be impaired. Provisions for bad debt are determined based on historical loss experience and future expected losses. There are no significant receivables due that require provision.

Receivables also comprise accrued interest in respect of assets and paid costs for subsequent financial years. Other receivables are measured at the current value of the amounts expected to be received.

Trade receivables and services primarily include receivables relating to the rail fee and balances with credit card companies. Receivables from members of the enterprise and affiliated company comprise receivables from revenue from the bizz lanes, which are reinvoiced by Brobizz A/S and Øresundsbro Konsortiet A/S.

| | 2020 | 2019 |
|---|---|---|
| Trade receivables and services | 27 | 66 |
| Members | 278 | 276 |
| Other receivables | -1 | 1 |
| **Total receivables** | **304** | **343** |

### Loss on receivables

| DKK 1.000 | Weighted loss rate | Amount receivable | Expected Loss | Total 2020 |
|---|---|---|---|---|
| Balances not due | 0.5% | 26,062 | -141 | 25,921 |
| Less than 30 days overdue | 3.7% | 796 | -29 | 767 |
| 30 to 90 days overdue | -10.9% | 58 | 6 | 65 |
| More than 90 days overdue | 100.0% | 469 | -469 | 0 |
| **Total** | **2.3%** | **27,385** | **-632** | **26,752** |

| DKK 1.000 | Weighted loss rate | Amount receivable | Expected Loss | Total 2019 |
|---|---|---|---|---|
| Balances not due | 0.4% | 66,088 | -276 | 65,812 |
| Less than 30 days overdue | 25.0% | 20 | -5 | 15 |
| 30 to 90 days overdue | 4.1% | 152 | -6 | 146 |
| More than 90 days overdue | 100.0% | 500 | -500 | 0 |
| **Total** | **1.2%** | **66,760** | **-788** | **65,972** |

## Note 17 Prepayment and accrued income

Prepayments and accrued income comprise paid expenses relating to subsequent financial years.

| | 2020 | 2019 |
|---|---|---|
| Prepaid expenses | 14 | 11 |
| Accrued interest, financial instruments | 183 | 198 |
| **Total prepayments and accrued income** | **198** | **209** |

Accrued interest, financial instruments, is specified in Note 20, Net debt.

## Note 18 Equity

The entire share capital is owned by Sund & Bælt Holding A/S, Copenhagen, which is 100 per cent owned by the Danish State. The company is recognised in the consolidated accounts for Sund & Bælt Holding A/S, which is the smallest and largest concern.

A/S Storebælt's share capital comprises 5,000 shares at a nominal value of DKK 1,000, 1 share at a nominal value of DKK 150 million and 1 share at a nominal value of DKK 200 million.

The company expects to pay DKK 3,882 in dividend per share at a nominal value of DKK 1,000 on the basis of the year's result for 2020 (DKK 4,507 in 2019).

The share capital has remained unchanged since its establishment.

**Financial management**

The Board of Directors regularly evaluates the need to adjust the capital structure, including the need for cash funds, credit facilities and equity.

Without special notification of each individual case, the Danish State guarantees the company's other financial liabilities.

## Note 19 Deferred tax

Due to the accounting capitalisation of financing expenses during the construction period, the net book value of the road and rail links is higher than the tax value.
Deferred tax is offset as the underlying assets and liabilities are realised, including that the companies in the joint taxation under Sund & Bælt Holding A/S realise positive taxable incomes.

| | **2020** | **2019** |
|---|---|---|
| Balance, opening | -978 | -779 |
| Deferred tax for the year | -157 | -172 |
| Adjustment deferred tax, previous years | 0 | -27 |
| **Balance, closing** | **-1,135** | **-978** |
| | | |
| **Deferred tax relates to:** | | |
| Intang. fixed assets & tangible fixed assets | -1,135 | -978 |
| Reduced net financing expenses | 0 | 0 |
| **Total** | **-1,135** | **-978** |

| **Difference during the year:** | **Opening 2019** | **Adjstmts. for the year 2019** | **Closing 2019** | **Adjstmts. for the year 2020** | **Closing 2020** |
|---|---|---|---|---|---|
| Intang. fixed assets & tangible fixed assets | -779 | -200 | -978 | -157 | -1,135 |
| Reduced net financing expenses | 0 | 0 | 0 | 0 | 0 |
| **Total** | **-779** | **-200** | **-978** | **-157** | **-1,135** |

## Note 20 Net debt

| Fair value hierarchy | Level 1 | Level 2 | Level 3 | Total 2020 | Level 1 | Level 2 | Level 3 | Total 2019 |
|---|---|---|---|---|---|---|---|---|
| Securities | 1,163 | 0 | 0 | 1,163 | 942 | 0 | 0 | 942 |
| Cash at bank and in hand | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Derivatives, assets | 0 | 899 | 0 | 899 | 0 | 1,128 | 0 | 1,128 |
| **Financial assets** | **1,163** | **899** | **0** | **2,062** | **942** | **1,128** | **0** | **2,070** |
| Bond loans and debt | -19,722 | -523 | 0 | -20,245 | -18,797 | -1,836 | 0 | -20,633 |
| Derivatives, liabilities | 0 | -1,889 | 0 | -1,889 | 0 | -2,036 | 0 | -2,036 |
| **Financial liabilities** | **-19,722** | **-2,412** | **0** | **-22,134** | **-18,797** | **-3,872** | **0** | **-22,669** |

| Net debt spread across currencies | EUR | DKK | Other cur-rencies | Total 2020 | EUR | DKK | Other cur-rencies | Total 2019 |
|---|---|---|---|---|---|---|---|---|
| Cash at bank and in hand | -4 | 19 | 0 | 15 | -244 | 213 | 0 | -30 |
| Securities | 1,163 | 0 | 0 | 1,163 | 942 | 0 | 0 | 942 |
| **Financial assets** | **1,159** | **19** | **0** | **1,178** | **699** | **213** | **0** | **912** |
| Bond loans and debt | 0 | -19,996 | -249 | -20,245 | -8 | -19,052 | -1,572 | -20,633 |
| Currency and interest rate swaps | -1,706 | 467 | 249 | -991 | -2,936 | 454 | 1,574 | -908 |
| Currency futures | 201 | -202 | 0 | 0 | -448 | 448 | 0 | 0 |
| Currency options | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued interest | -42 | 78 | 0 | 36 | -59 | 69 | 0 | 11 |
| **Financial liabilities** | **-1,547** | **-19,652** | **0** | **-21,199** | **-3,451** | **-18,081** | **1** | **-21,530** |
| **Total net debt (fair value)** | **-388** | **-19,633** | **0** | **-20,021** | **-2,753** | **-17,867** | **1** | **-20,618** |

**2020**

| Other currencies comprise: | AUD | GBP | JPY | NOK | SEK | USD | Total |
|---|---|---|---|---|---|---|---|
| Cash at bank and in hand | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond loans and debt | 0 | 0 | -236 | 0 | 0 | -13 | -249 |
| Currency and interest rate swaps | 0 | 0 | 236 | 0 | 0 | 13 | 249 |
| Currency futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |

**2019**

| Other currencies comprise: | AUD | GBP | JPY | NOK | SEK | USD | Total |
|---|---|---|---|---|---|---|---|
| Cash at bank and in hand | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond loans and debt | 0 | 0 | -962 | 0 | -566 | -44 | -1,572 |
| Currency and interest rate swaps | 0 | 0 | 963 | 0 | 566 | 44 | 1,574 |
| Currency futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency options | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **0** | **0** | **1** | **0** | **0** | **0** | **1** |

The above is included in the following items.

| | Deriva-tives assets | Deriva-tives liabilities | Total 2020 | Deriva-tives assets | Deriva-tives liabilities | Total 2019 |
|---|---|---|---|---|---|---|
| Interest rate swaps | 899 | -1,859 | -961 | 970 | -1,942 | -973 |
| Currency swaps | 0 | -30 | -30 | 158 | -94 | 65 |
| Forward exchange contracts | 0 | 0 | 0 | 0 | 0 | 0 |
| Currency options | 0 | 0 | 0 | 0 | 0 | 0 |
| **Gross value derivatives** | **899** | **-1,889** | **-991** | **1,128** | **-2,036** | **-908** |
| Accrued interest, financial instruments | 170 | -109 | 61 | 185 | -135 | 50 |
| **Gross value** | **1,069** | **-1,999** | **-930** | **1,312** | **-2,171** | **-858** |
| Offsetting options by default [1]) | -703 | 703 | 0 | -1,087 | 1,087 | 0 |
| Collateral | -73 | 1,057 | 984 | -151 | 865 | 713 |
| **Net value, total** | **293** | **-239** | **54** | **74** | **-219** | **-145** |

[1]) Note: Offsetting options comprise netting of derivative contracts that allow for the offsetting of positive and negative market values into one overall net settlement amount.

| **Accrued interest** | **Assets** | **Liabili-ties** | **Total 2020** | **Assets** | **Liabili-ties** | **Total 2019** |
|---|---|---|---|---|---|---|
| Investment | 3 | -3 | 0 | 3 | -3 | 0 |
| Payables | 10 | -34 | -24 | 10 | -50 | -39 |
| Interest rate swaps | 168 | -109 | 59 | 166 | -135 | 31 |
| Currency swaps | 2 | 0 | 2 | 19 | 0 | 19 |
| **Total** | **183** | **-147** | **36** | **198** | **-187** | **11** |

Net debt is DKK 18,140 million based on the nominal principal sum and there is thus an accumulated difference of DKK 1,881 million compared to the net debt at fair value, where the fair value reflects the value on the balance sheet date, while the nominal value is the contractual liability at maturity
.

Recognition of financial liabilities at fair value (or in the aggregate) was not affected by changes in the company's credit rating during the year which, because of the guarantee from the Danish State, has maintained a high credit rating.

| **Interest-bearing net debt** | **2020** | **2019** |
|---|---|---|
| Repayment period - number of years | 2032 | 2032 |
| Interest-bearing net debt - DKK billion | 18.5 | 18.9 |
| Repayment of debt | 2032 | 2032 |
| Financing expenses excl. value adjustment - per cent per annum | 0.76 | 0.68 |
| Financing expenses incl. value adjustment - per cent per annum | 0.24 | 2.01 |

| Reconciliation of differences in financial liabilities | Current debt | Non-current debt | Deriva-tives | Deriva-tives | Total |
|---|---|---|---|---|---|
| Opening 2020 | -2,322 | -18,311 | 1,128 | -2,036 | -21,541 |
| Cash flow | 2,343 | -1,901 | -421 | 352 | 373 |
| Paid interest - reversed | -51 | -183 | 282 | -268 | -220 |
| Amortisation | 14 | 121 | -71 | 9 | 73 |
| Inflation indexation | -2 | -14 | 1 | -10 | -25 |
| Currency adjustment | -27 | 11 | 0 | 18 | 2 |
| Fair value adjustment | 43 | 34 | -18 | 44 | 103 |
| Transfer opening/closing | -2,335 | 2,335 | -2 | 2 | 0 |
| **Closing 2020** | **-2,338** | **-17,907** | **899** | **-1,889** | **-21,236** |

| Reconciliation of cash flow | 2020 |
|---|---|
| Cash flow | 373 |
| Raising of loans at credit institutions | 30 |
| Guarantee commission | 29 |
| Other financial items, net | -4 |
| Paid dividend | 1,600 |
| **Cash flow from financing activities** | **2,027** |

| Reconciliation of differences in financial liabilities | Current debt | Non-current debt | Deriva-tives assets | Deriva-tives liabilities | Total |
|---|---|---|---|---|---|
| Opening 2019 | -4,732 | -17,201 | 1,040 | -1,862 | -22,756 |
| Cash flow | 4,769 | -2,986 | -376 | 219 | 1,627 |
| Paid interest - reversed | -142 | -220 | 412 | -223 | -172 |
| Amortisation | 8 | 119 | -82 | 10 | 55 |
| Inflation indexation | 5 | -29 | 6 | -14 | -33 |
| Currency adjustment | 1 | -33 | 5 | 24 | -3 |
| Fair value adjustment | 85 | -276 | 119 | -187 | -259 |
| Transfer opening/closing | -2,316 | 2,316 | 4 | -4 | 0 |
| **Closing 2019** | **-2,322** | **-18,311** | **1,128** | **-2,036** | **-21,541** |

| Reconciliation of cash flow | 2019 |
|---|---|
| Cash flow | 1,627 |
| Raising of loans at credit institutions | -30 |
| Guarantee commission | 30 |
| Other financial items, net | 56 |
| Paid dividend | 1,600 |
| **Cash flow from financing activities** | **3,282** |

## Note 21 Financial risk management

**Financing**
A/S Storebælt's financial management is conducted within the framework determined by the company's Board of Directors and guidelines from the guarantor, the Danish Ministry of Finance/Danmarks Nationalbank.

The Board of Directors determines in part an overall financial policy and in part an annual financing strategy, which regulates borrowing and liquidity reserves for specific years and sets the framework for the company's credit, foreign exchange, inflation and interest rate exposure. Financial risk management is also supported by operational procedures.

The overall objective is to achieve the lowest possible financing expenses for the infrastructure facilities over their useful lives with due regard for an acceptable risk level as acknowledged by the Board of Directors. A long-term perspective has been applied in the balancing of economic performance and the risks associated with financial management.

The following describes A/S Storebælt's funding in 2020 as well as the key financial risks.

**Funding**
All loans and other financial instruments employed by the company are guaranteed by the Danish State. This means that the company can achieve capital market terms equivalent to those available to the State, even if the company does not have an explicit rating from the international credit rating agencies.

The adopted financial strategy seeks to maximise funding flexibility in order to take advantage of developments in the capital markets. However, all loan types must adhere to certain criteria partly because of the demands from the guarantor and partly because of internal guidelines set out in the company's financial policy. In general, the company's loan transactions should consist of common and standardised loan structures that, as far as possible, limit the credit risk. The loan transactions do not contain any special terms that require disclosure with reference to IFRS 7.

In certain cases, lending itself can profitably occur in currencies in which the company cannot expose itself to currency risks (see below). In such cases, the loans are translated through currency swaps into acceptable currencies. Thus, there is no direct link between the original loan currencies and the company's currency risk.

A/S Storebælt has established a standardised MTN (Medium Term Note) loan programme in the European bond market with a maximum borrowing limit of USD 5 billion of which USD 36 million has been utilised. Thus, an available credit limit of USD 4,964 million remains. In addition, the company has a Swedish MTN programme of SEK 5 billion of which SEK 0.0 billion has been utilised. Thus, an available credit line of SEK 5.0 billion remains.

Since 2002, the company has have had access to on-lending, which is a direct loan from Danmarks Nationalbank on behalf of the State to the company based on a specific government bond, and subject to the same conditions under which the bond is traded in the market.

In 2020, funding requirements were mainly covered by on-lending from Danmarks Nationalbank, which was a particularly attractive source of funding.

A/S Storebælt raised on-lending to a nominal value of DKK 2.1 billion.

The extent of A/S Storebælt's funding in any individual year is largely decided by the size of the repayments on the existing debt (refinancing) and the impact from operations. In 2021, such refinancing will amount to approx. DKK 2.3 billion and the expected net borrowing requirements will be around DKK 2.2 billion. This is beyond what is needed for the financing of any extraordinary repurchase of existing loans and the debt issued to cover collateral demands.

A/S Storebælt has a requirement to maintain a liquidity reserve of at least 6 months' liquidity consumption with the objective of reducing the risk of borrowing at times when the loan terms in the capital markets are temporarily unattractive.

**Financial risk exposure**
A/S Storebælt is exposed to financial risks inherent in the funding of the infrastructures and linked to financial management as well as operational decisions, including bond issuance and loans from credit institutions, the use of derivatives and deposit of liquid funds for liquidity reserves, receivables from customers and trade payables.

Risks relating to these financial risk exposures primarily comprise:

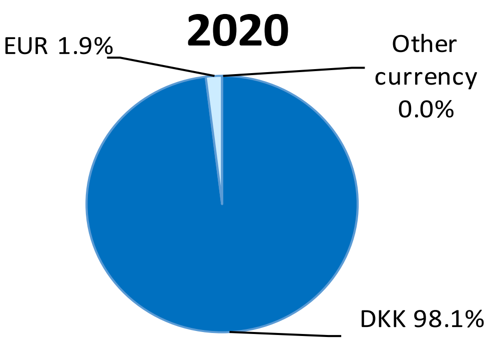
- Currency risks
- Interest rate risks
- Inflation risks
- Credit risks
- Liquidity risks

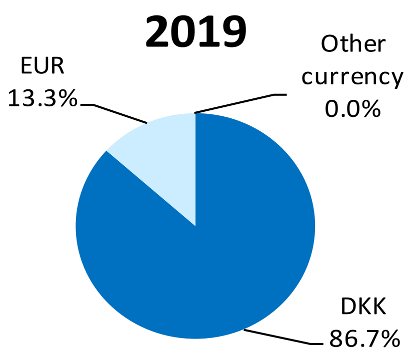
Financial risks are identified, monitored and controlled within the framework approved by the Board of Directors as determined in A/S Storebælt's financial policy and strategy, operational procedures and in accordance with the guidelines from the Danish Ministry of Finance/Danmarks Nationalbank, which has issued guarantees for A/S Storebælt's liabilities.

**Currency risks**
A/S Storebælt's exposure to currency risks primarily relates to the part of the net debt denominated in currencies other than the base currency (DKK). Financial derivatives and liquid funds are included in the disclosure of the currency risk measured at fair value.

**A/S Storebælt's currency exposure at fair value 2020 and 2019 (DKK million)**

| Currency | Fair value 2020 | Currency | Fair value 2019 |
|---|---|---|---|
| DKK | -19,634 | DKK | -17,867 |
| EUR | -387 | EUR | -2,752 |
| Other currency | 0 | Other currency | 1 |
| **Total 2020** | **-20,021** | **Total 2019** | **-20,618** |




The Danish Ministry of Finance has stipulated that A/S Storebælt may have currency exposures to DKK and EUR. A/S Storebælt's currency risks are managed within the limits of the composition of the currency allocation and can be distributed with no constraint between DKK and EUR.

Based on the stable Danish fixed exchange rate policy and the relatively narrow fluctuation band vis-a-vis EUR +/- 2.25 per cent in the ERM2 agreement, exposure to EUR is not considered to represent any substantial risk. The currency distribution between DKK and EUR will, over the coming years, depend on the exchange rate and interest rate relationship between the two currencies.

The currency distribution between other currencies comprises JPY, SEK and USD and is related to hedging of bond loans in these currencies, where additions/deductions in the currency swap give an exposure stated at fair value, while the cash flows are fully hedged.

Foreign exchange sensitivity for A/S Storebælt amounted to DKK 2 million in 2020 (DKK 11 million in 2019) calculated as Value-at-Risk.

Value-at-Risk for foreign exchange risk sensitivity expresses the maximum loss as a result of an unfavourable development in the exchange rate within a one-year horizon, with a 95 per cent probability. Value-at-Risk has been calculated based on 1-year's historical volatility and correlations in the currencies with exposure.

**Interest rate and inflation risks**

A/S Storebælt's financing expenses are exposed to interest rate risks because of the ongoing funding for the refinancing of debts maturing, refixing of interest rates on floating rate debt and deposit of liquidity from operations and investments. The uncertainty arises as a consequence of fluctuations in market interest rates.

A/S Storebælt's interest rate risk is managed within several lines and limits, and the combination of these limits the interest rate risk on the net debt.

For A/S Storebælt, the following framework for 2020 was applied in the interest rate risk management:

- Interest rate refixing risk may not exceed 40 per cent of the net debt
- Duration target on net debt is 4.0 years (variation limit: 3.25-4.75 years)
- Limits for interest rate exposure with fluctuation bands.

A/S Storebælt's interest rate risk is actively managed through the use of interest rate and currency swaps and other derivative instruments.

Floating rate debt or debt with a short remaining maturity imply that the loan must have the interest rate reset at market interest rates within a given time frame, which typically involves higher risks than fixed rate debts with long maturity when fluctuations in the current interest expenses form the basis of the risk management.

By contrast, financing expenses are usually a rising function of the maturity, and the choice of debt allocation is thus a question of balancing financing expenses and risk tolerance.

The debt allocation between fixed and floating rate nominal debt and real rate debt in conjunction with the maturity profile (maturity on the fixed rate debt) and the currency distribution comprise the uncertainty on the financing expenses.

Besides representing an isolated balancing of financing expenses and interest refixing risk on the net debt, the company's risk profile is also affected by linkages to the operations. This means that a balancing of risk is targeted across assets and liabilities with the aim of achieving a lower risk by combining the debt mix so that there is a positive correlation between operating revenue and financing expenses to the extent that this is possible. This relationship was evident during the financial crisis, when lost traffic revenues were offset by lower financing expenses. During the Covid-19 pandemic, the loss of revenue from road traffic has only been partly offset by lower financing expenses.

Typically, floating rate debt and real rate debt have a positive correlation with general economic growth because monetary policy will often seek to balance the economic cycle by hiking interest rates when economic growth and inflation are high – and vice versa.

The economic relationship between operating revenue and financing expenses justifies some proportion of floating rate debt. Developments in road traffic revenue, which is the primary income source, are particularly dependent on economic conditions and low economic growth typically entails low traffic growth, and thus a less favourable development in revenue. This revenue risk can, to a certain extent, be offset by floating rate debt in that adverse economic trends normally lead to lower interest rates, notably at the short end of the maturity spectrum.

Furthermore, there is an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

The company has a strategic interest in real rate debt where the financing expenses comprise a fixed real rate plus indexation dependent upon general inflation. The reason is that operating income, by and large, can be expected to follow inflation developments as both road tolls and rail revenue are normally indexed. Real rate debt, therefore, represents a very low risk and functions as a hedge of operating revenue and the company's long-term project risk.

Based on the overall financial management objective - to attain the lowest possible financing expenses within a risk level approved by the Board of Directors – the company has established a strategic benchmark for the debt portfolio's interest rate allocation and the nominal duration.

This benchmark serves as an overall guideline and a financial framework for the debt management and implies that the company targets a real rate debt allocation of 25-45 per cent and for 2020, the duration on the nominal debt was set at 4.0 years for A/S Storebælt. The duration calculation is without discounting.

Maximum variation limits for the interest rate allocation and duration target have been established.

The basis for determining the strategic benchmark in the debt management is economic model simulations that estimate the outcome and expected earnings development of the company's assets and liabilities on a large number of relevant portfolio combinations with different interest rate allocations and maturity profiles and consists of a balancing of financing expenses with revenue risk.

Besides the above-mentioned strategic elements, the interest rate risk is also managed on the basis of the expectations for short-term interest rate developments and an isolated balancing of financing expenses and interest rate refixing risk on the nominal debt.

For A/S Storebælt, the target for the duration on the nominal debt was 4.0 years for 2020 and the actual duration was between 3.8 years to 4.3 years and was predominantly overweighted in relation to the benchmark, apart from a brief period following dividend distribution when the net debt in relative terms was higher.

The duration of the strategic benchmark for 2021 is maintained at 4.0 years for A/S Storebælt and the target for the real rate debt ratio is unchanged.

Long-term interest rates plunged further in 2020 as a result of the Covid-19 pandemic. The company is primarily exposed to interest rates in DKK and EUR and here interest rates on the long-term maturities fell by 0.3-0.6 percentage points over the year.

A/S Storebælt is exposed to interest rates in DKK and EUR, and here interest rates on the long-term maturities fell by 0.3-0.6 percentage points overall over the year. Despite the interest rate development, 2020 produced an unrealised fair value gain of DKK 100 million from fair value adjustments, which is primarily attributable to the inflation-linked debt where the real rate after adjustment for equilibrium inflation actually increased altogether with the impact from maturity shortening.

The management of the interest rate risk aims at attaining the lowest possible longer-term financing expenses with no specific regard for the annual fluctuations in the fair value adjustment. The fair value adjustment has, however, no impact on the company's economy, including the repayment period.

The yield exposure on the net debt is based on the nominal value (the notional) split in time buckets at the earliest of the time to maturity or the time to the next interest rate refixing. Thus, the floating rate debt is included in the next financial year and shows the cash flow exposure to the interest refixing risk.

The company uses derivatives to adjust the allocation between floating and fixed rate nominal debt and real rate debt, including, primarily, interest rate and currency swaps.

### Yield exposure disclosed in nominal notional amounts 2020

| **Yield buckets** | **0-1 years** | **1-2 years** | **2-3 years** | **3-4 years** | **4-5 years** | **> 5 years** | **Nominal value** | **Fair value** |
|---|---|---|---|---|---|---|---|---|
| Securities | 372 | 781 | 0 | 0 | 0 | 0 | 1,153 | 1,163 |
| Bond loans and debt | -2,274 | -2,500 | -3,301 | 0 | -2,832 | -7,874 | -18,781 | -20,269 |
| Interest rate and currency swa | -3,097 | 744 | 2,796 | -1,256 | 240 | 45 | -528 | -930 |
| Currency futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash at bank and in hand | 15 | 0 | 0 | 0 | 0 | 0 | 15 | 15 |
| **Net debt** | **-4,984** | **-975** | **-505** | **-1,256** | **-2,592** | **-7,829** | **-18,141** | **-20,021** |
| | | | | | | | | |
| Of this, real rate instruments | | | | | | | | |
| Real rate debt | 0 | 0 | -1,604 | 0 | 0 | -2,035 | -3,639 | -4,098 |
| Real rate swaps | 0 | 0 | 0 | 0 | -2,440 | -353 | -2,793 | -3,270 |
| **Real rate instruments total** | **0** | **0** | **-1,604** | **0** | **-2,440** | **-2,388** | **-6,432** | **-7,368** |

Yield exposure > 5 years is allocated as follows (DKK million)

| **Yield buckets** | **5-10 years** | **10-15 years** | **15-20 years** | **> 20 years** |
|---|---|---|---|---|
| Net debt | -7,829 | 0 | 0 | 0 |
| Of this, real rate instruments | -2,388 | 0 | 0 | 0 |

### Yield exposure disclosed in nominal notional amounts 2019

| **Yield buckets** | **0-1 years** | **1-2 years** | **2-3 years** | **3-4 years** | **4-5 years** | **> 5 years** | **Nominal value** | **Fair value** |
|---|---|---|---|---|---|---|---|---|
| Securities | 560 | 374 | 0 | 0 | 0 | 0 | 934 | 942 |
| Bond loans and debt | -2,270 | -2,286 | -1,000 | -3,292 | 0 | -10,195 | -19,043 | -20,672 |
| Interest rate and currency swa | -4,046 | 991 | 747 | 2,800 | -1,253 | 278 | -483 | -858 |
| Currency futures | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Cash at bank and in hand | -30 | 0 | 0 | 0 | 0 | 0 | -30 | -30 |
| **Net debt** | **-5,786** | **-921** | **-253** | **-492** | **-1,253** | **-9,917** | **-18,622** | **-20,618** |
| | | | | | | | | |
| Of this, real rate instruments | | | | | | | | |
| Real rate debt | 0 | 0 | 0 | -1,595 | 0 | -2,022 | -3,617 | -4,143 |
| Real rate swaps | 0 | 0 | 0 | 0 | 0 | -2,787 | -2,787 | -3,352 |
| **Real rate instruments total** | **0** | **0** | **0** | **-1,595** | **0** | **-4,809** | **-6,404** | **-7,495** |

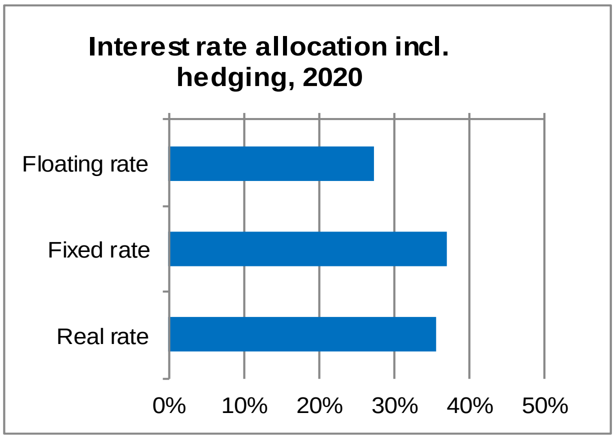
Yield exposure > 5 years is allocated as follows (DKK million)

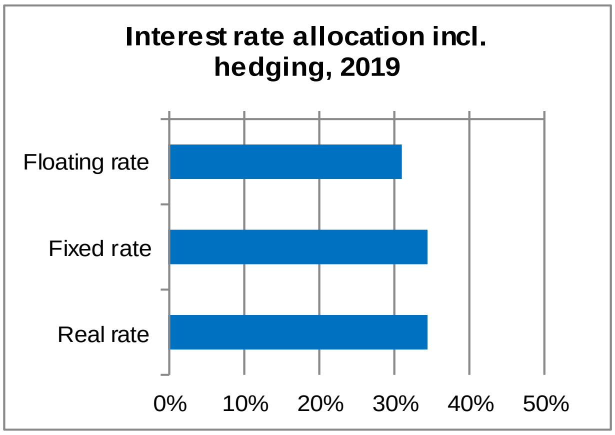
| **Yield buckets** | **5-10 years** | **10-15 years** | **15-20 years** | **> 20 years** |
|---|---|---|---|---|
| Net debt | -6,400 | -3,517 | 0 | 0 |
| Of this, real rate instruments | -2,787 | -2,022 | 0 | 0 |

The fixed-rate nominal debt beyond five years is primarily exposed to yield exposure in the 10 year yield segment.

**Interest rate allocation**

| 2020 | Interest rate allocation in per cent | 2019 |
|---|---|---|
| 27.4 | Floating rate | 31.1 |
| 37.1 | Fixed rate | 34.5 |
| 35.5 | Real rate | 34.4 |
| **100.0** | **Total** | **100.0** |




The yield exposure is distributed with an exposure of 116.8 per cent to interest rates in DKK and -16.8 per cent in EUR. As regards real rate debt, this is exposed to the Danish Consumer Price Index (CPI).

The financing expenses' sensitivity to an interest rate or inflation rate change of 1 percentage point can be estimated at DKK 60 million and DKK 60 million respectively and the impact will be symmetrical with a rise or fall.

When market interest rates change, this affects the market value (fair value) of the net debt, and here the impact and risk are greatest on fixed rate debt with longer-term maturities. This is primarily owing to the discounting effect and reflects the alternative cost or gain relating to the fixed rate debt obligations compared to financing at current market interest rates.

The duration indicates the average time to maturity of the net debt. A high duration entails a low interest rate adjustment risk as a relatively small proportion of the net debt needs to be reset to the current interest rate.

The duration also expresses the interest rate sensitivity on the net debt stated at market value.

**Duration, A/S Storebælt**

| 2020 Duration (years) | BPV | Fair value | | 2019 Duration (years) | BPV | Fair value |
|---|---|---|---|---|---|---|
| 4.4 | 5.6 | -12,653 | Nominal debt | 4.2 | 5.6 | -13,123 |
| 6.2 | 4.5 | -7,368 | Real rate debt | 7.1 | 5.3 | -7,495 |
| 5.1 | 10.1 | -20,021 | Net debt | 5.3 | 10.9 | -20,618 |

Basis point value (BPV) expresses the rate sensitivity to a parallel shift in the yield curve of 1 bp.

A/S Storebælt's duration totalled 5.1 years at the end of 2020 of which 4.4 years relate to the nominal debt and 6.2 years to the real rate debt. Interest rate sensitivity can be calculated at DKK 10.1 million, when the yield curve is shifted in parallel by 1 bp. This will imply a positive fair value adjustment in the income statement and balance sheet when interest rates rise by 1 bp, and vice versa.

The fair value adjustment's sensitivity to an interest rate change of 1 percentage point can be calculated as a fair value loss of DKK 1,067 million with an interest rate fall and a fair value gain of DKK 978 million with an interest rate rise.

The calculated sensitivity to interest rate changes on the fair value adjustment takes account of the convexity of the debt portfolio.

The sensitivity calculations have been made on the basis of the net debt on the balance sheet date and the impact is similar in result and balance sheet as a result of the accounting policies where financial assets and liabilities are recognised at fair value.

**Credit risks**
Credit risks are defined as the risk of losses arising as a result of a counterparty not meeting its payment obligations. Credit risks arise in connection with the investment of excess liquidity, receivables from derivative transactions and trade receivables.

The credit policy for the investment of excess liquidity has continuously been tightened with increased requirements for rating, credit limits and maximum duration.

The company has, to the greatest possible extent, limited excess liquidity and has only had deposits in banks with high credit ratings or invested liquidity in German government bonds for pledging collateral. There have been no incidents of overdue payments as a result of credit events.

The company's derivative transactions are generally regulated by an ISDA master agreement with each counterparty, and it is explicitly set out that netting of positive and negative balances will apply.

The credit risk on financial counterparties is managed and monitored on a daily basis through a specific line and limit system which has been approved by the Board of Directors in respect of A/S Storebælt's financial policy and determines the principles for calculating these risks and limits for acceptable credit exposures. The allocation of limits for acceptable credit exposures is determined on the basis of the counterparty's long-term rating by either Standard and Poor's (S&P), Moody's Investor Service (Moody's) or Fitch Ratings.

The credit risk is limited to the greatest possible extent by diversifying the counterparty exposure and reducing the risk exposure to individual counterparties. The financial counterparties must adhere to high standards for credit quality and agreements are only entered into with counterparties that have a long-term rating above A3/A-. The rating requirement can be eased to BBB/Baa2, provided that the counterparty is resident in a country with an AA/Aa2 rating and that a number of strict collateral requirements are met.

A/S Storebælt has entered into collateral agreements (CSA agreements) with the majority of the financial counterparties and since 2005 has only entered into derivative contracts that are regulated by such agreements. The CSA agreements are two-way and imply that both the company and the counterparty must pledge collateral in the form of government bonds or mortgage bonds with high credit quality when the balance is in favour of one of the parties. The parties have title of right to the collateral with mandatory return of income and securities in the absence of bankruptcy.

The credit exposure is effectively limited by low threshold values for unhedged receivables and greater collateral is required for counterparties with lower credit quality, i.e. with a requirement for supplementary collateral for lower ratings.

The bonds, provided as collateral, must have a minimum rating of Aa3/AA-.

The company is not covered by EMIR's central clearing obligation for derivative transactions.

The IFRS accounting standard stipulates that the credit risk is calculated gross excluding netting (the offsetting of positive and negative balances for each counterparty), even though such agreements exist. Net exposure is given as additional information and constitutes a better measure of the company's actual credit risk.

## Credit risks on financial assets recognised at fair value distributed on credit quality, 2020

| Total counterparty exposure (market value)<br>Rating | Deposits | Derivatives without netting | Derivatives with netting | Collateral | Number of counter-parties |
|---|---|---|---|---|---|
| AAA | 1,163 | 0 | 0 | 0 | 1 |
| AA | 0 | 641 | 126 | 0 | 3 |
| A | 0 | 426 | 140 | 73 | 5 |
| BBB | 0 | 0 | 0 | 0 | 1 |
| **Total** | **1,163** | **1,067** | **266** | **73** | **10** |

## Credit risks on financial assets recognised at fair value distributed on credit quality, 2019

| Total counterparty exposure (market value)<br>Rating | Deposits | Derivatives without netting | Derivatives with netting | Collateral | Number of counter-parties |
|---|---|---|---|---|---|
| AAA | 942 | 0 | 0 | 0 | 1 |
| AA | 0 | 712 | 0 | 0 | 4 |
| A | 0 | 518 | 282 | 84 | 5 |
| BBB | 0 | 68 | 53 | 67 | 2 |
| **Total** | **942** | **1,298** | **335** | **151** | **12** |

A/S Storebælt has 10 financial counterparties, including Germany as bond issuer, while the business volume with the remaining 9 counterparties is primarily related to derivative transactions of which 7 counterparties are covered by collateral agreements.

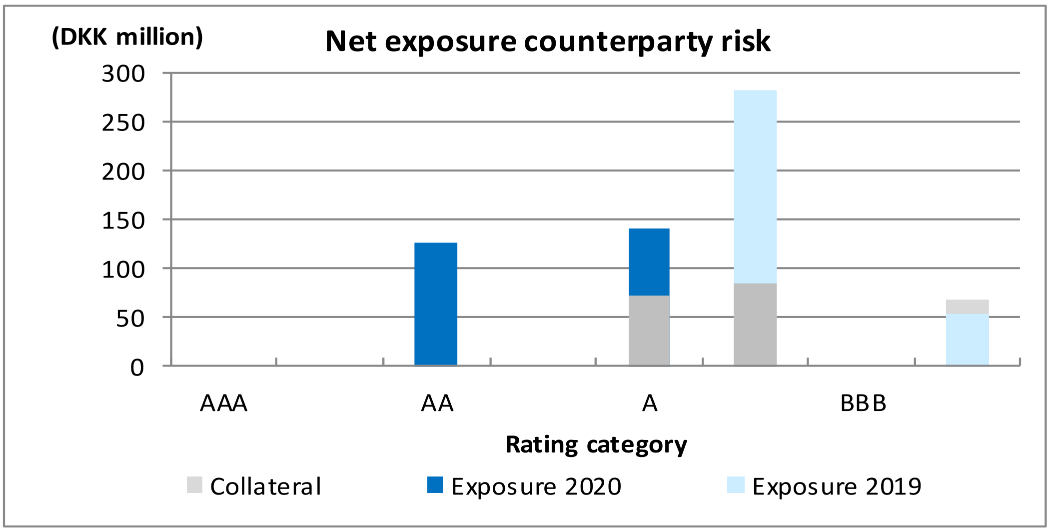
Credit exposure is primarily exposed to the AA and A rating category and is largely covered by collateral agreements.

Counterparty exposure to counterparties with collateral agreements totals DKK 72 million and collateral amounts to DKK 73 million. Counterparty exposure without collateral agreements totals DKK 194 million, primarily in the AA and A rating category.

A/S Storebælt has pledged collateral for DKK 1,057 million to hedge outstanding exposure from derivative transactions in favour of four counterparties.

The amounts related to credit risks and collateral are stated at market value at the balance sheet date.

**Distribution of counterparty exposure on rating categories 2020 and 2019**




## Liquidity risk

Liquidity risk is the risk of losses arising if the company has difficulties meeting their financial liabilities, both in terms of debt and derivatives.

The guarantee provided by the Danish State, and the flexibility to maintain a liquidity reserve of up to 6 months' liquidity consumption imply a limited liquidity risk for the company. In order to avoid substantial fluctuations in the refinancing for individual years, the objective is for the principal payments to be evenly dispersed. Unexpected cash outflow can arise from demands for collateral as a result of market value changes on derivative transactions.

**Maturity on debt as well as liabilities and receivables on financial derivatives (DKK million), 2020**

| Maturity | 0-1 years | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| **Principal amount** | | | | | | | |
| Debt | -2,267 | -2,500 | -3,304 | 0 | -2,832 | -7,878 | -18,781 |
| Derivatives liabilities | -484 | 0 | 0 | 0 | -462 | -29 | -975 |
| Derivatives receivables | 447 | 0 | 0 | 0 | 0 | 0 | 447 |
| Assets | 372 | 781 | 0 | 0 | 0 | 0 | 1,153 |
| **Total** | **-1,932** | **-1,719** | **-3,304** | **0** | **-3,294** | **-7,907** | **-18,156** |
| | | | | | | | |
| **Interest payments** | | | | | | | |
| Debt | -184 | -116 | -156 | -81 | -81 | -344 | -962 |
| Derivatives liabilities | -106 | -57 | -57 | -105 | -178 | -224 | -727 |
| Derivatives receivables | 110 | 27 | 13 | 0 | 1 | 123 | 274 |
| Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **-180** | **-146** | **-200** | **-186** | **-258** | **-445** | **-1,415** |

## Maturity on debt as well as liabilities and receivables on financial derivatives, 2019

| Maturity | 0-1 years | 1-2 years | 2-3 years | 3-4 years | 4-5 years | > 5 years | Total |
|---|---|---|---|---|---|---|---|
| **Principal amount** | | | | | | | |
| Debt | -2,270 | -2,286 | -1,000 | -3,292 | 0 | -10,195 | -19,043 |
| Derivatives liabilities | -2,077 | -280 | 0 | 0 | 0 | -482 | -2,839 |
| Derivatives receivables | 2,105 | 251 | 0 | 0 | 0 | 0 | 2,356 |
| Assets | 560 | 374 | 0 | 0 | 0 | 0 | 934 |
| **Total** | **-1,682** | **-1,941** | **-1,000** | **-3,292** | **0** | **-10,677** | **-18,592** |
| | | | | | | | |
| **Interest payments** | | | | | | | |
| Debt | -236 | -178 | -109 | -187 | -79 | -487 | -1,276 |
| Derivatives liabilities | -172 | -102 | -52 | -49 | -102 | -420 | -897 |
| Derivatives receivables | 211 | 113 | 19 | 2 | 0 | 111 | 456 |
| Assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total** | **-197** | **-167** | **-142** | **-234** | **-181** | **-796** | **-1,717** |

Debt, derivative liabilities and receivables, as well as financial assets, are recognised in the liquidity projection and repayments and principal amounts are entered at the earliest due date. Interest payments are recognised at agreed terms and implicit forward interest rates and inflation form the basis for the variable interest payments and inflation indexation. Repayments, principal amounts and interest payments are disclosed for the net debt and neither refinancing nor cash flows from operating activities is included, c.f. IFRS 7.

## Note 22 Profitability

A/S Storebælt's debt is repaid with the revenue from the road and rail traffic. In the long-term profitability calculation, the repayment period is calculated on the Ministry of Finance's long-term interest rate estimate for a 10-year government bond from August 2020 on the part of the debt that is not hedged while the part of the debt that is hedged is included with the agreed interest rate terms.

The political agreement of 21 September 2017 regarding a 25 per cent reduction in toll charges and the obligation to co-finance the extension of the Funen Motorway to the amount of DKK 2.1 billion (in 2017 prices) resulted in the repayment period being extended to 34 years, whereby the debt is expected to be repaid in 2032. For the current financial year, the repayment period is unchanged at 34 years.

The rail companies' payments for use of the fixed link across Storebælt were reduced in connection with the Finance Act of 2016. For A/S Storebælt, revenue depends on actual train traffic. The lowering of the railway payment resulted in a reduction in rail revenues of DKK 270 million (2016 prices).

Co-financing of the political agreement, 'A Green Transport Policy' from 29 January 2009, is included in the calculation of the repayment period where the company pays a dividend to the State of DKK 9.0 billion (2008 prices) until the financial year 2022. In addition, there is the obligation with regard to the aforementioned co-financing of the Funen Motorway to the tune of DKK 2.2 billion (in 2018 prices).

After distribution of an expected dividend of DKK 1,378 million for the 2020 financial year, a total of DKK 9,821 million will have been paid to the shareholder. Of the total distribution, DKK 9,000 million relates to the co-financing of the political agreement, 'A Green Transport Policy' from 2009 and DKK 821 million to the co-financing of the expansion of the Funen Motorway. At current prices, there remains approx. DKK 1.6 billion relating to 'A green transport policy' and approx. DKK 1.4 billion relating to the financing of the Funen Motorway.

The main uncertainties in the profitability calculations relate to the long-term traffic developments and the estimate of the interest rate development, which is based on the Ministry of Finance's interest rate estimate for a 10-year government bond.

In 2021, positive traffic growth is expected for passenger cars, which in part makes up for the lost traffic in 2020 caused by the Covid-19 pandemic. Lorries are expected to show zero growth. Traffic growth will gradually increase towards a long-term level of 1.5 per cent for passenger cars and 1.0 for lorries from 2025.

Operating expenses are based on assumed annual efficiency improvements of 2 per cent per annum until 2024 after which they are expected to rise in line with general inflation. There is also some uncertainty about the size and timing of the reinvestments in the railway system.

## Note 23 Trade and other payables

| | **2020** | **2019** |
|---|---:|---:|
| Trade payables | 38 | 37 |
| Debt group enterprises - group companies | 33 | 0 |
| Debt, Øresundsbro Konsortiet I/S | 0 | 1 |
| Guarantee commision payable | 28 | 30 |
| Other payables | 68 | 74 |
| **Total** | **167** | **141** |

**Note 24 Accruals and deferred income**

Accruals and deferred income comprise payments received relating to revenue in subsequent years.

| | 2020 | 2019 |
|---|---|---|
| Accrued interest, financial instruments | 147 | 187 |
| Other accruals | 0 | 0 |
| **Accruals and deferred income, total** | **147** | **187** |

Accrued interest, financial instruments, are specified in Note 20 Net debt.

**Note 25 Contractual obligations, contingent liabilities and collateral**

The company's contractual obligations comprise construction, operational and maintenance contracts entered into with expiry dates up to 2024 with an overall balance of DKK 346 million (DKK 211 million in 2019). At year end, completed work under contracts amounted to DKK 85 million (DKK 86 million in 2019).

In accordance with the Act on Ferry Operations, A/S Storebælt is required, to a specified extent, to maintain car ferry operations between Zealand and Jutland across Kattegat and between Spodsbjerg and Tårs. For the Spodsbjerg and Tårs service, with effect from 1 May 2018, an agreement was entered into with Danske Færger A/S (purchased by Molslinjen A/S in 2018) with regard to the operation of the service for a period of 10 years with the option of a further two years. In 2021, costs are expected to amount to DKK 35 million.

The company has entered into two-way collateral agreements (CSA agreements) with a number of financial counterparties and is required to pledge collateral in the form of government bonds for outstanding exposure from derivative contracts in the counterparties' favour.

A/S Storebælt has currently pledged collateral for DKK 1,057 million to hedge outstanding exposure from derivative transactions in favour of three counterparties.

Otherwise, the company has not pledged any collateral.

The company is part of a Danish joint taxation agreement with Sund & Bælt Holding A/S as the administering company. In accordance with corporation tax legislation, the company is jointly and severally liable, from and including 2013, with the other jointly taxed companies for corporation tax.

## Note 26 Related parties

Related parties comprise the Danish State, companies and institutions owned by it.

| Related party | Registered office | Affiliation | Transactions | Pricing |
|---|---|---|---|---|
| The Danish State | Copenhagen | 100 per cent ownership via Sund & Bælt Holding | Guarantee for the company's debt<br><br>Guarantee commission | Determined by legislation. Accounts for 0.15 per cent of nominal |
| Sund & Bælt Holding A/S | Copenhagen | 100 per cent ownership of A/S Storebælt | Management of subsidiary's operational tasks<br>Common functions<br>Joint taxation contribution | Market price |
| A/S Øresund | Copenhagen | Subsidiary of Sund & Bælt Holding A/S | Maintenance tasks | Market price |
| Sund & Bælt Partner A/S | Copenhagen | Subsidiary of Sund & Bælt Holding A/S | - | Market price |
| A/S Femern Landanlæg | Copenhagen | Subsidiary of Sund & Bælt Holding A/S | - | Market price |
| Femern A/S | Copenhagen | Subsidiary of A/S Femern Landanlæg | - | Market price |
| Brobizz A/S | Copenhagen | Subsidiary of Sund & Bælt Holding A/S | Issuer fee<br>Reinvoicing of revenue<br>Purchase/sale of services | Market price |
| BroBizz Operatør A/S | Copenhagen | Subsidiary of Brobizz A/S | Reinvoicing | Market price |
| Øresundsbro Konsortiet I/S | Copenhagen/ Malmø | 50 per cent ownership of partnership via A/S Øresund | Purchase of financial management<br>Reinvoicing | Market price |
| Danish Road Directorate | Copenhagen | Owned by the the Ministry of Transport | Purchase of services | Market price |
| Banedanmark | Copenhagen | Owned by the the Ministry of Transport | Payment for use of rail link<br><br>Maintenance work | Determined by the Minister of Transport |

| DKK 1.000<br><br><br>Related party | <br><br><br>Description | Amount<br><br><br>2020 | Amount<br><br><br>2019 | Balance at 31 December 2020 | Balance at 31 December 2019 |
|---|---|---|---|---|---|
| The Danish State | Guarantee commission | -30,621 | -30,716 | -28,000 | -30,000 |
| Sund & Bælt Holding A/S | Management of subsidiary's operational tasks | -93,250 | -65,051 | -17,104 | -844 |
| | Joint taxation contribution | -268,439 | -250,079 | -268,439 | -250,079 |
| | Common functions | -930 | 764 | -583 | 456 |
| A/S Øresund | Maintenance tasks | -178 | 787 | 0 | 160 |
| Brobizz A/S | Reinvoicing | 2,514,987 | 2,137,569 | 277,697 | 298,504 |
| | Issuer fee | -72,781 | -62,438 | -14,557 | -7,751 |
| | Purchase of services | -12,201 | -14,559 | -857 | -15,014 |
| BroBizz Operatør A/S | Reinvoicing | -340 | 324 | -35 | 4 |
| Øresundsbro konsortiet I/S | Purchase of financial management | -2,400 | -4,874 | 0 | -927 |
| | Reinvoicing | -1,614 | 0 | -105 | 0 |
| Danish Road Directorate | Purchase of services | 98 | 0 | 0 | 0 |
| Banedanmark | Payment for use of rail link | 295,356 | 292,505 | -2,803 | 29,094 |
| | Maintenance w ork | -2,454 | -4,528 | -344 | -4,203 |

## Note 27 Events after the balance sheet date

No events of significance to the Annual Report 2020 have occurred after the balance sheet date.

## Note 28 Approval of the annual report for publication

At the Board meeting on 24 March 2021, the Board of Directors approved this Annual Report for publication.

The Annual Report will be presented to the shareholder of A/S Storebælt for approval at the Annual General Meeting on 19 April 2021.

# Endorsements

## Statement by the Board of Directors and Management Board

The Board of Directors and Management Board have today considered and approved the annual report for the financial year 1 January – 31 December 2020 for A/S Storebælt.

The annual report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

It is our view that the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2020, as well as the results of the company's activities and cash flow for the financial year 1 January - 31 December 2020.

It is also our view that the Management Report gives a true and fair view of developments in the company's activities and financial conditions, the annual results and the company's overall financial position and a description of the significant risks and uncertainty factors to which the company is exposed.

It is recommended that the annual report be approved at the Annual General Meeting.

Copenhagen, 24 March 2021.

**Management Board**

Mogens Hansen
CEO

**Board of Directors**

| | |
|---|---|
| Mikkel Hemmingsen<br>Chairman | Louise Friis<br>Vice-Chair |
| Mogens Hansen | |

## Independent auditor's report

**To the shareholder of A/S Storebælt**

**Our opinion**
We have audited the financial statements for A/S Storebæltsforbindelsen for the financial year 1 January 2020 – 31 December 2020, which comprise the comprehensive income statement, the balance sheet, statement of changes in equity, cash flow and notes, including the accounting policies. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements in the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31 December 2020 and the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Danish Financial Statements Act.

Our opinion is consistent with our audit report for the audit committee and the Board of Directors.

**Basis for opinion**
We conducted our audit in accordance with International Standards on Auditing 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 our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants (IESBA code) and the ethical requirements that are relevant in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge, no prohibited non-audit services have been performed within the meaning of Article 5 (1) in regulation (EU) no. 537/2014.

We were first appointed auditor for A/S Storebæltsforbindelsen on 17 April 2020 for the financial year 2020. We are reappointed annually by resolution of the Annual General Meeting for a total continuous term of 1 year up to and including the financial year 2020.

**Key audit matters**
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| ***Valuation of derivative financial instruments (derivatives)*** | ***How our audit addressed the key audit matter*** |
|---|---|
| Derivative financial instruments are classified as assets and liabilities and amount to DKK 899 million as at 31 December 2020 (DKK 1,128 million as at 31 December 2019) and DKK 1,889 million as at 31 December 2020 (DKK 2,036 million as at 31 December 2019).<br><br>We have assessed that the valuation of derivative financial instruments is a key factor in the audit because there are no official quotations for derivatives. This is why management uses estimates for their valuation, including:<br><br>• Choice of assumptions used in calculating the fair value of derivatives. | Based on our risk assessment, we reviewed the valuation prepared by the management and assessed the methods and assumptions used. .<br><br>Our review included the following elements:<br><br>• Testing of controls with regard to obtaining master and market data that lie at the basis of the valuation.<br><br>• Testing of controls for comparison of the applied fair values with information from the counterparty.<br>• Random checks of registered trades for underlying documentation. |

| | |
|---|---|
| • Identification of relevant market data used for the valuation.<br><br>Changes to the underlying assumptions as well as market data can have a significant effect on the valuation of the derivatives.<br><br>Management has provided more information about the valuation and the related estimates in Notes 1, 2 and 20. | • Random comparison of fair values with market data from external party. |

**Statement on the Management Report**
The Management is responsible for the Management Report.

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

Moreover, we considered whether the Management Report includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, the Management Report 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 in Management Report.

**Management responsibility for the financial statements**
Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 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 unless Management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibility 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 in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 24 March, 2021

**Deloitte**
Statsautoriseret Revisionspartnerselskab
CVR no.. 33 96 35 56

**Anders Oldau Gjelstrup**
State-Authorised Public Accountant
MNE-no. 10777

**Jakob Lindberg**
State-Authorised Public Accountant
MNE-no. 40824

# Financial glossary

**Swaps**
The exchange of a series of payments between two counterparties, e.g. interest or currency swaps, typically between a company and a bank. A company can, for example, take out a fixed rate loan and subsequently enter into an interest rate swap with the bank by which the company receives a corresponding fixed interest rate and pays variable interest +/- a premium. The company will thus have a liability to pay the variable interest +/- the premium. In a currency swap, payments are exchanged in two different currencies.

**Interest-bearing net debt**
Interest-bearing net debt consists of financial assets and liabilities stated at amortised cost, excluding interest due and receivable.

**Fair value**
Fair value is the accounting term for market value and expresses current purchase and selling rates on financial assets and liabilities. Changes in the fair value can be primarily attributed to developments in interest rates, exchange rates and inflation.

**Fair value adjustment**
An accounting principle in financial reporting according to which the value of assets/liabilities is determined at their market value (fair value) - i.e. the value they have in the market at a given time if they were to be bought or sold. During the period between receipt and redemption of the asset/liability, the fair value will fluctuate according to, for example, the interest rate level and the exchange rate.

**Credit rating**
International credit rating agencies assign companies a grade which expresses their credit rating. Typically, companies can be assigned a short and long rating that expresses the company's ability to settle its liabilities in the short and long-term. The rating follows a scale, with AAA being the best rating, AA the second best etc. The Danish State, which guarantees the liabilities of the Storebælt fixed link, has the highest credit rating: AAA. The largest credit rating agencies are Moody's and Standard & Poor's.

**Real rate**
The nominal interest rate adjusted for inflation.