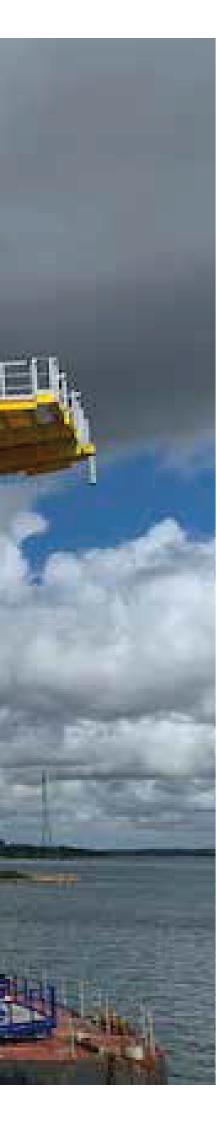


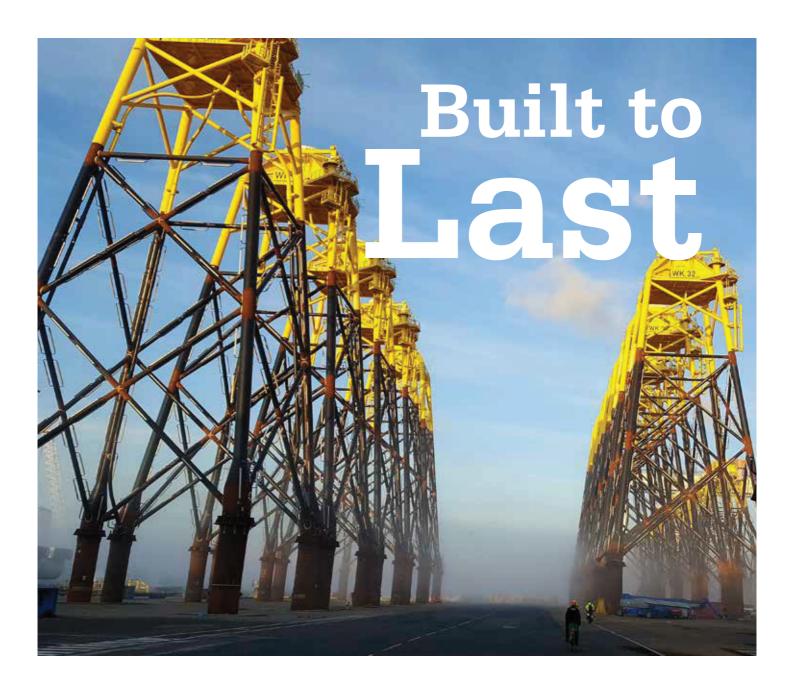
Bladt Industries A/S - Nørredybet 1 - 9220 Aalborg Ø - Denmark CVR Nr. 14818480 Adopted at the Annual General Meeting 31 May 2021





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Bladt Industries, we are as steel contractor focused on complex steel structures. Our main business is the offshore wind. We have a proven record of accomplishment within monopiles, jackets, transition pieces, substations and other special foundation types.

The offshore wind is the business area delivering renewable energy. We fabricate offshore substations and offshore foundations for clients around the world. In total, our reference list now counts 22 substations and more than 2,000 foundations.

Our offshore adventure took off within offshore Oil and Gas more than 40 years ago. Our expertise and knowhow cover steel structures such as modules, topsides, jackets and suction anchors.

Over the last couple of years Bladt Industries have been expanding within the Offshore wind and in 2020 the decision was made to focus solely on the offshore business meaning that the business area "infrastructure" is to be divested

The offshore wind business will become our core business—that is Bladt Industries will solely be focusing on being "the foundation for the green energy transition". This means, giving our contribution to making this planet a greener place to the benefit for future generations.



The employees of Bladt Industries

are key to ensuring successful project execution. The experience, qualifications and dedication of our employees are the backbone of the continued development of Bladt Industries and the range of projects that we execute.

Safety first, always comes first at Bladt Industries. We believe that the health, safety and welfare of our employees and our partners must be an integral part of everything that we do and we continuously strive to create a zero-accident culture.

All of our facilities have direct access to the sea and with the infrastructure in place to handle largescale structures, which enables us to play a leading role in the offshore business.

Quality is paramount for Bladt Industries and for our customers. It is part of the "Bladt DNA" to deliver high quality steel structures to our clients.

Customers are the source of our success. We focus on developing strong relations with our customers as trusted partners by meeting and exceed their requirements and expectations.

Management Review

Financial Highlights

DKKm	2020	2019	20181)	20171)	20161)
Key figures					
Revenue from continued operations	1,956.2	1,756.5	1,455.3	3,086.3	3,484.0
Gross profit from continued operations	127.3	-32.4	91.0	35.0	162.0
Earnings before interest, tax, depreciation, and amortization from continued operations (EBITDA)	131.7	-30.4	89.3	55.6	183.1
EBITDA excl. one-off items from continued operations $^{2)}$	167.0	120.2	149.1	145.4	193.1
Earnings before interest and tax from continued operations (EBIT)	79.1	-76.8	43.6	4.5	129.8
Profit/loss from financial income and expenses from continued operations	-4.7	-5.7	-7.7	25.7	-17.3
Profit for the year from continued operations	59.9	-62.5	29.5	31.3	86.1
Profit from discontinued operations	-82.7	20.9	0.0	0.0	0.0
Profit for the year	-22.8	-41.6	29.5	31.3	86.1
Non-current assets	170.5	207.1	167.9	199.8	260.9
Current assets	1,711.0	999.3	778.3	923.3	1,346.9
Total assets	1,881.5	1,206.5	946.3	1,123.1	1,607.9
Equity	505.3	378.2	429.7	449.0	423.4
Non-current liabilities	90.1	84.4	90.9	95.6	108.5
Current liabilities	1,286.1	743.8	425.6	578.5	1,075.9
Net interest bearing debt/Net cash	833.8	-80.4	118.5	-85.8	-47.2
Investment in property, plant, and equipment 3)	20.8	82.3	13.7	3.7	17.4
Investment in joint ventures (shares)	0.0	-6.6	0.0	0.0	0.0
Divestment of joint venture company (shares)	0.0	0.0	0.0	49.7	0.0
Cash flows from operating activities (CFFO)	804.7	-123.9	281.6	-57.2	96.9
Cash flows from investing activities (CFFI)	-18.8	-87.4	-13.7	45.0	-17.5
Free cash flows	785.8	-211.3	267.8	-12.3	79.5
Financial ratios					
Operating margin (%) from continued operations	4.0	-2.3	3.0	0.1	3.7
Solvency ratio (%)	28.8	31.4	45.4	40.0	26.3
Return on equity from continued operations (%)	17.3	-12.4	9.9	1.0	32.0
ROIC from continued operations (%)	16.3	-13.0	10.3	0.9	28.1
ROIC from continued operations excl. one-off items $(\%)$	60.0	26.2	24.5	18.7	30.2
Average number of employees	473	427	355	557	638

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines. We refer to the definition of financial ratios on page 64, note 33.

¹⁾ Numbers has not been restated acording to discontinued operations

²⁾ Reconciliation of one-off items effecting EBITDA to internal reporting

³⁾ Investment in lease assets included

Highlights of 2020

The financial performance of the company for 2020, as a whole, has not lived up to the expectations and the consolidated results are disappointing.

Looking isolated at the future core business of Bladt Industries, the renewable business area Offshore Wind, consisting of Foundations and Substations, the performance of the projects has been satisfactory following some significant process improvements related to management of internal risk, financial and project controlling, imposing rigorous focus on project performance. In fact, the core business is performing in line or above expectations.

However, the short fall in 2020 stems from two non-core projects, one within O&G industry and one infrastructure project have had severe negative impact on the financial results. In particular, a very large infrastructure project - an oil terminal in Denmark - has due to significant differences in variations order and interpretation of contract scope lead to a significant cost overrun and unpaid variation orders, hurting the 2020 results. Bladt Industries, as a professional and experienced contractor, with more the 400 oil tanks successfully delivered over time, will of course finalize the project as instructed by the customer and find either an amicable or a court resolution in order to obtain payments for work performed and contractually due.

New CEO

In the second half of 2020, Anders Søe-Jensen has been appointed as the new CEO of Bladt Industries. He comes with a long history and a strong track record within the offshore wind business, which will bring valuable competences and experience to the Bladt Industries' management team, and will continue the ongoing process of preparing the company for a growing market with focus on costumers, efficiency and profitability.

Infrastructure Division - Discontinued Operations

The Infrastructure division was the foundation stone of Bladt Industries and has been an integrated part of Bladt Industries' long historical DNA. The management has decided that the future core business of Bladt Industries will be the segments Offshore Foundations and Offshore Substations. The ambition is to become a pure offshore wind OEM, delivering foundations, transition piece (TPs), and substations globally to the offshore wind industry supporting Bladt Industries' vision to become

"The foundation for the green energy transition offshore"

Due to this decision, the desire for divesting the Infrastructure division has been matured over time

At the end of the year, the Board decided to divest the Infrastructure division, and this is still ongoing, which means that the division is presented as "discontinued operations", referring to the financial statement, balance sheet, and note 10.

Continuing Operations

The continuing operations, being business relating to the offshore wind industry providing foundations and substations, are showing a historical high gross profit of DKK 127 million compared to a gross profit of minus DKK 32 million in 2019 (note: negatively impacted by a write-down, DKK -85 million, of an on-going arbitrage case). The strong performance is a result of various factors including successful tenders with rigours focus on risk/opportunity and strong project execution of the ongoing projects.

Revenue also increased to DKK 1,956 million from DKK 1,757 million in 2019.

Profit for the year before tax amount to DKK +74 million (2019: DKK -83 million), which is in line with the expectations for the year 2020.

The free cash flow is showing strong improvement to DKK +786 million compared to 2019 (DKK -211 million).

The increase in the total assets mainly relates to a strong cash position relating to a prepayment of approx. DKK 550 million from one client and the strong cash flow management.

At the end of 2020, total assets amounted DKK 1,881 million (2019: DKK 1,216 million), mainly due the improved cash flow.

Total equity has increased to DKK 505 million (2019: DKK 378 million). The increase of equity is mainly due to a capital injection of DKK 150 million in May 2020.

A project delivered in 2014 continues to involve disagreement regarding the settlement of variation orders and claims between Bladt Industries and the customer at this specific project. Bladt Industries has commenced arbitrational proceedings continue to be ongoing. Bladt Industries and its legal advisers are confident in its position and the merits of the case. As with all such disagreements, there is uncertainty as to the financial outcome of the dispute which can have a significant positive or negative effect.

Discontinuing Operations

The discontinuing operation, being the Infrastructure division, is showing a negative profit before tax of DKK -106 million (2019: DKK +21 million). The weak performance primarily relates to the construction of an oil terminal.

No events of significant importance to the financial statements and annual report for 2020 have occurred after the end of the financial year. Concerning events after the balance sheet date, we refer to note 31.



Market Outlook

Market continues going global

Bladt Industries continued to play an important role in servicing markets outside Europe. In 2020, one substation contract is signed for the EU market. We are pleased that our long-term working relationship with Semco Maritime has been strengthened even further and is again in 2020 meeting market and customer demands.

In Taiwan, our joint venture, Century Bladt Foundation Co., Ltd., with our Taiwanese partner, has progressed and has started the execution of orders and establishing production facilities for our first jacket contract, the Changfang and Xidao project. The joint venture will allow Bladt Industries to take part in the Taiwanese offshore wind market and to create the base

for a close collaboration with an Asian supply chain within components to the offshore wind industry.

Furthermore, Bladt Industries has also established an Asian supply chain to supply components to Century Bladt Foundation Co., Ltd.

In the USA, Bladt Industries has followed the market development with interest. The current administration has significantly raised the ambitions for US offshore wind. In late 2020, Bladt Industries signed an alliance agreement with American Burns & McDonnell to pursue possibilities in the US offshore wind market.

Bladt Industries and Semco are continuing a successful cooperation on the market for offshore substations.

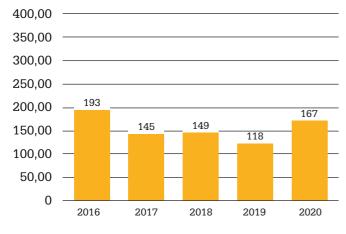
At Bladt Industries, we are always open to pursue the opportunities when a new global offshore wind market arises. We believe that the globalisation of offshore wind market provides attractive commercial opportunities for Bladt Industries.

Productions in 2020

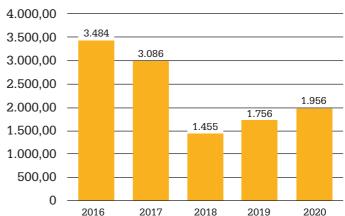
The activity level increased in 2020 and thus revenue increased from DKK 1,757 million (2019) to DKK 1,956 million. In 2020, Bladt Industries worked on some 170 foundations for three windfarms, five substations, and mutual infrastructure projects.

For the Kaskasi project, Bladt Industries fabricates the monopiles, transition pieces, and the substation. For the Hornsea Two project and Danish Kriegers Flak project, Bladt Industriesfabricated in total 145 transition pieces.

EBITDA excl. one-off items (DKKm)



Revenue (DKKm)





Market Developments

The markets of Bladt Industries are the global markets for offshore wind. As expected, the European offshore wind markets for foundations and substations under fabrication – which are driven by gigawatts to be installed in the coming years – were increased in 2020 compared to 2019. 2021 is expected to be a year of further increased activities. Looking forward, the offshore wind market, both in terms of gigawatts and in terms of tonnage of foundations, is expected to show double-digit annual growth rates in the years to follow.

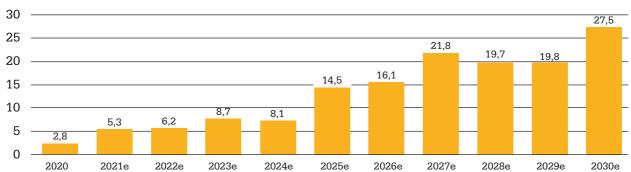
Offshore Wind – from Northern Europe to Global Growth

Offshore wind is expected to enter a phase of significant growth. We see a further transition from a European market to a global market and with increased growth rates. With the expected growth from Wood Mackenzie, the demand of offshore wind structures is expected to double every 4-5 years, and 60% of the global growth is to take place in Europe. Overall, both the established European markets as well as emerging overseas markets are expected to contribute to the significant growth of offshore wind in terms of gigawatt installed. See the

graph below, which shows the global market excluding China. China is not included as Bladt Industries does not currently target that market.

The expected +20% annual average market growth rates in the coming years for offshore wind are driven by the competitiveness of energy from clean offshore wind. The latest auctions on offshore wind have proven the industry long term competitive compared to other energy sources. Overall, these factors combined will make offshore wind an attractive energy source with a bright future.

Expected gigawatt installed (global ex China)



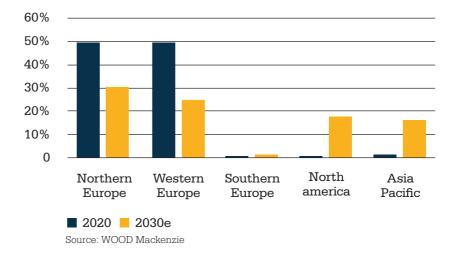
GW installed (Global ex China). Year = grid connection not fabrication.

Source: WOOD Mackenzie



Another driver of the expected offshore wind market growth is the expansion of offshore wind internationally. Traditionally, offshore wind has been solely a Northern European business (North Sea, Irish Sea, Baltic Sea). In recent years, this has been supplemented/expanded with the emerging Chinese offshore wind market. Beside graph shows the growth outside Northern Europe. By 2020, 99% of installed gigawatt is in Europe. By 2030, it is expected that 57% is installed in Europe, 19% in North America, and 18% in East Asia.

Share of accumulated gigawatt by region (ex China) 2020 and 2030







In the coming years, further countries will join the ranks of offshore wind producing countries. In 2020, five countries (UK, Germany, Netherlands, Belgium, and Denmark) has approx. 97% of the installed capacity. By 2030, it is expected that 8 other countries will account for 56% of the buildout from 2021 to 2030.

The US offshore wind market is expected to take off initially on the East Coast. The US administration's new target is expected to add 60 gigawatt by 2030 and 110 gigawatt by 2050. By 2035, the Taiwanese market will grow and add 15.5 gigawatt of offshore wind capacity. During the coming decade, markets such as France, Ireland, Poland, Japan, Vietnam, and South Korea are also expected to build commercial scale offshore wind farms.

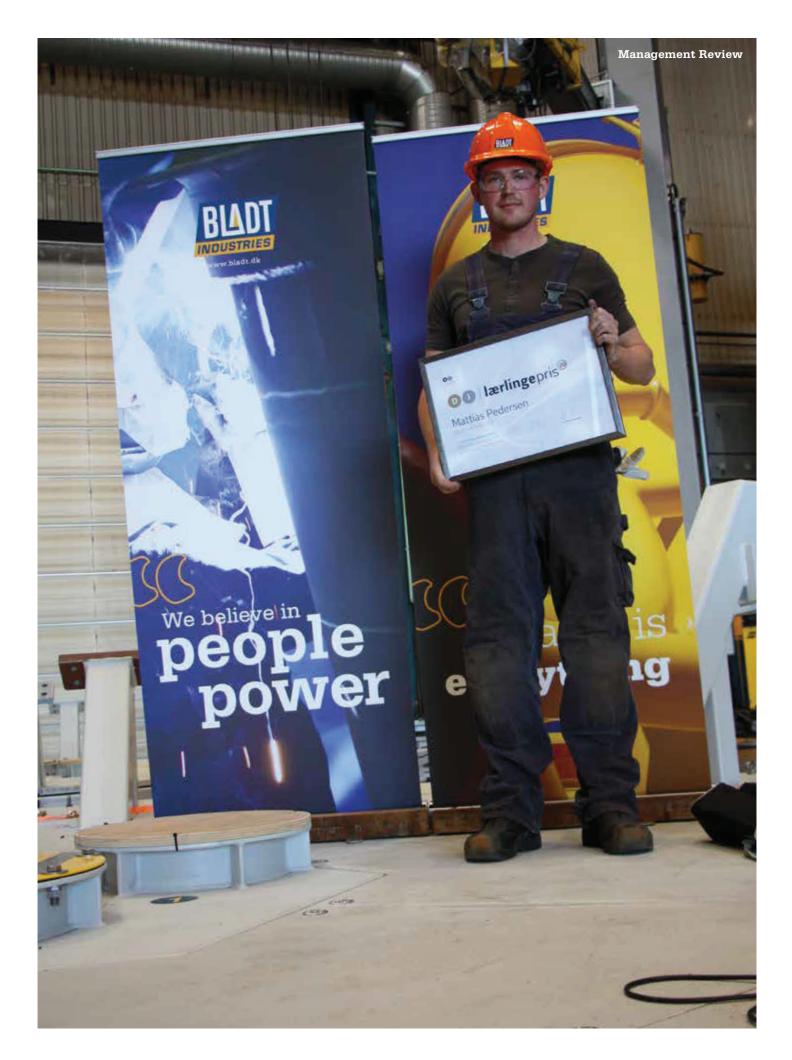
In terms of accumulated tonnage of foundations, this is projected to display a similar growth rate driven by heavier foundations despite a lower number of foundations per gigawatt. The lower number of foundations per gigawatt is due to larger wind turbines in deep waters.

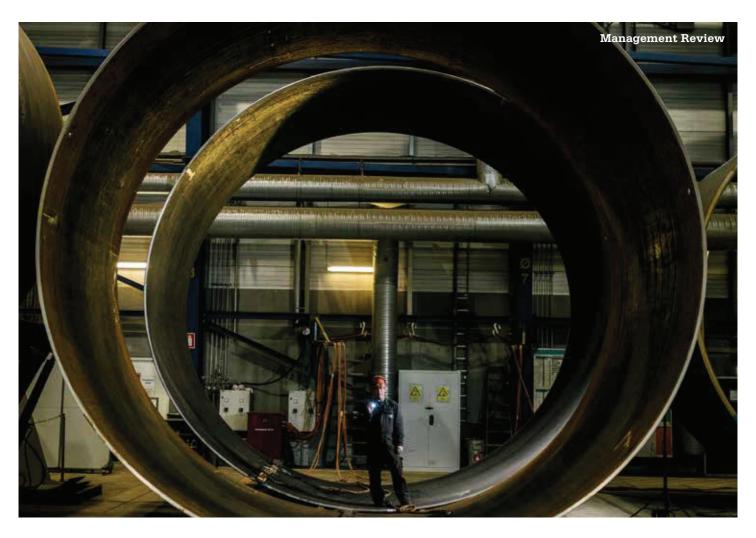
The monopile foundation types including transition pieces are expected to continue to be a cost-efficient foundation solution for offshore wind turbines. Monopiles are expected to continue to increase in size to meet

the increased turbine size and the deeper waters. Already now, the market and some customers are pursuing opportunities to further develop monopiles to include transition pieces equipment. However, jacket foundations are still projected to continue to play an important role, where soil conditions or geographic locations require more sophisticated solutions. In the UK with larger turbines and deeper waters and in Taiwan with seabed conditions and the risk of natural disasters, jacket foundations are for many future projects the obvious choice. Floating foundations are also expected to have a very high steel content.

Bladt Industries is focused to capitalise on this expected market growth. This position builds on our very strong track record within delivery of offshore wind foundations and substations to date. It is complemented by the international cooperation with strong local players in emerging markets.

We strive to further develop long-term relationships with the benefit to all parties and maintaining our global competitiveness.





Outlook 2021

In 2020, the industry improved compared to 2019. Bladt Industries has experienced a higher activity level. This trend supports the outlook for 2021. The increased activities within the global offshore wind market has an improving impact on the outlook for 2021 and beyond.

Bladt Industries is experiencing the strong impact of the global trend towards green energy, which is leading to substantially higher activities in new wind park projects globally also leading to higher tender activities. But due to increasing sizes in the wind parks, the lead time is also increasing meaning that many tenders of upcoming projects are for coming years that is beyond 2021.

We expect our continuing business to perform in 2021 at the same level as 2020, but with an increasing order book for the coming years.

Our division for substations and platforms is expected to perform better than 2020 due a larger order book and a strong market position based on a close collaboration with Semco. The outlook is based on a solid order book for 2021, which secures a large part of

the 2021 outlook. Some 90% of estimated contribution is covered by the current order book and projects where Bladt Industries is appointed preferred supplier. This order book includes offshore wind turbine foundations for the Kaskasi TPs and MPs, Hornsea Two, Changfang and Xidao, and offshore substations for the Vineyard, the Mayflower, Arcadis Ost, and Kaskasi offshore wind farms. In addition to these firm orders, Bladt Industries was in 2020 announced preferred supplier for the Courseulles-sur-Mer. In spring 2021, this was negotiated to a firm and unconditional contract for 64 TPs to be delivered during 2021-2022.

The demand for a lower levelised cost of energy (LCoE) drives the transition towards larger wind turbines, this in turn drives the demand for larger monopiles. All forecasts dictate that this market segment for the so called XXL monopiles (diameter +10 metres) will grow significantly. We already see an increase in number of tenders for projects, which require XXL monopiles.

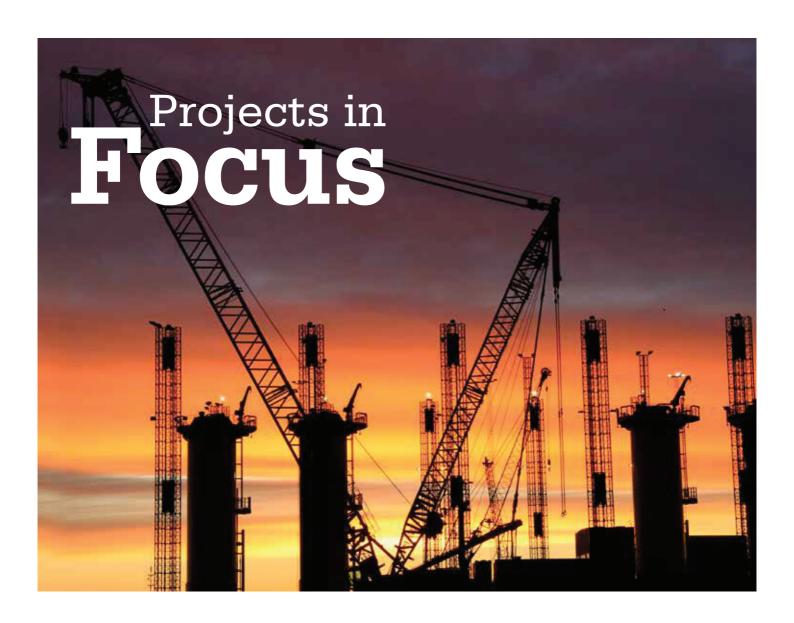
Based on this development, Bladt Industries has in 2021 announced its intent to strengthen its position within offshore wind and pursue the XXL monopile segment through a large

investment at the Lindø site, with the aim of being able to deliver the first XXL monopiles in 2022

COVID-19

So far, Bladt Industries has only experienced limited negative effect of the COVID-19 outbreak.

Many of Bladt Industries' customers have indicated that they will continue projects and orders in progress as planned. There has been some degree of hesitation on the decision of some new projects, leading to some shifting in timing of new projects planned in 2020. Management is monitoring the development closely anddoes, however, expect a positive impact overall on Bladt Industries' outlook for the coming years, as the global trend and governmental financial expenditures to mitigate an economical slow-down has increased and been accelerated towards investments in the green transition.



Foundations for Offshore Wind Turbines

Borssele 1 + 2, The Netherlands

Bladt was in September 2018 awarded the contract for delivery of 35 transition pieces for the Borssele 1+2 project, with an option for additional 24 transition pieces.

In December 2018 Ørsted decided to place the order of the additional 24 transition pieces at Bladt Industries – giving a total of 59 transition pieces for Bladt Industries to supply. In March 2020 the last transition pieces were delivered

Each transition pieces is almost 26 meters high with a diameter of 6 meter. At load out the weight of each transition pieces is 390 tons including a 86 tons concrete external platform.

The Borssele Offshore Wind Farm is designed, build and will be operated, by \mathcal{O} rsted

The Borssele 1+2 Offshore Wind Farm Project will be placed 22 kilometres off the coast of the province of Zeeland in the Netherlands. The entire project consist of a total of 94 turbines. As each turbine is 8.0 megawatt, the combined accumulated output will be 752 megawatt.

Kriegers Flak, Denmark

Bladt Industries signed a contract with Vattenfall in December 2018 for the fabrication of 72 transition pieces and 144 anode cages for the Danish Kriegers Flak Offshore Wind Farm.

Fabrication began in the summer of 2019. In August 2020 the last load out of the transition pieces for the project left the site of Aalborg.

The transition pieces have a diameter of up to 6.4 metres, a height of 16 metres, and a weight of approximately 205 tonnes – fully equipped with internal platforms, switchgear, Davit Crane etc.

Danish Kriegers Flak Offshore Wind Farm is owned and developed by Vattenfall AB. The wind farm will become the largest Danish Offshore Wind Farm, when it is up and running in 2021. The offshore wind farms will have a total of 605 megawatt.

Hornsea Two, UK

Bladt was in 2019 awarded the contract for delivery of 135 transition pieces for the Hornsea Two project.

Each transition pieces is roughly 20 meters high with a diameter of 6.5 meter. At load out the weight of each transition pieces is 350 tons including a 90 tons concrete external platform.



The Hornsea Two Wind Farm is designed, build and will be operated, by Ørsted.

The Hornsea 02 Wind Farm Project will be placed in the North Sea 100 kilometres off the Yorkshire coast. The entire project consist of a total of 165 turbines. As each turbine is 8.0 megawatt, the combined accumulated output will be 1.4 Gigawatt.

The handover of foundations from Bladt Industries to Ørsted is ongoing and the foundations delivery will be finalized in second quarter of 2021.

Changfang and Xidao

Copenhagen Infrastructure Partners entered early in 2019 a contract with Century Wind Power and Century Bladt Foundation Co. Ltd., a joint venture between Bladt Industries and Taiwanese Century Wind Power. The contract comprises 62 jacket

foundations each with at weight of 1,300 tons. This is the first project for Century Bladt Foundation Co. Ltd to carry out in the joint venture.

The production commenced in early 2020 and is currently ongoing.

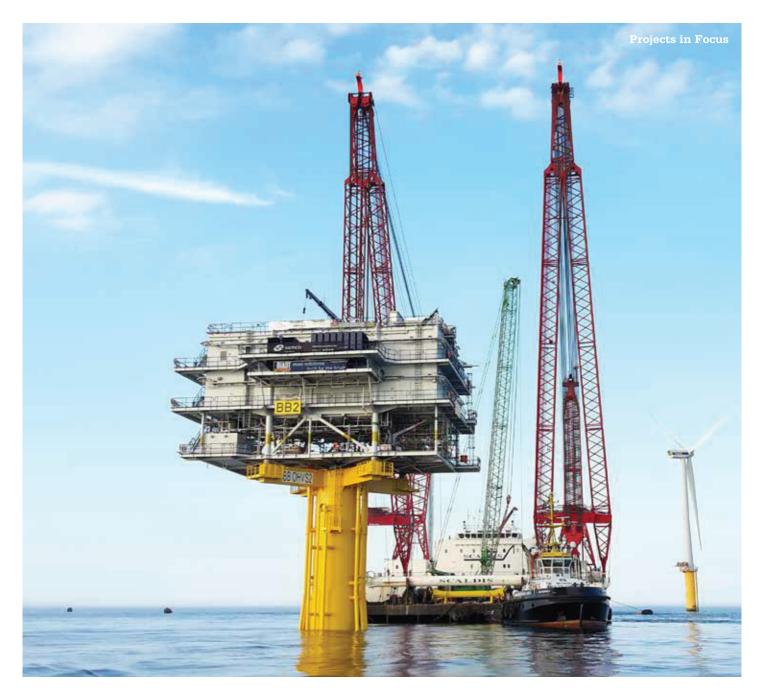
Changfang and Xidao Offshore Wind Farms is located 13-15 kilometres off the western coast of Taiwan. With a total capacity of up to approximately 600 megawatt, the wind farm will supply CO2-free power corresponding to the annual power consumption of more than half million Taiwanese households.

Kaskasi II, Germany

RWE Kaskasi GmbH is responsible for the erection of the Kaskasi II Offshore Wind Farm (KAS OWF) in the German Bight, North Sea, within the German Exclusive Economic Zone (EEZ). Bladt Industries signed a contract with RWE in April 2020 for the fabrication of 38 transition pieces and 39 monopiles, including the monopile for the substation. The foundations will be delivered in third quarter of 2021.

On three out of the 38 foundations, RWE will install the so-called "collars" to improve the structural integrity of the entire foundation.

Kaskasi II is scheduled to go online in the summer of 2022 and to be fully commissioned by the end of 2022. The offshore wind farms will have a total of 605 megawatt. Once up and running, the offshore wind farm will be able to supply the equivalent of around 400,000 households per year with green electricity.



Offshore Wind Substations

Arcadis Ost, Germany

In April 2020 Bladt Industries was awarded a contract for the delivery of a complete and fully installed substation to the Arcadis Ost Offshore Wind Farm in Germany. The contract is a turnkey contract (EPCI contract), which includes design, fabrication, offshore installation, test and commission.

End of Marts 2020 prefabrication of the 1,000 tons steel was started at sup suppliers in Poland.

Arcadis Ost is controlled and developed by Parkwind GmbH. The substation will be installed in the Baltic Sea in German territorial waters about 19 kilometres off the coast of the island Rügen. The park has a total installed capacity of 247 megawatt. Bladt Industries shall deliverer the offshore substation ready for production in September 2022

Kaskasi, Germany

In May 2018 Bladt Industries was awarded a contract for the delivery of a complete and fully installed substation to the German project Kaskasi II Offshore Wind Farm. The contract was a turnkey contract (EPCI contract), which includes design, fabrication, offshore installation, test and commission. Further, the contract include delivery of a transitions piece and design of a mono pile for the substation.

In July 2020 prefabrication of the steel for the 1,400 tons substation was started at sup suppliers and is expected at Bladt site Aalborg in O2 2021 for further E&I works.

Kaskasi is controlled and developed by RWE. The park is installed in the North Sea about 45 kilometres off the German coast. The park has a total installed capacity of 325 megawatt, which will be supplied by 38 WTG's.



Vineyard Wind, Massachusetts. USA

In May 2019 Bladt Industries was awarded a contract for the delivery of a complete substation including a jacket foundation to the US project Wineyard Wind Offshore Wind Farm. The contract was awarded after Bladt Industries had finalized a FEED study for the employer. The contract is a turnkey contract (EPC contract) which includes design, procurement and construction. The substation will be produced in Europe.

Design of the 3.500 ton topside, 2.000 ton jacket and 1.200 ton piles was restarted in November 2020 after a period of suspension due to changed

site conditions. The design will be finalized through 2021 and the fabrication will commence late 2021. Sail away for final installation on the offshore site is planned for May 2023.

Vineyard Wind is owned by CIP and Avengrid. The Vineyard Wind Farm Zone is located approximately 24 km south of the island Martha's Vineyard. The park has a total installed capacity of 800 megawatt.

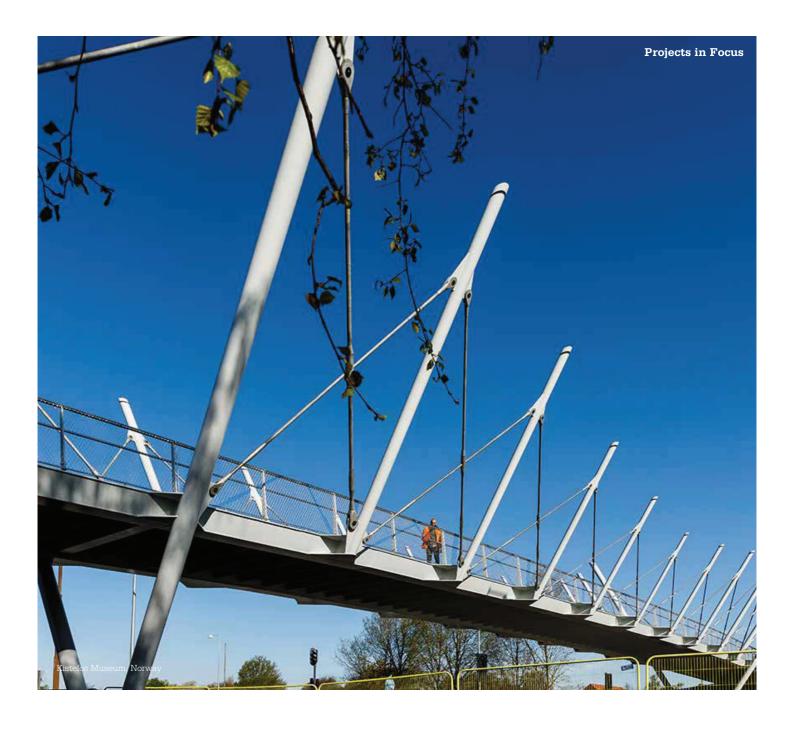
Mayflower, Massachusetts, USA

In January 2020 Bladt Industries was awarded a contract for the delivery of a complete substation including a jacket foundation to the US project Mayflower Offshore Wind Farm. The

contract is a turnkey contract (EPC contract) which includes design, procurement and construction.

Design of the 4.500 ton topside, 3.000 ton jacket and 1.600 ton piles will be ongoing through 2021. Fabrication will commence early 2022. Sail away for final installation on site is planned for May 2024.

Mayflower is owned by Shell and Ocean Winds. The park is installed next to Vineyard Wind approx. 48 km south of the Martha's Vineyard Island at Massachusetts. The park has a total installed capacity of 1.200 megawatt.



Infrastructure

Folehaven, Denmark

Project was handed over to client – Copenhagen Municipality – in time and opened to public April 2020. The general contract work consisted of manufacturing, transporting, and installing the bridge but also foundations and earth works, groundwater lowering, concrete and asphalt works. The bridge design has high complexity due to double curve and masts and prestressed bars in the architectural design. Also, the foundations are very complex with different solutions such

as earth anchoring, sheet wall pilling and drilling. Detail planning was essential due to heavy traffic load on open Folehaven main freeway access to Copenhagen city. The total length of the unique bridge designed by Dissing & Weitling is 135 metres in total.

Oil Terminal, Denmark

A turnkey project was signed in 2019, to deliver an oil terminal consisting of 11 storage tanks and with a total capacity of 74,400 m3. During 2020 the construction of the tanks, steel and piping progressed well and the project will be commissioned and delivered at the end of 2021.

This project has due to significant differences in variation orders and interpretation of the contract scope lead to cost overrun and an extended project timeline.



Prøvesten, Denmark

The contract for piping and steel supports signed with Oiltanking Copenhagen (OTC) in 2019 was completed during 2020. The oil terminal project was handed over to OTC in October 2020 with zero issues on the punch list, with some delay mainly caused by the large amount of extra work to the main contract.

Lepsøya Bridge, Norway

In the first quarter of 2019 Bladt Industries and Skanska Norway signed a contract to build the Lepsøy Bridge in Møre and Romsdal county in Norway. The bridge is part of a large infrastructural project launched by the local county in order to connect several islands with the main land.

The Lepsøya Bridge will become an 805 meters long and 4,100 tons heavy steel bridge. The bridge was installed in the third quarter of 2020 where after Skanska will complete the concrete super structure, during first half of 2021.

The bridge was fabricated in Stettin in Poland by Bladt Industries managed factory where after it was shipped and installed on site in Norway, just north of Ålesund.



Harbour & Marine

Halmstad, Sweden

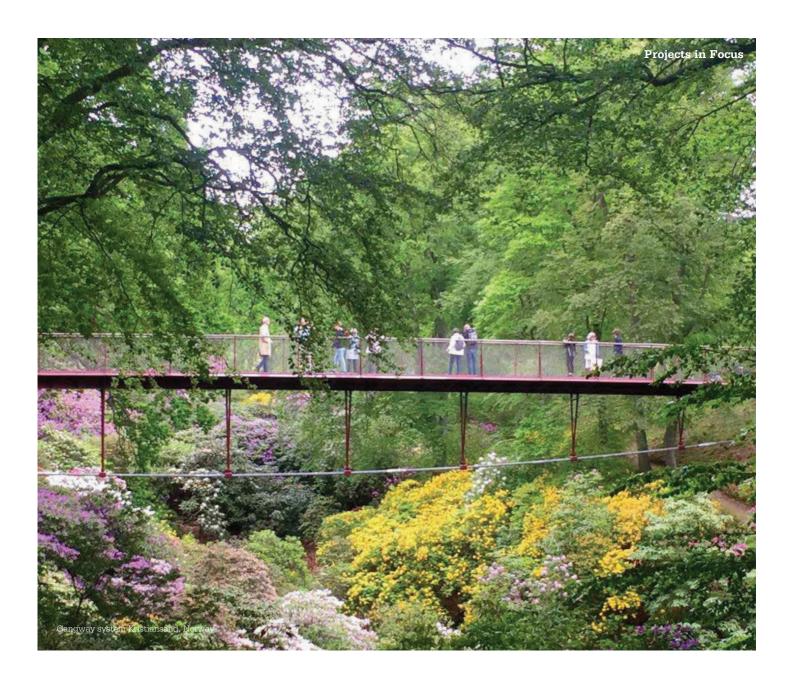
After a successfully commissioning, Bladt Industries A/S in January 2020 handed over the new port facilities project to Halmstad Kommune.

The contract, which was signed on turnkey basis in December 2018 and consist of new link span for lower ferry deck, new ramp and link span for upper deck and new gangway system for the walking passengers, was settled on schedule. The plant was immediately placed in service for Stena Line new ferry route between Halmstad SE and Grenå DK.

Hirtshals, Denmark

In April 2020 Bladt Industries A/S handed over a new port facilities project to Port of Hirtshals and the shipping company Fjord Line.

The delivery contract awarded in May 2020 consist of new lower deck linkspan for combined use for fast ferries as well as traditional ferries, new ramp and link span for upper deck and a new gangway system for the walking passengers. The project was settled on schedule but because of Cowid 19 delay on Fjord Lines new fast ferry, was the final commissioning postponed to April 2021.



Kristiansand, Norway

In April 2020 Bladt Industries A/S handed over a new gangway system for walking passengers to the shipping company Fjord Line ferry terminal in Kristiansand NO.

The gangway system to be used for Fjord Lines new catamaran fast ferry service between Kristiansand NO and Hirtshals DK. The contract, which was signed at turnkey basis in June 2019, consist of a combined staircase and lift building and a moveable telescopic gangway. The project was settled on schedule but because of Cowid 19 delay at Fjord Lines new fast ferry, was the final commissioning postponed to April 2021.

Gorporate Governance

Governance, Board of Directors and Management

In 2012, Bladt Holding A/S acquired all shares in Bladt Industries Holding A/S and thereby in Bladt Industries A/S. Nordic Capital Fund VII is the ultimate majority shareholder in Bladt Holding A/S, and a number of executives and board members hold shares and warrants in Bladt Holding A/S.

By virtue of its ownership, the group is subject to the "Guidelines for responsible ownership and corporate governance" laid out by the Danish Venture Capital and Private Equity Association (DVCA). It is the intention of Bladt Industries to comply with the guidelines including substantiating any deviation. Further information regarding the guidelines is available at DVCA's website www.dvca.dk.

The organisation of the tasks of the Board of Directors and the Executive Board is, among other things, based on the Danish Public Companies Act, the Danish Financial Statements Act, the articles of association of the company and the rules of procedures for the Board of Directors of the company. The Board of Directors and the Executive Board apply these requirements and procedures according to good practices in comparable companies. Additionally, Bladt Industries intends to comply with DVCA's "Guidelines for responsible ownership and corporate governance" as described above.

The Board of Directors consists of six members. One member is a representative of the ultimate majority shareholder (Lars Terney of NC Advisory A/S), three are elected at the annual general meeting and are independent of the ultimate majority shareholder (Bjarne Moltke Hansen, Jørgen Huno Rasmussen, Klaus Steen Mortensen), and two are elected by the employees of Bladt Industries according to the Danish Public Companies Act.

The Board of Directors represents international business experience in the areas of industry, business development, large-scale contracting, offshore wind, M&A transactions, finance management, and general management and are deemed to possess the necessary competences and seniority.

Rules of procedures have been adopted by the Board of Directors governing the board conduct. Additionally, the Board of Directors employs the following subcommittees: Executive (Chairman's) Committee, Audit Committee, and Remuneration Committee. The following board members are represented in the individual committees:

- Executive (Chairman's) Committee:
 Bjarne Moltke Hansen (Chairman),
 Lars Terney
- Audit Committee: Bjame Moltke Hansen (Chairman)
- Remuneration Committee: Lars Terney (Chairman), Jørgen Huno Rasmussen

Four ordinary board meetings are held per year. Among other things, the Board of Directors determines the strategy of the company, decides the composition of the Executive Board, monitors Executive Board compliance with the strategy and the procedures of the company, and is an active sparring partner to the management of the company. Additionally, six ordinary Executive (Chairman's) Committee meetings are held per year with the Executive Board to further follow-up on the direction and operations of the company between board meetings. The Executive Board and management of the company prepare a monthly report to the Board of Directors detailing the company's operational and financial performance as well as capital resources.

The Audit Committee operates according to its charter approved by the Board of Directors and refers to the Board of Directors. The tasks of the

Audit Committee as specified in its charter include, among other things:

- To monitor the financial reporting process and the company's presentation of financial statements
- To monitor the adequacy and application of accounting policies and of significant accounting estimates
- To monitor whether the company's systems of internal controls and risk management practices function efficiently
- To monitor the external statutory audit of the company's annual financial statements
- To monitor the independence of the external auditor
- To make recommendations to the Board of Directors concerning the appointment of external auditors

Four Audit Committee meetings are held per year.

The Audit Committee has organised and formalised its tasks in its annual plan approved by the Board of Directors.

Board of Directors and Diversity

Report on the gender composition in management, cf. section 99b of the Danish Financial Statements Act:

It is the objective of Bladt Industries to promote diversity, including obtaining a reasonable representation of the underrepresented gender in the Board of Directors, in order to strengthen the $breadth of the Bladt Industries \, perspectives \,$ and competences and to further improve decision processes. It is also the objective of the Board of Directors to ensure that its members supplement each other in the best possible way with regard to e.g. competences, age, background, gender ,and nationality as relevant to the needs of Bladt Industries. The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of Bladt Industries and of the

contribution to the overall efficiency and skill set of the Board of Directors.

At present, all members of the Board of Directors and the Executive Board are male. During 2020, the female representation within the Executive Board decreased from 33 to 0 %. In group Management, all members are male. During 2020, the female representation within Group Management decreased by 10%.

Generally, diversity is seen as a strength to Bladt Industries, which can contribute positively to Bladt Industries' development, robustness, and fulfillment of established strategies and plans. Diversity in age, gender, experience, and skills is given high priority.

The Board of Directors wants an open and open-minded culture, where the individual employee can utilise his or her competences in the best possible way regardless of gender. Bladt Industries employees, regardless of gender, must find that they have the same opportunities for career and management positions. Bladt Industries appoints managers under the premise that the best suited is always employed/appointed regardless of gender.

Bladt Industries' policy on the underrepresented gender, focuses on how Bladt Industries ensures a balanced composition of men and women in management positions. A balanced composition requires a focus on "Women in management".

Bladt Industries offers all employees the opportunity to develop professional and personal competencies through participation in internal and external opportunities for courses and education. It is Bladt Industries goal that women and men participate equally in these offers.

Bladt Industries wants to inspire all employees to become part of Bladt Industries management. Managers at all levels must be aware of employees with personal and professional competencies that could form the basis for development to a position at management level.

When reviewing the results from Bladt Industries' people development interviews and follow-up interviews, the manager must form an impression of the employee's potential managerial potential. Any employee's wishes and aspirations for managerial careers must be part of any development interview with the individual employee.

In order to attract more women to apply for jobs at Bladt Industries, Bladt Industries, has amongst other initiatives, had women to front Bladt Industries at different sales fairs.

The 2020 objective are:

- To ensure a representation of women in the Board of Directors corresponding to 20-25% of the board members elected at the Annual General Meeting (one board member) within a three-year period.
- To ensure that the employees view the company as having a modus operandi and culture in which individual employees have equal career opportunities regardless of gender, nationality, race religious beliefs etc.

In 2020, the objective for the period 2017-2020 was not met, as there were no additions to or replacements of board members

Our new objective is to increase the representation of women in the board in the very near future and ensure the target of at least 20% of board members before the end of 2024.

Capital Structure

Bladt Holding has one share class. Group management, the Audit Committee, and the full Board of Directors regularly evaluate the sufficiency of the company's capital structure and whether the capital structure is aligned with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that facilitates profitable long-term growth and value creation.

Internal Controls and Presentation of Accounts and Annual Financial Statements

The group's internal controls and risk management regarding presentation of the accounts and the annual financial statements are organised with a view to substantially reduce the risk of significant errors, omissions, and/or imperfections in the presentation of the accounts. To ensure this, management establishes relevant policies, procedures, and control mechanisms. The Board of Directors — both directly and via the Audit Committee — and management evaluate significant risks and internal controls in regard to the group's presentation of accounts on an ongoing basis.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls, including financial reporting standards, accounting principles, and significant accounting estimates and judgments on an ongoing basis. These and other issues are being reported to the Board of Directors by the Audit Committee prior to the approval of the annual financial statements and throughout the year when relevant.

In 2020, the company has continued updating and formalising its systems of internal control related to operations, accounting, and financial reporting. This effort is already well progressed within a number of areas and is part of the continuous effort to reduce the risk of errors, omissions, and/or imperfections in the company's accounts. The Audit Committee monitors this process.

In addition to the audited annual financial statements, Bladt Industries Executive Board and management prepare an unaudited monthly report to the Board of Directors detailing the company's performance including the financial position and development, performance against budget, capital resources, order backlog, as well as the health, safety, and quality performance. These reports are reviewed at Board meetings, Audit Committee meetings, and Executive (Chairman's) Committee meetings.



Corporate Social Responsibility and Human Resources

Corporate responsibility is a key enabler for Bladt Industries as a business, supporting sustainable long-term performance by managing non-financial risks that can impact our reputation and market position. Please refer the business model page 4.

In 2020, a new risk emerged in the form of the COVID-19 pandemic, which had not previously been viewed in regard to CSR. However, it quickly became clear that all businesses needed to take their part of the responsibility in order to protect society, business, and employees.

The year began with an analysis as to the amount of steel available in the market and potential bribery risk in connection with a potential shortage, and this risk has been followed up throughout the year with suppliers and will continue to be a focus point in 2021.

Other risks on the risk matrix for 2020 are continuing into 2021 such as environmental impact, labour conditions, especially slavery and minimum wage requirements, and digitalisation.

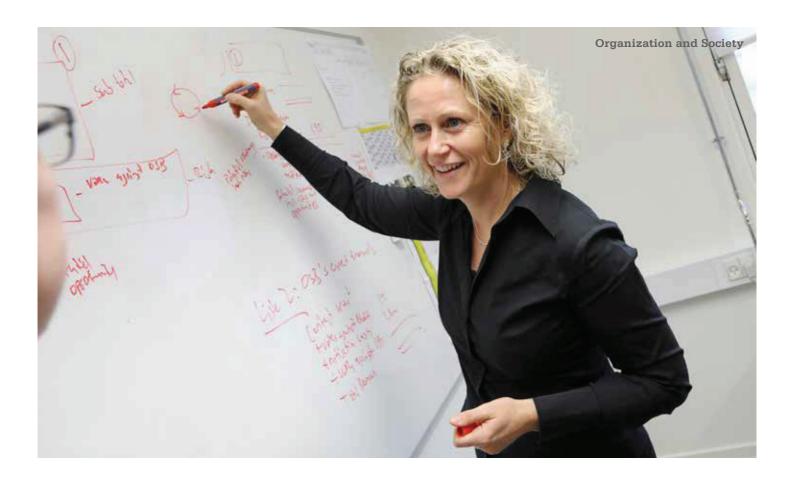
Since 2018, Bladt Industries has had CSR policies consisting of statements on the following areas: human rights, social conditions, environmental and climate issues as well as Bladt Industries' zero tolerance policy on corruption. The CSR policies also detail how CSR is established in our business strategy and business activities. Bladt Industries also has a Code of Conduct for suppliers that stipulates that Bladt Industries respects and supports human rights, labour rights, respect for the environment, anti-corruption, social responsibility, responsibility for the local environment, trade sanctions, personal data protection, responsible accounting methods, and respect for tax legislation. Our supply chain reflects directly at Bladt Industries, and we encourage collaboration to lift the CSR for everyone to become better partners, at the same time as establishing minimum requirements. At Bladt Industries, the social responsibility is utilised in policies, programmes and activities which aim to ensure that Bladt Industries takes its share of social responsibility. Bladt Industries is constantly working to improve its efforts. This is done risk-based and in line with approved CSR principles.

We consider it fundamental to maintain a

culture focused on embedding responsible business behaviours. Therefore, all employees are expected to act in accordance with the requirements of the company's CSR policies at all times. The aim is to build a culture where our people are empowered to make the right decisions and know where to go to seek help or guidance. Our CSR policies set out clear expectations on ethical conduct and Bladt Industries offers training and support to help people understand the right thing to do.

Bladt Industries has established a CSR Committee to enforce and further embed the culture. The Board delegates the detailed oversight of corporate responsibility matters to the CSR Committee, which is chaired by Bladt Industries' CEO. The CSR Committee meets as a minimum twice a year and agrees on Bladt Industries responsible business priorities relating to our employees, trust and integrity, health and safety, and resource efficiency.

In 2020, Bladt Industries has provided CSR policy training as part of the induction programme for all new employees and therefore they receive training in the main areas of the CSR policies to ensure that all requirements are known and to emphasise the importance of the CSR-culture to new



employees.

During 2020, the main focus of Bladt Industries has been COVID-19 and how to ensure the safety of employees, the continuation of our business, and the greater social responsibility in fighting COVID-19. This has been viewed as the greatest risk of all in 2020.

Because Bladt Industries has a zero-tolerance policy on corruption, a clear focus is always on potential risk in this area. The principle is applied internally to employees as well as externally to our business partners. It is based on a promise to uphold a deep ethical integrity regardless of which country we operate in and combat any kind of corruption. The vision is deeply embedded within Bladt Industries and has led to a reputation of high integrity, which we are proud of and work to maintain.

Suppliers

Bladt has identified an area which entails a particular risk that stakeholders' rights will be negatively affected by the activities of Bladt Industries. The risk concerns suppliers failing to comply with Bladt Industries' requirements of Code of Conduct, particularly in relation to labour rights. The assessment hereof has been tightened, as Bladt Industries has

increased its international cooperation.

Due to this risk, Bladt Industries has initiated a more comprehensive approach to its CSR work to ensure ongoing updates aiming to meet market requirements.

The upgraded corporate responsibility programme will focus on:

- developing an inclusive, diverse workplace to drive innovation and performance, and
- supporting our employees in making the right decisions via speak up channels:
- continuously improving employee wellbeing and standards of safety for employees and those we work with;
- continuously improving our suppliers compliance with our Responsible Partner Program

The work is planned risk-based around two main initiatives:

(1) A Responsible Partner Programme where the aim is to intensify activities towards suppliers regarding certain requirements coming from Bladt Industries' Code of Conduct. Bladt Industries has in the process drawn upon expertise from large customers aiming to

meet their demands but also to prepare for further similar situations. Updated and new policies will be introduced accordingly.

(2) Introducing, formalising, and implementing stronger and clearer internal compliance procedures and processes in relation to a number of CSR-related topics aiming to structure and increase the overall compliance level to a more ambitious standard. An example is improving existing procedures (e.g. Code of Conduct and Staff Handbook) with several more elaborating and specific policies and procedures. In that connection, a more formal and professional set-up for ensuring compliance is planned.

Bladt Industries works with suppliers and their supply chains to provide fully compliant, cost-effective equipment, goods, services and solutions. Most of our supplier relationships are often long term, so we aim to work with suppliers who share Bladt industries' values and who embrace standards of ethical behaviour consistent with our own.

Bladt Industries' policy is to identify and select suppliers, who meet our standards and support them by managing risks throughout the lifecycle of any commercial arrangement. Bladt Industries continues



to engage with our suppliers for ongoing assurance at all stages of a project. If areas of non-compliance are identified, the supplier and Bladt Industries will collaborate and agree on an action plan of appropriate improvement measures. These shall mitigate and remedy the adverse impacts caused by the breaches or non-compliance and enable the supplier to identify and prevent similar occurrences in the future. Bladt Industries requires our suppliers to engage actively and without reservation in these activities.

Bladt Industries' Code of Conduct support our commitment to human rights. For example, this results, in due diligence being carried out during the supplier evaluation stage against nonfinancial risks, including human rights, working hours, harassment and unlawful discrimination, speak-up procedure, slavery, human trafficking, and child labour. Bladt Industries' Code of Conduct also includes a strict zero tolerance policy on corruption.

Health and Safety

Bladt Industries has collective focus on employee wellbeing as well as the health and safety of employees and those who work on, or visit, our sites. Bladt Industries' safety culture and our employees demand high standards for all aspects of health and safety.

This is supported both by Bladt Industries' Health and Safety Policy and the principles contained within our Code of Conduct for employees.

Bladt Industries recognise that good mental and physical health contributes to better decision making, greater productivity and higher levels of employee satisfaction.

Bladt Industries' business is highly complex and our employees are exposed to many risks. These range from slips, trips and falls in an office environment, confined space working, and machinery hazards within manufacturing.

Many of our employees operate heavy equipment, work at height, or do physically demanding work in high-risk environments.

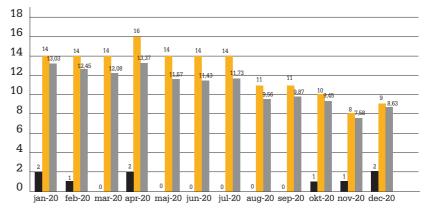
To ensure consistency, all employees are required to comply with our Health and Safety Policy, which outlines and prescribes the responsibilities and arrangements in place for ensuring safety. It is the responsibility of Bladt Industries as well as the management and line managers to ensure that employees comply with the policy.

Bladt Industries aim to mitigate or manage safety risks by finding new ways to enhance safety standards, increase awareness, and continually drive a strong safety culture e.g. all staff is required to make reverse parking to focus their mindset on safety from the minute they enter Bladt Industries' site.

Bladt Industries aims to reduce exposure levels to hazardous substances and to seek alternatives, where possible. We provide our employees with health surveillance to understand and reduce the impact of workplace health risks.

We use the Total Recordable Incident Rate/Frequency (TRIF), Lost Time Incident Rate/Frequency (LTIF), and Fatalities (FAT) as a key performance indicators to measure our safety performance.

TRIF (Total recordable incident frequency)



In 2020, a significant focus area was to reduce TRIF – a key performance indicator for Bladt Industries' health and safety performance – this has resulted that TRIF went from 12,67 (2019) to 8,63 (2020).

The overall goal is always to strive for a LTIF and FAT performance of zero – this goal was achieved in 2020 (this was also the case in 2019).

Bladt Industries continues to have a very strong focus on safety and improvement (We CARE).

Environment

Bladt Industries aims to comply with all applicable environmental regulations and laws, which govern Bladt Industries' activities. In order to show consideration for the next generation. Bladt Industries supports initiatives towards a cleaner and more environmentally friendly production process in order to secure a minimisation of negative consequences for the environment, and Bladt Industries, is committed to limiting our impact on the environment. Bladt Industries will continuously work on climate and environmental management to limit our impact on the environment, for example, by way of reducing raw material and energy consumption, reducing and recycling waste and investing in the environment.

During 2020 some of the major focus areas have been Environmental management ISO 14001 (Miljøledelse), which is being implemented and a stakeholder analysis is being developed. This analysis starting point is to interpretate demand and expectations from various stakeholders and making an assessment and how to monitoring these.

Beside of these major project there have been focus on: waste management and separate collection, in order to improve recycling and reduce the waste. Several incentives and experiments have been initiated.

These are still in an early stage so the results are expected to mature in 2021.

In regard to the energy consumption several energy projects has been initiated e.g. applying more LED in the productions halls and a number of compressors have been exchanged.

In 2021 an energy mapping has been initiated with the ambition to implement energy management, this involve establishing key figures and ratios.

Human Resources

Bladt Industries conducts People Development Dialogues and Employee Satisfaction surveys on an annual basis supported by online tools. More than 91% of the salaried employees and 41% of the blue collars participated in the Employee Satisfaction survey in O4 2020 providing a strong basis for the dialogue on the requirements for professional development. Moreover, the updated organisational structure of Bladt Industries in 2020 is among other things aimed at further improving both project and people management.

The training and education of apprentices continues to be significant to Bladt Industries. At the end of 2020, 13 apprentices were under training, all within welding. This is an investment ensuring both a qualified employee base for Bladt Industries' further growth, as well as a contribution to the important task of educating skilled professionals for the local communities.

At the end of 2020, Bladt Industries employed 453 employees in Denmark which is 42 less than at the end of 2019. The number of employees is slightly lower at the end of 2020 compared to 2019 due to a decreased order intake. International employees are comprised of the subsidiaries in Poland and Taiwan.

The ratio of absence due to illness showed a minor increase in 2020 compared to 2019 – presumably because of the COVID-19 situation. In 2020, the focus on follow-up and dialogue in case of absence has continued in order to keep the ratio within the blue-collar work force at a low level.

Bladt Industries has a special focus on facilitation payments and bribery as these

have been identified as the greatest risk in the industry and in the countries we operate. Our overall CSR risk assessment shows that anti-corruption has a low risk due to the very strict policies and rigorous screening of suppliers both before and during an engagement. The biggest risks relate to new employees and their familiarity with the internal policies and suppliers. To mitigate the employee risk, Bladt Industries keep communication high and new employees are included in a mandatory introductory programme where anti-corruption is a topic. All new employees are included in the programme. To mitigate the supplier risk, Bladt Industries has updated our supplier screening and initiated the Responsible Partner Programme described above.

Anti-corruption

Bladt Industries has a zero-tolerance policy on corruption, and the principle is applied internally to employees as well as externally to our business partners. It is based on a promise to uphold a deep ethical integrity regardless of which country we operate in and combat any kind of corruption. The vision is deeply imbedded within Bladt Industries and has led to a reputation of high integrity, which we are proud of and work to maintain.

Main focus area in 2020 has been the introduction program for all new employees.

During 2020 there has not been any incidents of non-compliant behavior in Bladt.

Risk

Management

At Bladt Industries, risk management is an essential and integrated element of the execution of the project portfolio, of the realisation of the objectives of Bladt Industries, and of the further development of the company's business system and processes. The following section includes a non-exhaustive description of risks related to Bladt Industries' activities and the management of these risks.

Commercial Risks

The main commercial risks of the group are related to (a) the execution of current projects, (b) ensuring a pipeline of future projects, and (c) adapting the capabilities and scale of operations to the changing demands in the market.

To execute projects, Bladt Industries relies both on the competences of employees and selected suppliers. Bladt Industries employs a highly skilled work force across a large range of disciplines such as project management, welding, production and material management, site logistics, planning, quality assurance and control, HSE, contract management, tender management, controlling, finance, and administration. This qualified work force is the cornerstone of successful project execution. Bladt Industries' project managers master a variety of proven project management tools that are continuously developed and adapted to the specific project at hand. Project managers are supported throughout the execution of projects by specialists within legal, contract and financial management, quality, health and safety, planning etc. Physical production of very large structures may be impacted by adverse weather conditions. To mitigate such impact, Bladt Industries calculates with standard periods of adverse

weather when planning projects as well as ensuring flexibility in production facilities to quickly adapt to the impact of weather changes and other non-controllable factors.

A strong cooperation with selected suppliers that Bladt Industries works closely with on the individual projects further ensures a successful project execution. Such cooperation improves competitiveness, enhances expanding capacity, and mitigates risks by having projects completed at independent sites thereby reducing reliance on any single site. Significant suppliers are evaluated and monitored closely before and during the project so that potential issues e.g. within quality, capacity, capability, HSE or CSR - are dealt with prior to the project and any issues that may arise during the project are mitigated in a timely manner. Furthermore, major suppliers are incentivised to avoid inadequate performance on their part via targeted contractual milestones, bonuses, penalties, and warranties. To this end, Bladt Industries' project and contract managers work with standard sub-supplier contracts. Such standard supplier contracts are continuously updated by Bladt Industries' legal team in cooperation with project management.

Prior to contracting a potential project, the contract and calculations are reviewed in accordance with defined procedures for tendering. During the project execution phase, projects are reviewed frequently by project management, division management, and top management using standard project reporting templates. Such reviews focus on financial performance, project progress, execution issues, as

well as actual and potential risks. These reviews are an integrated part of project execution and risk management.

Securing a pipeline of potential new projects, winning new projects and adapting capacity and capabilities to the future needs of the marketplace are of paramount importance to the longer-term profitable growth of Bladt Industries. Therefore, management regularly tracks and reviews developments in the potential project pipeline within the various target segments and based on this adapts the in-house and sourced capacities and capabilities to the project pipeline. The level of demand is primarily dependent on the developments in the Northern European market for offshore wind and secondarily in the global offshore wind and Northern European offshore oil and gas markets, as well as the Scandinavian markets for infrastructure projects with a certain steel content and complexity.

Execution of major projects and developments in the business pipeline are also regularly reviewed at all board meetings.

In order to further ensure the continued competitiveness and strong market position, Bladt Industries closely monitors ongoing and potential developments in relevant technologies regarding end products – for instance in innovative offshore wind foundation and substation designs - as well as regarding fabrication, assembly and transportation processes. As examples, Bladt Industries in 2020 continued to participate in the development and testing of various new automated robot welding techniques for large offshore steel structures and has

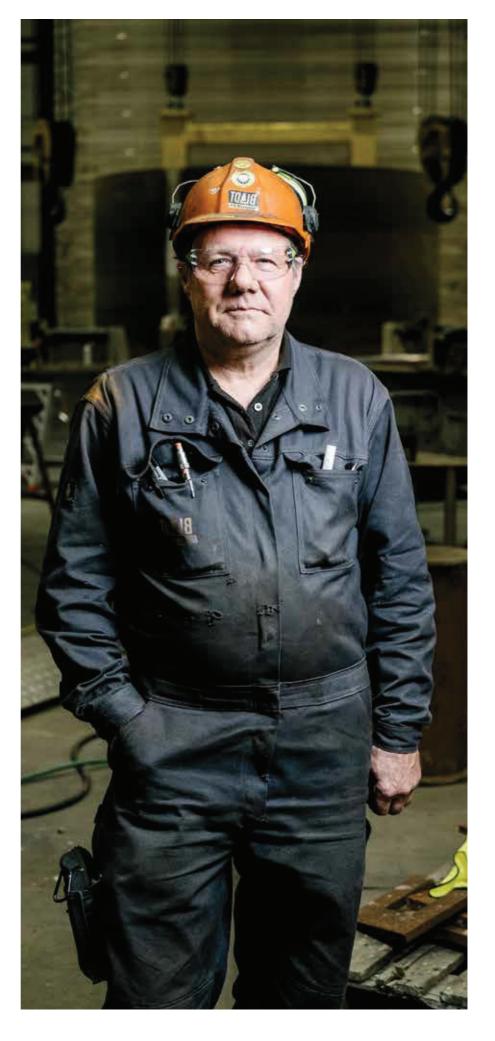
developed an innovative supply chain concept for jacket foundations for offshore wind turbines.

Financial Risks

Bladt Industries' financial risks are described in note 29 to the financial statements.

Insurance Risks

Bladt Industries takes out statutory insurances as well as the insurances which are deemed to be relevant in order to mitigate or eliminate unwanted risks. At regular intervals, Bladt Industries conducts a review of the insurances in cooperation with an external insurance specialist. Additionally, Bladt Industries may take out project specific insurance depending on the requirements of the individual projects



Board of Directors, Executive Board and Group Management

Board of Directors

Bjarne Moltke Hansen, Chairman

- Chairman Audit Committee and Chairman Executive Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously Group Executive Vice President in FLSmidth & Co. A/S and CEO in Aalborg Portland Holding A/S and Cembrit Holding A/S
- Chairman of the Board in Aalborg Portland Holding A/S, Randers Tegl
 A/S, Højslev Teglværk A/S, Pindstrup Mosebrug A/S, RM Rich. Müller
 A/S and Rich. Müller-Fonden
- Member of the Board of Per Aarsleff Holding A/S, Odico A/S, LKAB and the Danish SDG Investment Fund, Investment Committee

Lars Terney, Deputy Chairman

- Chairman Remuneration Committee and Member Executive Committee of Bladt Industries A/S
- Senior Partner, NC Advisory A/S, adviser to Nordic Capital Funds
- Chairman of the Board in Brain+
- Member of the Board of NC Advisory A/S and Blue Ocean Robotics

Jørgen Huno Rasmussen, Member

- Member Remuneration Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously CEO FLSmidth & Co. A/S and Hoffmann A/S
- Deputy Chairman of the Board of Rambøll Gruppen A/S, Terma A/S.
- Member of the Board of Haldor Topsøe A/S, Otto Mønsted Aktieselskab, Thomas B. Thriges Fond, Thrige Holding A/S, STIBOFONDEN, Stibo Holding A/S and Aase og Jørgen Munters fond.

Klaus Steen Mortensen, Member

Member of the Board of Eurowind Energy A/S, NNE A/S, BGB A/S, W.
 Lynggaard Petersen Holding A/S and Murermester Willy Lynggaard
 Petersens Familiefond

Kristian Kærsgaard, Member (elected by employees)

Department Manager, Gratings

Claus Uhrenholt, Member (elected by employees)

Blacksmith

Executive Board

Anders Søe-Jensen, CEO

- Chairman of the Board of Blue Power Partners HoldCo A/S and Blue Power Partners A/S
- Member of the Board of BPP Offshore Wind A/S

Peter Rindebæk, Deputy CEO and COO

Lars Erik Mikkelsen, CFO

Managerial posts in group companies and subsidiaries of Bladt Industries A/S have not been included in the above lists

Group Management

Bo Mørup, CCO

Troels G. Jensen, SVP, Wind & Energy, Substations & Platforms

Mads Flintrup, VP, Infrastructure

Klaus Munck Rasmussen, VP, Wind & Energy, Foundations

Statements

Statement by the Board of Directors and the Executive Board

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bladt Industries A/S for the financial year 1 January – 31 December 2020.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

CEO

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations and cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year

and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

CFO

Aalborg, 31 May 2021

Board of Directors

Bjarne Moltke Hansen Chairman	Lars Terney Deputy Chairman	Jørgen Huno Rasmussen
Klaus Steen Mortensen	Claus Uhrenholt	Kristian Kærsgaard
	Executive Board	
Anders Søe-Jensen	 Peter Rindebæk	 Lars Erik Mikkelsen

Deputy CEO and COO

Independent Auditors' Report

To the shareholders of Bladt Industries A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Com-pany at 31 December 2020, and of the results of the Company's operations and cash flows for the fi-nancial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bladt Industries A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies "financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards Auditing (ISAs) and the addi-tional requirements applicable in Denmark. Our responsibilities under those standards and require-ments are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Fi-nancial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Den-mark 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 ex-pected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the

related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

 Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aalborg, 31 May 2021

PricewaterhouseCoopers CVR.nr. 33771231 Statsautoriseret Revisionspartnerselskab

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Thyge Belter
State Authorised Public Accountant
mne30222

Financial Statements

for the period 1 January - 31 December 2020

Income Statement

DKK'000	Note	2020	2019
Revenue	3	1,956,226	1,756,489
Production costs	4, 5	-1,828,937	-1,788,861
Gross profit		127,289	-32,372
Distribution costs	4	-14,573	-13,201
Administrative expenses	4, 5, 6	-33,634	-31,238
Earnings before interest and tax (EBIT)		79,082	-76,811
Profit/loss in joint ventures	16	-61	-2,022
Financial income	7	2,424	3,179
Financial expenses	8	-7,066	-6,890
Profit before tax		74,379	-82,544
Tax on profit for the year	9	-14,463	20,034
Profit from continuing operations		59,916	-62,510
Profit from discontinued operations	10	-82,722	20,863
Profit for the year		-22,806	-41,647
Proposed appreciation of profits			
Extraordinary dividend paid		0	10,000
Suggested dividend		15,000	0
Retained earnings		-37,606	-51,647
		-22,806	-41,647

Financial Statements

for the period 1 January - 31 December 2020

Statement of Comprehensive Income

DKK'000	Note	2020	2019
Profit for the year		-22,806	-41,647
Total comprehensive income for the period arises from			
Continuing operations		59,916	-62,510
Discontinued operations		-82,722	20,863
		-22,806	-41,647
Total Comprehensive income		-22,806	-41,647

Balance Sheet

DKK'000	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	11	2,027	1,961
Total non-current assets		2,027	1,961
Property, plant and equipment			
Plant and machinery	12	86,601	101,682
Fixtures and fittings, other plant and equipment	12	740	1,554
Assets under construction	12	5,228	1,959
Lease assets	13	68,079	92,000
Total property, plant and equipment		160,648	197,195
Other non-current assets			
Investments in subsidiaries	14	2,203	2,197
Investments in associated companies	15	1,000	1,000
Investments in joint ventures	16	4,579	4,776
Total other non-current assets		7,782	7,973
Total non-current assets		170,457	207,129
Current assets			
Inventories	17	4,505	5,585
Construction contracts	18	111,801	237,996
Receivables	19	602,926	753,848
Prepaid costs	20	2,639	1,917
Cash at bank and in hand	27	833,777	0
Assets classified as held for sale	10	155,373	0
Total current assets		1,711,021	999,346
TOTAL ASSETS		1,881,478	1,206,475

Balance Sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity	21		
Share capital		44,000	44,000
Retained earnings		461,302	334,244
Total equity		505,302	378,244
Liabilities			
Non-current liabilities			
Deferred tax	22	10,685	2,738
Provisions	23	5,000	1,000
Lease liabilities	13	50,230	70,553
Other non-current liabilities		24,171	10,145
Total non-current liabilities		90,086	84,436
Current liabilities			
Lease liabilities	13	21,661	24,356
Construction contracts	18	885,878	200,273
Trade payables		118,310	343,730
Bank debt	27	0	80,418
Other liabilities	25	135,917	86,936
Liabilities directly associated with assets classified as held for sale	10	124,324	0
Total current liabilities		1,286,090	743,795
Total liabilities		1,376,176	848,444
TOTAL EQUITY AND LIABILITIES		1,881,478	1,206,475

Cash Flow Statement

DKK'000	Note	2020	2019
Profit for the year before tax		-31,675	-55,797
Adjustment for non-cash operating items etc.:			
Depreciation, amortization and impairment	5	53,016	49,097
Other non-cash operating items, net	5	6,369	-2,772
Profit/loss in joint ventures		61	2,022
Financial income	7	-2,424	-3,179
Financial expenses	8	7,165	7,073
Cash generated from operations (operating activities) before changes in working capital		32,512	-3,556
Changes in working capital	28	776,880	-105,490
Cash generated from operations (operating activities)		809,392	-109,046
Interest received	7	2,424	3,179
Interest paid	8	-7,165	-7,073
Corporation tax paid	24	0	-10,958
Cash flows from operating activities		804,651	-123,898
Acquisition of property, plant and equipment and other intangible assets	11, 12	-18,013	-42,021
Disposal of property, plant and equipment	12	2,182	2,869
Acquisition of subsidiaries (shares)	15	-6	0
Acquisition of associated companies (shares)	15	0	-400
Acquisition of joint venture company (shares)	16	0	-6,637
Net cash flows from investing activities		-15,837	-46,189
Free cash flows		788,814	-170,087
External financing:			
Repayment of lease liabilities		-24,619	-18,817
Net change from overdraft facility		-80,418	80,418
Shareholders:			
Contribution from group		150,000	0
Dividends distributed		0	-10,000
Cash flows from financing activities		44,963	51,601
Net cash flows from operating, investing and financing activities		833,777	-118,486
Cash and cash equivalents at 1 January		0	118,486
Net change in escrow account		-550,466	0
Cash and cash equivalents at 31 December		283,311	0

Cash flows of discontinued operations is specified in note 10.

Statement of Changes in Equity

DKK'000	Share capital	Retained earnings	Total equity
Equity 1 January 2020	44.000	334,244	378,244
Comprehensive income in 2020			
Suggested dividend		15,000	15,000
Profit for the year		-37,806	-37,806
Exchange rate adjustments		-136	-136
Total comprehensive income for the period		-22,942	-22,942
Transactions with shareholders			
Contribution from group		150,000	150,000
Total transactions with shareholders		150,000	150,000
Equity 31 December 2020	44,000	461,302	505,302
Equity 1 January 2019	44,000	385,730	429,730
Comprehensive income in 2019			
Profit for the year		-41,647	-41,647
Other comprehensive income		161	161
Total comprehensive income for the period		-41,486	-41,486
Transactions with shareholders			
Distributed interim dividends		-10,000	-10,000
Total transactions with shareholders		-10,000	-10,000
Equity 31 December 2019	44,000	334,244	378,244

For more information, see note 21.

Notesto the Financial Statements

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Accounting policies

Bladt Industries A/S is a limited company domiciled in Denmark. The financial statements section of the annual report for the period 1 January -31 December 2020 comprises the Company's financial statements. Under reference to Section 112 of the Danish Financial Statements Act, it has been decided not to prepare separate consolidated statements for Bladt Industries A/S, as the Company and its subsidiaries are incorporated in the consolidated financial statements of Bladt Holding A/S, CVR no. 34 07 34 30. The financial statements of Bladt Industries A/S for 2020 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act applicable to reporting class C, large enterprises. On 31 May 2021, the Board of Directors and the Executive Board discussed and approved the annual report of Bladt Industries A/S for the financial year 2020. The annual report will be presented to the shareholders of Bladt Industries A/S for approval at the annual general meeting.

Basis of preparation

The company's financial statements have been presented in Danish kroner, rounded to the nearest thousand.

The company's financial statements have been prepared on the historical cost basis.

Implementation of new standards

The company has applied new standards and interpretations for 2020. This comprises:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of material
- Amendments to IFRS 9, IAS 39, and IFRS 7: Interest rate Benchmark Reform
- Amendments to IAS 19 "Leases": Covid-19 related rent concessions
- Revised Conceptual Framework for Financial Reporting

None of these interpretations or amendments have had any significant

impact on the accounting policies applied.

Apart from the above, the accounting policies are unchanged.

The accounting policies set out below have been used consistently in respect of the financial year.

Description of accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognized in profit or loss as finance income or finance costs.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as finance income or finance costs.

Derivative financial instruments

Derivative financial instruments are recognized at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows are recognized in other comprehensive income and classified as a separate reserve within equity. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in profit or

loss as finance income or finance costs.

Income statement

Revenue

Contracts for delivery of constructions are recognized as revenue by reference to the stage of completion if both of the following criteria are met:

- there is no alternative use for the completed construction should the contract be cancelled
- the customer has an obligation to pay for the sales value of the work completed to date should the contract be cancelled by the customer.

The Group's contracts generally meet these criteria, and accordingly, revenue corresponds to the value of work performed during the year (the percentage of completion method).

Revenue is recognized by reference to the stage of completion when the total income and expenses on the construction contract and the stage of completion at the balance sheet date can be measured reliably and it is probable that future economic benefits, including payments, will flow to the company.

When the income from a construction contract cannot be determined reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

Revenue is measured at the consideration agreed ex. VAT and taxes charged on behalf of third parties and excluding a significant financing component, if any. All discounts granted are deducted from revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation, amortization and impairment loses regarding production plant. Provision for bad debt from enterprise contracts is included.

Distribution costs

Costs relating to sales staff, advertising, exhibitions as well as depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses. Included in this item are write-downs for bad debt losses.

Share of profit/loss of joint ventures after tax

The proportionate share of the results after tax of the individual joint ventures is recognized in the consolidated income statement after full elimination of the proportionate share of intragroup profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc...

Borrowing costs relating to general borrowing or loans directly relating to acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax on profit/loss for the year

Bladt Industries A/S is jointly taxed with the parent company Bladt Holding A/S and Danish group enterprises. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Statement of financial position

Other Intangible assets

Costs associated with maintaining computer software programes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available;
 and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Property, plant and equipment

Plant, machinery, fixtures, fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for

use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. Further, the cost includes the present value of the initial estimate of the cost to dismantle and remove the asset and restore the site on which the asset is located.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognized in the statement of financial position and recognized as an expense in profit or loss. All costs incurred for ordinary repairs and maintenance are recognized in profit or loss as incurred. Where individual components of an item of property, plant and equipment have different useful lives, such components are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/ components. The expected useful lives are as follows:

Plant and machinery 3 - 20 years
Fixtures and fittings,
other plant and
equipment 3 - 5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as cost of sales, distribution costs and administrative expenses.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as depreciation.

Lease Assets

Lease assets are 'right-of-use assets' arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred

The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low-value are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise assets with a value below DKK 30 thousand.

Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries and associated companies are measured at cost in the financial statements. Investments in joint ventures are measured according to the equity method

The Group has a controlling influence in a company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company.

When establishing whether the Group has a controlling influence, de facto control and potential voting rights are taken into account, if they are real and substantial at the balance date.

Companies in which the Group exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Group directly or indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.

Joint arrangements are activities or companies in which the Group through collaboration agreements with one or more parties has a joint controlling influence. Joint controlling influence means that decisions about the relevant activities require unanimity among the parties who have the joint controlling influence.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

Dividend payments of earnings in subsidiaries and joint ventures are recognized as income in the income statement of the parent company in the financial year in which they are declared. If dividends exceed the comprehensive income of the subsidiary or joint venture, an impairment test is conducted.

Joint ventures with a negative net asset value are measured at DKK 0. If the Company has a legal or actual liability to cover the shortfall in the joint venture, this is included under liabilities.

Impairment testing of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present

value of the future cash flows expected to be derived from the asset or the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognized in the income statement.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realizable value. Finished goods, goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Construction contracts

Construction contracts are measured at the sales value of the work performed less progress billings, anticipated losses and for net assets, expected credit losses, cf. the description under "Receivables" below. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

The sales value is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. Measuring progress is determined by the input method on the basis of an assessment of the work performed, which is usually measured as the proportion of specific cost drivers incurred for work performed to date relative to the total estimated contract costs.

Variation orders, claims etc. are included in the total consideration if the change has been approved by the customer or it is probable that Bladt Industries has an enforceable right to payment for the work.

Variable consideration comprising of variation orders which have not yet been approved, claims not settled, performance bonuses etc. are included in the contract consideration if payment is probable, however, only up to an amount which makes is highly probable that a significant amount of revenue attributable to the respective contracts will not be reversed in a subsequent period.

Receivables

Receivables are measured at amortized cost less write down for expected credit losses. write-down is made on a portfolio level for receivables with no indication for impairment and on an individual level for receivables with indications of impairment. The Group uses the simplified approach and measures all credit losses as the lifetime expected loss.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realizable value of any received collateral.

Receivables for disputed claims on completed projects are measured including interest as of the balance sheet date.

Prepaid expenses

Prepaid expenses are measured at cost.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Equity

Dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). Proposed dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences regarding items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

If uncertainty over an income tax treatment exists, Management assesses whether it is probable that a tax position can be sustained, current and deferred tax is determined on this basis.

Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized.

Deferred tax assets and liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax is recognized related to elimination of unrealized intra-group profits and losses on consolidation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the comprehensive income for the year.

Provisions

Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet paid.

At initial recognition each contract are assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that the option will be exercised.

The net present value is calculated using a discount rate corresponding to the incremental borrowing rate.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

Financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognized at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement as finance costs over the term of the loan. Other financial liabilities are measured at amortized cost.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are reported using the indirect method whereby the profit/loss after tax is adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders. Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Cash and cash equivalents comprises demand deposits. Based on IFRIC's 2018 agenda rejection notice, Management has assessed that the Group's bank overdrafts cannot form part of cash and cash equivalents in the cash flow statements.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines.

Definitions of financial ratios are shown on page 64.

Accounting estimates and judgements

Estimation uncertainty

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which Management assesses to be reliable in the circumstances, but which by their nature are associated with uncertainty and unpredictability, as unexpected events or circumstances may occur. Furthermore, the Company is exposed to risks that may lead to actual results differing from these estimates. Specific risks for Bladt Industries A/S are discussed in note 29.

Estimates of particular importance to the financial reporting relate primarily to constructions contracts including recognition and measurement of contract variations. See description below.

Construction contracts

An important precondition for applying the percentage of completion method when recognizing revenue is, that income and expenses from the individual construction contracts can be measured reliably. Expected income and expenses on the construction contracts may, however, change during the project period. Similarly, changes may be made

during the construction phase in the contractual basis, and assumptions etc. may not be fulfilled.

The selling price of construction contracts is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual contract. Progress is determined by the input method on the basis of an assessment of the work performed and will normally be subject to accounting estimates made by management.

Variation orders related to instructions from customers on changes in scope, specifications, designs or duration of the contract are included in revenue, when qualified.

Significant amounts of variation orders are recognized in the annual accounts as of 31 December 2020 in accordance with applied accounting policies. Receivables concerning disputed variations constitute a substantial part of receivables due cf. note 29. Although key assumptions are supported by assessments of external expert advisers, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year which are different from the assumptions made, could require a positive or negative material adjustment to the carrying amount of the asset affected.

The business procedures, etc. of Bladt Industries A/S combined with the knowledge and experience of the project managers contribute to reliable accounting treatment of construction contracts in accordance with the accounting policies.



Revenue

DKK,000	2020	2019
Wind	1,954,929	1,756,151
Other	1,297	338
Total	1,956,226	1,756,489
At a point time	5,247	7,411
Over time	1,950,979	1,749,078
Total	1,956,226	1,756,489



Staff costs

DKK'000	2020	2019
Wages and salaries	273,356	255,528
Defined contribution plans	20,398	18,452
Other social security costs	5,337	3,405
Total staff costs	299,091	277,385
Total average number of employees	473	427
Staff costs are recognized as follows in the income statement:		
Production costs	258,129	243,122
Distribution costs	12,154	7,910
Administrative expenses	28,808	26,353
	299,091	277,385
Of this figure, consideration for:		
Remuneration, Board of Directors	645	762
Remuneration, Executive Board	10,403	9,754
Remuneration, Executive Board, pension contributions	577	478
	11,625	10,994

Staff costs concerning discontinued operations amounts to 55,249 thousand DKK



Amortization of intangible assets and depreciation of property, plant and equipment

DKK'000	2020	2019
Depreciation of property, plant and equipment, see note 12	26,818	27,427
Depreciation of lease assets, see note 13	24,971	21,221
Amortization of other intangible assets, see note 11	130	509
Profit from sale of property, plant and equipment	1,369	-2,772
	53,288	46,385
Depreciation is recognized as follows in the income statement:	53,288	46,385
Depreciation is recognized as follows in the income statement: Production costs	53,288 50,358	46,385 43,840
	<u> </u>	,



Fees paid to auditors appointed at the annual general meeting

DKK'000	2020	2019
Total fee for PwC is specified as follows:		
Statutory audit	387	381
Tax and VAT assistance	941	737
Other assistance	10,539	20,919
	11,867	22,037



Financial income

DKK'000	2020	2019
Dividend	2,424	997
Interest tax	0	2,182
	2,424	3,179
Interest on financial assets measured at amortized costs	2,424	3,179



Financial expenses

DKK'000	2020	2019
Interest, banks, etc.	1,547	863
Interest on lease	5,451	5,806
Interest, group enterprises	68	221
	7,066	6,890
Interest on financial liabilities measured at amortized costs	7,066	6,890



Tax on profit for the year

DKK'000	2020	2019
Tax on profit for the year is specified as follows:		
Current tax	0	13,248
Deferred tax	14,463	-33,282
	14,463	-20,034
Tax on profit/loss for the year is specified as follows:		
22,0% tax on profit for the year before tax	16,363	-18,160
The tax effect of:		
Non-taxable income	-587	-259
Non-deductible costs	13	0
Adjustment previous years	-1,326	-1,615
	14,463	-20,034
Effective tax rate	19.4%	24,3%

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Discontinued operations

DKK'000	2020	2019
Revenue	249,245	411,451
Expenses	-355,299	-384,703
Profit before tax	-106,054	26,747
Tax on profit for the year	23,332	-5,884
Profit after tax of discontinued operations	-82,722	20,863
Cash flows:		
Net cash from operating activities	-165,763	3,624
Net cash from investing activities	-417	18
Net cash from financing activities	0	0
Net cash flows from operating, investing and financing activities	-166,180	3,642
Balance:		
Assets classified as held for sale		
Property, plant and equipment	935	-
Construction contracts	14,079	-
Receivables	123,543	-
Tax asset	16,816	-
Total assets classified as held for sale	155,373	-
Liabilities directly associated with assets classified as held for sale		
Provisions	1,000	-
Lease liabilities	1,407	-
Other non-current liabilities	4,098	-
Construction contracts	100,321	-
Trade payables	17,498	-
Liabilities directly associated with assets classified as held for sale	124,324	-

The management has decided that the future core business of Bladt Industries will be the segments Offshore Foundations and Offshore Substations. The ambition is to become a pure offshore wind OEM, delivering foundations, transition piece (TPs), and substations globally to the offshore wind industry supporting Bladt Industries' vision to become "The foundation for the green energy transition offshore". Due to this decision, the desire for divesting the Infrastructure division has been matured over time.

At the end of the year, the Board decided to divest the Infrastructure division, and this is still ongoing, which means that the division is presented as "discontinued operations".



Other intangible assets

DKK'000	Other Intangible assets
Cost at 1 January 2020	8,252
Additions	196
Cost at 31 December 2020	8,448
Depreciation and impairments at 1 January 2020	6,291
Depreciation	130
Depreciation and impairments at 31 December 2019	6,421
Carrying amount at 31 December 2019	2,027

DKK'000	Other Intangible assets
Cost at 1 January 2019	7,340
Additions	912
Cost at 31 December 2019	8,252
Depreciation and impairments at 1 January 2019	5,782
Depreciation	509
Depreciation and impairments at 31 December 2019	6,291
Carrying amount at 31 December 2019	1,961

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Property, plant and equipment

		Fixtures and		
DKK'000	Plant and machinery	fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2020	390,957	8,021	1,959	400,937
Additions	12,518	71	5,228	17,817
Transferred	1,959	0	-1,959	0
Disposals	-6,147	-976	0	-7,123
Assets classified as held for sale	-211	0	0	-211
Cost at 31 December 2020	399,076	7,116	5,228	411,420
Depreciation and impairment at 1 January 2020	289,275	6,467	0	295,742
Depreciation	26,177	665	0	26,842
Disposals	-2,816	-756	0	-3,572
Assets classified as held for sale	-161	0	0	-161
Depreciation and impairment at 31 December 2020	312,475	6,376	0	318,851
Carrying amount at 31 December 2020	86,601	740	5,228	92,569

	Plant and	Fixtures and	Assets under	
DKK'000	machinery	fittings, tools and equipment	construction	Total
Cost at 1 January 2019	342,331	7,625	10,337	360,293
Additions	38,289	861	1,959	41,109
Transferred	10,337	0	-10,337	0
Disposals	0	-465	0	-465
Cost at 31 December 2019	390,957	8,021	1,959	400,937
Depreciation and impairment at 1 January 2019	262,810	5,873	0	268,683
Depreciation	26,465	962	0	27,427
Disposals	0	-368	0	-368
Depreciation and impairment at 31 December 2019	289,275	6,467	0	295,742
Carrying amount at 31 December 2019	101,682	1,554	1,959	105,195

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Lease assets and liabilities

DKK'000	Rental of premises	Company cars	Equipment	Total
Cost at 1 January 2020	209,469	3,054	2,614	215,137
Additions	431	2,577	0	3,008
Disposals	0	-260	0	-260
Assets classified as held for sale	-2,220	-1,417	0	-3,637
Cost at 31 December 2020	207,680	3,954	2,614	214,248
Depreciation and impairment at 1 January 2020	120,439	1,209	1,489	123,137
Depreciation	24,327	1,282	435	26,044
Disposals	0	-260	0	-260
Assets classified as held for sale	-2,182	-570	0	-2,752
Depreciation and impairment at 31 December 2020	142,584	1,661	1,924	146,169
Carrying amount at 31 December 2020	65,096	2,293	690	68,079

DKK'000	Rental of premises	Company cars	Equipment	Total
Cost at 1 January 2019	218,618	967	0	219,585
Additions	36,027	2,561	2,614	41,202
Disposals	-45,176	-474	0	-46,650
Cost at 31 December 2019	209,469	3,054	2,614	215,137
Depreciation and impairment at 1 January 2019	146,926	700	0	147,626
Depreciation	18,689	983	1,489	21,161
Disposals	-45,176	-474	0	-45,650
Depreciation and impairment at 31 December 2019	120,439	1,209	1,489	123,137
Carrying amount at 31 December 2019	89,030	1,845	1,125	92,000

Lease liabilities expiring within the following periods from the balance sheet date:

DKK'000	2020	2019
0-1 year	28,167	29,705
1-5 years	51,889	79,063
> 5 years	0	46
Total lease liabilities, non-discounted	80,056	108,814

Lease liabilities are recognized in the balance sheet as follows:	2020	2019
Non-current liabilities	51,304	70,553
Current liabilities	21,994	24,356
Total lease liabilities	73,298	94,909
Recognized in the profit and loss statement Interest expenses related to lease liabilities	5,550	5,989
Expense relating to short term leases, not capitalized	13,913	6,547
Expense relating to leases of low-value assets, not capitalized	0	0
	19,463	12,536

In 2020 Bladt Industries has paid DKK 30,169 thousand (2019: DKK 24,806 thousand) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 5,550 thousand (2019: DKK 5,989 thousand) and repayment of lease liability amount to DKK 24,619 thousand (2019: DKK 18,817 thousand).

Measurement of lease liabilities is based on the non-cancelled period and does not include extension options. Rented premises are non-cancellable for Bladt Industries as lessee up to 2024 with an option to extend for 15 years. Lease payments in this 15 year period amounts to DKK 213,935 thousand.



Investments in subsidiaries

DKK'000	2020	2019
Cost at 1 January	2,197	1,797
Additions	6	400
Cost at 31 December	2,203	2,197
Carrying amount at 31 December	2,203	2,197

Investments in subsidiaries are measured at cost in connection with the Company's transition to financial reporting according to IFRS. The carrying amount of the investments is used as new cost price calculated according to the previous accounting policies at 1 January 2011.

DKK'000	Registered	Equity		Profit for	r the year	Owne	rship
Name	office	2020	2019	2020	2019	2020	2019
Bladt Industries Offshore Wind Germany GmbH	Germany	-476	-1,606	1,126	-2,300	100%	100%
Bladt Industries Polska Sp. z o.o.	Poland	10,926	10,950	2,104	1,539	90%	90%
Bladt Industries Procurement A/S	Denmark	589	392	197	-8	100%	100%
Bladt Industries Renewables LLC	USA		-		-	100%	-

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Investments in associated companies

DKK'000	2020	2019
Cost at 1 January	1,000	1,000
Additions	0	0
Cost at 31 December	1,000	1,000
Carrying amount at 31 December	1,000	1,000

Investments in associated companies are measured at cost.

DKK'000	Registered	Equ	ıit y	Profit for	the year	Owner	ship
Name	office	2020	2019	2020	2019	2020	2019
Blue Power Partners HoldCo A/S	Denmark	16,034	-	10,993	-	20%	0%



Investments in joint arrangements

The company participates in Bladt//EEW Offshore Wind Foundation Group I/S and Bladt//EEW Offshore Wind Foundation Group, Gwynt y Môr I/S, Bladt/EEW Offshore Wind Foundation Group, Baltic 2 GbR, Bladt/EEW Offshore Group Baltic 2 I/S, Bladt/EEW Offshore Wind Foundation Group Veja Mate GbR, Century Bladt Foundation Co, LTD.

All of the above enterprises are considered joint arrangements as none of the parties exercise control over them. All material decisions of the enterprises require consensus. The contractual circumstances of the enterprises imply that the parties to the arrangements only have rights to the net assets and, consequently, they are to be treated as joint arrangements.

Reference is made to the group chart on page 65 for a view of ownership shares and registered offices. All joint arrangements are individually considered immaterial. The financial information for these joint arrangements, that are accounted for using the equity method has been summarized below.

DKK'000	2020	2019
Cost at 1 January	6,637	0
Additions	0	6,350
Formation expences	0	287
Disposals	0	0
Cost at 31 December	6,637	6,637
Adjustments 1 January	-1,861	0
Profit and loss after tax	-61	-2,022
Exchange rate adjustment	-136	161
Adjustments 31 December	-2,058	-1,861
Carrying amount at 31 December	4,579	4,776



Inventories

DKK'000	2020	2019
Raw materials and consumables	4,265	5,200
Finished goods and goods for resale	240	385
Carrying amount at 31 December	4,505	5,585



Construction contracts

Invoicing is based on milestones in each contract.

DKK'000	2020	2019
Selling price of construction contracts	3,462,856	4,305,182
Total progress billing	-4,236,933	-4,267,459
Net value of construction contracts	-774,077	37,723
Specified as follows:		
Construction contracts (asset)	111,801	237,996
Prepayments received from customers (liability)	-885,878	-200,273
Carrying amount at 31 December	-774,077	37,723

Revenue recognized that were included in the construction contract liability balance at the beginning of the period amounts to DKK 163,795 thousand (2019: DKK 141,816 thousand).

Aggregate amount of construction contracts that are partially or fully unsatisfied at 31 December 2020 amounts to DKK 3,427,000 thousand (2019: DKK 3,048,000 thousand). Management expect that approximately 47% of the amount will be recognized by the end of the financial year 2021 and 100% at the end of the financial year 2024. The amount does not include variable consideration which is constrained.



Receivables

DKK'000	2020	2019
Trade receivables	565,814	721,537
Other receivables	37,112	32,311
Carrying amount at 31 December	602,926	753,848



Prepaid costs

Other adjustments	2,639	1,917
Carrying amount at 31 December	2,639	1,917

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Equity

Capital management

The Company assesses the need for adjusting its capital structure regularly to balance the required higher return on equity against the higher degree of uncertainty of external financing. The Company focuses on having a high equity ratio and ample cash resources to ensure as much scope for financial action as possible.

Share capital

The share capital comprises one share at a nominal value of DKK 20,000 thousand (2019: DKK 20,000 thousand) one share at a nominal value of DKK 9,160 thousand (2019: DKK 9,160 thousand) and one share at a nominal value of DKK 14,840 thousand (2019: DKK 14,840 thousand). There are no restrictions on voting rights.

Dividend

No dividens has been paid in the financial year. On 11 June 2019 Bladt Industries A/S paid DKK 10,000 thousand in dividend to Bladt Industries Holding A/S (dividend pr. share: DKK 33,333 thousand). The paid dividends to the shareholders has no tax consequences to Bladt Industries A/S.



Deferred tax

DKK'000	2020	2019
Deferred tax at 1 January	-6,315	26,967
Adjustment to prior year	0	-11,003
Other comprehensive income	0	0
Deferred tax for the year is recognized in profit for the year	17,000	-12,534
Deferred tax at 31 December	10,685	2,738
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	10,685	2,738
Net deferred tax at 31 December	10,685	2,738

Deferred tax (continued)

Deferred tax relates to:

Construction contracts 59,133 28,7 Tax loss -48,172 -26,6		10,685	2,738
Construction contracts 59,133 28,7	Other liabilities	-1,635	-1,929
	Tax loss	-48,172	-26,635
1,000 2,	Construction contracts	59,133	28,743
Property plant and equipment 1 359 25	Property, plant and equipment	1,359	2,559

There are unrecognized tax loss carry forwards of DKK 0 thousand at 31 December 2020 (2019: DKK 0 thousand) relating to depreciation for tax purposes of certain operating equipment. Of the deferred tax DKK -6,131 thousand (2019: DKK 2,738 thousand) are expected to be current tax within 1 year.

The deferred tax assets include an amount of DKK 56,973 thousand which relates to carried-forward tax losses. Bladt Industries has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for 2021. Bladt Industries A/S is expected to generate taxable income from 2021 onwards. The losses can be carried forward indefinitely and have no expiry date.



Provisions

Other provisions comprise anticipated warranty costs.

Provisions are determined based on past experience with warranty work.



Corporation tax payable

DKK'000	2020	2019
Corporation tax payable at 1 January	0	1,571
Adjustment to prior year	0	10,460
Current tax for the year	0	0
Corporation tax received/paid during the year	0	-12,031
Corporation tax payable at 31 December	0	0



Other liabilities

DKK'000	2020	2019
Amounts owed to group enterprises	53,742	18,464
Other payables	82,175	76,554
Carrying amount at 31 December	135,917	95,018



Contingent liabilities and collateral

Contingent liabilities

DKK'000	2020	2019
Guarantees relating to performance, payment, advance payment and suppliers	1,291,480	1,311,931
Deposit guarantee	20,015	24,967

The Company participates in Bladt/EEW Offshore Wind Foundation Group I/S by 50% Bladt/EEW Offshore Wind Foundation Group Gwynt y Môr I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 GbR by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 I/S by 50% and Bladt/EEW Offshore Wind Foundations Group Veja Mate GbR by 50%, Century Bladt Foundation Co, LTD by 33%.

Collateral

Subject to standard reservations for legal restrictions, the company is a guarantor of loan agreements in other group companies.



Net debt reconciliation

DKK'000	Note	2020	2019
Cash and cash equivalents		833,777	0
Borrowings - repayable within one year		0	-80,418
Borrowings - repayable after one year (including overdraft)		0	0
		833,777	-80,418

Cash and cash equivalents consits of cash deposits of DKK 283,311 thousand and DKK 550,466 in escrow as collateral for at prepayment from a customer.



Changes in working capital

DKK'000	Note	2020	2019
Net change in construction contracts	18	898,042	-149,396
Change in inventories	17	1,080	-1,740
Changes in receivables	19, 20	26,657	-129,903
Changes in trade and other payables		-148,899	175,549
		776,880	-105,490



Financial risks and financial instruments

The Company's risk management policy

Due to its operating, investment and financing activities Bladt Industries A/S is only subject to limited exposure to financial risks, including market risks (currency risks, interest risks and raw material risks), credit risks and liquidity risks.

The Company's financial risk management is centralized. Management monitors the company's risk concentration on monthly basis within areas such as customers, geographical areas, currencies, etc.

The Company's policy is not to engage in active speculation in financial risks. The Company's risk management aims solely at managing and reducing the financial risks arising directly from the Company's operations, investments and financing.

In 2020 and 2019 the Company have not entered into contracts of hedging the currency exposure on fair value and future cash flows.

Market risks

Currency risks

The Company's sale abroad is primarily made in the currency of the customer, which is mainly EUR. The Company's suppliers are paid in EUR and DKK primarily, which means that fluctuations in other currencies will generally not affect the profit of the Company. The Company uses natural hedges for its currency exposure considering projected future cash flows and projected future exchange rate movements. Currency transactions are not made for speculation purposes.

The hypothetical effect on profit for the year and equity based on reasonably probable changes in foreign exchange rates:

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	Nominal position			Sensitivity			
			Derivative		Probable	The	
		Financial	financial		changes	hypothetical	The
		liabilities	instruments		in foreign	effect on	hypothetical
	Cash and	(non-	hedging fair		exchange	profit for the	effect on
DKK'000	receivables	derivative)	value	Total	rates	year	equity
EUR/DKK	1,060,907	63,455	0	997,452	0%	0	0
GBP/DKK	43,953	-2,594	0	46,547	20%	7,261	7,261
PLN/DKK	2,207	9,628	0	-7,421	10%	-579	-579
NOK/DKK	1,736	1,786	0	-50	10%	-4	-4
SEK/DKK	1,390	19	0	1,371	10%	107	107
USD/DKK	65,940	89	0	65,851	10%	5,136	5,136
	1,176,133	72,383	0	1,103,750			

Financial risks and financial instruments (continued)

2019

	Nominal position				Sensitivity		
			Derivative		Probable	The	
		Financial	financial		changes	hypothetical	The
		liabilities	instruments		in foreign	effect on	hypothetical
	Cash and	(non-	hedging fair		exchange	profit for the	effect on
DKK'000	receivables	derivative)	value	Total	rates	year	equity
EUR/DKK	467,039	161,754	0	305,285	0%	0	0
GBP/DKK	34,778	-2,605	0	37,383	20%	5,832	5,832
PLN/DKK	2,370	18,654	0	-16,284	10%	-1,270	-1,270
NOK/DKK	8,145	140	0	8,005	10%	624	624
SEK/DKK	-2,001	1,035	0	-3,036	10%	-237	-237
TWD/DKK	0	139	0	-139	10%	-11	-11
USD/DKK	8,989	2,484	0	6,505	10%	507	507
	519,320	181,601	0	337,719			

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the assumption of unchanged sales, price level and interest rate level.
- The sensitivity related to financial instruments is calculated based on the financial instruments recognized at 31 December.
- The calculated, expected fluctuations are based on the average annual volatility of the underlying risks.

A corresponding negative movement in exchange rates will have a corresponding opposing effect on the profit/loss for the year and equity.

Interest rate risks

Financing activities

The Company is not subject to any significant accounting exposure to interest level changes as the Company does not have any significant interest-bearing external debt.

Investing activities

The Company's cash funds are placed as demand deposits.

Financial risks and financial instruments (continued)

Raw material risks

The Company uses raw materials in the form of steel when producing the Company's products.

In relation to significant purchases, the price risk is hedged by making binding agreements covering purchases when entering into sales contracts

Liquidity risks

For raising of loans it is company policy to ensure as much flexibility as possible. The Company's cash reserves consist of committed credit facilities of DKK 265 million of which DKK 0 million was drawn (DKK 834 million as cash in hand and DKK 20 million drawdown as guarantees for real estate rental deposits). Cash reserves thus total DKK 1,079 million at 31 December 2020 (2019: DKK 160 million).

With the credit facilities available, in the management's opinion, liquidity is adequate according to the budget for 2021.

The Company has interest-bearing liabilities of DKK 0 million in 2020 (2019: DKK 80 million). Short-term liabilities appear from the balance sheet and fall due for payment within one year. Liabilities under operating leases are disclosed in note 13. Based on the Company's expectations for its future operations and the Company's current cash resources, no significant liquidity risks have been identified.

Credit risks

Efforts are made to minimize risks related to giving credit by effective credit management and by establishing alternative collateral in the event of large receivables.

Bank deposits

Credit risks on bank deposits arise when it is uncertain whether the counterparty will be able to meet its obligations when due. The company policy for credit risk management means that the Company's financial cooperation partners' credit ratings are monitored continuously. The Company only places bank deposits with large reputable banks. The Company's current bank is rated AA- by Standard & Poor's Credit Market Services Europe Ltd.

Trade receivables

The Company's policy for undertaking credit risks means that all major customers are credit rated before contracts are entered and then on a regular basis. If satisfactory certainty is not achieved at the credit rating of the customer, separate collateral is required for the sale.

Bladt Industries A/S regularly receives milestones payments as the construction contracts are carried out, which reduces the credit risk

The Company does not have any significant risks relating to individual customers or cooperation partners and historically the Company has not experienced any significant losses on trade receivables.

The maturity of trade receivables is specified as follows:

DKK'000	2020	2019
Receivables not due	202,099	275,249
Maturity period:		
Up to 30 days	22,014	68,783
Between 30 and 90 days	150	22,468
More than 90 days	341,550	286,676
	565,813	653,176

None of the trade receivables were impaired at 31 December 2020 or 31 December 2019. Losses have not been realized in 2020 or 2019 on trade receivables nor have they been written down. Please also refer to note 2.

Financial risks and financial instruments (continued)

Categories of financial instruments

DKK'000	Note	2020		Note 2020 2019)19
		Carrying amount	Fair value	Carrying amount	Fair value	
Trade receivables	19	565,814	565,814	653,307	653,307	
Other receivables	19	37,112	37,112	32,121	32,121	
Amount owed by group enterprises	19	0	0	0	0	
Cash		833,777	833,777	0	0	
Financial assets at amortized costs		1,436,703	1,436,703	685,428	685,428	
Lease liabilities	13	71,891	71,891	92,267	92,267	
Trade payables		118,310	118,310	291,018	291,018	
Bank debt	27	0	0	80,418	80,418	
Amounts owed to group enterprises	25	53,742	53,742	17,247	17,247	
Other payables	25	82,175	82,175	69,689	69,689	
Financial liabilities at amortized cost		326,118	326,118	550,639	550,639	

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount. The fair value of the derivative financial instruments included in other receivables and other payables has been determined on observable market data. This is a level 2 fair value measurement. The inputs used for other fair value measurements, including derivative financial instruments are primarily level 2 inputs.

Input used is classified in accordance with the following hierarchy:

Level 1: quoted prices in active markets for identical liabilities.

Level 2: inputs other than quoted prices that are observable, either directly or indirectly

Level 3: Inputs that are not based on observable market data.

Derivateive financial instruments

The company has no forward exchange contracts to hedge future cash flows on construction contracts.



Related parties

Bladt Industries A/S has registered the following shareholders holding 5% or more of the share capital:

• Bladt Industries Holding A/S, Aalborg

The parent company, Bladt Industries Holding A/S and the ultimate parent company Nordic Capital CUI Ltd., Jersey, has control.

Apart from distribution of dividends of DKK 0 thousand (2019: DKK 10,000 thousand), there have been no transactions with these related parties.

Senior executives

Key Management include the Group's Board of Directors, Executive Board and senior executives and their close family members. Companies over which such persons exercise control or joint control are also considered related parties.

Key Management's remuneration is disclosed in note 4. There have been no other transactions.

Subsidiaries

Transactions with subsidiaries, see note 14, have been as follows:

DKK'000	2020	2019
Purchase of services	400,637	10,546

Amounts owed by and to subsidiaries are shown in notes 19 and 25, and interest on these is disclosed in note 7 and 8.

Joint ventures

Moreover, related parties include joint ventures, see "Group Structure" on page 65 in which Bladt Industries A/S has a significant influence.

Transactions with joint ventures have been as follows:

DKK'000	2020	2019
Sale of services	4,254	7,566
Purchase of services	0	0
Receivables	0	0

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Events after the balance sheet date

No significant event has occurred after 31 December 2020.



New accounting regulations

IASB has issued a number of new standards and amendments to existing standards which are not yet effective.

Bladt Industries A/S has assessed that the new standards and amendments to standards effective for annual periods beginning after 1 January 2020, are neither not relevant or have no significant effect on the financial statement of the Bladt Industries A/S.

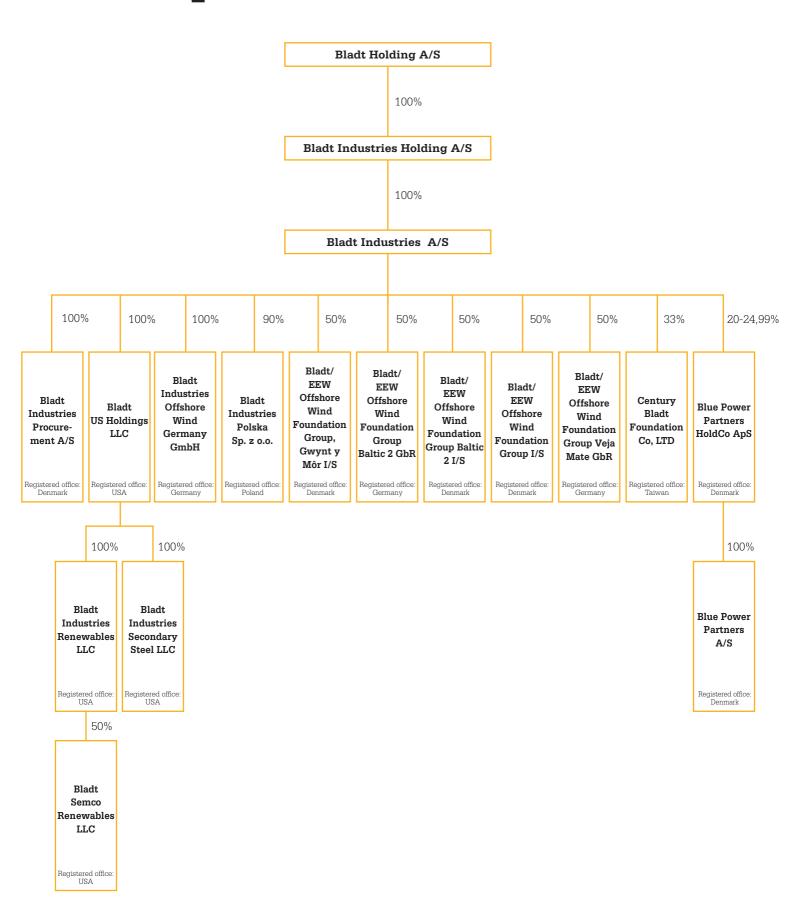


Definitions of financial ratios

The financial ratios stated in the annual report have been calculated as follows:

Operating margin	Operating profit x 100			
	Revenue			
Solvency ratio	Equity at year end x 100			
	Total equity and liabilities at year end			
Return on equity	Operating profit x 100			
	Average equity			
ROIC	EBITA			
	Average invested capital			

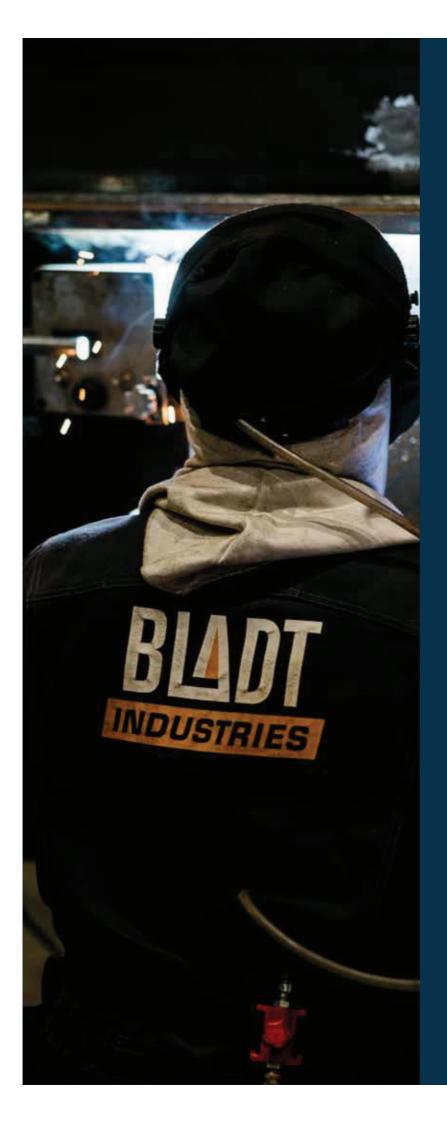
Group Structure





www.bladt.dk





Bladt Industries A/S

Nørredybet 1 DK-9220 Aalborg Øst Denmark Phone +45 96 35 37 00 Fax +45 96 35 37 10 office@bladt.dk www.bladt.dk

Registration No.: 14 81 84 80 Established: 27 November 1990

Registered office: Aalborg