

# **Baltic Sea Offshore Investment Limited**

**Company number 09341564**

**Annual Report and Audited  
Financial Statements  
for the year ended  
31 December 2021**



## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

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## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **General Information**

**Directors:**

L Horstick  
T Van Den Brule  
M Mette  
S Van Krimpen

**Company Secretary:**

Bridge Wind Management Services Limited  
Suite 2a, Century Mews,  
100a Church Road,  
Tiptree,  
Essex  
CO5 0AB,  
United Kingdom

**Company Number:**

09341564

**Registered Office:**

Suite 2a, Century Mews,  
100a Church Road,  
Tiptree,  
Essex,  
CO5 0AB,  
United Kingdom

**Independent Auditors:**

Grant Thornton UK LLP  
Priory Place,  
New London Rd,  
Chelmsford  
Essex  
CM2 0PP  
United Kingdom

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **Strategic Report**

The directors present their strategic report for the year ended 31 December 2021.

#### **Principal activities, review of the business and future developments**

Baltic Sea Offshore Investment Limited (the "Company") was incorporated on 4 December 2014 and its principal activity involves holding shares in Baltic Sea Offshore Holdco Limited (the "Subsidiary"), a wholly owned subsidiary of the Company.

The Subsidiary acquired a 49.89% interest in EnBW Baltic 2 SCS, a Luxembourg Partnership ("Projectco"). The principal business of Projectco is the development and operation of the offshore wind farm project EnBW Baltic 2, in the Baltic Sea.

In November 2018, there was a restructure in the group to move Projectco out of Luxembourg and into Germany ("EnBW Baltic 2 GmbH & Co. KG" or "Baltic 2 KG"). The restructure was performed to create efficiencies within the group.

#### **Review of the business**

The Company incurred administrative expenses for a total amount of EUR 67k (2020 : EUR 31k). These expenses are composed of administration and audit expenses.

The loss of the Company for the year amounted to EUR 67k (2020 Loss : EUR 31k).

#### **Key performance indicators**

The directors are of the opinion that the following key performance indicators are relevant for an understanding of the development, performance or position of the Company's business:

- A net production result of the Projectco in line or above the Master Business Plan agreed between all parties involved in the financing of Projectco
- A reliable liquidity forecast which shows that the project and company can prudently be considered as a going concern
- A Debt Service Coverage Ratio above the target hurdle which has been agreed with the Senior Lenders financing a portion of the company's investment in the Projectco

#### **Principal risks and uncertainties**

The key risks facing the Company are credit and liquidity risks. Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument. Liquidity risk is the risk that the Company will not be able to meet its obligations. The Company is exposed to credit and liquidity risks due to its investment in Baltic Sea Offshore Holdco Limited. There is a risk that Baltic Sea Offshore Holdco Limited stops making distributions to the Company and consequently the Company will not be able to meet its debt obligations as they fall due.

On behalf of the board on 22 December 2022



T Van Den Brule  
Director



L Horstlick  
Director

## Baltic Sea Offshore Investment Limited

Financial Statements for the year ended 31 December 2021

### Directors' Report

The directors of the Company present their annual report and the audited financial statements of the Company for the year ended 31 December 2021.

The principal activities, business review and future developments are covered in the Strategic Report.

#### Strategic report

A review of the business for the year ended 31 December 2021, including an analysis of key financial, other performance indicators and future developments, is included in the Strategic Report on page 2.

#### Results and dividends

The Company's loss for the year of EUR 67k (2020 Loss : EUR 31k), as detailed on page 9, was transferred to reserves. No dividend (2020 : Nil) was paid from reserves during the year to the shareholders of the Company.

#### Financial risk management

The Company has limited cash balances and no significant exposure to currency risk. Details in relation to credit and liquidity risks are described in the "Principal risks and uncertainties" section above.

#### Post balance sheet events

There are no significant post balance sheet events.

#### Directors

The members of the board for the year are set out below:

- L Horstick
- M Mette (Appointed 1 January 2021)
- S Van Krimpen (Appointed 22 March 2021)
- T Van Den Brule
- C Van Heijningen (Resigned 22 March 2021)
- S Read (Appointed 16 March 2021 and resigned 9 April 2021)
- B Thorp (Appointed 16 March 2021 and resigned 9 April 2021)

#### Directors and Officers liability insurance and indemnity agreements

The Company purchased insurance to cover Directors' and Officers' liability as permitted by applicable Law. There are no indemnity agreements for any director.

#### Going concern

The Company is reliant on funds to be remitted from their indirect investment in the wind farm which is held by EnBW Baltic 2 GmbH & Co. KG, to repay the senior debt capital and interest and the shareholder loan note interest. The directors are confident, based on a review of historic and current trading performance of the investment that funds will be available under the shareholder agreement to meet the Company's liabilities as they fall due. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis. Further details of the directors' assessment of going concern can be found in note 1.3.

#### Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each of the persons who are directors of the Company at the date of approval of this report, confirm that:

- So far as each director is aware there is no relevant audit information of which the Company's auditors are unaware, and
- Each director has taken all necessary 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.

On behalf of the board on 22 December 2022:

  
T Van Den Brule  
Director

  
L Horstick  
Director

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

UK company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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. They 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.

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **Independent auditor's report to the members of Baltic Sea Offshore Investment Limited**

#### **Opinion**

We have audited the financial statements of Baltic Sea Offshore Investment Limited (the 'company') for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows 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 UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 'Auditor's 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.

#### **Conclusions relating to going concern**

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting 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 report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

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 strategic report or the directors' report.

### **Matters on which we are required to report by exception**

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.

### **Responsibilities of directors for the financial statements**

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.



## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **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 (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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company. We concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, as follows: the Companies Act 2006, UK-adopted international accounting standards and taxation laws;
- We obtained an understanding of how the company is complying with those legal and regulatory frameworks by making enquiries of management. Any matters arising are communicated with the board so we corroborated through our review of board minutes;
- We enquired of management and those charged with governance, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and through manipulation of accounting estimates. Audit procedures performed included:
  - identifying and assessing the design and implementation of controls that management has in place to prevent and detect fraud;
  - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
  - challenging assumptions and judgements made by management in its significant accounting estimates;
- We completed audit procedures to conclude on the compliance of disclosures in the accounts with applicable financial reporting requirements;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration by the engagement partner of the engagement team's:
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
  - knowledge of the industry in which the client operates.

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

### **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 an auditor's report 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.

*Grant Thornton UK LLP*

Timothy Taylor FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Chelmsford  
Date: *22 DECEMBER 2022*

**Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

**Statement of Comprehensive Income for the year ended  
31 December 2021**

	Note	1 January 2021 to 31 December 2021 EUR 000's	1 January 2020 to 31 December 2020 EUR 000's
Dividend received		-	-
Administrative expenses	7	(67)	(31)
<b>Loss from operations before tax</b>		<b>(67)</b>	<b>(31)</b>
Tax expense	8	-	-
<b>Total comprehensive loss attributable to the owners of the business</b>		<b>(67)</b>	<b>(31)</b>

The notes on pages 13 to 21 form part of these financial statements.

**Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

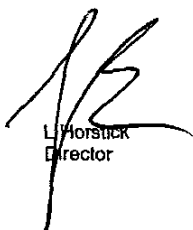
**Statement of Financial Position as at 31 December 2021**

	Note	31 December 2021 EUR 000's	31 December 2020 EUR 000's
<b>Assets</b>			
<b>Fixed assets</b>			
Investment in subsidiary	3	23,893	23,893
<b>Total non-current assets</b>		<b>23,893</b>	<b>23,893</b>
<b>Current assets</b>			
Other receivables	4	14,552	14,551
<b>Total current assets</b>		<b>14,552</b>	<b>14,551</b>
<b>Total assets</b>		<b>38,445</b>	<b>38,444</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Issued share capital	5	23,893	23,893
Retained earnings		(204)	(137)
		<b>23,689</b>	<b>23,756</b>
<b>Current liabilities</b>			
Trade and other payables	6	14,756	14,688
<b>Total current liabilities</b>		<b>14,756</b>	<b>14,688</b>
<b>Total liabilities</b>		<b>14,756</b>	<b>14,688</b>
<b>Total equity and liabilities</b>		<b>38,445</b>	<b>38,444</b>

The financial statements were approved and authorised for issue by the Board of Directors on 22 December 2022 and were signed on its behalf by:



T Van Den Brule  
Director



L Horstink  
Director

The notes on pages 13 to 21 form part of these financial statements.

**Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

**Statement of Changes in Equity for the year ended  
31 December 2021**

	Share Capital EUR 000's	Retained Earnings EUR 000's	Total Equity EUR 000's
Balance as at 1 January 2020	23,893	(106)	23,787
Total comprehensive income for the year	-	(31)	(31)
<b>Balance as at 31 December 2020</b>	<b>23,893</b>	<b>(137)</b>	<b>23,756</b>
Balance as at 1 January 2021	23,893	(137)	23,756
Total comprehensive loss for the year	-	(67)	(67)
<b>Balance as at 31 December 2021</b>	<b>23,893</b>	<b>(204)</b>	<b>23,689</b>

**Reserve**

Share premium

Retained (losses)/earnings

**Description and purpose**

Amount subscribed for share capital

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

The notes on pages 13 to 21 form part of these financial statements.

**Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

**Statement of Cash Flows for the year ended 31 December 2021**

	Note	31 December 2021 EUR 000's	31 December 2020 EUR 000's
<b>Cash Flow from operating activities</b>			
Loss before tax		(67)	(31)
<b><i>Cash generated from operations before working capital changes</i></b>		<b>(67)</b>	<b>(31)</b>
<b><u>Working capital changes:</u></b>			
Increase in trade payables		68	37
Decrease/(Increase) in receivables		(1)	(6)
<b><i>Cash generated from operations after working capital changes</i></b>		<b>-</b>	<b>-</b>
		-	-
<b>Cash and cash equivalent as at 31 December 2021</b>		<b>-</b>	<b>-</b>

The notes on pages 13 to 21 form part of these financial statements.

# **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

## **Notes to the Financial Statements**

### **1. Preparation of Financial Statements**

#### **1.1 Statement of compliance**

Baltic Sea Offshore Investment Limited (the "company") is a private company limited by shares and incorporated and domiciled in the UK – company number 09341564. The address of the registered office is Unit 2a, Century Mews, 100A Church Road, Tiptree, Essex, CO5 0AB.

The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006.

#### **Adoption of new and revised standards**

The following amended standards and interpretations were effective during the year, however, they have not had a significant impact on the company's financial statements:

- Amendments to IFRS 7, IFRS 9, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2
- Amendment to IFRS 16, 'Leases' - Covid-19 related rent concessions

#### **Accounting standards issued but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

*The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in section 1.3 below.*

*The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in section 1.3 below.*

#### **1.2 Basic Measurement**

The financial statements have been prepared on a historical cost basis.

#### **Basis of consolidation**

The company has taken the exemption under the Companies Act 2006 not to prepare consolidated financial statements as the group is small.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides on the operations and its financial resources, the company and its subsidiary, Baltic Sea Offshore Holdco Limited, will have sufficient funds to meet their liabilities as they fall due for that period. The directors, therefore, consider it appropriate to prepare the financial statements on the going concern basis.

The directors in their assessment considered the following factors:

1. Distribution receipts are derived from the company's investment in Baltic 2 KG; the windfarm is not subject to fluctuations in power prices as it generates income under a fixed tariff agreement. In addition, there is strong visibility on the maintenance costs which are contracted through long term maintenance agreements. This should mean that the operating company's profits and distributions to shareholders should not be materially different to historical levels.
2. The offshore windfarm project has sufficient business interruption insurance in place which would cover major unforeseen loss such as grid damage causing long term outages.
3. The company's shareholder interest payments are paid out only from available funds.

In the severe but plausible downside scenario, management have assumed:

- that distribution receipts the company receives will not fall below 75% of forecast levels;

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

# **Notes to the Financial Statements (continued)**

## **1. Preparation of Financial Statements (continued)**

### **1.3 Going concern (continued)**

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

A change in the assumptions used by Baltic 2 KG in preparing the future discounted cashflow valuation has caused an impairment at the associate level but this does not effect the future ability of the windfarm to generate electricity. The directors are confident, based on a review of historic and current trading performance of the investment, that funds will be available under the shareholder agreement to meet the Company's liabilities as they fall due. The directors believe that it is therefore appropriate to prepare the financial statements on a going concern basis.

The directors in their assessment considered the following factors:

- Distribution receipts are derived from the company's indirect investment in Baltic 2 KG; the windfarm is not subject to fluctuations in power prices as it generates income under a fixed tariff agreement. In addition, there is strong visibility on the maintenance costs which are contracted through long term maintenance agreements. This should mean that the operating company's profits and distributions to shareholders should not be materially different to historical levels.
- The offshore windfarm project has sufficient business interruption insurance in place which would cover major unforeseen loss such as grid damage causing long term outages.

In the severe but plausible downside scenario, management have assumed:

- that distribution receipts the company receives will not fall below 75% of forecast levels

### **1.4 Estimates and judgements**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

At each reporting date, the directors consider whether its investment in Baltic Sea Offshore Holdco Limited is impaired. This requires estimation of the future cash flows arising from the investee entity and selection of appropriate discount rates in order to calculate the net present value of those cash flows. The directors do not believe that there is any requirement to impair the asset given the performance of the subsidiary and the positive outlook.

The board believe that there are no critical judgements involved in applying the Company's accounting policies that warrant disclosure.

## **2. Summary of significant accounting policies**

### **2.1 Share capital and other equity equivalents**

Ordinary shares are classified as equity.

### **2.2 Functional and presentation currency**

The financial statements have been presented in Euros ("EUR") rounded to the nearest thousand, which is the Company's functional currency.

Transactions in foreign currencies are translated into EUR at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into EUR at the exchange rate ruling at that date.

Foreign currency exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost or fair value in a foreign currency are translated using the exchange rate at the date of the transaction or date fair value was determined.

Foreign currency exchange differences arising on translation are recognised in the Income Statement.



## Baltic Sea Offshore Investment Limited

Financial Statements for the year ended 31 December 2021

# Notes to the Financial Statements (continued)

## 2. Summary of significant accounting policies (continued)

### 2.3 Financial Instruments

#### Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### Classification and subsequent measurement of financial assets

Financial instruments are classified at inception into one of the following categories which then determines the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:

- financial assets at amortised cost; and
- financial assets at fair value through other comprehensive income (FVOCI); and
- financial assets at fair value through profit or loss (FVTPL)

Financial liabilities are classified into one of the following two categories:

- financial liabilities at amortised cost; and
- financial liabilities at fair value through profit and loss (FVTPL).

Borrowings, which include interest-bearing loans, are recorded at their initial fair value which normally reflects the proceeds received, net of direct issue costs less any repayments. Subsequently these are stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised over the term of the borrowing in the income statement using the effective interest method.

Accretion on inflation linked borrowings is accounted for on an accrual basis to the Income Statement and are added to the carrying value of the debt instrument to the extent that they are not settled in the period in which they arise.

Assets and liabilities on different transactions are only netted if the transactions are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis. Gains and losses arising from changes in fair value are included in the Income Statement in the period they arise, unless hedge accounting applies.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

#### Derecognition of financial instruments

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

#### Impairment of financial assets

Financial assets are impaired by calculating the probability of default and the estimated recoverable amount given default, which is used to calculate the expected credit loss. The Company has taken default to be defined as a counterparty that has entered administration.

The Company recognises loss allowances for expected credit losses (ECL) on financial instruments that are not measured at FVTPL, namely:

- trade receivables;

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

# **Notes to the Financial Statements (continued)**

## **2. Summary of significant accounting policies (continued)**

- loan receivables; and
- other receivables.

The Company measures the loss allowances at an amount equal to the expected credit loss. The way this is calculated is based on the applied impairment methodology, as described below:

Stage 1: For financial assets where there has not been a significant increase in credit risk since initial recognition, and were not credit impaired on recognition, the Company recognises a loss allowance based on the 12 month expected credit loss.

Stage 2: For financial assets where there has been a significant increase in credit risk since initial recognition, and were not credit impaired, the Company recognises a loss allowance for lifetime expected credit loss.

Stage 3: For financial assets which are credit impaired, the Company recognises the lifetime expected credit loss.

A significant increase in credit risk would be as a result of any change in circumstances specific to the counterparty or to the wider economic environment whereby the risk of default could be said to have been significantly increased within reasonable thresholds.

Evidence that the financial asset is credit impaired includes the following:

- significant financial difficulties of the counterparty; or
- a breach of contract such as default or past due event; or
- the restructuring of the loan or advance by the Company that the Company would not consider otherwise; or
- it is probable that the counterparty will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for an associated security because of financial difficulties.

### **Financial liabilities**

The Company's financial liabilities consist of financial liabilities at amortised cost which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The Company's financial liabilities include trade and other payables designated at amortised cost.

Financial liabilities measured subsequently at amortised cost use the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Given the short-term maturities, the fair value of current other liabilities approximates their carrying value.

### **2.4 Investment in subsidiaries**

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Subsidiary is stated at historic cost, less any provision for impairment.

Investments are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the investment is written down accordingly.

### **2.5 Cash and cash equivalents**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

### **2.6 Income taxes**

#### **Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

## Baltic Sea Offshore Investment Limited

Financial Statements for the year ended 31 December 2021

# Notes to the Financial Statements (continued)

### Deferred tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.7 Administration and other general expenses

Administration and other general expenses comprise recurrent running expenses of the Company. These expenses are recognised based on the accrual principle.

### 2.8 Directors' and employee's remuneration

The key management personnel of the Company are the directors of the Company.

The directors do not receive any remuneration for their services to the Company. The Company has no employees.

## 3. Investment in subsidiaries

Investment in subsidiary can be detailed as follows:

Name of the Company	Country of Incorporation	Registered office	Percentage of ownership	Closing date of last financial period	Shareholders' capital (EUR 000's)	Accumulated results (EUR 000's)	Net Equity amount (EUR 000's)
Baltic Sea Offshore Holdco Limited	United Kingdom	Suite 2a, Century Mews, 100a Church Road, Tiptree, CO5 0AB, Essex, United Kingdom	100%	31.12.2021	23,893	(61,934)	(38,041)

EUR 000's

Balance as at 31 December 2021

23,893

## 4. Other receivables

Trade and other receivables are composed of the following:

	2021 EUR 000's	2020 EUR 000's
Amounts receivable from shareholders	14,545	14,545
Prepayments	7	6
<b>Total</b>	<b>14,552</b>	<b>14,551</b>

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

### **Notes to the Financial Statements (continued)**

#### **5. Issued share capital**

The Company's share capital is EUR 23,892,757 comprised of 23,892,756 A shares and 1 B share.

	2021	2020
	EUR 000's	EUR 000's
Fully paid	23,893	23,893
<b>Total</b>	<b>23,893</b>	<b>23,893</b>

#### **Ordinary shares**

The ordinary shares have a par value of EUR 1 each. They entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

As at 31 December 2021, the share capital, amounting to EUR 23,892,757 (2020 : EUR 23,892,757), is represented by 23,892,757 (2020 : 23,892,757) ordinary shares with a nominal value of EUR 1 each.

#### **6. Trade and other payables**

*Trade and other payables are composed of the following:*

	2021	2020
	EUR 000's	EUR 000's
Trade payables	22	-
Accruals and deferred income	36	16
Amounts due to subsidiary undertaking	14,698	14,672
<b>Total</b>	<b>14,756</b>	<b>14,688</b>

#### **7. Administrative expenses**

	2021	2020
	EUR 000's	EUR 000's
Audit fees	25	12
Other expenses	42	19
<b>Total</b>	<b>67</b>	<b>31</b>

## Baltic Sea Offshore Investment Limited

Financial Statements for the year ended 31 December 2021

# Notes to the Financial Statements (continued)

## 8. Tax expense

There is no current or deferred tax charge in the year.

The tax assessed for the year is equal to the standard effective rate of corporation tax in the UK of 19% for the year ended 31 December 2021 (2020: 19%). The tax assessed on the loss on ordinary activities is explained below:

	2021	2020
	EUR 000's	EUR 000's
(Loss) for the year before taxation	(67)	(31)
Corporation tax at 19% (2020: 19%)	(13)	(6)
Tax effects of		
Carried forward losses	13	6
Total	-	-

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes were substantively enacted at Statement of Financial Position date and therefore were considered in current year calculation.

The company has losses to carry forward to offset against future profits of EUR 267k (2020: EUR 254k). This equates to a deferred tax asset of EUR 51k (2020: EUR 48k). A deferred tax asset has not been recognised on these losses due to the uncertainty of the timing of profits.

## 9. Financial risk management objectives and policies

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

- Credit risk
- Interest rate risk
- Foreign exchange risk and
- Liquidity risk.

In common with all other businesses, 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.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Trade and other payables

### Financial instruments by category

	2021	2020
	EUR 000's	EUR 000's
<b>Financial Assets</b>		
Trade and other receivables	14,552	14,551
<b>Total</b>	<b>14,552</b>	<b>14,551</b>
<b>Financial Liabilities</b>		
Trade and other payables	14,756	14,688
<b>Total</b>	<b>14,756</b>	<b>14,688</b>

## Baltic Sea Offshore Investment Limited

Financial Statements for the year ended 31 December 2021

# Notes to the Financial Statements (continued)

## 9. Financial risk management objectives and policies (continued)

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 risks limits and other controls. The process of risk management is critical to the Company's continuing profitability.

The Company's senior management oversees the management of these risks. Management reviews and agrees policies for managing each of these risks which are summarised below.

### 9.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk due to its investment in Baltic Sea Offshore Holdco Limited.

Credit risk is actively managed by monitoring the Subsidiary's performance and ensuring that any cash due from the Subsidiary is paid in a timely manner.

Cash and cash equivalents are invested in major banks. Management believed that the financial institutions that hold the Company's investments are financially sound and accordingly, minimal credit risk exists with respect to these investments.

### 9.2 Liquidity risk

Liquidity risk is defined as the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
	EUR 000's	EUR 000's	EUR 000's	EUR 000's
Trade and other payables	14,756	-	-	14,756
Total as at 31 December 2021	14,756	-	-	14,756

From the current performance of the Company, there is no sign at present, at least for the next 12 months that the Company will face significant liquidity risk.

## 10. Capital Management

When managing its capital, the Company intends to safeguard its ability to continue as a going concern in order to provide return to shareholders and benefits to other stakeholders, in addition to keeping an optimal capital structure to reduce this cost.

In order to maintain or adjust its capital structure, the Company may revise the policy for payment of dividend, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for example.

## 11. Contingent liabilities and commitments

There are no known contingent liabilities or commitments at the balance sheet date.

## 12. Events after the reporting date

There are no material events after the reporting date.

## 13. Related party transactions

Parties are deemed related when one has an ability to control the other or make significant influence while making financial and operational decisions.

The immediate parent undertaking of the Company are Ostwind Sarl which owns 45% and PGGM Infrastructure Fund which owns 55% of the share capital of Baltic Sea Offshore Investment Limited.

## **Baltic Sea Offshore Investment Limited**

Financial Statements for the year ended 31 December 2021

# **Notes to the Financial Statements (continued)**

### **11. Related party transactions (continued)**

There is no ultimate controlling party as the Company is jointly controlled by Ostwind Sarl and PGGM Infrastructure Fund.

During the year, the Company did not make additional loans to its shareholders (2020: Nil). This is an amount that was paid to the shareholders, from the profit distributed from the Projectco. As at 31 December 2021, EUR 14,551k (2020: EUR 14,550k) remains outstanding.

As of 31 December 2021, the Company also owed EUR 14,698k (2020: EUR 14,672k) to its subsidiary, Baltic Sea Offshore Holdco Limited. This balance relates to the amounts the subsidiary had paid on behalf of the Company, which consists of EUR 14,338k paid to the shareholders and administrative expenses of EUR 360k.