

# Ørsted New Bio Solutions Holding A/S

## Annual report for 2017

CVR no. 32 31 90 17

Adopted at the annual general meeting on 25 April  
2018

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Ulrik Jarlov  
chairman

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## **Statement by management on the annual report**

The board of directors and executive board have today discussed and approved the annual report of Ørsted New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2017.

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 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

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

Skærbæk, 11 April 2018

### **Executive board**

Hannes Reuter  
director

### **Board of Directors**

Thomas Dalsgaard  
chairman

Mikael Brandt  
deputy chairman

Anders Christian Nordstrøm

## Independent auditor's report

### *To the shareholder of Ørsted New Bio Solutions Holding A/S*

#### **Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 december 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Ørsted New Bio Solutions Holding A/S for the financial year 1 January - 31 December 2017, 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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.

## 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 judgment and maintain professional skepticism 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, 11 April 2018

### **PriceWaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

Rasmus Friis Jørgensen  
State Authorised Public Accountant  
MNE no. mne28705

Claus Damhave  
State Authorised Public Accountant  
MNE no. mne34166

## Company details

### The company

Ørsted New Bio Solutions Holding A/S  
Kraftværksvej 53  
Skærbæk  
7000 Fredericia

Telephone: +45 99 55 11 11  
Fax: +45 99 55 00 02

Website: [www.orsted.com](http://www.orsted.com)

CVR no.: 32 31 90 17

Reporting period: 1 January - 31 December 2017  
Incorporated: 24. April 2013

Domicile: Fredericia

### Board of Directors

Thomas Dalsgaard, chairman  
Mikael Brandt, deputy chairman  
Anders Christian Nordstrøm

### Executive board

Hannes Reuter, director

### Auditors

PriceWaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
2900 Hellerup

### Consolidated financial statements

The Company is included in the consolidated financial statements of the ultimate 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 may be obtained at the following address:

[www.orsted.com](http://www.orsted.com)

## Accounting policies

The annual report of Ørsted New Bio Solutions Holding A/S for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises with some provisions of class C.

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

The annual report for 2017 is presented in TDKK

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

### 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 instalments 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.

## Income statement

### Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.



## Accounting policies

### Other external expenses

Other external expenses include expenses related to administration.

### 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, amortisation of mortgage loans 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. The ultimate parent company (the management company), Ørsted A/S, has in 2005 chosen international joint taxation with the Group's foreign 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. Ørsted A/S expect to withdraw from the international joint taxation scheme in 2017. 2016 will therefore be the last year with international joint taxation.

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 parent company equivalent to the tax base of the tax losses utilised (full allocation), while companies that utilise tax losses in other Danish companies pay joint taxation contributions to the Parent Company 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, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

## Balance sheet

### Investments in subsidiaries

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

### Impairment of fixed assets

The carrying amount of investments in subsidiaries is reviewed for impairment, other than what is reflected through normal amortisation and depreciation, on an annual basis.

Where there are indications of impairment, an impairment test is performed for each individual asset or group of assets, respectively. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

## Accounting policies

### Receivables

Receivables are measured at amortised cost.

### 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 assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are 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 include other payables that 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 transactions are considered cash flow hedges, the value adjustments are taken directly to 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.

## Income statement 1 January - 31 December

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
<b>Gross profit</b>		<b>-14</b>	<b>-13</b>
Financial expense	1	-15.740	-45.425
<b>Profit/loss before tax</b>		<b>-15.754</b>	<b>-45.438</b>
Tax on profit/loss for the year	2	23	-96
<b>Net profit/loss for the year</b>		<b>-15.731</b>	<b>-45.534</b>

## Distribution of profit

Retained earnings		-15.731	-45.534
		<b>-15.731</b>	<b>-45.534</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
<b>Assets</b>			
Investments in subsidiaries	3	110.596	177.246
<b>Fixed asset investments</b>		<b>110.596</b>	<b>177.246</b>
<b>Fixed assets total</b>		<b>110.596</b>	<b>177.246</b>
Receivables from group enterprises		60.840	9.932
Corporation tax		23	11
<b>Receivables</b>		<b>60.863</b>	<b>9.943</b>
<b>Current assets total</b>		<b>60.863</b>	<b>9.943</b>
<b>Assets total</b>		<b>171.459</b>	<b>187.189</b>

## Balance sheet 31 December

	<u>Note</u>	<u>2017</u> TDKK	<u>2016</u> TDKK
<b>Liabilities and equity</b>			
Share capital		12.000	12.000
Retained earnings		159.446	175.176
<b>Equity</b>		<b><u>171.446</u></b>	<b><u>187.176</u></b>
Other payables		13	13
<b>Short-term debt</b>		<b><u>13</u></b>	<b><u>13</u></b>
<b>Debt total</b>		<b><u>13</u></b>	<b><u>13</u></b>
<b>Liabilities and equity total</b>		<b><u><u>171.459</u></u></b>	<b><u><u>187.189</u></u></b>
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## Statement of changes in equity

	Share capital TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January 2017	12.000	175.177	187.177
Net profit/loss for the year	0	-15.731	-15.731
<b>Equity at 31 December 2017</b>	<b>12.000</b>	<b>159.446</b>	<b>171.446</b>

## Notes

	2017 TDKK	2016 TDKK
<b>1 Financial expense</b>		
Impairment losses on financial assets	15.650	45.395
Financial expenses, group enterprises	88	28
Other financial expense	2	2
	<u>15.740</u>	<u>45.425</u>
<b>2 Tax on profit/loss for the year</b>		
Current tax for the year	-23	-11
Deferred tax for the year	0	1
Adjustment of tax concerning previous years	-1	107
Adjustment of deferred tax concerning previous years	1	-1
	<u>-23</u>	<u>96</u>
<b>3 Investments in subsidiaries</b>		
Cost at 1 January 2017	523.000	428.000
Additions for the year	0	95.000
Disposals for the year	-51.000	0
Cost at 31 December 2017	<u>472.000</u>	<u>523.000</u>
Revaluations at 1 January 2017	-345.754	-300.359
Revaluations for the year, net	-15.650	-45.395
Revaluations at 31 December 2017	<u>-361.404</u>	<u>-345.754</u>
<b>Carrying amount at 31 December 2017</b>	<u><b>110.596</b></u>	<u><b>177.246</b></u>

## Notes

### 4 Main activity

Ørsted New Bio Solutions Holding A/S is part of the Ørsted Group and a subsidiary of Ørsted Bionergy & Thermal Power A/S, Fredericia. Reference is made to the Annual Report of Ørsted A/S.

The object for which the Company is established are to conduct business within the environmental and energy sector and related activities. The objects of the Company also include advising and research within the area of energy and environment.

New Bio Solutions is part of the business area Bioenergy & Thermal Power within Ørsted. New Bio Solutions develops new technologies to exploit biomass and waste as replacement for fossil fuels. We have already taken the first big step in the right direction and developed unique technologies, which utilise biomass, waste and other waste products for energy production.

Ørsted New Bio Solutions Holding A/S has 4 subsidiaries in Denmark and one of these subsidiaries has a subsidiary in China.

### 5 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 are jointly and severally liable for joint VAT registration.