

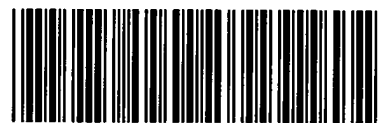
Registration number: 14032271

Orsted Gigastack Limited

Annual Report and Financial Statements

for the Period from 7 April 2022 to 31 December 2022

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Orsted Gigastack Limited

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Orsted Gigastack Limited

Company Information

Directors	Benjamin John Sykes Robert Duncalf James Henry
Registered office	5 Howick Place London England SW1P 1WG United Kingdom
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 1 Embankment Place London, England WC2N 6RH United Kingdom

Orsted Gigastack Limited

Directors' Report for the Period from 7 April 2022 to 31 December 2022

The directors present their report and the audited financial statements for the period from 7 April 2022 to 31 December 2022.

Incorporation

The company was incorporated in England and Wales on 7 April 2022 as a private company limited by share capital under the Companies Act 2006.

The address of its registered office is 5 Howick Place, London, England, SW1P 1WG, United Kingdom.

As at 31 December 2022, the company was owned by Orsted Hydrogen UK Holding Limited (100%).

Directors of the company

The directors, who held office during the period and up to the date of signing the financial statements, were as follows:

Benjamin John Sykes (appointed 7 April 2022)

Robert Duncalf (appointed 7 April 2022)

James Henry (appointed 27 October 2022)

Shian Jones-Mortensen (appointed 7 April 2022 and ceased 19 October 2022)

Principal activity

The principal activity of the company is to hold internal costs of project for production of hydrogen and associated activities. The company is intended as a holding company for Ørsted's interests in jointly developing the Gigastack project with Phillips 66. The project is envisaged to be an industrial scale hydrogen electrolyser in the Humberside region, powered by renewable electricity which would produce renewable hydrogen for use at the Phillips 66 Humber Refinery.

Result for the year

The company's net result for the current period was a loss of £267,463 which has been moved to retained earnings.

Dividend

During the current period no dividend was paid. The directors do not recommend payment of a final dividend.

Climate change

The physical and transitional risks of climate change have been considered for their impact on the company and the financial statements, including forward looking estimates, and determined not to be material.

Political donations

During the current period the company made no political donations and no individual donations to UK or non-UK political parties.

Orsted Gigastack Limited

Directors' Report for the Period from 7 April 2022 to 31 December 2022 (continued)

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has considered all available information about the future, which is at least 12 months from the date of approval of the financial statements.

Management considers that the preparation of the financial statements on a going concern basis remains appropriate as the company is expected to continue its activities for at least 12 months. These activities include closing out current project development and settling outstanding payments.

No decisions have been made to liquidate this company.

The company is reliant on the ongoing support of Orsted A/S. This support has been confirmed in writing for a period of at least one year from the date of signing of these financial statements.

Financial risk management

The company is exposed through its operations to the following financial risks:

Market risk

Liquidity risk

The company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. The company's objective in managing risk is the creation and protection of shareholder value. Risk is inherent in the company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the company's result.

Management reviews and agrees policies for managing each of these risks, which are summarised below.

During the current period the company did not use derivative financial instruments to hedge risk exposures.

1. Market risk

Market risk includes foreign currency risk.

Foreign currency risk

The company has only limited assets or liabilities in foreign currency. Also, the company has limited sales or purchase transactions in foreign currencies. As a result of this, the company's exposure to foreign currency risks is very limited.

Orsted Gigastack Limited

Directors' Report for the Period from 7 April 2022 to 31 December 2022 (continued)

2. Liquidity risk

The company has sufficient cash pooling arrangements to service its liabilities and planned development. Surplus cash is declared as dividend. Capital management is carried out to ensure low risk. Management monitors funding and liquidity and ensures the availability of required liquidity through cash management and committed facilities. The company's liquidity risk is primarily related to inter-company payables. It is the company's policy to ensure adequate liquidity to satisfy its obligations to the group companies.

Streamlined Energy and Carbon Reporting

The company has no physical operations or staff in its employ. Electricity and gas consumption are below 40,000 kWh annually.

Engagement with employees

The company has no employees, therefore the directors' have appointed service providers that engage with its employees on an ongoing and ethical way.

Directors liabilities

The company has in effect directors' indemnity insurance. This is a qualifying third party indemnity provision and was in force during the financial year and at the date of the approval of the financial statements.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

Orsted Gigastack Limited

Directors' Report for the Period from 7 April 2022 to 31 December 2022 (continued)

- as far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Reappointment of independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

Approved by the Board and signed on its behalf by:



.....
Benjamin John Sykes
Director

Date: Sep 28, 2023
.....

Independent auditors' report to the members of Orsted Gigastack Limited

Report on the audit of the financial statements

Opinion

In our opinion, Orsted Gigastack Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the period from 7 April 2022 to 31 December 2022;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Statement of Comprehensive Income and the Statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Orsted Gigastack Limited

Independent auditors' report to the members of Orsted Gigastack Limited (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 December 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Orsted Gigastack Limited

Independent auditors' report to the members of Orsted Gigastack Limited (continued)

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the regulation of the renewable energy industry in the UK including those associated with health and safety, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and relevant tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries and management bias in the assessment of accounting estimates. Audit procedures performed by the engagement team included:

- understanding and evaluating the design and implementation of controls designed to prevent and detect irregularities and fraud;
- enquiry of management regarding actual and potential litigation, claims or fraud and any instances of non-compliance with laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- identifying and testing a sample of journal entries, in particular any journal entries posted with unusual account combinations; and
- challenging assumptions and judgements made by management in respect of significant accounting estimates and assessing estimates for management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Orsted Gigastack Limited

Independent auditors' report to the members of Orsted Gigastack Limited (continued)

Other required reporting

Companies Act 2006 exception reporting


Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Alexander Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2023

Orsted Gigastack Limited

Statement of Comprehensive Income for the Period from 7 April 2022 to 31 December 2022

	Note	2022 £
Administrative expenses		<u>(266,942)</u>
Operating loss		<u>(266,942)</u>
Finance costs	6	<u>(521)</u>
Net finance costs		<u>(521)</u>
Loss before tax		(267,463)
Income tax (receipt)/expense	7	<u>-</u>
Loss for the financial period		<u>(267,463)</u>
Total comprehensive expense for the period		<u>(267,463)</u>

The above results were derived from continuing operations.

There were no other comprehensive income or expenses during the year.

The notes on pages 13 to 22 form an integral part of these financial statements.

Orsted Gigastack Limited

(Registration number: 14032271)

Statement of Financial Position as at 31 December 2022

		31 December 2022 £
	Note	
Assets		
Current assets		
Trade and other receivables	8	<u>1,895,726</u>
Total assets		<u>1,895,726</u>
Equity and liabilities		
Equity		
Share capital	9	(100,000)
Share premium		(1,800,000)
Accumulated losses		<u>267,463</u>
Total equity		<u>(1,632,537)</u>
Current liabilities		
Trade and other payables	10	<u>(263,189)</u>
Total liabilities		<u>(263,189)</u>
Total equity and liabilities		<u>(1,895,726)</u>

The financial statements on pages 10 to 22 were approved by the Board of directors and signed on its behalf by:



.....
Benjamin John Sykes
Director

Dated: Sep 28, 2023

Orsted Gigastack Limited

Statement of Changes in Equity for the Period from 7 April 2022 to 31 December 2022

	Share capital £	Share premium £	Accumulated losses £	Total £
At 7 April 2022	100,000	1,800,000	-	1,900,000
Loss for the financial period	-	-	(267,463)	(267,463)
Total comprehensive expense for the period	-	-	(267,463)	(267,463)
At 31 December 2022	100,000	1,800,000	(267,463)	1,632,537

The notes on pages 13 to 22 form an integral part of these financial statements.
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Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022

1 General information

The company is a private company limited by shares, incorporated and domiciled in England and Wales.

The address of its registered office is:

5 Howick Place
London
England
SW1P 1WG
United Kingdom

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") in conformity with the requirements of the Companies Act 2006 and under historical cost accounting rules.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

The company's financial statements are presented in pound sterling, which is both the functional and presentation currency.

Going concern

The financial statements have been prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, management has taken into account all available information about the future, which is at least 12 months from the date of approval of the financial statements.

Management considers that the preparation of the financial statements on a going concern basis remains appropriate as the company is expected to continue its activities for at least 12 months. These activities include closing out current project development and settling outstanding payments.

No decisions have been made to liquidate this company.

The company is reliant on the ongoing support of Orsted A/S. This support has been confirmed in writing for a period of at least one year from the date of signing of these financial statements.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Summary of disclosure exemptions

In these financial statements, the company has taken advantage of the exemptions available under FRS 101 in respect of the following disclosures:

- IFRS 7 - 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13 - 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 - 'Revenue from Contracts with Customers' (disaggregation of revenue, significant changes in contract assets and liabilities, details on transaction price allocation, timing of the satisfaction of performance obligations and significant judgements made in the application of IFRS 15).
- Paragraph 38 of IAS 1 - 'Presentation of financial statements' (comparative information requirements in respect of):
 - paragraph 79(a)(iv) of IAS 1
(reconciliation of number of shares at the beginning and end of the period)
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'
(reconciliations between the carrying amount at the beginning and end of the period)
 - paragraph 118(e) of IAS 38, 'Intangible assets'
(reconciliations between the carrying amount at the beginning and end of the period)
- The following paragraphs of IAS 1 - 'Presentation of financial statements' (removing the requirement to present):
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information);
 - 134-136 (capital management disclosures)
- IAS 7 - 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24 - 'Related party disclosures' (key management compensation).

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

- The requirements in IAS 24, 'Related party disclosures' (to disclose related party transactions entered into between two or more wholly owned members of a group).

Finance income and costs

Finance income comprise interest income which is recognised on the basis of the effective interest method.

Finance costs comprise interest expenses which are recognised on the basis of the effective interest method.

Tax

Tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is measured using the balance sheet liability method, providing for all temporary differences between the carrying amounts and the tax base of assets and liabilities.

Deferred tax is measured on the basis of management's planned use of the asset or settlement of the liability respectively. Deferred tax assets are recognised at the value at which they are expected to be utilised either by elimination against tax on future earnings or by offsetting against deferred tax liabilities.

Deferred tax is measured in accordance with the tax rules and tax rates that will apply under the legislation enacted at the balance sheet date when the deferred tax is expected to crystallise in the form of current tax. Changes in deferred tax as a result of changes in tax rates are recognised in profit/(loss) for the year.

Deferred tax is only recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences, unused tax losses or credits can be utilised.

Income tax asset/(liability) includes receivables/(payables) from group companies where group relief/consortium relief has been applied.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment at balance sheet date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Trade receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for expected credit losses.

Receivables from/(Payables to) group undertakings relating to cash pooling

The company is a participant in the group cash pooling arrangement of which Orsted A/S is pool master and legal bank account holder. The company has its own sub-accounts from which all transactions are executed. Balances held by the company under this revised arrangement are available for withdrawal/repaid on demand and are disclosed within amounts owed by/to group undertakings, representing amounts owed by/to the parent cash pool holder, Orsted A/S.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities

Financial instruments are used for various purposes. The purpose determines the category, and whether the value adjustment of the instrument should be recognised in the profit/(loss) for the year or as part of the hedging reserve in equity.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of comprehensive income, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of comprehensive income are expensed in profit or loss.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of loans.

Impairment

The company has up to three types of material financial assets that are subject to the expected credit loss model:

- trade receivables;
- contract assets; and
- debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rate is based on an assessment of the historical rates for default. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

2 Accounting policies (continued)

Debt investments

We keep our receivables until maturity, and they are therefore measured at amortised cost. All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses. These instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Other financial assets at amortised cost include loans to related parties and other receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

Debt investments and other receivables are written off where there is no reasonable expectation of recovery. The write-down is calculated as the difference between the carrying amount of the receivable and the net present value of expected future cash flows from the receivable using the effective interest rate. Impairment losses on debt investments and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Financial liabilities

The company classifies its financial liabilities in the following categories:

- financial liabilities at fair value through profit or loss (including financial liabilities held for trading and those that are designated at fair value), and
- other financial liabilities at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The company's financial liabilities at amortised cost include trade and other payables, loans and borrowings including bank overdrafts.

The fair value of financial instruments measured at amortised cost is identical to the carrying amount with the exception of long-term loans. Interest bearing borrowings of a short term nature that carry interest at floating rates are not amortised at the effective interest rate as their carrying value approximates their fair value on initial recognition.

After initial recognition, long term interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of comprehensive income.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the company's financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. In the process of applying the company's accounting policies, there are no critical accounting judgements and estimates in the year ended 31 December 2022.

4 Staff costs

There were no employees during the current period. The directors received no emoluments during the current period in respect of their qualifying services to the company.

The directors were remunerated by other companies within the Orsted group for their services to the group as a whole. It is not possible to allocate their remuneration between their services as directors of different group companies.

5 Auditors' remuneration

	2022
	£
Audit of the financial statements	<u>3,150</u>

There has been no non-audit remuneration in the current year.

6 Finance costs

	2022
	£
Interest on loans from group undertakings	6
Foreign exchange losses	<u>515</u>
	<u>521</u>

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

7 Income tax

The tax on loss before tax for the period is higher than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2022 £
Loss before tax	<u>(267,463)</u>
Corporation tax at standard rate	(50,818)
Tax losses not recognised	<u>50,818</u>
Total tax charge/(credit)	<u>-</u>

Factors that might affect future tax charges:

The main rate of UK corporation tax in the year was 19% and will increase to 25% from 1 April 2023.

The company has surplus tax losses at 31 December 2022 of £267,463 on which no deferred tax asset has been recognised.

8 Trade and other receivables

	31 December 2022 £
Receivables from related parties	1,876,269
Other debtors	<u>19,457</u>
	<u>1,895,726</u>

Receivables from related parties relates to the group cashpooling arrangement which has an interest of SONIA O/N plus 0.05% is unsecured and is repayable on demand.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

9 Share capital

Allotted, called up and fully paid shares

	31 December 2022	
	No.	£
Ordinary share capital of £100 each	<u>1,000</u>	<u>100,000</u>

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding-up) rights. They do not confer any rights of redemption.

10 Trade and other payables

	31 December 2022
	£
Trade creditors	42,720
Accrued expenses	100,506
Amounts due to related parties	116,813
Other payables	<u>3,150</u>
	<u>263,189</u>

Amounts due to related parties are unsecured, interest free, have no fixed date of repayment.

Orsted Gigastack Limited

Notes to the Financial Statements for the Period from 7 April 2022 to 31 December 2022 (continued)

11 Parent and ultimate parent undertaking

The immediate parent of the company is Orsted Hydrogen UK Holding Limited, incorporated in England, which owns 100% of the ordinary share capital.

The ultimate parent company is Orsted A/S, incorporated in Denmark. The Danish State currently holds 50.1 of the share capital of Orsted A/S and therefore the company considers the Danish Ministry of Finance the ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated are those headed by Orsted A/S.

The consolidated financial statements of this company are available to the public from its registered office;
Orsted A/S
Kraftværksvej 53
Skærbæk
7000 Fredericia
Denmark

12 Subsequent events

In July 2023, the company has decided to withdraw from Hydrogen Allocation Round 1 which is a UK Government scheme offering revenue support through the Hydrogen Production Business Model and CAPEX support through the Net Zero Hydrogen Fund for developers looking to produce electrolytic hydrogen from low carbon energy sources. In April 2023 UK government announced a new due diligence phase which introduced delay to the published timeline for shortlisting projects to be taken forward to the agreeing an offer stage. Management believes that further project maturation together with supply chain development is required to unlock maximum potential of this world-scale electrolytic hydrogen project and the compressed funding timeline threatens the successful delivery of the project.

Management considers that the preparation of the financial statements on a going concern basis remains appropriate as the company is expected to continue its activities for at least 12 months from the date of signing the financial statements while the remaining obligations are settled. These activities include closing out current project development activities and settling outstanding payments.