

Company registration number: 13777968

**ANNUAL REPORT AND FINANCIAL
STATEMENTS**

FOR THE PERIOD ENDED

30 SEPTEMBER 2022

ARC MIDCO LIMITED



MENZIES
BRIGHTER THINKING

ARC MIDCO LIMITED

COMPANY INFORMATION

Directors

A E H Lawson (appointed 2 December 2021)
S W Robinson (appointed 2 December 2021)
C L Thilsted (appointed 20 January 2022)
A M Wood (appointed 20 January 2022)

Registered number

13777968

Registered office

1st Floor
91 - 94 Lower Marsh
London
SE1 7AB

Independent auditors

Menzies LLP
Chartered Accountants & Statutory Auditor
1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ

ARC MIDCO LIMITED

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ARC MIDCO LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Introduction

The directors present their report and the financial statement for the year ended 30 September 2022.

Business review

The principal activity of the company is to act as a holding company for other entities in the Wood Thilsted Group and in this role KPI reporting is not deemed relevant by management.

In addition, the entity holds debt and loans, these fund other entities in the form of intercompany receivables.

The company is an investment and financing vehicle only. ARC Topco Limited contains the full Group overview.

The loss for the year amounts to £66,600.

Principal risks and uncertainties

Financial Risk

The financial management goal is to protect the company from events that might hinder the achievement of the company's performance objectives either due to cash flow or counterparty risks. The company's principal financial instruments comprise of receivables, payments and shareholders equity.

Interest rate risk

The Company is not exposed to any significant interest rate risk, as at the reporting date, financial liabilities are composed of loan notes bearing fixed interest rates and there are no variable interest-bearing assets.


Exchange rate risk

The Company is not exposed to any significant foreign currency risk as the transactions are in GBP.

Liquidity Risk

Liquidity risk relates to the Company's ability to meet its cashflow requirements. The Company limits its liquidity risk by having matching non-current financial assets and liabilities.

This report was approved by the board and signed on its behalf:

DocuSigned by:

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.....
C L Thilsted
Director

Date: 30-Jun-2023

ARC MIDCO LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2022

The directors present their report and the financial statements for the period ended 30 September 2022.

Directors

The directors who served during the period were:

A E H Lawson (appointed 2 December 2021)
S W Robinson (appointed 2 December 2021)
C L Thilsted (appointed 20 January 2022)
A M Wood (appointed 20 January 2022)

Principal activity

The principal activity of the group is that of engineering and consulting in support of offshore wind projects.

The Company was incorporated on 2 December 2021 and started trading on 21 January 2022.

Results and dividends

The loss for the period, after taxation, amounted to £66,600.

The directors do not recommend payment of a dividend.

Directors' responsibilities statement

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

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

Matters covered in the Strategic Report

The Company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 to set out within the company's Strategic Report the Company's Report Information Required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

This includes information that would have been included in the business review and details of the principal risks and uncertainties.

ARC MIDCO LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditor, Menzies LLP was appointed as auditor for ARC Midco Limited on 25 July 2021 in accordance with section 485 of the Companies Act 2006.

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

DocuSigned by:

Christian LeBlanc Thilsted

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C L Thilsted
Director

Date: 30-Jun-2023

DocuSigned by:

Alastair Muir Wood

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A M Wood
Director

Date: 30-Jun-2023

ARC MIDCO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC MIDCO LIMITED

Opinion

We have audited the financial statements of Arc Midco Limited (the 'Company') for the period ended 30 September 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 30 September 2022 and of its loss for the period 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 United Kingdom, including the Financial Reporting Council'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

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.

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.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

ARC MIDCO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC MIDCO LIMITED (CONTINUED)

Opinion 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 period 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.

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 Strategic Report or 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.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 Groups's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

ARC MIDCO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC MIDCO LIMITED (CONTINUED)

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:

The Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including:

- The Companies Act 2006;
- Financial Reporting Standard 102;
- UK employment legislation
- UK health and safety legislation; and
- General Data Protection Regulations

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

- We understood how the Company are complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - Challenging assumptions and judgments made by management in its significant accounting estimates; and
 - Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

As a result of the above procedures, we considered the opportunities and incentives that may exist within the organisation or fraud and identified the greatest potential for fraud in the following areas:

- Posting of journals to the accounting software which are of a non-routine nature in terms of timing and amount; and
- The use of management override of controls to manipulate results, or to cause the Company to enter into transactions not in their best interests.

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 is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditors' Report.

ARC MIDCO LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARC MIDCO
LIMITED (CONTINUED)

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 Auditors' 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.

DocuSigned by:

Tom Woods

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Tom Woods FCA (Senior Statutory Auditor)

for and on behalf of

Menzies LLP

Chartered Accountants
Statutory Auditor

1st Floor
Midas House
62 Goldsworth Road
Woking
Surrey
GU21 6LQ
Date: 30-Jun-2023

ARC MIDCO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Note	2 December to 30 September 2022 £
Administrative expenses		(76,022)
Operating loss		(76,022)
Interest receivable and similar income	6	4,181,086
Interest payable and similar expenses	7	(4,171,664)
Loss for the financial period		(66,600)

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 11 to 16 form part of these financial statements.

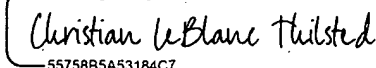
ARC MIDCO LIMITED

REGISTERED NUMBER:13777968


STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Note	2022 £
Fixed assets		
Investments	8	495,292
		<u>495,292</u>
Current assets		
Debtors: amounts falling due after more than one year	9	79,185,791
Debtors: amounts falling due within one year	9	13,066
		<u>79,198,857</u>
Creditors: amounts falling due within one year	10	(95,838)
Net current assets		<u>79,103,019</u>
Total assets less current liabilities		<u>79,598,311</u>
Creditors: amounts falling due after more than one year	11	(79,169,618)
Net assets		<u><u>428,693</u></u>
Capital and reserves		
Called up share capital	12	495,293
Profit and loss account	13	(66,600)
		<u><u>428,693</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

DocuSigned by:

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C L Thilsted
 Director

Date: 30-Jun-2023

DocuSigned by:

 EAEEB41223314FF...
A M Wood
 Director

Date: 30-Jun-2023

The notes on pages 11 to 16 form part of these financial statements.

ARC MIDCO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Called up share capital £	Profit and loss account £	Total equity £
Comprehensive loss for the period			
Loss for the period	-	(66,600)	(66,600)
Total comprehensive loss for the period	-	(66,600)	(66,600)
Shares issued during the period	495,293	-	495,293
Total transactions with owners	495,293	-	495,293
At 30 September 2022	495,293	(66,600)	428,693

The notes on pages 11 to 16 form part of these financial statements.

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

1. General information

ARC Midco Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of its registered office and principal place of business is disclosed on the company information page.

The principal activities of the Company are set out in the strategic report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The Company was incorporated on 2 December 2021 and started trading from 21 January 2022, therefore the activity for the period is for 9 months.

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Arc Topco Limited as at 30 September 2022 and these financial statements may be obtained from Companies House, Crown Way, CF14 3UZ.

2.3 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

2. Accounting policies (continued)

2.6 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The directors do not consider there to be any judgments or estimation uncertainty which materially impact these financial statements.

4. Auditors' remuneration

	2022 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	6,050

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

5. Employees

The average monthly number of employees, including the directors, during the period was as follows:

	2022 No.
Directors	4

The Company had no employees other than the directors who received no remuneration.

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

6. Interest receivable	2022 £
Interest receivable from group companies	4,181,086
	<u>4,181,086</u>
7. Interest payable and similar expenses	2022 £
Interest payable to group companies	4,171,664
	<u>4,171,664</u>

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

8. Fixed asset investments

	Investments in subsidiaries companies £
Cost or valuation	
Additions	495,292
At 30 September 2022	<u>495,292</u>

On 21 January 2022, a transaction occurred to acquire the share capital of Wood Thilsted Limited. This created four new parent companies of Wood Thilsted Limited each holding loans in respect of the acquisition.

The balance of £495,292 is the investment in ARC Midco 2 Limited's share capital.

The following were subsidiary undertakings of the Company:

ARC Midco 2 Limited - Ordinary 100% - registered office (A)

Indirect subsidiaries:

ARC Bidco Limited - Ordinary 100% - registered office (A)
 Wood Thilsted Limited - Ordinary 100% - registered office (A)
 Wood Thilsted Partners Limited - Ordinary 100% - registered office (A)
 Wood Thilsted APS - Ordinary 100% - registered office (B)
 Wood Thilsted Inc - Ordinary 100% - registered office (C)
 Wood Thilsted Poland - Ordinary 100% - registered office (D)
 Wood Thilsted South Korea - Ordinary 100% - registered office (E)

Registered offices:

A - 1st Floor, 91 - 94 Lower Marsh, London, England, SE1 7AB
 B - Kathrinevej 1, 2900 Hellerup, Denmark
 C - 1400 Hancock St., 4th Floor, Quincy, MA 02169
 D - ul. Inflancka 4, 00-189 Warsaw
 E - #603, 366 Cheonho-daero Seongdong-gu, Seoul, Korea

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

9. Debtors

	2022 £
Due after more than one year	
Amounts owed by group undertakings	79,185,791
	<u>79,185,791</u>

The group loans are repayable in January 2029 and interest is charged at a rate of 8% per annum compounding over the term.

	2022 £
Due within one year	
Other debtors	13,066
	<u>13,066</u>

10. Creditors: Amounts falling due within one year

	2022 £
Trade creditors	4,584
Amounts owed to group undertakings	85,204
Accruals and deferred income	6,050
	<u>95,838</u>

11. Creditors: Amounts falling due after more than one year

	2022 £
Manager loan notes	4,222,685
Rollover loan	48,575,928
Investor loan notes	26,371,005
	<u>79,169,618</u>

The group loans are repayable in January 2029 and interest is charged at a rate of 8% per annum compounding over the term.

ARC MIDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

12. Share capital

	2022 £
Allotted, called up and fully paid	
495,293,440 Ordinary shares of £0.00100 each	495,293

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

13. Reserves

Profit and loss account

Profit and loss reserves reflect cumulative profits and losses net of distributions to owners.

14. Related party transactions

The company has taken advantage of the exemption available under section 33 of FRS 102 and not disclosed details of transactions or balances with wholly owned group entities.

15. Ultimate Parent Undertaking and Controlling party

The immediate parent company is ARC Topco Limited.

The ultimate parent company and parent company of the largest and smallest group for which consolidated financial statements are drawn up is ARC Topco Limited (registered office 1st Floor 91 - 94 Lower Marsh, London, SE1 7AB), copies of which can be found at Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors of the company deem Christian LeBlanc Thilsted and Alastair Muir Wood to be the ultimate controlling parties.