

Orsted Nature Based Solutions A/S

Annual report for 2021

CVR no. 42 48 50 55

(1st Financial year)

Adopted at the annual general meeting on 23 June
2022

Vibeke Rohde
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 Orsted Nature Based Solutions A/S for the financial year 14 June - 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 14 June - 31 December 2021.

Management recommends that the annual report should be approved by the company in general meeting.

Skærbæk, 17 June 2022

Executive board

Thomas Søndergaard Lyse
Director

Board of Directors

Mikael Brandt
chairman

Ole Thomsen
deputy chairman

Lars Brinch Danielsen

Independent auditor's report

To the shareholder of Orsted Nature Based Solutions 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 2021 and of the results of the Company's operations for the financial year 14 June 2021 - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Orsted Nature Based Solutions A/S for the financial year 14 June 2021 - 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.

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, 17 June 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Anders Stig Lauritsen
statsautoriseret revisor
MNE no. mne32800

Company details

The company

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7000 Fredericia

Telephone: +45 99 55 11 11

E-mail: info@orsted.dk

Website: www.orsted.com

CVR no.: 42 48 50 55

Reporting period: 14 June - 31 December 2021

Financial year: 1st financial year

Domicile: Fredericia

Board of Directors

Mikael Brandt, chairman
Ole Thomsen, deputy chairman
Lars Brinch Danielsen

Executive board

Thomas Søndergaard Lyse

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, Fredericia, CVR nr. 36 21 37 28

The group annual report of Ørsted A/S, Fredericia, CVR nr. 36 21 37 28 can be obtained at the following address:

www.orsted.com

Accounting policies

The annual report of Orsted Nature Based Solutions A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The annual report for 2021 is presented in TDKK.

As 2021 is the company's first reporting period, no comparatives have been presented.

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.

Income statement

Other external expenses

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

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.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the 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 entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

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.

Balance sheet

Receivables

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 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.

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.

Accounting policies

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.

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.

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.

Income statement 14 June - 31 December

	<u>Note</u>	<u>2021</u> TDKK
Revenue		0
Other external expenses		-3.432
Gross profit		-3.432
Staff costs	1	-4
Profit/loss before net financials		-3.436
Financial income		3
Financial costs	2	-43
Profit/loss before tax		-3.476
Tax on profit/loss for the year	3	765
Profit/loss for the year		-2.711

Distribution of profit

Retained earnings		-2.711
		-2.711

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK
Assets		
Trade receivables		210
Receivables from group companies	4	47.462
Other receivables		3
Corporation tax		765
Receivables		<u>48.440</u>
Total current assets		<u>48.440</u>
Total assets		<u><u>48.440</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> TDKK
Equity and liabilities		
Share capital		10.000
Other reserves		40.000
Retained earnings		-2.711
Equity		<u>47.289</u>
Trade payables		362
Payables to group companies		789
Total current liabilities		<u>1.151</u>
Total liabilities		<u>1.151</u>
Total equity and liabilities		<u><u>48.440</u></u>
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Statement of changes in equity

	Share capital	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 14 June 2021	10.000	0	0	10.000
Transfers, reserves	0	40.000	0	40.000
Net profit/loss for the year	0	0	-2.711	-2.711
Equity at 31 December 2021	10.000	40.000	-2.711	47.289

Notes

	2021 TDKK
1 Staff costs	
Other staff costs	4
	4
Average number of employees	1
The executive board and board of directors have not been paid remuneration.	
2 Financial costs	
Other financial costs	31
Exchange loss	12
	43
3 Tax on profit/loss for the year	
Current tax for the year	-765
	-765
4 Receivables from group companies	
The company's receivables from group companies includes TDKK 47.462 in a cash pool scheme with the ultimate parent company, Ørsted A/S.	
5 Main activity	
The main activity of the company is to develop voluntary carbon offset credits through Nature Based Solutions in the future.	
6 Subsequent events	
No events have occurred after the balance sheet date which could significantly affect the company's financial position	

Notes

7 Contingent liabilities

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.

8 Related parties and ownership structure

Controlling interest

Ørsted Service A/S, Kraftværksvej 53, 7000 Fredericia (moderselskab)