

Ørsted Nearshore Wind ApS

Annual report for 2021

CVR no. 31 08 02 23

(15th Financial year)

Adopted at the annual general meeting on 31 May
2022

Vibeke Rohde
chairman

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
Company details	
Company details	5
Financial statements	
Accounting policies	6
Income statement 1 January - 31 December	11
Balance sheet 31 December	12
Statement of changes in equity	14
Notes	15

Statement by management on the annual report

The board of directors and the executive board have today discussed and approved the annual report of Ørsted Nearshore Wind ApS for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

Management recommends that the annual report should be approved at the annual general meeting.

Skærbæk, 16 May 2022

Executive board

Allison Marie Metzak
Director

Board of Directors

Jan Engelbert
chairman

Mikkel Friis-Olsen
deputy chairman

Allison Marie Metzak

Independent auditor's report

To the shareholder of Ørsted Nearshore Wind ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted Nearshore Wind ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent auditor's report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent auditor's report

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 16 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Anders Stig Lauritsen
State Authorised Public Accountant
MNE no. mne32800

Company details

The company

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7000 Fredericia

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Website: www.orsted.com

CVR no.: 31 08 02 23

Reporting period: 1 January - 31 December 2021

Financial year: 15th financial year

Domicile: Fredericia

Board of Directors

Jan Engelbert, chairman
Mikkel Friis-Olsen, deputy chairman
Allison Marie Metzack

Executive board

Allison Marie Metzack

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Consolidated financial statements

The company is included in the consolidated financial statements of the parent company Ørsted A/S, CVR no. 36 21 37 28

The group annual report of Ørsted A/S, CVR no. 36 21 37 28 can be obtained at the following address:

www.orsted.com/en/investors/ir-material/financial-reports-and-presentations

Accounting policies

The annual report of Ørsted Nearshore Wind ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities, as well as selected rules applying to reporting class C.

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

The annual report for 2021 is presented in TDKK.

Basis of recognition and measurement

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

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

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

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

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

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

Government grants

Government grants comprise grants for environment-friendly generation. Government grants are recognised when there is reasonable assurance that they will be received.

Grants for electricity generation are recognised as revenue in step with the recognition of the related electricity revenue.

Income statement

Revenue

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

Accounting policies

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

Operating expenses

Operating expenses comprise the expenses incurred by the company to generate the years revenue. Such expenses are recognised in the income statement as incurred.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts etc.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions and surcharges and allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Ørsted Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed Danish entities in proportion to their taxable income. Danish entities with tax losses receive joint taxation contributions from the ultimate parent company (the management company), Ørsted A/S equivalent to the tax base of the tax losses utilised (full allocation), while Danish entities that utilise tax losses in other entities pay joint taxation contributions to the Ørsted A/S equivalent to the tax base of the utilised losses.

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

Accounting policies

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

Cost is increased by estimated expenses for dismantling and disposing of the assets and restoration to the extent that they are recognised as a provision

The basis of depreciation is determined as cost reduced by any residual value, and depreciation is charged using sum of digits method over the expected useful lives of the assets, which are:

	Useful life
Plant and machinery	20 years

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of fixed assets

The carrying amount of property, plant and equipment is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

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

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

Receivables

Receivables, which include trade receivables, receivables from group entities and other receivables, are measured at amortised cost.

Accounting policies

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions are recognised when as a result of a past event the company's has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions, except for deferred taxes, are measured at fair value.

Provisions for the decommissioning of production assets and restoration are measured at the present value of the future liability in respect of decommissioning and shutdown as estimated at the balance sheet date. The amount provided is determined on the basis of existing requirements and estimated expenses, which are discounted to present value. If specific risks are deemed to attach to a provision, the estimated expenses are recognised. A discount rate is used that reflects the general interest rate level in society. These liabilities are recognised as they arise and are adjusted on a regular basis to reflect changes in requirements, price level, etc. The value of the provision is recognised in property, plant and equipment and depreciated together with the relevant assets. The increase in time of the present value of the provision is recognised in profit/loss for the year as financial expenses.

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting the obligations existing under the contract. If it is considered unlikely that an outflow from the enterprise of economic resources will be required to settle a liability, or if the liability cannot be measured reliably, the liability is accounted for as a contingent liability that is not recognised in the balance sheet. Material contingent liabilities are disclosed in the notes.

Income tax and deferred tax

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

Accounting policies

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

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

Liabilities

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

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Income statement 1 January - 31 December

	Note	2021 TDKK	2020 TDKK
Revenue		11.758	4.629
Operating expenses		-337	-574
Other external expenses		-2.194	-3.901
Gross profit		9.227	154
Staff costs	2	0	0
Profit/loss before amortisation/depreciation and impairment losses		9.227	154
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.721	-6.269
Profit/loss before net financials		3.506	-6.115
Financial costs	3	-140	-135
Profit/loss before tax		3.366	-6.250
Tax on profit/loss for the year	4	-740	1.375
Profit/loss for the year		2.626	-4.875

Distribution of profit

Retained earnings		2.626	-4.875
		2.626	-4.875

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Assets			
Plant and machinery		27.092	32.813
Tangible assets	5	<u>27.092</u>	<u>32.813</u>
Total non-current assets		<u>27.092</u>	<u>32.813</u>
Trade receivables		149	156
Receivables from group companies	6	66.105	56.344
Other receivables		0	3
Corporation tax		0	905
Receivables		<u>66.254</u>	<u>57.408</u>
Total current assets		<u>66.254</u>	<u>57.408</u>
Total assets		<u><u>93.346</u></u>	<u><u>90.221</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK	<u>2020</u> TDKK
Equity and liabilities			
Share capital		500	500
Retained earnings		85.389	82.763
Equity	7	85.889	83.263
Provision for deferred tax	8	177	624
Other provisions	9	5.736	5.754
Total provisions		5.913	6.378
Trade payables		0	15
Payables to group companies		322	513
Corporation tax		1.187	0
Other payables		35	52
Total current liabilities		1.544	580
Total liabilities		1.544	580
Total equity and liabilities		93.346	90.221
Main activity	1		
Subsequent events	10		
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership structure	12		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January 2021	500	82.763	83.263
Net profit/loss for the year	0	2.626	2.626
Equity at 31 December 2021	500	85.389	85.889

Notes

1 Main activity

The company's objects are to engage in activities in the energy sector and ancillary activities.

	2021 TDKK	2020 TDKK
2 Staff costs		
Average number of employees	<u>1</u>	<u>1</u>

The executive board and board of directors have not been paid remuneration.

3 Financial costs

Interest element abandonment	<u>140</u>	<u>135</u>
	<u>140</u>	<u>135</u>

4 Tax on profit/loss for the year

Current tax for the year	1.187	-905
Deferred tax for the year	-447	-470
Adjustment of tax concerning previous years	0	2
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>-2</u>
	<u>740</u>	<u>-1.375</u>

Notes

5 Tangible assets

	Plant and machinery
	<u>TDKK</u>
Cost at 1 January 2021	<u>78.572</u>
Cost at 31 December 2021	<u>78.572</u>
Impairment losses and depreciation at 1 January 2021	45.759
Depreciation for the year	<u>5.721</u>
Impairment losses and depreciation at 31 December 2021	<u>51.480</u>
Carrying amount at 31 December 2021	<u><u>27.092</u></u>

6 Receivables from group companies

The company's receivables from group companies includes TDKK 62.165 in a cash pool scheme with the ultimate parent company, Ørsted A/S (2020: TDKK 55.259).

7 Equity

The share capital consists of 500 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes

	2021 TDKK	2020 TDKK
8 Provision for deferred tax		
Provision for deferred tax at 1 January 2021	624	1.096
Deferred tax recognised in income statement	-447	-472
Provision for deferred tax at 31 December 2021	177	624
Provisions for deferred tax on:		
Property, plant and equipment	1.439	1.899
Other provisions	-1.262	-1.275
	177	624
9 Other provisions		
Balance at beginning of year at 1 January 2021	5.754	5.661
Interest element	140	135
Applied in the year	-158	-42
Balance at 31 December 2021	5.736	5.754
The expected due dates of other provisions are:		
Within one year	1.600	1.758
Over 5 years	4.136	3.996
	5.736	5.754
10 Subsequent events		
No events have occurred after the balance sheet date which could significantly affect the company's financial position.		

Notes

11 Contingent assets, liabilities and other financial obligations

Liability in joint taxation

The group's Danish companies are jointly and severally liable for tax on group jointly taxes income, etc. Reference is made to the annual report for Ørsted A/S, the administration company in relation to joint taxation. The group's Danish companies are also jointly and severally liable for Danish withholding taxes on dividends, royalties and interests within the group of jointly taxed entities. Any subsequent corrections to income and withholding taxes may result in an increase in the entities' liability.

The group's Danish entities have joint and several liability for joint VAT registration.

12 Related parties and ownership structure

Controlling interest

Ørsted Wind Power Holding A/S, Kraftværksvej 53, 7000 Fredericia (parent company)

Other related parties

Ørsted A/S (ultimate parent company)

Ownership structure

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

Ørsted Wind Power Holding A/S