Renescience A/S

CVR no. 31846803

Annual report 2023

Approved at the Company's annual general meeting on 21 May 2024

Chair: Jeppe Skov Andersen

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Renescience A/S - Kraftværksvej 53, Skærbæk, 7000 Fredericia

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Statement by management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of Renescience A/S for the financial year 1 January - 31 December 2023.

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

In our opinion, the company financial statements give a true and fair view of the company's financial position at 31 December 2023 and of the results of the company's operations for the financial year 1 January - 31 December 2023.

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

Skærbæk, 8 May 2024

Executive Board:

Hanne Risbjerg Sørensen,
Director

Board of Directors:

Mikael Brandt, Chair	Ole Thomsen, Deputy Chair	Hanne Risbjerg Sørensen

Independent auditor's report

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Renescience A/S for the financial year 1 January - 31 December 2023, 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 responsibility 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.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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, 8 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. *33771231*

Morten Jacobsen
State Authorised Public Accountant
mne44140

Company information

Company
Renescience A/S
Kraftværksvej 53 Skærbæk
7000 Fredericia

Company CVR: 31846803

Financial year: 2023-01-01 - 2023-12-31

Annual general meeting: 21 May 2024

Board of Directors
Mikael Brandt, Chair
Ole Thomsen, Deputy Chair
Hanne Risbjerg Sørensen

Executive Board
Hanne Risbjerg Sørensen, Director

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. 36213728

The annual report of Ørsted A/S, CVR no. 36213728 can be obtained at the following address:

https://orstedcdn.azureedge.net/-/media/annual-report-2023/orsted-ar-2023.pdf?rev=526307f68e2047b3a1df8dd2cdf719ec&hash=E6069E12C1792AD620FA12898587394C

Accounting policies

The annual report of Renescience A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to Reporting class B entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

The annual report for 2023 is presented in TDKK.

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

1 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 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.

2 Income statement

2.1 Revenue

(a) Revenue from the sale of services

Revenue from the sale of services, which include service contracts and extended warranty commitments relating to products and services sold, is recognised on a straight-line basis as the services are rendered.

Accounting policies

2.2 Other external expenses

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

2.3 Amortisation, depreciation and impairment losses

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

2.4 Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate 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, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

2.5 Income from investments in subsidiaries

Dividend from investments is recognised in the reporting year in which the dividend is declared.

2.6 Tax for the year

The company is subject to the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The ultimate parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - 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

3 Balance sheet

3.1 Tangible assets

Tangible assets which is not a lease is 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. Land and property, plant and equipment in progress are not depreciated.

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.

Where individual parts of an item of property, plant and equipment have different useful lives, the cost is divided into separate parts, which are depreciated separately, and the individual part constitutes a significant part of the total cost.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Buildings	20-50 years
Plants and machinery	10-40 years
Other fixtures and fittings, tools and equipment	3-5 years

The residual value of the company's property, plant and equipment is reassessed annually.

3.2 Leases

IFRS 16 'Leases' is used to interpret the Danish Financial Statements Act in relation to leases.

Lease liabilities are initially measured at the net present value of the in-substance fixed lease payments for the use of a lease asset. If, at inception of the lease, we are reasonably certain about exercising an option to extend a lease, we will include the lease payments in the option period when calculating the lease liability. We measure the lease asset to the value of the lease liability at initial recognition.

Lease assets are classified alongside our owned assets of similar type under property, plant, and equipment. We depreciate our lease assets during the lease term. The depreciation method used is the straight-line method for all our lease assets.

Accounting policies

Contracts may contain both lease and non-lease components. We allocate the consideration in a contract to the lease and non-lease components based on their relative stand-alone prices. We account for non-lease components in accordance with the accounting policy applicable for such items. Non-lease components comprise building services and operating costs of leased vessels, etc.

Variable lease expenses are recognised in other external expenses in the period when the condition triggering those payments occurs.

Interests of lease liabilities are recognised in financial expenses.

3.3 Receivables

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

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 has been impaired, an impairment loss is recognised on an individual basis.

3.4 Investments in subsidiaries and associates

Investment in subsidiaries and associates are measured at cost. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Cost is written down to the extent that dividend distributed exceeds the accumulated earnings after the date of takeover.

Where the parent company has a legal or constructive obligation to cover the companies' negative balances or obligations, such obligation is recognised in liabilities.

3.5 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.

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.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

3.6 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.

3.7 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 01 January - 31 December

	Note	2023 TDKK	2022 TDKK
Revenue		10.419	10.831
Cost of sales		(8)	(3)
Other external expenses		(23.948)	(21.715)
Gross profit		**(13.537)**	**(10.887)**
Staff costs	2	0	0
Loss before amortisation/depreciation and impairment losses		**(13.537)**	**(10.887)**
Depreciation and impairment of property, plant and equipment		(22.915)	(1.821)
Loss before net financials		**(36.452)**	**(12.708)**
Expense from investments in subsidiaries		(165.448)	0
Financial income		144	0
Financial expenses		(1.764)	(1.383)
Loss before tax		**(203.520)**	**(14.091)**
Tax on profit/loss for the year	3	8.871	790
Loss for the year		**(194.649)**	**(13.301)**
Distribution of profit	4		

Balance sheet 31 December

	Note	2023 TDKK	2022 TDKK
Assets			
Non-current assets			
Tangible assets	5		
Land and buildings		9.844	0
Plant and machinery		0	10.381
Fixtures and fittings, tools and equipment		0	5.377
Property, plant and equipment under construction		90	5.646
		9.934	**21.404**
Financial assets			
Investments in subsidiaries	6	8.059	173.507
		8.059	**173.507**
Total non-current assets		**17.993**	**194.911**
Current assets			
Receivables			
Trade receivables		12	0
Other receivables		2.655	555
Deferred tax asset		5.448	0
Prepayments		874	14
Receivables from group companies	7	2.001	18.822
Corporation tax receivable		3.808	3.089
		14.798	**22.480**
Total current assets		**14.798**	**22.480**
Total assets		**32.791**	**217.391**
Equity and liabilities			
Equity			
Share capital		18.500	18.500
Retained earnings		(30.189)	164.460
Total equity		**(11.689)**	**182.960**

Balance sheet 31 December

	Note	2023	2022
		TDKK	TDKK
Non-current liabilities			
Deferred tax		0	1.077
Other provisions		777	0
Lease commitments		9.298	0
Total non-current liabilities		**10.075**	**1.077**
Current liabilities			
Trade payables		1.871	1.035
Payables to group companies	7	30.350	32.299
Other payables		0	20
Lease commitments		2.184	0
Total current liabilities		**34.405**	**33.354**
Total liabilities		**44.480**	**34.431**
Total equity and liabilities		**32.791**	**217.391**
Main activity	1		
Contingent assets, liabilities and other financial obligations	8		

Statement of changes in equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2023	18.500	164.460	182.960
Net profit/loss for the year	0	(194.649)	(194.649)
Revaluations for the year	0	0	0
Equity at 31 December 2023	**18.500**	**(30.189)**	**(11.689)**

Notes to the financial statements

1. Main activity

The Company's objects are to conduct business within the environmental and energy sector and related activities.

2. Staff costs

	2023
Average number of employees	0

3. Tax for the year

	2023	2022
	TDKK	TDKK
Tax for the year		
Current tax for the year	(3.808)	(3.089)
Deferred tax for the year	(4.552)	(11)
Adjustment of tax concerning previous years	1.462	3.030
Adjustment of deferred tax concerning previous years	(1.973)	(720)
	(8.871)	**(790)**

4. Distribution of profit

	2023
	TDKK
Recommended appropriation of profit/loss	
Retained earnings	(194.649)
	(194.649)

Notes to the financial statements

5. Tangible assets

	Land and buildings TDKK	Plant and machinery TDKK	Fixtures and fittings, plant and equipment TDKK	Property, plant and equipment under construction TDKK	Total TDKK
Cost at 1 January 2023	0	12.274	6.584	5.646	24.504
Additions	10.993	0	0	453	11.446
Cost at 31 December 2023	**10.993**	**12.274**	**6.584**	**6.099**	**35.950**
Depreciation and impairment losses at 1 January 2023	0	1.893	1.207	0	3.100
Depreciation and impairment lossess	1.149	10.381	5.377	6.009	22.916
Depreciation and impairment losses at 31 December 2023	**1.149**	**12.274**	**6.584**	**6.009**	**26.016**
Carrying amount at 31 December 2023	**9.844**	**0**	**0**	**90**	**9.934**

Notes to the financial statements

The carrying amount of leased assets included in 'Land and buildings' is TDKK 9,844 as per 31 December 2023.

Due to reduced commercial value of the company's property, plant and equipment, an impairment of TDKK 19,997 was recognised.

6. Investments in subsidiaries

	2023	2022
	TDKK	TDKK
Cost at 1 January	173.507	173.507
Cost at 31 December	**173.507**	**173.507**
Impairments at 1 January	0	0
Impairments for the year, net	(165.448)	0
Impairments at 31 December	**(165.448)**	**0**
Carrying amount at 31 December	**8.059**	**173.507**

7. Receivables and payables from group companies

The company's receivables from group companies includes TDKK 2,001 in a cash pool scheme with the ultimate parent company Ørsted A/S (2022: TDKK 18,822).

8. Contingent assets, liabilities and other financial obligations

8.1 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 are jointly and severally liable for joint VAT registration.