

Financial Statements for the Year Ended 31 December 2022

for

Andritz Hydro Hammerfest (UK) Limited

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for the Year Ended 31 December 2022

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Andritz Hydro Hammerfest (UK) Limited

Company Information
for the Year Ended 31 December 2022

DIRECTORS:

M Schoeberl
H Heber
M Schneeberger
F Mette

REGISTERED OFFICE:

Spaces, Tay House
300 Bath Street
2nd Floor, Office 45
Glasgow
G2 4JR

REGISTERED NUMBER:

SC338485 (Scotland)

AUDITORS:

Azets Audit Services Limited
Chartered Accountants
Statutory Auditor
Triune Court
Monks Cross Drive
York
YO32 9GZ

Report of the Independent Auditors to the Members of
Andritz Hydro Hammerfest (UK) Limited

Although the company is only required to file a Balance Sheet, requires the accompanying Report of the Auditors to be a copy of our report to the members on the company's full Financial Statements and Report of the Directors. Readers are cautioned that the Income Statement and certain other primary statements and the Report of the Directors, referred to in the copy of our Report of the Auditors, are not required to be filed with the Registrar of Companies.

Opinion

We have audited the financial statements of Andritz Hydro Hammerfest (UK) Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Abridged Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Material uncertainty related to going concern

We draw attention to note 2 to the financial statements which indicates that the company's ability to continue as a going concern is dependant on financial support from its ultimate parent company and the availability of this financial support is uncertain. These events and conditions along with other matters explained in note 2, constitute a material uncertainty that may cast doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Andritz Hydro Hammerfest (UK) Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Report of the Independent Auditors to the Members of
Andritz Hydro Hammerfest (UK) Limited

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 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 (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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
- Performing audit work over the timing and recognition of revenue and in particular whether it has been recorded in the correct accounting period.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Andritz Hydro Hammerfest (UK) Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Martin Davey (Senior Statutory Auditor)
for and on behalf of Azets Audit Services Limited
Chartered Accountants
Statutory Auditor
Triune Court
Monks Cross Drive
York
YO32 9GZ

19 September 2023

Andritz Hydro Hammerfest (UK) Limited (Registered number: SC338485)

Income Statement
for the Year Ended 31 December 2022

	2022 £	2021 £
TURNOVER	463,518	657,213
Cost of sales	<u>(563,957)</u>	<u>(537,131)</u>
GROSS (LOSS)/PROFIT	<u>(100,439)</u>	<u>120,082</u>
Administrative expenses	<u>(157,525)</u>	<u>(211,091)</u>
	<u>(257,964)</u>	<u>(91,009)</u>
Other operating income	<u>18,200</u>	<u>29,033</u>
OPERATING LOSS	<u>(239,764)</u>	<u>(61,976)</u>
Interest payable and similar expenses	<u>(270,721)</u>	<u>(114,470)</u>
LOSS BEFORE TAXATION	<u>(510,485)</u>	<u>(176,446)</u>
Tax on loss	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR	<u><u>(510,485)</u></u>	<u><u>(176,446)</u></u>

The notes form part of these financial statements

Abridged Balance Sheet
31 December 2022

	Notes	2022 £	2021 £
CURRENT ASSETS			
Debtors		266,354	29,710
Cash at bank		<u>148,836</u>	<u>269,178</u>
		415,190	298,888
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		<u>(9,807,839)</u>	<u>(9,181,052)</u>
NET CURRENT LIABILITIES		<u>(9,392,649)</u>	<u>(8,882,164)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(9,392,649)</u>	<u>(8,882,164)</u>
CAPITAL AND RESERVES			
Called up share capital		23,877,819	23,877,819
Retained earnings		<u>(33,270,468)</u>	<u>(32,759,983)</u>
SHAREHOLDERS' FUNDS		<u>(9,392,649)</u>	<u>(8,882,164)</u>

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

All the members have consented to the preparation of an abridged Balance Sheet for the year ended 31 December 2022 in accordance with Section 444(2A) of the Companies Act 2006.

The financial statements were approved by the Board of Directors and authorised for issue on 19 September 2023 and were signed on its behalf by:

M Schoeberl - Director

Notes to the Financial Statements
for the Year Ended 31 December 2022

1. **STATUTORY INFORMATION**

Andritz Hydro Hammerfest (UK) Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Andritz Hydro Hammerfest (UK) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activity are set out in the report of the Directors.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 (Section 1A) "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historic cost convention. The present currency is £ sterling because that is the currency of the primary economic environment that the company operates.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in this note, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Directors note that there are no longer any critical judgements in applying accounting policies

Going concern

The financial statements have been prepared on the going concern basis, notwithstanding, the loss for the year to 31 December 2022 of £510,485 (2021: £176,446) and the net liabilities of £9,392,649 (2021: £8,882,164), which the directors believe to be appropriate for the following reasons.

As further explained in the Report of the Directors, the company's trade is solely focused on providing services for the benefit of its parent undertaking Andritz AG ("Andritz").

These forecasts indicate that the company is dependant in all cases on funding from Andritz to meet its liabilities as they fall due for that period. This includes Andritz not seeking repayment of the current amounts currently due to it, which at 31 December 2022 amounted to £9,722,841 and providing additional financial support during that period. Andritz has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayments of the amounts due at the balance sheet date, for the period covered by the forecasts.

The activities of the Company are not however, integral to the activities of Andritz and therefore the Directors consider that there is not a sufficiently clear economic rationale for Andritz to continue to support the company and as a result there is uncertainty that the support which Andritz has indicated is available would be provided as required.

Based on these indications the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis. However, these circumstances represent material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. ACCOUNTING POLICIES - continued

Turnover

Turnover is stated net of VAT and trade discount. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets - research and development

Expenditure on research and development is capitalised where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and will be amortised only when commercial production begins. Provision is made for any impairment.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value each asset over its expected useful life, as follows:

Computer equipment - 25%-33% straight line

Fixtures and fittings - 20% straight line

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is an contract that evidences a residual in the assets of the Company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or liability is measured at the present value of the asset.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flow from the financial assets expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are recognised in the profit and loss in the period in which they arise.

Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at their fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss amount over the period for the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the term of the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution scheme. The company recognises a cost equal to their contribution payable for the period in their profit or loss. For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals in the balance sheet.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 (Section 1A) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 5 (2021 - 5) .

4. **INTANGIBLE FIXED ASSETS**

	Totals £
COST	
At 1 January 2022 and 31 December 2022	<u>16,276,001</u>
AMORTISATION	
At 1 January 2022 and 31 December 2022	<u>16,276,001</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

INTANGIBLE FIXED ASSETS - continued

The expense on the plant and machinery used in the development of technology related to the manufacture of tidal powered turbines was capitalised in accordance with Accounting for Research and Development requirements of FRS102.

5. TANGIBLE FIXED ASSETS

	Totals €
COST	
At 1 January 2022	
and 31 December 2022	<u>35,206</u>
DEPRECIATION	
At 1 January 2022	
and 31 December 2022	<u>35,206</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

6. ULTIMATE CONTROLLING PARTY

The immediate parent company is Andritz Hydro Hammerfest Strom AS, a company registered in Norway (registered office at c/o Hammerfest Energi AS, Rossmollgata 50, 9601 Hammerfest; registration number 979 152 256) and the smallest group in which the results of this company are consolidated. The consolidated financial statements are prepared in Norway. Andritz GmbH is the largest group in which the results of the company are consolidated. The Andritz GmbH consolidated financial statements are prepared in Austria and are available at <http://www.andritz.com>.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.