Femern Sund Bælt

ANNUAL REPORT 2021
FEMERN A/S

Annual Report 2021

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Preface

2021 has been a very satisfactory year for the Fehmarnbelt project.

The construction phase started in earnest in 2021 after the Federal Administrative Court in Leipzig dismissed all appeals against the German approval of the Fehmarnbelt project on 3 November 2020. That leaves only minor follow-up processes to be completed in the wake of the judgment.

The start of construction work by the FLC consortium was marked by a virtual ground-breaking ceremony on 3 January 2021. Work began on the German side in the summer of 2021, and the milestone was marked with a ground-breaking event on the island of Fehmarn in November. Excavation works also started in 2021.

The progress of these works is making its mark on the landscape. The work harbour in Rødbyhavn is now in place, from which the 89 tunnel elements will be towed out and submerged in the Fehmarnbelt. Completely new areas of land have been created off the Danish coast, and the tunnel element factory is taking shape as the basic structure of the large production halls is erected. On the island of Fehmarn, the outlines of the future work harbour and the reclaimed area where the future tunnel entrance are becoming visible. Evidence of the extensive but less visible work going on beneath the surface of the sea to excavate the 18 km long trench for the tunnel can be seen in the many ships operating in the Fehmarnbelt, including the world’s largest floating excavator, Magnor.

In parallel with the good progress of the construction works, Femern A/S also placed great stress in 2021 on ensuring that the project is run in a sustainable way for people and the environment.

Femern A/S aims to provide 500 man-years of apprenticeships on the project. One of the first apprentices finished training in August 2021 and was presented with his diploma by the Danish Transport Minister, Benny Engelbrecht. Many more will follow in the years ahead.

Safe and orderly conditions for the employees on the Fehmarnbelt project are crucial to Femern A/S in its role as owner. In 2021, the company therefore continued work on the “Target Zero – a State of Mind” programme, which aims to maintain a constant focus on a safe working environment on the construction sites. The aim is for the Fehmarnbelt project sites to be among the safest in Europe.

In 2021, Femern A/S established an authority centre close to the site in Rødbyhavn, providing permanent offices for the agencies tasked with monitoring the project. It takes wide-ranging collaboration between the owner, contractors, trade unions and the authorities to provide for orderly conditions and a safe working environment on such a large and complex construction project as the Fehmarnbelt Fixed Link.

Femern A/S is publishing its first separate annual report on sustainability for 2021. The report will cover the company’s work on sustainability on the Fehmarnbelt project.

Henrik Vincentsen took over as CEO of Femern A/S on 1 August 2021. He replaces the previous CEO Claus F. Baunkjær, who took over as CEO of A/S Øresund from the same date.

The level of activity on the Fehmarnbelt will rise significantly in 2022. Among the major milestones will be the completion of the first production hall in the tunnel element factory and the expected start of work on the first tunnel element towards the end of the year.

Read more about Femern A/S and the Fehmarnbelt project at www.femern.com, where you can also subscribe to the company's newsletter.

Mikkel Haugård Hemmingsen
Chairman of the Board
Femern A/S

Henrik Vincentsen
Managing Director, CEO
Femern A/S

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Management Report

Femern A/S is responsible for planning, constructing and operating the fixed link across the Fehmarnbelt on behalf of the Danish state and providing the data needed for the official approval of the coast-to-coast link.

The overall framework for the company’s work is laid down in the agreement signed in September 2008 between Denmark and Germany on planning, official approval, financing, construction and operation of a fixed link across the Fehmarnbelt between Rødbyhavn and Puttgarden.

The treaty was approved in Germany by an act passed in the Bundestag and Bundesrat in 2009, while in Denmark, the Danish Parliament passed a planning act, “Act on the planning of a fixed link across the Fehmarnbelt with associated landworks”, in April 2009.

The Danish Parliament passed the "Act on the construction and operation of a fixed link across the Fehmarnbelt with associated landworks in Denmark" on 28 April 2015. The planning act is also the final Danish environmental approval for the project.

The German plan approval of the Fehmarnbelt project was issued on 31 January 2019 by the authorities in Schleswig-Holstein. The Federal Administrative Court in Leipzig passed judgement in a case concerning appeals against the official approval on 3 November 2020. All appeals were dismissed by the Court. The project is therefore finally approved in Germany.

The total budget for the coast-to-coast project in the planning act is DKK 55.1 billion (2015 price level). In the Financial Analysis for 2020, the construction budget was calculated at DKK 52.6 billion (2015 price level), including reserves of DKK 7.3 billion. There is also an additional reserve of DKK 2.5 billion.

Status of the construction project

In 2021, construction work on the Fehmarnbelt project really took off. The major civil works contracts were launched, and construction work is progressing as planned.

The civil works contracts with the contractor consortium Femern Link Contractors (FLC) were initiated as planned on 1 January 2021.

Work commenced on 3 January 2021 with a "virtual" ground-breaking ceremony attended by the transport ministers from Denmark, Germany, the federal state of Schleswig-Holstein and Pat Cox, the EU's coordinator for the Scandinavian-Mediterranean transport corridor.

The establishment of the tunnel element factory east of Rødbyhavn constitutes FLC's main task up to the start of tunnel element production at the end of 2022. In 2021, the construction of the tunnel element factory gained momentum. In August, casting of the massive foundation began for the first of a total of three production halls in the upcoming tunnel element factory. At the end of 2021, the first steel column was erected for the 30-metre-high roof structure in the production hall. The first production hall is expected to be completed and ready to start work on the first tunnel element by the end of 2022.

In the spring of 2021, FLC and the Danish company Adapteo began the construction of the ‘tunnel village’ at Rødbyhavn, which when fully developed will contain more than 1300 single rooms with their own shower and toilet as well as canteen and recreational facilities etc. The tunnel village was inaugurated by the Minister for Transport on 2 September 2021, and by the end of the year, 320 rooms were ready, of which more than 216 had been taken into use.

In 2020, the contractor consortium Fehmarn Belt Contractors (FBC) began construction of the large work harbour east of Rødbyhavn.

The work harbour was completed as planned at the end of 2021. A fleet of vessels has laid the almost 2 million tonnes of stones for breakwaters in the work harbour and for the retaining dikes in the new land areas off Lolland. The work harbour will function both as a port of call for the delivery of materials for the production of the tunnel elements, and a shipping point for the finished tunnel elements when shipped from the factory for immersion in the tunnel trench in the Fehmarnbelt.

On 3 July 2021, the FBC initiated work on dredging parts of the tunnel trench for the future Fehmarnbelt tunnel. When almost 20 million cubic metres of material have to be dredged to establish the tunnel trench, equipment suitable for the task is needed. Therefore, among other things, the contractor FBC has put the world's largest dredger Magnor on the task. The large quantities ofmaterial dredged from the seabed will be reused to establish the new land areas off Lolland and, to a lesser extent, Fehmarn.

On 2 September 2021, the plan approval authority in Schleswig-Holstein issued a dispensation to Femern A/S, which allowed the project to start marine dredging work in areas on the German side of the Fehmarnbelt with stone reefs, which are covered by German nature conservation legislation. The dispensation had to be obtained as a result of the Federal Administrative Court's decision from November 2020, as after the plan approval decision was issued in January 2019, more stone reefs had been identified than were allowed for in the approval.

On the basis of the dispensation, FBC was able to begin dredging work for the tunnel trench in the coastal area on the German side in October 2021, as planned, just as work on the construction of the temporary work harbour at Puttgarden was initiated.

In October 2021, complaints were filed about the dispensation from two German NGOs, which are to be decided in a supplementary and delimited process at the Federal Administrative Court in Leipzig. The plan approval authority has issued an immediate enforcement order, so that the construction work in the reef areas can continue even though complaints have been filed. It is also possible to appeal against the immediate enforcement order itself.

In January 2022, one of the two German NGOs submitted an appeal against the immediate enforcement order to the Federal Administrative Court in Leipzig. The Court dismissed the appeal, so the construction work can start as planned, even in areas with protected stone reefs. Femern A/S in collaboration with the company's German lawyers is prepared to handle the complaint process. A decision in the case is expected during 2022.

The start of construction work on the German side was marked with a ground-breaking event on the island of Fehmarn on 29 November 2021. The event was attended by the Danish Minister for Transport, the Secretary of State in the German Federal Ministry of Transport and the Minister for Transport in Schleswig-Holstein.

Call for tender for electrical and mechanical installations in the tunnel

In 2020, Femern A/S initiated a call for tender for the contract for electrical and mechanical systems in the tunnel (TEM).

The specifications for the contract, which includes the establishment of both the physical installations and the necessary associated operating systems, emphasise that the solutions must take into account constant changes in legislation, international standards, systems, technologies and threats. In the tender process, great emphasis is also placed on green and climate-friendly solutions. For example, tenderers will be rewarded for the delivery of energy-saving solutions in the award model for the contract.

After Femern A/S had received initial tenders from the pre-qualified contractor consortia for the TEM contract in November 2021, the company initiated a thorough evaluation of the tenders submitted in collaboration with the technical consultant AFRY and the Legal Counsel to the Danish Government.

In parallel with the tendering procedure for the TEM contract, Femern A/S has advertised a contract for the establishment of a new transformer station in Rødbyhavn. In February 2022, Femern A/S received tenders from the prequalified bidders for the contract and is now reviewing them prior to negotiations. Like the TEM contract, this contract is expected to be awarded in 2022 for work to start in 2023.

Orderly conditions on the project.

Orderly conditions on the Fehmarnbelt project are a major priority for Femern A/S. Orderly conditions should form part of an efficient construction process. This calls for a broad joint effort and solution-oriented collaboration from the owner company Femern A/S, the contractors, trade unions and public authorities, including clear interfaces between different legislative areas.

Since 2020, Femern A/S has provided office facilities for the permanent representation of the trade unions and for control activities at the construction site in Rødbyhavn. In the autumn of 2021, several new offices and meeting rooms were provided to the BAT cartel in premises close to the tunnel village in Rødbyhavn. The new offices were officially opened on 5 November 2021.

To assist the authorities in monitoring and supervising the Fehmarnbelt project, Femern A/S established an authority centre in Rødbyhavn in 2021, in consultation with the Danish Ministry of Transport. The centre is located right next to the construction site, the trade union offices and Femern A/S own supervisory unit. The authority centre provides office facilities for the Danish Working Environment Authority, the Danish Agency for International Recruitment and Integration (SIRI), the Danish Maritime Authority, the Danish Tax Agency and the Police.

The official opening of the authority centre took place at an event held on 8 November 2021 and attended by the Minister for Transport, the acting Minister for Employment and the Minister for Immigration and Integration.

In addition to the work on orderly conditions, sustainability was high on the agenda in 2021 and will remain so in the future. That is why Femern A/S is publishing its first sustainability report in 2021, describing the company's work on sustainability.

Femern A/S encountered great and increasing interest from the public and various stakeholders in 2021 in visiting the Fehmarnbelt project exhibition centres in Rødbyhavn and in Burg on Fehmarn. Starting from the Owner's Office in Rødbyhavn there are regular tours of the project area for interested visitors, neighbours and other stakeholders.

Management of the construction phase

Femern A/S work on establishing the Fehmarnbelt Fixed Link is based on four management objectives:

- Time
- Finance
- Quality and Safety
- Organisation

The execution of the construction work follows procedures laid down in the contracts, including any changes or disagreements between the contractors and Femern A/S

Femern A/S has three overall owner tasks during the construction phase:

- Management of the contracts relating to the overall management objectives of the project
- Monitoring that the contractors' construction of the works complies with all requirements in the contracts and with permits issued by the authorities in Denmark and Germany
- Reporting, information and communication on status and progress.

Management, monitoring and reporting in relation to the construction work is based on a reporting concept, in which Femern A/S continuously and systematically follows the development of the four overall management objectives on the basis of specific Key Performance Indicators (KPIs) for each management objective.

The reporting concept is based on reporting by project contractors who are contractually obliged to provide Femern A/S with documentary evidence of compliance with the contract requirements and the company's own data every month.

The company's Corporate Social Responsibility (CSR) work

As the owner of the largest construction project ever carried out in Denmark, Femern A/S is a key player in stimulating economic growth and development, both in the region and across national borders. Throughout the development of the project, the company has worked on sustainability as a natural part of its core business.

In relation to sustainability, Femern A/S aims to be an inspiration for compliance in future construction projects. That is why Femern is constantly striving to ensure that the project delivers the greatest possible benefit to society and seeking to incorporate sustainability into all of its activities. This work naturally includes concrete and ambitious requirements for social sustainability in the company's contracts with the civil works contractors, while the company is constantly working to optimise the use of resources and minimise its impact on the climate.

Sustainability strategy

In 2021, Femern A/S drew up a sustainability strategy in which it defined a business model to support its work in this area. The strategy, which builds on the existing policy for CSR, provides a framework for sustainability and is an extension of Sund & Bælt Holding A/S policy for sustainability.

The strategy includes a prioritised list of UN Sustainable Development Goals which expands on the list of priorities produced by the company in 2020 and included in its annual report for that year. The sustainability strategy also includes a defined level of ambition and success criterion for each of the prioritised Sustainable Development Goals. Femern A/S has therefore defined three areas of influence within which to operate. The sustainability strategy describes the company's ambition level and success criterion for Femern A/S itself, for the contractors and project partners, and for the industry and the wider community.

Femern A/S' sustainability strategy can be accessed on the company's website and is described in more detail in its sustainability report for 2021, which is also published on the website.

Reporting on sustainability measures

As part of Femern A/S' work on redefining the framework for its sustainability measures, the company has produced a separate report on sustainability for 2021. This report is a supplement to the annual report; see Section 99a(5) of the Danish Financial Statements Act, and includes an account of the company's corporate social responsibility for 2021. The annual report covers the overall attainment of the goals for 2021, but refers to the sustainability report for a more in-depth review of the activities for 2021 and goals for 2022.

As a wholly-owned subsidiary of Sund & Bælt Holding A/S, Femern A/S has signed up to the UN Global Compact, and supports its ten principles and the Sustainable Development Goals derived from them. Femern A/S has integrated the UN's Sustainable Development Goals into its ongoing work and reporting on sustainability.

Objectives and activities in 2021

Femern A/S incorporates sustainability into all of the company’s activities, and an account of these is given in the company’s sustainability report for 2021 and goals for 2022. In 2021, Femern A/S also focussed on goal attainment within the four areas in which it planned to work in the course of the year, as described in the annual report for 2020. The four areas were:

1. Promote sustainable, robust and reliable high-quality infrastructure
2. Promote responsible growth and employment as well as education/training places
3. Ensure consideration of nature and protect biodiversity
4. Cross-cutting CSR efforts

These areas were addressed through a number of sub-activities, with goal attainment summarised below:

	Goal	Result
Promote sustainable, robust and reliable high-quality infrastructure	Follow-up on the climate strategy with climate dialogue meetings	√ Fulfilled Femern A/S held two well-attended climate dialogue meetings in 2021 with a wide cross-section of relevant stakeholders on e-highways and support for green vehicles.
	Prepare the Fehmarn tunnel for the green vehicles of the future	√ Fulfilled Femern A/S held dialogue meetings on e-highways and the most appropriate way to incorporate charging points into the design of the toll stations on the Danish and German sides. Femern A/S has also tendered a transformer station with ample excess capacity to provide electricity for charging.
	Identify the market's green solutions in the call for tender for installation contracts	√ Fulfilled Femern A/S' installation contract includes energy optimisation solutions among the tender award criteria.
Promote responsible growth and employment as well as education/training places	Monitoring the contractors' construction of the 'tunnel village' on Lolland	√ Fulfilled Femern A/S has been in close contact with the contractor consortia on the construction of the camp and is represented on the 'village council'. Femern A/S has also supervised the construction of the 'tunnel village' and entered into an agreement with the contractor to provide an ensuite shower and toilet in every room.
	Monitoring of apprenticeship schemes for all construction contracts	√ Fulfilled Femern A/S has reviewed and approved the apprenticeship plans for the two large contractors who are responsible for almost all apprentice positions.
	Activities and cooperation concerning recruitment and retention of apprentices and trainees	√ Fulfilled Femern A/S has entered into dialogue with all relevant stakeholders and has drawn up an action plan to provide a good youth environment for the apprentices in Rødbyhavn. Femern A/S has also started negotiations with the "social network" with a view to efficient recruitment of apprentices.
	Implementation of the Target Zero campaign	√ Fulfilled Femern A/S has run two 'Target Zero' campaigns to address particular safety issues on the construction site.
Ensure consideration of nature and protect biodiversity	Monitoring of local environmental impacts from the construction works	√ Fulfilled Femern A/S is constantly monitoring compliance by the contractors with environmental requirements. Monitoring takes place on shore and at sea in both Denmark and Germany.
	Development of the Environmental portal Ægir with data from the construction works	√ Fulfilled Femern A/S is running the Ægir environmental portal, which contains live data from marine sensors in the Fehmarnbelt. These measure the impact of the project on bottom-living fauna and flora, birds and harbour porpoises, and compliance with sediment spill requirements and airborne noise limits
	Monitoring and care of newly created nature areas	√ Fulfilled Femern A/S has established replacement areas to offset the environmental impact of the project. The replacement areas are constantly monitored, and their development is supported to keep up a good ecological status, with maintenance plans.
Cross-cutting CSR efforts	Opening of Femern A/S' new exhibition centre at Rødbyhavn	√ Fulfilled Femern A/S has opened a new and well-attended exhibition centre within the client centre in Rødbyhavn, which attracted some 24,200 visitors in 2021.
	Establishment of additional exhibition facilities near the project's construction sites	√ Partly fulfilled Femern A/S has started work on a public viewing tower close to the construction site.
	Dissemination of the company's CSR activities on its website, social media, information meetings, etc.	√ Fulfilled Femern A/S takes every opportunity to share the message about the company's work on sustainability, and has posted regular bulletins on its website through 2021.

Corporate Relations

Femern A/S is a state-owned limited company, established under civil law.

Femern A/S is, via A/S Femern Landanlæg, a part of Sund & Bælt Holding A/S, which is wholly owned by the Danish Ministry of Transport. Pursuant to the Planning Act and the Construction Act, respectively, the Minister for Transport is authorised in all significant matters to provide general or specific instructions to the company concerning matters related to the company's business.

Sund & Bælt Holding A/S is managed by a Board of Directors elected at the annual general meeting on the recommendations of the Minister for Transport.

The Board of Directors of Sund & Bælt Holding A/S is responsible for the subsidiaries. The members of the Board of Directors are appointed by the Government as part of the State's ownership of Sund & Bælt Holding A/S. A new Board of Directors for Femern A/S and the other subsidiaries of Sund & Bælt Holding A/S was constituted from 1 October 2021. The Board of Directors now comprises the Chief Executive of Sund & Bælt Holding A/S, Mikkel Hemmingsen, as Chairman, the CFO of Sund and Bælt Holding A/S, Signe Thustrup Kreiner, as Vice-chair and the CEO of A/S Øresund, Claus F. Baunkjær.

Most of the company's employees have transferred to Sund & Bælt Holding A/S and are paid by this company as from 1 January 2021.

Femern A/S has signed an agreement with Øresundsbro Konsortiet I/S concerning financial management.

The Fehmarnbelt project is a priority project within the trans-European transport network and, as such, receives EU funding. The EU funding has made a significant contribution to financing the planning and feasibility studies and will also contribute significantly to financing the construction works.

Femern A/S has its head office in Copenhagen. The company also has offices in Rødbyhavn, in Burg on Fehmarn and in Hamburg. The new Owner's Office and exhibition centre in Rødbyhavn were inaugurated in 2021.

Finance

The company's result was a profit of DKK 296.4 million before tax and a profit of DKK 231.2 million after tax, of which fair value adjustment of loans entered into constitutes DKK 298.6 million.

Revaluations of financial liabilities and assets are recognised in the statement of comprehensive income and so are not capitalised as part of the project under road and railway works under construction.

In 2021, the company incurred total costs of DKK 4,027.6 million. Estimated EU funding amounts to DKK 633.5 million, which is offset against total costs. The net increase is thus DKK 3,394.1 million.

Of the total project costs, DKK 3,528.3 million can be attributed to design work, construction activities, and compensation to contractors connected with the later start-up of the civil works contracts and the court case against the Schleswig-Holstein authorities' approval. The remaining DKK 499.3 million was used for salaries and administration, including rent and IT and financing costs. Since Femern A/S was established, project costs (excluding fair value adjustment of financial items) have amounted to DKK 11,703.6 million, of which DKK 11,513.6 million has been capitalised in the balance sheet. EU funding is set off totalling DKK 2,328 million.

Financing

Apart from the company's invested capital, activities are financed by borrowing and EU funding via the EU Commission's TEN-T/CEF programme. The EU Commission selected the Fehmarnbelt project as a priority project in 2003 within the trans-European transport net (TEN-T/CEF).

The Fehmarnbelt project was granted funding from the EU Commission for 2008-2015 totalling EUR 204.9 million, corresponding to just over DKK 1.5 billion. In 2017, the EU Commission and the Court of Auditors had both given their final evaluation of the funding period. After completion of the audit, the total disbursed support for the period amounts to DKK 1,351 million.

The EU funding programme for the development of an improved EU transport network for the period 2014-2020 is termed TEN-T/CEF. In 2015, the EU Commission decided to allocate EUR 589 million, or DKK 4.4 billion to support the project for 2015-2019. In 2016, the Commission extended the support period to the year 2020, and in 2020, the EU Commission further extended the support period to include the years 2021-2023.

Thus, it is expected that the support amount of DKK 4.4 billion will be fully utilised. The funding amount awarded is based on the CEF programme awarding a maximum of 40 per cent in support of cross-border railway-related activities, which are calculated to constitute 51 per cent of the total activities of the Fehmarnbelt project.

Disbursement of the EU funding is in the form of advance payments of the budgeted amount of the support payment and as final payment once the company has documented that eligible expenses have been incurred.

Femern A/S is applying for further support to the project in 2022 through the EU Commission’s CEF II programme, which covers the period 2021-2028. The EU Commission has announced that the Fehmarnbelt project is a strong candidate for further funding under the CEF programme.

From 2015 onwards, the company's finances are fixed in the Construction Act passed on 28 April 2015.

The company has two different means of borrowing:

- State loan provided through Danmarks Nationalbank (relending) via the parent company A/S Femern Landanlæg
- Loans on the money and capital markets based on a state guarantee.

The company financed its activities in 2021 via EU funding and relending through Danmarks Nationalbank and via A/S Femern Landanlæg A/S. Financing was provided for the borrowing requirement for the construction of the fixed link in the coming years. At the beginning of 2022, a total relending principal amount of DKK 11,750 million was raised and drawn on. The company also took out loans for DKK 14,040 million with future repayment dates. Thus, the total loan financing at the end of 2021 was unchanged at a nominal amount of DKK 11,750.0 million, whilst the fair value constitutes DKK 11,831.3 million.

The excess loan proceeds are invested in securities with a nominal value of DKK 1,784.8 million to be used together with new borrowing for financing in the coming period. The net debt is nominally DKK 9,630.3 million, and the fair value has been assessed at DKK 9,706.1 million.

The placing of liquidity is based on achieving a high level of security and liquidity. At the end of 2021, the liquid assets were placed in bank deposits and German government bonds. The credit quality of the liquidity investments is in the international credit rating agencies' rating AAA and is thus a minimal credit risk.

Financing costs in 2021 including fair value adjustments comprised an income of DKK 4.9 million, compared with an expense of DKK 927.0 million in 2020. The financial value adjustments in 2021 represented a profit of DKK 298.6 million against an expense of DKK 414.9 million in 2020.

It should be noted that the Danish government provides a separate guarantee for interest and repayments plus other ongoing obligations in connection with the company's borrowing against a guarantee commission. The guarantee commission constitutes 2.0 per cent in accordance with the financing model approved by the EU Commission on 20 March 2020. At the end of 2021, the interest-bearing net debt measured at fair value amounted to DKK 9,706.1 million compared with DKK 5,859.9 million at the end of 2020.

At the end of 2021, equity is positive at DKK 11.1 million after a financial result of minus DKK 231.2 million in 2021. The fair value adjustment of long-term loans raised amounts to DKK 298.6 million in 2021, and constitutes an accumulated amount of minus DKK 209.7 million. The fair value adjustment is only an accounting item and, thus, does not affect the company's liquidity. The fair value adjustment may vary considerably annually, but the risk is reduced in line with the maturity of the loan. The long-term loans are raised in order to increase the budget security in the company's long-term financing. In 2021, loans were rescheduled, so that the maturity is up to 30 years

The financial analysis from 2020 shows a repayment period of 28 years from the opening of the Fehmarnbelt Fixed Link. Interest repayments have been made since November 2020 which in themselves help to reduce the expected repayment period for the project. Several factors, such as price trends including raw materials and interest rates, could increase or reduce the overall repayment time.

Cash flow

Cash flow from operations constitutes DKK -588.0 million, derived primarily from shifts in the working capital, which comprises current assets and current liabilities. Investments in fixed assets constitute DKK 4,030.7 million net and the contractors' drawing on the loan facility constitutes DKK 91.1 million. Funds from the sale of securities amount to DKK 4,866.1 million

In addition to EU funding of DKK 382.7 million, financing activities include debt reduction of DKK 650.6 million.

At the end of 2021, the company's liquid assets totalled DKK 335.0 million, compared with DKK 209.4 million at the end of 2020.

Events after the balance sheet date

No events of importance for the 2021 Annual Report have occurred after the balance sheet date.

Outlook for 2022

For the coming year, the budget covers activities of the order of DKK 8.5 billion (equivalent to DKK 7.3 million at 2015 price level).

The FLC contracts were launched in their entirety from the beginning of January 2021 and will continue into 2022, and FBC will also continue with the ongoing activities in 2022. The activities are financed within the total construction budget of DKK 52.6 billion (2015 price level).

The greatest uncertainty relates to inflation, particularly in view of the war in Ukraine and the resulting international sanctions against Russia. Rising inflation and price pressure will affect the level of investment this year because of changing prices for raw materials in general and steel and energy in particular. As things stands, a temporary increase in inflation will not affect the costs of the planned investments. A more permanent rise in price levels will probably be reflected both in construction costs and in user payments for the infrastructure.

A profit of the order of DKK 1-2 million is expected before tax and fair value adjustments in 2022. Other costs will be capitalised.

Income in the form of EU subsidies for construction-related costs in 2022 will be offset against capitalised costs.

In expectation of society's return to normal with regard to Covid-19 within the near future, the impact on progress in 2022 is not expected to be serious. Femern A/S continues to focus strongly on problems caused by the Covid-19 pandemic.

Risk management and control environment

As an integral part of Femern A/S' management concept, risk management is common to all processes and phases, not least in the construction phase. Risk management is a continuation of the work carried out in the completed phases, including the Danish plan approval process, the tendering processes, the contract processes for the large contracts and the German plan approval process. Risk management is based on the principles and guidance of international standards that are also familiar to the project's contractors and consultants.

Risk management means to identify, quantify, assess, address, and manage threats and opportunities in such a way as to promote the project's objectives. It is a key element of the risk management process that the entire organisation of Femern A/S, from the Board of Management to the individual risk owner, is able to establish and maintain awareness of "risk" throughout the entire project.

Based on the company's and the contractors' risk register, as well as the strategic risk profile of the project, a number of key risks have been identified. Effective and timely handling of these risks is significant for the overall achievement of goals, particularly regarding activities in the construction phase and compliance with the construction budget. The nature and significance of the risks changes continually depending on the project's phase of development and the contractors' works. The development of the risks, including contractors' claims is, therefore, assessed continually so that mitigating actions can be initiated either by the company or by the contractors.

The risk management process is monitored and evaluated through the Femern A/S Risk Committee. The committee meets regularly to monitor and document the development of the project's overall risk profile (including the contractors' core risks), the most significant risks in the current and subsequent quarters, and develop mitigation strategies for the individual risks. The Risk Committee also monitors the risk reserve and follows its use closely.

The company's risk management and internal accounting and financial reporting reviews are designed to minimise the risk of errors in connection with the implementation of the construction work. The internal review system distinguishes clearly between roles and areas of responsibility, reporting requirements and procedures for certification and approval. The internal reviews are examined by the auditors and reported to the Board of Directors. A fixed procedure has been established and documented for the preparation of a quarterly risk report for shareholders and the Board of Directors.

Cooperation with the contractors

The contracts with the contractors are so-called turnkey contracts (Design & Build) where the contractors are responsible for the final design of the solution that they subsequently build. The same is true of the handling of risks in the project, which is based on the assumption that risks are placed where they can be best managed. This means that risks - and thereby, risk management - are placed with the party that can best influence / mitigate a given risk at the least cost.

The contractors have full ownership of Design & Build risks and are contractually obliged to work actively with risk management in relation to the contracts. The obligations are reflected in the contractors' set of plans and daily processes for risk management, where reports are submitted continually to Femern A/S covering both design and implementation risks. Risk management covers the risks related to construction in close cooperation with the contractors, where Femern A/S monitors the process through permanent monthly reports and evaluations, ongoing risk workshops at the design, implementation and management level, and ad hoc communication when the risk picture changes. All aspects of risk management are documented continually so that there is full transparency in the management of individual risks.

Work is ongoing to control and evaluate the risk work in cooperation with the contractors so that the risk management meets the contractual requirements and thus follows the international standard ISO 31000 Risk Management Principles and Guidelines.


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Key figures and financial ratios (DKK 1,000)

	2017	2018	2019*	2020*	2021*
Operating expenses	-919	-1,451	-1,297	-1,699	-2,219
Profit/loss from operations	-919	-1,451	-1,297	-1,699	-2,219
Tax	-993	27,839	90,029	91,599	-65,317
Profit/loss for the year	-1,912	-98,887	-319,331	-324,980	231,048
Net capital investments during the year	190,472	358,940	578,928	1,734,396	3,403,766
Equity	523,282	424,395	105,064	-219,916	11,132
Balance sheet total	3,587,894	7,375,020	13,323,491	13,581,959	13,576,050
Financial ratios, per cent:					
Profit ratio (primary operations)	0.0	0.0	0.0	0.0	0.0
Rate of return (primary operations)	0.0	0.0	0.0	0.0	0.0

The key figures are calculated as stated in Note 1, Accounting policies

*With effect from 1 January 2019, the company implemented IFRS 16 Leasing Contracts. The company's identified leasing agreements primarily concern the rental of premises. The company applied the modified retrospective transition method, whereby the comparative figures are not adjusted.

Statement of comprehensive income 1 January – 31 December 2021 (DKK 1,000)

Note	Statement of comprehensive income	2021	2020
	Costs		
3	Other operating expenses	-1,973	-970
4	Staff costs	-246	-729
	Total costs	**-2,219**	**-1,699**
	Profit/loss from operations (EBIT)	**-2,219**	**-1,699**
	Financials		
	Net fair value adjustment	298,584	-414,880
	Total financial items	**298,584**	**-414,880**
	Profit/loss before tax	**296,365**	**-416,579**
5	Tax	-65,317	91,599
	Profit/loss and comprehensive income for the year	**231,048**	**-324,980**
	Other comprehensive income	0	0
	Tax on other comprehensive income	0	0
	Comprehensive income	**0**	**0**

Profit appropriation: It is proposed that the profit for the year of DKK 231.0 million be carried forward to next year.

Balance sheet 31 December 2021 (DKK 1,000)

Note	Assets	2021	2020
	Non-current assets		
	Intangible fixed assets		
6	Software	3,981	8,450
	Total intangible assets	**3,981**	**8,450**
	Property, plant and equipment		
7	Road and railway facilities under construction	9,334,422	5,940,294
8	Land and buildings	15,547	15,961
9	Leasehold improvements	0	0
10	Operating plant	10,256	2,286
11	Leasing assets	15,081	36,562
	Total property, plant and equipment	**9,375,306**	**5,995,103**
12	Loans to contractors	83,375	174,395
	Total financial assets	**83,375**	**174,395**
	Total non-current assets	**9,462,662**	**6,177,948**
	Current assets		
	Receivables		
12	Loans to contractors	90,955	90,989
13	Receivables	741,361	305,763
19	Debt securities held in portfolio	1,789,773	6,665,065
19,21	Derivatives, receivables	285	0
14	Prepayments and accrued income	1,156,043	132,767
	Total receivables	**3,778,417**	**7,194,584**
15	**Cash at bank and in hand**	**334,971**	**209,427**
	Total current assets	**4,113,388**	**7,404,011**
	Total assets	**13,576,050**	**13,581,959**

Balance sheet 31 December 2021 (DKK 1,000)

Note	Liabilities	2021	2020
	Equity		
16	Share capital	500,000	500,000
17	Free reserves	-488,868	-719,916
	Total equity	**11,132**	**-219,916**
	Liabilities		
	Non-current liabilities		
18	Deferred tax liabilities	530,423	345,833
19	Bond loans and amounts owed to credit institutions	11,827,480	12,751,483
11	Leasing obligations	7,540	24,375
	Total non-current liabilities	**12,365,443**	**13,121,691**
	Current liabilities		
11	Leasing obligations	7,541	12,187
20	Trade creditors and other liabilities	1,188,151	661,831
19,21	Derivatives, liability	0	317
22	Prepayments and accrued income	3,783	5,849
	Total current liabilities	**1,199,475**	**680,184**
	Total liabilities	**13,564,918**	**13,801,875**
	Total equity and liabilities	**13,576,050**	**13,581,959**

1	Accounting policies
2	Significant accounting estimates and assessments
19	Financial risk management
23	Contractual liabilities, contingent liabilities and securities
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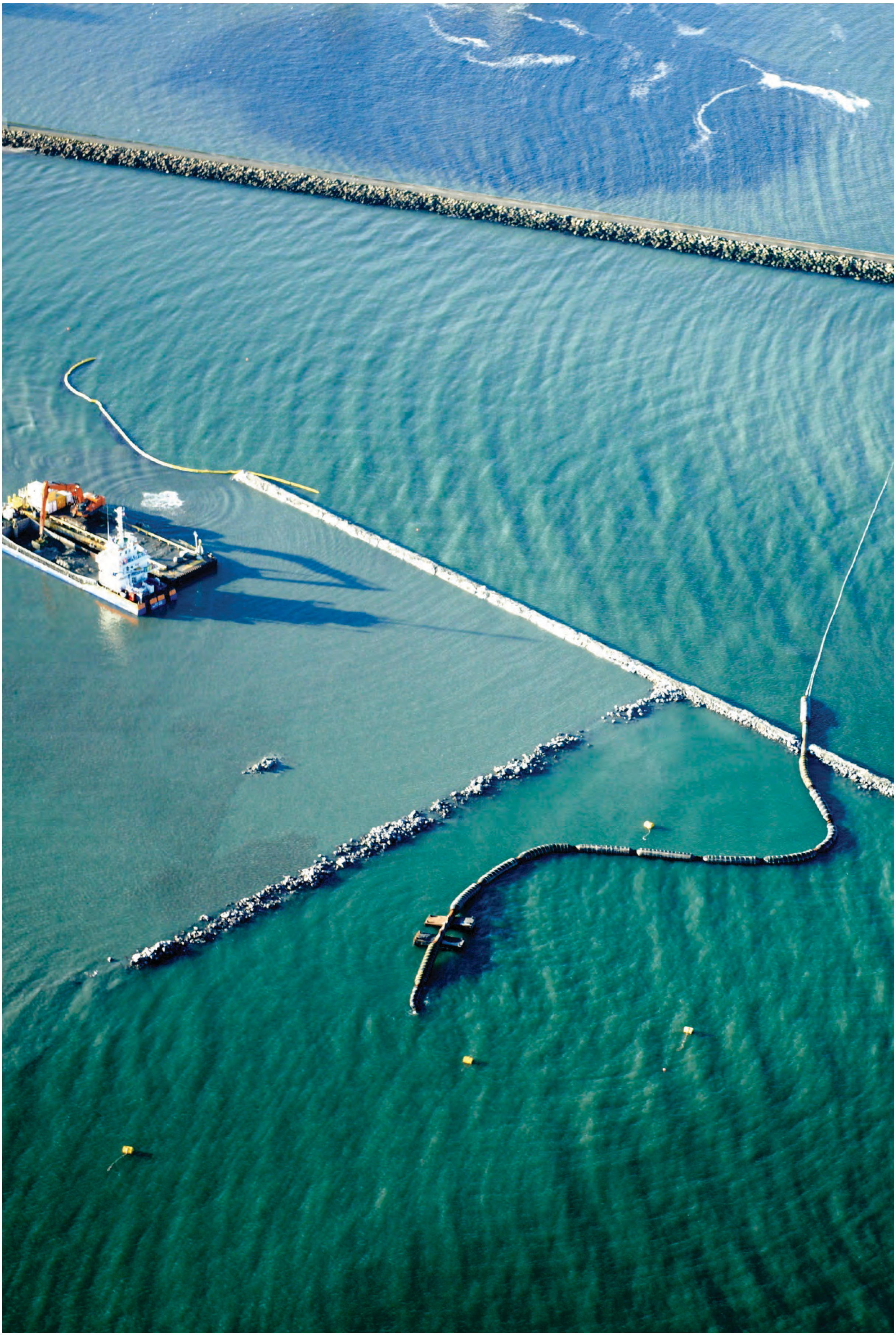
Statement of Change in equity (DKK 1,000 DKK)

	Share capital	Free reserves	Total
Balance at 1 January 2020	**500,000**	**-394,936**	**105,064**
Profit/loss and comprehensive income for the year	0	-324,980	-324,980
Balance at 31 December 2020	**500,000**	**-719,916**	**-219,916**
Balance at 1 January 2021	**500,000**	**-719,916**	**-219,916**
Profit/loss and comprehensive income for the year	0	231,048	231,048
Balance at 31 December 2021	**500,000**	**-488,868**	**11,132**

Cash Flow Statement (1,000 DKK)

Note		2021	2020
	Cash flow from operating activities		
	Loss before net financials	-2,219	-1,699
	Adjustments		
	Tax	-65,317	91,599
	Cash flows from primary operations prior to a change in working capital	**-67,536**	**89,900**
	Change in working capital		
	Receivables, prepayments and accrued income	-1,231,423	-102,345
	Trade creditors and other liabilities	710,910	455,272
	Total cash flow from operating activities	**-588,049**	**442,827**
	Cash flow from investing activities		
	Purchase of intangible fixed assets	-1,323	-2,981
	Acquisition of tangible fixed assets	-4,029,363	-1,951,796
	Purchase of securities	0	0
	Sale of securities	4,866,107	1,710,437
	Repayment of long-term loans	91,054	-128,343
	Total cash flow from investing activities	**926,475**	**-372,683**
	Free cash flow	**338,426**	**70,144**
19	**Cash flow from financing activities**		
	EU subsidy received	382,723	137,169
	Borrowing	6,155,611	5,515,968
	Reduction of liabilities	-6,806,186	-5,807,238
	Financial income	54,970	79,388
	Total cash flow from financing activities	**-212,882**	**-74,713**
	Change for the period in cash at bank and in hand	**125,544**	**-4,569**
	Cash at bank and in hand at 1 January	209,427	213,996
	Total cash at bank and in hand at 31 December	**334,971**	**209,427**
	Cash at bank and in hand is composed as follows:		
	Cash at bank and in hand and deposit accounts	334,971	209,427
15	**Total cash at bank and in hand at 31 December**	**334,971**	**209,427**



Notes

Note 1 Accounting policies applied

General
Femern A/S is a limited liability company established in Denmark. Femern A/S is a subsidiary of A/S Femern Landanlæg and appears in the consolidated accounts for Sund & Bælt Holding A/S, which is the ultimate parent company.

The annual accounts of Femern A/S for 2021 are presented in accordance with the International Financial Reporting Standards (IFRS), as issued by IASB and approved by the EU, as well as additional Danish disclosure requirements for annual reports for class C accounts, as stipulated in the IFRS public regulation issued under the Financial Statements Act. To assist readers of the accounts, some of the details required according to the IFRS are also included in the Management Report. Similarly, details not deemed to be important for readers of the accounts have been omitted.

The annual accounts are presented in DKK, which is also the company's functional currency. All amounts are stated in thousand DKK unless otherwise stated.

The accounting policies applied, as described below, are used consistently for the financial year and for the comparative figures. However, the comparative figures have not been corrected for standards implemented early.

The company has opted to use the so-called Fair Value Option in IFRS 9. This means that all financial assets and liabilities (loans and derivatives) are measured at the fair value, and changes in fair value are included in the statement of comprehensive income. Loans and liquid assets are classified at fair value measurement at the time of first being recognised on the balance sheet, whereas derivatives are always recognised at fair value, cf. IFRS 9.

The reason for opting for the Fair Value Option is that the company consistently applies a portfolio consideration in connection with financial management, which implies that the intended exposure to various financial risks is achieved through a range of different financial instruments - primary and derivative. This means that no distinction is made between, for example, loans and derivatives in the management of the financial market risk; the focus is solely on the overall exposure. The choice of financial instruments for covering financial risk in financial management can, therefore, give rise to accounting asymmetries unless the Fair Value Option is used.

In the opinion of the company, the Fair Value Option is the only measurement principle permitted under IFRS that reflects this view. The reason is that the other principles all give rise to inappropriate asymmetries between otherwise identical exposures, depending on whether the exposure was established in the form of loans or derivatives, or necessitate extensive requirements for documentation of hedging as is the case with the rules on "hedge accounting". As derivatives, financial assets and loans are measured at fair value, measurement in the accounts will achieve the same result for loans and associated cover with derivatives when the covering of the financial risk is effective, and the company thus achieves symmetry in its accounting methods. Loans without associated derivatives are measured at their fair value, instead of applying the general rule in IFRS 9, which includes loans at amortised cost. This leads to fluctuations in the result for the year due to value adjustments.

Implementation of new and amended accounting stardards
The company implemented the following amended stardards and interpretations with effect from 1 January 2021. However, the company is not affected by the changes to IFRS 16.

- IFRS 16:
  - Charge concerning the use of benchmark rates (change in the use of benchmark rates in IFRS 9, IAS 39, and IFRS 7 implemented from 1 January 2020
  - Covid-19 related rent reductions

Agreed accounting standards and interpretations that have not yet come into force
Currently, no amended accounting standards and interpretations adopted by the IASB and approved by the EU for later entry into force are relevant to the company.

Currency conversions
Transactions in foreign currency are converted when first recognised at the rate in effect on the date of the transaction. Exchange rate differences occurring between the transaction date and the payment date are recognised in the statement of comprehensive income as a financial item.

Receivables, debt and other monetary items in foreign currencies are converted to the exchange rate of the balance sheet date. The difference between the exchange rate on the date of the balance sheet and the rate at the time when the receivable or debt arose, or the exchange rate on the date of the preceding balance sheet is included in the calculation of the total income under financial items.

Non-monetary assets and liabilities in foreign currencies that are not revalued at their fair value are converted at the exchange rate that applies on the transaction date.

Exchange rate conversion of financial assets and liabilities is part of the value adjustment, and currency conversion of debtors, creditors, etc. is attributed to financial income and costs.

Segment information
According to IFRS, information must be provided on revenue, expenditure, assets and liabilities per segment. It is the company's assessment that the company comprises one segment. The internal reporting and top management's financial management is effected on the basis of one total segment.

Public funding
Public funding includes EU subsidies and guarantees provided by the Danish government. Government grants are included when it is reasonably likely that the funding conditions are fulfilled and the funding will be received.

Funding to cover costs is recognised in the statement of comprehensive income over the periods in which related costs are recognised. Funding is offset against costs incurred. Public funding linked to the construction of roads and railways is deducted from the asset's cost price.

Income statement and statement of comprehensive income
The company's purpose is to undertake project design engineering and the owner's management of the fixed link across the Fehmarnbelt. The company's expenses are capitalised and included in the cost price for "roads and railways under construction" under plant, property and equipment. Only a part of the company's general administration costs is recognised in the income statement and statement of comprehensive income.

Financials
Financials contain interest income and expenses, capital gains and losses for cash at bank and in hand, securities, debts and derivatives as well as foreign currency transactions. Furthermore, realised gains and losses are included as regards derivative financial instruments.

Financial costs for financing assets under construction are included in the cost price for the assets.

Tax on the year's results
The company is subject to the Danish rules on mandatory joint taxation of the Sund & Bælt group's companies. Subsidiaries are jointly taxed from the date on which they are included in the consolidated accounts, and until the date on which they are omitted from the consolidated accounts.

Sund & Bælt Holding A/S is the management company for the joint taxation and, as a result, settles all payments of corporation tax with the tax authorities.

According to the joint taxation agreement, balances under the Danish Corporation Tax Act's interest deduction limitation rules are distributed among the jointly taxed companies. Deferred tax liabilities concerning such balances are recognised in the balance sheet, but deferred tax assets are only recognised if the criteria for doing so are fulfilled.

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

The tax for the year, comprising the current corporation tax for the year, the joint taxation contribution for the year and a change in deferred tax - including as a result of a change in the tax rate - is recognised in the statement of comprehensive income with the part attributable to entries directly in the equity.

Financial assets and liabilities
Recognition of financial assets and liabilities is performed for the first time on the trading day.

Cash in hand and at bank is recognised at fair value initially and subsequently when measured in the balance sheet. Differences in fair value between balance sheet dates are recognised in the results under financials. All cash in hand and at bank will be classified when recognised as assets valued at fair value.

Loans are recognised at their fair value in the balance sheet at the first recognition date and subsequently. All loans are classified on the recognition date as financial liabilities measured at fair value via the statement of comprehensive income. Regardless of the extent of interest rate hedging, all loans are measured at fair value with continuous recognition of fair value adjustments that are stated as the difference in fair value between balance sheet dates.

The fair value of loans is determined as their market value in the event of discounting of known future and expected cash flows with the relevant discount rates. Discount rates are determined based on current market rates deemed to be available to the company as a borrower.

Loans with a contractual maturity of more than one year are included as long-term debt.

According to IFRS 13, fair values of financial assets and liabilities are stated according to a 3-level hierarchy for the valuation method. The first level of the valuation hierarchy includes the financial assets and liabilities calculated at liquid and available market prices. Level 2 then follows with the valuation of assets and liabilities at quoted market prices as input to recognised and common valuation methods and pricing formulas. The last level includes assets and liabilities in the balance sheet, which are not based on observable market data and, therefore, require special mention.

The company based the calculation of fair values on relending with liquid and available market prices, i.e., at level 1, while derivatives and other financial liabilities are based on quoted market data as input to current, recognised and standardised valuation methods and pricing formulas at level 2, cf. the valuation hierarchy in IFRS 13. There have not been any transfers between the levels during the year.

Intangible fixed assets
Intangible assets are measured at cost price at the time of first recognition. Assets are subsequently measured at cost price, less depreciation and write-downs applied.

Intangible assets comprise IT software and are depreciated linearly over the expected useful lifetime, but for no longer than a maximum of 5 years.

Tangible fixed assets
Property, plant and equipment are measured at cost price at the time of first recognition. The cost price includes the price of acquisition plus costs directly related to acquisition up to the date when the asset is ready for use. Assets are subsequently measured at cost price, less depreciation and write-downs applied.

Leasing assets relate primarily to the rental of premises. The leasing asset is valued based on the assessed leasing obligation, and the leasing asset’s usage time is defined to be the irrevocable leasing period.

The value of roads and railways during the construction period is assessed according to the following principles:

- Costs of the facilities based on agreements and contracts signed are capitalised directly
- Other direct or indirect costs are capitalised as the value of the company’s own work
- Net financing costs are capitalised as interim interest during construction.
- EU funding received is set off against the cost price

Areas include investments in land and buildings planned for use for the project during the construction and operation phases.

Other assets are stated at cost price and depreciated according to the straight-line method over the useful lives of the assets, which constitute:

Administrative IT systems and programmes (software)	3-5 years
Improvements of leased premises, lease term, but max.	5 years
Other plant, machinery and equipment	5-10 years
Buildings for permanent use	25 years

Depreciation is recognised in road and railways under construction.

The depreciation method and useful lives are reassessed annually and revised if any major change in conditions or expectations has occurred. In the event of a change in the depreciation period, the effect is recognised moving forward as a change in accounting estimate.

The basis of depreciation is stated in consideration of the asset's scrap value and is reduced by any write-downs. The scrap value is determined on the date of acquisition and is revised annually. If the scrap value exceeds the book value of the asset, depreciation will cease.

Gains and losses from disposal of plant, property and equipment are calculated as the difference between sales price less cost of sales and book value on the date of sale. Profit or loss is calculated for the road and railway infrastructure during construction.

Leasing contracts
A leasing asset and a leasing obligation are included in the balance sheet when a specific identifiable asset is available to the group during the leasing period in accordance with a concluded leasing agreement and when the group has the right of access to virtually all the economic benefits from the use of the identified asset and the right to determine the use of the identified asset.

Leasing commitments are measured at the first inclusion to the present value of the future leasing services discounted with an alternative rate of interest. The leasing commitment is measured at the amortised cost price using the effective compound method. The leasing commitment is recalculated when there are changes in the underlying contractual cash flows from changes in the group's assessment of whether a derogation or termination option is expected to be used with reasonable probability.

The leasing asset is measured at the first factoring in at cost price, which corresponds to the value of the leasing commitment. Subsequently, the asset is measured at cost price minus the accumulated depreciation and write-downs. The leasing asset is depreciated over the shortest period of the leasing period and the leasing asset's service life.

The leasing asset is adjusted for changes in the leasing commitment as a result of changes in the conditions in the leasing agreement or changes in the contract's cash flows in accordance with changes in an index or an interest rate.

The leasing asset is depreciated according to the straight-line method over the expected leasing period that constitutes:

Leasehold premises	5 years

Depreciation is calculated for road and railways construction.

The company has chosen not to include leasing assets with a low value and short-term leasing agreements in the balance sheet.

Impairment of assets
Intangible, tangible and financial fixed assets are tested for loss in the event of depreciation (other assets are covered by IFRS 9) when there is an indication that it is possible that the accounting value cannot be recovered. A loss due to impairment is recognised at the amount by which the asset's book value exceeds the recoverable amount, i.e. the asset's net sales price or value in use, whichever the higher. The utility value is calculated at the present value of the expected future cash flow using a discount factor that reflects the market's current required rate of return.

Receivables
Receivables are measured at amortised cost price. A write-down is done for counteracting losses where it is considered that the value of an individual receivable or a portfolio of receivables is impaired. Write-downs are determined based on the experience of historical loss and future expected losses.

Accruals and deferred expenses, assets
Prepayments and accrued income recognised under assets include costs paid concerning the subsequent financial year.

Debt securities held in portfolio
Listed securities are included as current assets from the day of trading and measured at the fair value on the balance sheet date.

Cash at bank and in hand
Cash at bank and in hand includes cash funds and short-term deposits that can be converted to cash funds without hindrance, and which entail only an insignificant risk of changes in value.

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

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

Joint taxation contributions payable and receivable are included in the balance sheet under affiliated companies' debts.

Deferred tax is measured according to the liability method for all temporary differences between the book value and the value for taxation of assets and liabilities. When the statement definition of value for taxation can be performed according to different taxation rules, deferred tax is measured on the basis of the management's planned use of the assets or settlement of the liability, respectively.

Deferred tax assets, including the value for taxation of tax losses that can be carried forward, are recognised under other non-current assets at the value at which they are expected to be used, either by elimination of the tax on future earnings or by set-off against 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 according to their joint taxation agreement. Deferred tax liabilities concerning such balances are recognised in the balance sheet, but tax assets are only recognised if the criteria for deferred tax assets are met.

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

Deferred income, liabilities
Deferred income recognised under liabilities includes payments received concerning earnings in the subsequent years.

Cash flow statement
The cash flow statement for the company is compiled according to the indirect method based on the entries in the statement of comprehensive income for the year. The company's cash flow shows cash flow for the year, changes in cash reserves for the year and the company's cash reserves at the start and end of the year.

Cash flows from operations are stated as the result before financials adjusted for non-cash result items, calculated corporation tax and changes in the working capital. The working capital includes the operations-related balance sheet items under current assets and short-term debt.

Cash flows from investment activities include the buying and selling of intangible, tangible and financial assets.

Cash flows from financing activities include borrowing, repayments of debt, repayment of leasing obligations, financing items as well as dividends to shareholders.

Cash and cash equivalents comprise cash and securities that at the time of purchase have a residual maturity of less than three months and which without impediment can be translated into cash equivalents, and with only negligible risks to changes in value.

Financial ratios
The financial ratios are compiled in accordance with the CFA Society of Denmark's "Recommendations and Financial Ratios".

The financial ratios presented in the key figures and financial ratios summary are calculated as follows:

Profit margin:	The result of primary activities less other earnings as a percentage of turnover.
Return on capital employed:	The result of main activities less other earnings as a percentage of all assets.

Note 2 Significant accounting estimates and assessments

Determining the carrying amounts of some assets and liabilities requires estimation of the effects of uncertain future events on those assets and liabilities at the end of the reporting period. Estimates that are material to the financial reporting are made, inter alia, by calculating the fair value of certain financial assets and liabilities.

For some financial assets and liabilities, an estimate is made of expected future inflation when calculating the fair value.

The calculation of the fair value of financial instruments is associated with estimates of the relevant discount factor for the company, volatility on reference rate of interest, and currency for financial instruments with optionality in the cash flows and estimates of future development of inflation for real interest rate loans and swaps. The estimates made for the calculation of fair values and depreciation requirements are, as far as possible, based on observable market data, and are regularly assessed with current price indications, cf. note 1.

In connection with the calculation of deferred tax, an estimate is made for the future exploitation of tax losses that can be carried forward, which is based on the expected future earnings of the Group and the expected useful life of the fixed assets. In addition, an estimate is made of capital gains on financials that can be used to recover interest-rate ceiling limitations within a 3-year period. As far as possible, the estimate is based on observable market data and is continuously assessed with developments of inflation and current interest rate indications, cf. note 19.

Note 3 Other operating expenses (DKK 1,000)

Other external costs are costs that are incurred during the year relating to operations and include administrative expenditure, etc. and project workers. A significant part of other external costs is capitalised and included in the cost price for “roads and railways under construction” under intangible fixed assets.

Fees to the auditor, PWC, elected by the company’s Annual General Meeting	**2021**	**2020**
Statutory audit	0	0
Other services	0	51
Total fees to the company's auditor elected by the Annual General Meeting	**0**	**51**
Recognised in road and railway facilities under construction	0	-51
Fees to the company's auditor elected by the Annual General Meeting in the comprehensive income statement	**0**	**0**

Fees to the auditor, Deloitte, elected by the Annual General Meeting	**2021**	**2020**
Statutory audit	75	75
Other statements of assurance	65	180
Tax advice	665	0
Other services	590	57
Total fees to the company's auditor elected by the Annual General Meeting	**1,395**	**312**
Recognised in road and railway facilities under construction	-1,320	-237
Fees to the company's auditor elected by the Annual General Meeting in the comprehensive income statement	**85**	**75**

Note 4 staff costs (DKK 1,000)

Staff costs include all costs for personnel, the Board of Management and the Board of Directors. The staff costs include direct payroll costs, pension payments, the cost of courses, and other direct staff costs. The same applies to costs for pay-related taxes, earned holiday allowance and similar expenses. The staff costs are capitalised and included in the cost price for "roads and railways under construction" under plant, property and equipment. However, a share of the costs is included for the remuneration of the management as a cost.

	2021	**2020**
Wages and salaries, remuneration and emoluments	7,846	94,593
Pension contributions	193	5,954
Social security	1,717	2,123
Other staff costs	6,759	4,745
Total staff costs	**16,515**	**107,415**
Recognised in road and railway facilities under construction	-16,269	-106,685
Staff costs in the comprehensive income statement	**246**	**730**
Average number of employees	47	107

Most of the company’s employees have transferred to Sund & Bælt Holding A/S and are paid by this company as from 1 January 2021.

Remuneration for Board of Management

For 2021	**Fixed salary**	**Pensions**	**Non-monetary benefits**	**Total**
Claus F. Baunkjær - 01.01 - 31.07	1,535	100	2	1,637
Henrik Vincentsen - 01.08 - 31.12	752	79	1	832
Total	**2,287**	**179**	**3**	**2,469**

For 2020	**Fixed salary**	**Pensions**	**Non-monetary benefits**	**Total**
Claus F. Baunkjær	2,604	139	3	2,746
Total	**2,604**	**139**	**3**	**2,746**

As from 1 August 2021, the company’s CEO is employed in Sund & Bælt Holding A/S and receives directors’ fees from this company, paid via administrative contributions.

Note 4 Staff costs (DKK 1,000), (continued)

Fees to the Board of Directors	2021	2020
Signe Thustrup Kreiner* (joined 1 October 2021)	0	0
Claus Flyng Baunkjær* (joined 1 October 2021)	0	0
Mogens Hansen* (joined 17 April 2020)	0	0
Louise Friis* (resigned 1 October 2021)	0	0
Mogens Hansen* (resigned 1 October 2021)	0	0
Peter Frederiksen (resigned 17 April 2020)	0	109
Jørn Tolstrup* (resigned 17 April 2020)	0	0
Rainer Feuerhake (resigned 17 April 2020)	0	47
Walter Christophersen (resigned 17 April 2020)	0	42
Claus Jensen* (resigned 17 April 2020)	0	0
Lene Lange (resigned 17 April 2020)	0	42
Ruth Schade (resigned 17 April 2020)	0	42
Jeanne Christensen (resigned 17 April 2020)	0	47
Anne Bøgh Johansen (resigned 1 June 2020)	0	47
Vilads Engstrøm (resigned 1 June 2020)	0	47
Randi Weihrauch (stepped down 17 April 2020)	0	47
Total fees to the Board of Directors	**0**	**470**

The Board receives directors’ fees in Sund & Bælt Holding A/S, paid via administrative contributions.

Note 5 Tax (DKK 1,000)

	2021	2020
Tax paid (joint taxation contribution)	-116,789	-41,618
Change in deferred tax	182,106	-49,991
Adjustment of tax paid, previous year	-2,484	10
Adjustment of deferred tax, previous year	2,484	0
Total tax	**65,317**	**-91,599**
Tax on the year's results is specified as follows:		
Calculated 22.0 per cent tax on year's results	65,200	-91,647
Other adjustments	117	48
Total	**65,317**	**-91,599**
Effective tax rate	**22%**	**22%**

Note 6 Software (DKK 1,000)

	2021	2020
Acquisition value on 1 January	23,472	20,491
Additions for the year	1,323	2,981
Acquisition value at 31 December	**24,795**	**23,472**
Depreciation and write-downs at year beginning	15,022	12,192
Depreciation and write-downs for the year	5,792	2,830
Depreciation and write-downs at end-of-year	**20,814**	**15,022**
Balance at 31 December	**3,981**	**8,450**
Depreciation recognised in road and railway facilities under construction	5,792	2,830

Administrative IT systems and programmes are depreciated linearly over the expected useful life, which is a maximum of 5 years.

Note 7 Road and railway facilities under construction (DKK 1,000)

	2021	2020
Acquisition value on 1 January	5,940,294	4,211,480
Additions for the year	4,027,599	1,954,748
Received EU subsidy	-633,471	-225,934
Acquisition value at 31 December	**9,334,422**	**5,940,294**
Balance at 31 December	**9,334,422**	**5,940,294**
Of which areas	195,178	194,947

In road and railway facilities under construction, financing expenses before value adjustments (net) are capitalised at DKK 293.6 million, and the capitalisation rate is 100 per cent. Valuation adjustments are posted in the total income statement.

Note 8 Land and buildings (DKK 1,000)

	2021	2020
Acquisition value on 1 January	20,430	21,137
Additions for the year	20	843
Transfer to inventory	0	-1,550
Acquisition value at 31 December	**20,450**	**20,430**
Depreciation and write-downs at year beginning	4,469	4,055
Additions for the year	434	414
Depreciation and write-downs at end-of-year	**4,903**	**4,469**
Balance at 31 December	**15,547**	**15,961**
Depreciation recognised in road and railway facilities under construction	434	414

Buildings are depreciated linearly over the expected useful life of 25 years.

Note 9 Leasehold improvements (DKK 1,000)

	2021	2020
Acquisition value on 1 January	30,875	30,875
Acquisition value at 31 December	**30,875**	**30,875**
Depreciation and write-downs at year beginning	30,875	30,745
Depreciation and write-downs at end-of-year	**30,875**	**30,875**
Balance at 31 December	**0**	**0**
Depreciation recognised in road and railway facilities under construction	0	0

Leasehold improvements are depreciated linearly over the term of the lease, however, over a maximum of 5 years.

Note 10 Operating equipment (DKK 1,000)

	2021	2020
Acquisition value on 1 January	16,904	15,146
Additions for the year	8,295	1,758
Transfer from land and buildings	0	1,550
Disposals for the year	0	-1,550
Acquisition value at 31 December	**25,199**	**16,904**
Depreciation and write-downs at year beginning	14,618	13,859
Depreciation and write-downs for the year	325	2,309
Reversed depreciation and write-downs at end of year	0	-1,550
Depreciation and write-downs at end of year	**14,944**	**14,618**
Balance at 31 December	**10,256**	**2,286**
Depreciation recognised in road and railway facilities under construction	325	2,309

Operating equipment is depreciated linearly over the expected useful life of 5 years.

Note 11 Lease assets (DKK 1,000)

	2021	2020
Leasing assets		
Leasing assets relating to properties		
Acquisition value on 1 January	60,936	60,936
Disposals for the year	-23,233	0
Acquisition value at 31 December	**37,703**	**60,936**
Depreciation at 1 January	24,374	12,187
Depreciations for the year	11,172	12,187
Depreciation for the year *	10,309	0
Reversals for the year	-23,233	0
Depreciation at 31 December	**22,622**	**24,374**
Balance at 31 December	**15,081**	**36,562**
Depreciation recognised in road and railway facilities under construction	22,622	24,374
Leasing obligations		
Maturity of leasing obligations		
Less than 1 year	7,541	12,187
From 1 to 3 years	7,540	24,375
Total non-discounted leasing obligation at 31 December (year closing)	**15,081**	**36,562**
Leasing obligation included in the balance sheet		
Short-term	7,541	12,187
Long-term	7,540	24,375
	15,081	**36,562**

* Write-down represents a change to the lease

Note 12 Loans to contractors (1,000 DKK)

	2021	2020
Long-term	83,375	174,395
Short-term	90,955	90,989
	174,330	**265,384**

In accordance with the construction contract and supplementary agreements with the contractors, lending facilities have been made available. The first tranche of the loan facility was disbursed in 2019. The loan is repayable continuously over 36 months, starting one year after borrowing. The loan will be repaid by the contractor by contractual agreement.

Note 13 Receivables (DKK 1,000)

	2021	2020
Joint taxation contributions	116,789	41,618
EU subsidy receivable	372,426	121,678
VAT receivable	245,544	141,892
Members	5,930	0
Other receivables	672	575
Total	**741,361**	**305,763**

Receivables comprise EU subsidies receivable, balances with members and recharged expenditure. The book value of receivables represents the expected realisable value.

Note 14 Prepayments and accrued income (DKK 1,000)

The ‘Advance payments’ line includes advance payments for the contracts for the construction of the Fehmarnbelt Fixed Link.

	2021	2020
Deposits	385	508
Accrued interest financial instruments	0	23,297
Advance payments	1,155,658	108,962
Total prepayments and accrued income	**1,156,043**	**132,767**

.

Note 15 Cash at bank and in hand (DKK 1,000)

	2021	2020
Cash at bank and in hand	334,971	209,427
Total cash at bank and in hand	**334,971**	**209,427**

Note 16 Share capital

	2021	2020
Number of shares with a nominal value of DKK 100, 1 January	5,000,000	5,000,000
Number of shares with a nominal value of DKK 100, 31 December	**5,000,000**	**5,000,000**

At 31 December 2021, the share capital comprised 5,000,000 shares at a nominal value of DKK 100.

The entire share capital is owned by A/S Femern Landanlæg, which is wholly owned by Sund & Bælt Holding A/S, wholly owned by the Danish state. The company is included in the consolidated financial statements of Sund & Bælt Holding A/S.

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. The Danish state guarantees Femern A/S' financial liabilities.

Note 17 Free reserves (DKK 1,000)

	2021	2020
At 1 January	-719,916	-394,936
Profit/loss for the year	231,048	-324,980
At 31 December	**-488,868**	**-719,916**

Note 18 Deferred tax liability (DKK 1,000)

	2021	2020
Balance at 1 January	-345,833	-393,043
Deferred tax for the year	-182,106	49,991
Adjustment of deferred tax, previous year	-2,484	-2,781
Balance at 31 December	**-530,423**	**-345,833**
Deferred tax relates to:		
Intangible fixed assets and property, plant and equipment	-764,879	-780,362
Trimmed net financing costs	176,120	263,910
Tax loss	58,336	170,619
Total	**-530,423**	**-345,833**

Note 19 Financial risk management

Financing

Financial management in the company is performed within the framework set by the company's Board of Directors and applicable guidelines from the Danish Ministry of Finance, which administers the Danish government's unlimited guarantee for the company's activities. The Board of Directors determines the framework for currency and interest rate exposure, the composition of the company's borrowing and thus the overall financing.

The overall objective of financial management is to achieve the lowest possible cost of financing for the project throughout its useful life with regard to an acceptable level of risk acknowledged by the Board of Directors. The company is subject to the same types of financial risks as other enterprises, but as a result of the nature of the project, has a very long time horizon. A long-term perspective in weighing results and risks related to financial management is applied.

The company has access to relending, a form of borrowing provided by Danmarks Nationalbank on behalf of the government to the company, based on a specific government bond and with the same terms as government bonds sold on the market.

Financing was provided for the borrowing requirement for the construction of the fixed link in the coming years. At the beginning of 2022, a total relending principal amount of DKK 11,750 million was raised and drawn on. The company also took out loans for DKK 14,040 million with future repayment dates. Thus, the total loan financing at the end of 2021 was unchanged at a nominal amount of DKK 11,750 million. The weighted interest rate on borrowing is approximately 0.3 per cent

Currency risks

The company's currency risks are related to the currency composition of its net debt, including derivatives, cash funds and trade creditors. Currency risks are managed through parameters for the combination of currencies.

The company can freely use DKK and EUR, and the current distribution is determined by the currency and interest rate relationship between the two currencies. Other currencies are always hedged when the counter value of exposure exceeds DKK 5 million.

Currency exposure breaks down to DKK 4,000 million in EUR and DKK 1 million in SEK and GBP that can be attributed to investment in securities and forwards and cash funds respectively.

The exchange rate sensitivity expressed as Value-at-Risk amounts to DKK 13 million in 2021 (DKK 32 million in 2020) and expresses the maximum loss resulting from unfavourable exchange rate developments within a 1-year horizon with 95 per cent probability. Value-at-Risk is calculated based on a 1-year history of volatility and correlations in the currencies to which the company is exposed.

Interest rate risk

Debt with a variable interest rate or a short remaining term to maturity necessitates interest rate adjustment in the short term, at market interest rates for the debt. This usually involves a higher risk than fixed-rate long-term debt when fluctuations in current interest costs are used as risk objectives. On the other hand, interest expenses are often higher for longer times to maturity, as the rate curve normally has a positive slope and the choice of debt spread is, therefore, a weighting of interest expenses and risk profile.

The fixed interest on the net debt shown below includes the nominal value (principal) broken down by expiry date or the date of the next interest adjustment, whichever comes first. The variable-interest debt is then attributed to the next accounting period in the fixed-interest term, and shows the exposure of the cash flows to interest rate risk.

Fixed interest period assessed for nominal principal amounts (DKK 1,000)

For 2021

Fixed interest period	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Nom. Value	Fair value*
Cash and cash equivalents	334,971	0	0	0	0	0	334,971	334,971
Debt securities held in portfolio	1,784,760	0	0	0	0	0	1,784,760	1,789,872
Loan to supplier	0	0	0	0	0	0	0	0
Receivables	0	0	0	0	0	0	0	0
Prepayments and accrued income	0	0	0	0	0	0	0	0
Derivatives, assets	285	0	0	0	0	0	0	285
Debt	0	0	0	0	0	-11,750,000	-11,750,000	-11,831,264
Trade creditors	0	0	0	0	0	0	0	0
Derivatives, liabilities	0	0	0	0	0	0	0	0
Total principal amount	**2,120,016**	**0**	**0**	**0**	**0**	**-11,750,000**	**-9,630,269**	**-9,706,136**

***** Fair value includes accrued interest, see note 14 and note 22.

For 2020

Fixed interest period	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Nom. Value	Fair value*
Cash and cash equivalents	209,427	0	0	0	0	0	209,427	209,427
Debt securities held in portfolio	4,400,563	2,231,790	0	0	0	0	6,632,353	6,688,363
Loan to supplier	0	0	0	0	0	0	0	0
Receivables	0	0	0	0	0	0	0	0
Prepayments and accrued income	0	0	0	0	0	0	0	0
Derivatives, assets	0	0	0	0	0	0	0	0
Debt	-5,849	0	0	0	0	-11,750,000	-11,755,849	-12,757,332
Trade creditors	0	0	0	0	0	0	0	0
Derivatives, liabilities	-317	0	0	0	0	0	-317	-317
Total principal amount	**4,603,824**	**2,231,790**	**0**	**0**	**0**	**-11,750,000**	**-4,914,386**	**-5,859,859**

***** Fair value includes accrued interest, see note 14 and note 22.

The company’s financing is primarily exposed to the long-term (30-year) interest-rate segment for the gross debt, while the excess liquidity is placed in short-term securities. The sensitivity to an interest rate change of 1 percentage point relative to the cash flows during the coming financial year will have an impact of around DKK 21 million, which is attributable solely to the placement of surplus liquidity in securities and bank balances.

When market interest rates are changed, this affects the market value (fair value) of the net debt, and here the effect and risk are greatest for long-term fixed-interest debt. This is primarily due to the discounting effect and corresponds to the alternative cost or gain associated with fixed-interest debt claims compared to financing at the current market interest rates.

The duration indicates the average fixed interest period of the net debt. Long-term debt involves a low interest-rate adjustment risk since a relatively small proportion of the net debt shall have adjustable interest rates.

The duration also expresses the exchange rate sensitivity of the net debt measured at market value.

Duration and exchange sensitivity of the net debt

	2021			2020		
	Duration (years)	BPV[1)]	Fair value (DKK 1,000)	Duration (years)	BPV[1)]	Fair value (DKK 1,000)
Nominal debt	56.3	54.7	9,715	38.0	22.3	5,860

[1)] Basis point value (BPV) is the exchange rate sensitivity when the interest curve is parallel offset by 1bp

The duration of the company's net debt was 56.3 years at 31 December 2021. The interest rate sensitivity is calculated at DKK 54.7 million when the interest rate curve is parallel offset by 1bp and gives a positive fair value adjustment in the financial result and balance sheet if interest rates increase by 1bp, and vice versa.

The sensitivity to an interest rate change of 1 percentage point compared to the fair value adjustment can be measured at a fair value loss of DKK 6,268 million at an interest rate drop and a fair value gain of DKK 4,817 million for an interest rate increase. The assessed sensitivity to changes in interest rates for the fair value adjustment takes account of the convexity in the debt portfolio.

The sensitivity calculations are based on the net debt at the balance sheet date. The effect is the same in the financial result and the balance sheet due to accounting policies where financial assets and liabilities are recognised at fair value.

Credit risks

Credit risks are defined as the risk of loss arising as a result of a counterpart failing to fulfil its payment obligations. The company's exposure to credit risks can be attributed to placing surplus liquidity, receivables from derivative contracts and customer receivables, etc. The credit risk from financial counterparties is controlled and monitored continuously using a special line and limit system that defines the principles for calculating such risks and a maximum for the degree of risk that is acceptable for a single counterparty. The latter is measured in relation to the counterpart's rating with international rating agencies (Moody's, Standard & Poor and Fitch/IBCA).

Financial counterparties must meet the requirements for high credit quality, and agreements are basically only entered into with counterparties with a long-term rating better than A1/A+, unless tougher requirements for the provision of securities can be fulfilled. The financial counterparts must also sign a Credit Support Annex (CSA agreement) providing security in the form of a deposit of government or mortgage credit bonds with high credit quality to cover a receivable from derivative contracts.

Credit exposure is effectively limited by the threshold value of the CSA agreement, which depends on the counterpart's rating. The threshold value is the maximum unhedged receivable that can be accepted for a single counterpart.

On the date of the balance sheet, the company had credit exposures in connection with the placement of excess liquidity with bank deposits. The bank deposit of DKK 335 million is placed in a bank with an AA-/ Aa2 rating, while the German government bonds for DKK 1,785 million have a credit quality of AAA/Aaa. The credit exposures are calculated at their fair value. The company's maximum credit exposure is an expression of the receivables recognised in the accounts.

The fair value of the company's receivables and trade creditors measured at amortised cost price is deemed to correspond approximately to the book value.

Liquidity risk
The company has a limited liquidity risk due to its access to relending and the Danish government's guarantee, and the flexibility to maintain a liquidity reserve of up to 3 months' liquidity requirement. This helps to reduce the risk of having to raise loans on unfavourable terms due to temporary circumstances. With the raising of loans in 2021, including advance loan agreements, the company has covered its financing need for the coming years.

Maturity on receivables, debt and trade creditors (DKK 1,000)

For 2021

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash at bank and in hand	334,971	0	0	0	0	0	334,971
Debt securities held in portfolio	1,784,663	0	0	0	0	0	1,784,663
Loan to supplier	90,955	83,375	0	0	0	0	174,330
Receivables	741,361	0	0	0	0	0	741,361
Derivatives, assets	238	0	0	0	0	0	238
Debt	-4,680,000	-4,360,000	-2,750,000	-750,000	-750,000	-25,040,000	-38,330,000
Derivatives, liabilities	0	0	0	0	0	0	0
Trade accounts payable and other liabilities	-1,188,151	0	0	0	0	0	-1,188,151
Total principal amount	**-2,915,963**	**-4,276,625**	**-2,750,000**	**-750,000**	**-750,000**	**-25,040,000**	**-36,482,588**

For 2020

Maturity	0-1 years	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
Cash at bank and in hand	209,427	0	0	0	0	0	209,427
Debt securities held in portfolio	4,400,563	2,231,790	0	0	0	0	6,632,353
Loan to supplier	90,989	87,198	87,197	0	0	0	265,384
Receivables	264,145	0	0	0	0	0	264,145
Derivatives, assets	0	0	0	0	0	0	0
Debt	0	0	0	0	0	-11,750,000	-11,750,000
Derivatives, liabilities	-317	0	0	0	0	0	-317
Trade creditors	-661,831	0	0	0	0	0	-661,831
Total principal amount	**4,302,976**	**2,318,988**	**87,197**	**0**	**0**	**-11,750,000**	**-5,040,839**

Division of shift in net debt, cf. IFRS 7 (DKK 1,000)

2021	Short term liabilities	Long term liabilities	Derivatives, assets	Derivatives, liabilities	Total
1 January 2021	0	-12,751,800	0	-317	-12,752,117
Cash flow	0	650,575	271	317	651,163
Paid interest, reversed	0	-37,963	0	0	-37,963
Amortisation	0	12,602	0	0	12,602
Inflation adjustment	0	0	0	0	0
Currency adjustment	0	0	14	0	14
Fair value adjustment	0	298,789	0	0	298,789
End of 2021	**0**	**-11,827,797**	**285**	**0**	**-11,827,512**

2020	Short term liabilities	Long term liabilities	Derivatives, assets	Derivatives, liabilities	Total
1 January 2020	0	-12,607,366	0	0	-12,607,366
Cash flow	0	291,270	0	0	291,270
Paid interest, reversed	0	-67,334	0	0	-67,334
Amortisation	0	46,706	0	0	46,706
Inflation adjustment	0	0	0	0	0
Currency adjustment	0	0	0	0	0
Fair value adjustment	0	-415,076	0	-317	-415,393
End of 2020	**0**	**-12,751,800**	**0**	**-317**	**-12,752,117**

The net debt is DKK 9,639 million stated as the nominal principal, so there is a cumulative difference of DKK 952 million from the net debt measured at fair value, where the fair value expresses the value on the closing date while the nominal value is the contractual obligation on maturity.

The recognition of financial obligations at fair value has not been affected during the year (or cumulatively) by changes in the company's creditworthiness, which has remained at a high level thanks to the guarantee from the Danish government.

Fair value hierarchy 2021*	Level 1	Level 2	Level 3
Debt securities held in portfolio	1,789,773	0	0
Derivatives, assets	0	285	0
Financial assets	**1,789,773**	**285**	**0**
Debenture loans and debt	-11,827,480	0	0
Derivatives, liabilities	0	0	0
Financial liabilities	**-11,827,480**	**0**	**0**

Fair value hierarchy 2020*	Level 1	Level 2	Level 3
Debt securities held in portfolio	6,665,065	0	0
Derivatives, assets	0	0	0
Financial assets	**6,665,065**	**0**	**0**
Debenture loans and debt	-12,751,483	0	0
Derivatives, liabilities	0	-317	0
Financial liabilities	**-12,751,483**	**-317**	**0**

*The fair value hierarchy constitutes a classification of assets and liabilities measured according to their fair value, and indicates the efficiency and liquidity of a market in which the asset or liability is valued.

Note 20 Trade creditors and other liabilities (DKK 1,000)

	2021	2020
Creditors	902,593	177,465
Members	271,038	464,193
Other payables	14,520	20,173
Total	**1,188,151**	**661,831**

Note 21 Derivatives (DKK 1,000)

	2021 Assets	2021 Liabilities	2020 Assets	2020 Liabilities
Forward exchange contracts	285	0	0	317
Total derivatives	**285**	**0**	**0**	**317**

Note 22 Prepayments and accrued income (DKK 1,000)

	2021	2020
Accrued interest	3,783	5,849
Total	**3,783**	**5,849**

Note 23 Contractual obligations, contingent liabilities and securities (DKK 1,000)

As of 1 January 2021, Femern A/S entered into agreements related to land acquisition and compensation for the future decommissioning of wind turbines in the work area on Fehmarn. The contractual liability amounts to DKK 42.5 million

As a natural part of the contractual relationship between the company and its contractors, the company received a number of claims for additional payments, etc., over and above what was agreed in the contracts concluded between the parties. The requirements are regularly handled in relation to the contractors and recognised in the financial statements when the individual requirement was clarified. The amount of such requirements is subject to uncertainty, but it is estimated that they can be handled within the project's budget framework.

The company is part of a Danish joint taxation scheme with Sund & Bælt Holding A/S as the management company. As of the 2013 financial year, in accordance with the rules of the Danish Corporation Tax Act, the company is, therefore, jointly liable with the other jointly taxed companies for a total corporation tax of DKK 88.4 million and, with effect from 1 July 2012, is jointly liable for any obligations to collect withholding tax on interest, royalties and dividends for the jointly taxed companies.

Otherwise, the company has no other obligations.

Note 24 Related parties (DKK 1,000)

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

Related party	Registered office	Affiliation	Transactions	Pricing
The Danish State	Copenhagen	100% ownership of Sund & Bælt Holding A/S	Guarantee for the company's debt Guarantee commission	Determined by legislation. Accounts for 0.15 per cent of the nominal debt
The Danish Ministry of Transport	Copenhagen	100% ownership via Sund & Bælt Holding A/S	Purchase of consultancy	Market price
Sund & Bælt Holding A/S	Copenhagen	100% ownership of A/S Femern Landanlæg	Carrying out operational tasks and joint functions Joint taxation contribution	Market price
A/S Femern Landanlæg	Copenhagen	100% ownership of Femern A/S	Joint settlement VAT Sale of consultancy Guarantee commission	Market price Market price accounts for 0.85 per cent of the nominal debt
Sund & Bælt Partner A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Handling of joint functions	Market price
A/S Storebælt	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Sale of consultancy	Market price
A/S Øresund	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Sale of consultancy	Market price
Øresundsbro Konsortiet	Copenhagen / Malmö	Partnership owned 50% by A/S Øresund	Purchase of consultancy	Market price
BroBizz A/S	Copenhagen	Subsidiary of Sund & Bælt Holding A/S	Handling of joint functions	Market price

Note 24 Related parties (DKK 1,000) (continued)

Related party	Description	Operation * Amount 2021	Operation * Amount 2020	Balance at * 31 December 2021	Balance at * 31 December 2020
The Danish State	Guarantee commission	-14,318	-17,257	-14,318	-17,625
The Danish Ministry of Transport	Consultancy	-330	-754	-174	-312
Sund & Bælt Holding A/S	Performance of operational and common functions	-165,302	-95,016	-25,691	-12,826
	Joint taxation contribution	116,789	41,618	116,789	41,618
A/S Femern Landanlæg	Common payment VAT	0	0	-24,662	-40,751
	Guarantee commission	-220,682	-410,605	-220,682	-410,605
A/S Øresund	Consultancy	4,744	0	5,929	0
Øresundsbro Konsortiet	Joint expenses and consultancy	-707	-967	0	0
BroBizz A/S	Joint expenses	-83	-64	-2	-11

* Operations - a positive amount is an expression of revenue, and a negative amount is an expression of expense.
** Balance - a positive amount is an expression of a receivable and a negative number is an expression of debt owed to the related party

Note 25 Events after the balance sheet date

No events of importance for the 2021 Annual Report have occurred after the balance sheet date.

Note 26 Approval of the Annual Report for publication

At the meeting of the Board of Directors on 14 March 2022, the Board of Directors approved the Annual Report for publication. The Annual Report will be presented to the shareholders of Femern A/S for approval at the Annual General Meeting on 26 April 2022.


TRIUMPH

Statement by the Board of Directors and Management Board

The Board of Directors and Board of Management have today considered and approved the Annual Report for the financial year 1 January - 31 December 2021 for Femern A/S.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements in the Financial Statements Act.

It is our view that the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2021, as well as the result of the company's activities and cash flows for the financial year 1 January – 31 December 2021.

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 uncertainties to which the company is exposed.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 14 March 2022

Board of Management

Henrik Vincentsen
CEO

Board of Directors

Mikkel Hemmingsen
Chairman

Signe Thustrup Kreiner
Vice-chair

Claus F. Baunkjær

The independent auditor's report

To the shareholders in Femern A/S

Conclusion

We have audited the annual accounts for Femern Bælt A/S for the financial year of 01.01.2021 - 31.12.2021, comprising the statement of comprehensive income, the balance sheet, the statement of changes in shareholders' equity, the cash flow statement, and notes, including the accounting policies applied. The annual accounts have been compiled according to International Financial Reporting Standards as approved by the EU and additional requirements in the Financial Statements Act.

It is our view that the annual accounts provide a true and fair view of the company's assets, liabilities and financial position as of 31.12.2021, as well as the result of the company's activities and cash flow for the financial year 01.01.2021 – 31.12.2021 in accordance with International Financial Reporting Standards as approved by the EU and additional requirements in the Financial Statements Act.

Basis of conclusion

We have conducted our audit in accordance with international auditing standards and additional requirements under Danish auditing legislation. Our responsibility, according to such standards and requirements is described in more detail under "The auditor's responsibility for auditing the consolidated financial statements and annual accounts". We are independent of the group in compliance with the guidelines from the International Ethics Standards Board for Accountants (the IESBA Code) and other ethical requirements in Denmark, and we have complied with our other ethical obligations pursuant to these requirements and the IESBA Code. In our opinion, the audit evidence obtained is sufficient and suitable as the basis of our conclusion.

Opinion on the Management Report

The Board of Management is responsible for the Management Report.

Our conclusion concerning the accounts does not comprise the Management Report, and with regard hereto, we do not express any form of conclusion with certainty.

In the context of auditing the accounts, it is our responsibility to read the Management Report and, in that connection, consider whether it is significantly inconsistent with the accounts or our knowledge gained through the audit or in other ways appears to include any significantly incorrect information.

Furthermore, it is our responsibility to consider whether the Management Report contains the required information pursuant to the Financial Statements Act.

Based on the work undertaken, we are of the opinion that the information in the Management Report is in accordance with the annual accounts and prepared in accordance with the requirements of the Financial Statements Act. We have not found any significant incorrect information in the Management Report.

The Board of Directors' and Board of Management's responsibility for the annual accounts

The Board of Directors and the Board of Management are responsible for the preparation of the annual accounts that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements in the Financial Statements Act. Furthermore, the management is responsible for the internal review deemed necessary to compile annual accounts without material misinformation, whether caused by fraud or error.

For the preparation of the accounts, the Board of Directors and Board of Management are responsible for evaluating the company's ability to provide information concerning circumstances regarding the continued operations where relevant. The Board of Directors and Board of Management are also responsible for preparing the accounts based on the accounting principle concerning continued operations unless they intend to either liquidate the company or cease operations or have no realistic other alternatives.

The auditor's responsibility for the audit of the accounts

Our goal is to obtain a high degree of certainty as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an audit opinion with a conclusion. A high degree of certainty is a high level of certainty but is not a guarantee that an audit performed in accordance with international auditing standards and the additional requirements applicable in Denmark will always uncover material misstatement when such exists. Misstatements can occur due to fraud or error and can be regarded as material if it can be reasonably expected that they can individually or collectively influence the financial decisions made by financial statements users based on the annual accounts.

As part of the audit, according to international auditing standards and the additional requirements applicable in Denmark, we undertake professional evaluations and maintain professional scepticism throughout the process. Furthermore:

- We identify and assess the risk of a material misstatement in the accounts, irrespective of whether due to fraud or error, design and undertake auditing actions in response to these risks and collect auditing evidence, where necessary, to support our conclusion. The risk of not detecting material misstatement due to fraud is greater than for material misstatement due to error, as fraud can include conspiracy, forgery, deliberate omission, misrepresentation, or breaches of internal review and verification.

- We gain an understanding of internal reviews for the purpose of the audit in order to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the company's internal reviews.

- We consider the suitability of the accounting practices used by the Board of Directors and Board of Management as well as whether used estimates and information are reasonable.

- We draw a conclusion as to whether the management's preparation of the financial statements based on the accounting principle of continued operations is appropriate and whether, based on the audit certificate obtained, there is significant uncertainty associated with events or circumstances that may create significant doubt about the company's ability to continue operations. If we conclude that such uncertainty is present, we will indicate such information in the accounts or, if such information is insufficient, qualify our opinion. Our conclusions are based on the auditing evidence obtained up to the date of our audit opinion. Future events or conditions can indicate that the company will be unable to continue operations.

- We take a position on the overall presentation, structure and content of the financial statements, including the information in notes and whether the financial statements reflect the underlying transactions and events such that a true and fair view is given.

We communicate with the top management about, e.g., the planned scope and timing of the audit as well as significant audit observations, including any significant deficiencies in internal reviews that we identify during the audit.

Copenhagen, 14 March 2022

Deloitte

State Authorised Public Accountants

CVR No. 33 96 35 56

Anders Oldau Gjelstrup
Chartered accountant
MNE No. mne0777

Jakob Lindberg
Chartered accountant
MNE No. mne40824

Board of Directors and Board of Management

Board of Directors

Mikkel Hemmingsen
Managing Director of Sund & Bælt Holding A/S.

Chairman since 2020
Joined the Board of Directors in 2016
Term expires in 2023

Board member in
Femern A/S (Chairman)
A/S Storebælt (Chairman)
A/S Øresund (Chairman)
A/S Femern Landanlæg (Chairman)
Brobizz A/S (chair)
BroBizz Operator A/S (Chair)
Sund & Bælt Partner A/S (chair)
Øresundsbro Konsortiet I/S

Signe Thustrup Kreiner

CFO of Sund & Bælt Holding A/S.
CEO of A/S Storebælt

Vice-chair since 2021
Joined the Board of Directors in 2021
Term expires in 2023

A/S Storebælt (Vice-chair)
A/S Øresund (Vice-chair)
A/S Femern Landanlæg (Vice-chair)
Femern A/S (Vice-chair)
Brobizz A/S (Vice chair)
BroBizz Operator A/S (Vice-chair)
Sund & Bælt Holding A/S (Vice-chair)

Claus F. Baunkjær

Director of Sund & Bælt Holding A/S
CEO of A/S Øresund

Joined the Board of Directors in 2021
Term expires in 2023

Board of Management

Henrik Vincentsen
CEO

Member of the Board of:
Sparta Atletik og Løb (Chairman)

Femern

Sund & Bælt

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