Omø South Nearshore A/S

Gyngemose Parkvej 50
2860 Søborg

CVR no. 35 84 05 40

Annual report for 2021

(8th Financial year)

Adopted at the annual general
meeting on 20 July 2022

Mikkel Bigum Hansen
chairman

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Omø South Nearshore A/S 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.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Søborg, 20 July 2022

Executive board

Knud Erik Andersen	Jasmin Bejdic

Board of Directors

Jens-Peter Zink Chairman	Jasmin Bejdic	Mikael Dystrup Pedersen

Independent auditor's report

To the shareholder of Omø South Nearshore A/S

Opinion

We have audited the financial statements of Omø South Nearshore A/S 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. The financial statements are prepared under 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 in accordance with the Danish Financial Statements Act.

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 the 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.

Statement on management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 20 July 2022

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jon Beck
State Authorised Public Accountant
MNE no. mne32169

Company details

The company	Omø South Nearshore A/S Gyngemose Parkvej 50 2860 Søborg
	CVR no.: 35 84 05 40
	Reporting period: 1 January - 31 December 2021 Incorporated: 30 april 2014
	Domicile: Gladsaxe
Board of Directors	Jens-Peter Zink, chairman Jasmin Bejdic Mikael Dystrup Pedersen
Executive board	Knud Erik Andersen Jasmin Bejdic
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28 2100 København Ø

Management's review

Business review

The objective is to develop and/or sell all types of renewable energy and related activities.

Financial review

The company's income statement for the year ended 31. december 2021 shows a loss of EUR 1.775.200, and the balance sheet at 31 December 2021 shows negative equity of EUR 1.882.205.

The Company is developing a nearshore wind farm south of Omø west of Zealand. During 2021, the projected area was appointed Natura 2000 area for nature and wildlife protection by the Danish Environmental Agency which limits the possiblity of realizing the project significantly. As a result hereof, all project costs has been written down which affects the loss for the year significantly.

Despite the project area being appointed Natura 2000 area, we are chasing an exception in hope of realizing the project.

Financing

The Company has per 31. December 2021 lost its capital. Management is aware of the capital loss and of the Danish Company's Act § 119. Management will at the ordinary general meeting explain the capital loss and plans for re-establishing the share capital. Management expects to reestablish the capital through future operations or injection of capital.

During 2021, the ownership structure in the indirect minority owner, JBF Nearshore ApS, has changed.
Following this change, the future financing structure is undergoing discussion between the owners and all current intercompany loans to the Company from European Energy A/S have been called in the beginning of 2022 with maturity in early 2023.

The Management expects the future financing structure to be in place in the course of 2022 to ensure sufficient funds to continue the development of the project.

Significant events occurring after the end of the financial year

Besides the above regarding financing, no events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Omø South Nearshore 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 accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in EUR

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

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 costs of raw materials and consumables and other external expenses.

Accounting policies

Other external expenses

Other external expenses include expenses related to administration, 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.

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

Tangible assets

Acquired project rights include rights for the development of the project until the time the construction can commence (development phase). Project rights include acquired rights of use, building permits, authorizations, etc. for the implementation of the project. Project rights are measured at initial recognition at cost. Costs includes direct and indirect costs for the development of the project.

Interest expenses on loans obtained specifically for the purpose of financing the development projects are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Accounting policies

Impairment of fixed assets

The carrying amount of property, plant and equipment is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

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

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.

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

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.

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.

Accounting policies

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 EUR	2020 EUR
Gross profit	2	**-4.137**	**-3.959**
Impairment of current assets		-1.958.638	0
Financial income		144	39
Financial costs	3	-9.624	-490
Profit/loss before tax		**-1.972.255**	**-4.410**
Tax on profit/loss for the year	4	197.055	-125.543
Profit/loss for the year		**-1.775.200**	**-129.953**

Recommended appropriation of profit/loss

Retained earnings	-1.775.200	-129.953
	-1.775.200	**-129.953**

Balance sheet 31 December

	Note	2021 EUR	2020 EUR
Assets			
Development projects in progress		0	2.462.648
Tangible assets		**0**	**2.462.648**
Total non-current assets		**0**	**2.462.648**
Other receivables		21.878	21.996
Deferred tax asset		48.942	0
Receivables		**70.820**	**21.996**
Cash		**79.161**	**30.550**
Total current assets		**149.981**	**52.546**
Total assets		**149.981**	**2.515.194**

Balance sheet 31 December

	Note	2021 EUR	2020 EUR
Equity and liabilities			
Share capital		68.000	68.000
Retained earnings		-1.950.205	-175.006
Equity	6	**-1.882.205**	**-107.006**
Deferred tax		0	130.807
Total provisions		**0**	**130.807**
Payables to group entities		1.894.720	1.459.705
Other payables		57.147	939.388
Total non-current liabilities	7	**1.951.867**	**2.399.093**
Trade payables		80.319	92.300
Total current liabilities		**80.319**	**92.300**
Total liabilities		**2.032.186**	**2.491.393**
Total equity and liabilities		**149.981**	**2.515.194**

Uncertainty about the continued operation (going concern)	1
Contingent liabilities	8
Related parties and ownership structure	9

Statement of changes in equity

	Share capital	Retained earnings	Total
	EUR	EUR	EUR
Equity at 1 January	68.000	-175.005	-107.005
Net profit/loss for the year	0	-1.775.200	-1.775.200
Equity at 31 December	**68.000**	**-1.950.205**	**-1.882.205**

Notes to the annual report

1 Uncertainty about the continued operation (going concern)

The Company has per 31. December 2021 lost its capital. Management is aware of the capital loss and of the Danish Company's Act § 119. Management will at the ordinary general meeting explain the capital loss and plans for re-establishing the share capital. Management expects to reestablish the capital through future operations or injection of capital.

During 2021, the ownership structure in the indirect minority owner, JBF Nearshore ApS, has changed.
Following this change, the future financing structure is undergoing discussion between the owners and all current intercompany loans to the Company from European Energy A/S have been called in the beginning of 2022 with maturity in early 2023.

The Management expects the future financing structure to be in place in the course of 2022 to ensure sufficient funds to continue the development of the project.

	2021 EUR	2020 EUR
2 Staff costs		
Average number of employees	0	0

The Company has entered into an administrative agreement with European Energy A/S. This includes a minor share of management remuneration, since the Company's management does not receive salary or other remuneration.

3 Financial costs

	2021	2020
Financial expenses, group entities	214.325	91.307
Other financial expenses	4.112	2.913
Exchange loss	32	167
Capitalized interest expenses	-208.845	-93.897
	9.624	**490**

Notes to the annual report

		2021	2020
		EUR	EUR
4	**Tax on profit/loss for the year**		
	Deferred tax for the year	-217.993	-820
	Adjustment of deferred tax concerning previous years	20.938	126.363
		-197.055	**125.543**

5 Tangible assets

	Development projects in progress
	EUR
Cost at 1 January	2.462.648
Additions for the year	392.684
Cost at 31 December	2.855.332
Impairment losses for the year	2.855.332
Impairment losses and depreciation at 31 December	2.855.332
Carrying amount at 31 December	**0**
Interest expenses recognised as part of cost of development projects in progress	208.845

6 Equity

The share capital consists of 68.000 shares of a nominal value of EUR 1 each. No shares carry any special rights.

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

Notes to the annual report

7 Non-current liabilites

	Debt at 1 January	Debt at 31 December	Instalment next year	Debt outstanding after 5 years
	EUR	EUR	EUR	EUR
Payables to group entities	1.459.705	1.894.720	0	0
Other payables	939.388	57.147	0	0
	2.399.093	**1.951.867**	**0**	**0**

8 Contingent liabilities

The Company is jointly taxed with its ultimate parent company, KEA Holding I ApS (management company), and jointly and severally liable with the other jointly taxed entities.

9 Related parties and 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:

European Energy Offshore A/S, Gyngemose Parkvej 50, 2860 Søborg.

Consolidated financial statements

The company is reflected in the group report of European Energy A/S, Gyngemose Parkvej 50, 2860 Søborg.

The group report of can be obtained at the following address:

www.europeanenergy.com