

Ocean Team Scandinavia A/S

Vesterhavsgade 56
6700 Esbjerg
Business Registration No
24320413

Annual report 01.10.2018 - 30.09.2019

The Annual General Meeting adopted the annual report on 17.01.2020

Chairman of the General Meeting

Name: Claus Boel

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Entity details

Entity

Ocean Team Scandinavia A/S
Vesterhavsgade 56
6700 Esbjerg

Central Business Registration No (CVR): 24320413
Registered in: Esbjerg
Financial year: 01.10.2018 - 30.09.2019

Board of Directors

Carsten Steen Jensen
Claus Boel
Jens Peder Høg Thomsen

Executive Board

Jens Peder Høg Thomsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Ocean Team Scandinavia A/S for the financial year 01.10.2018 - 30.09.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 27.11.2019

Executive Board

Jens Peder Høg Thomsen

Board of Directors

Carsten Steen Jensen

Claus Boel

Jens Peder Høg Thomsen

Independent auditor's report

To the shareholders of Ocean Team Scandinavia A/S

Opinion

We have audited the financial statements of Ocean Team Scandinavia A/S for the financial year 01.10.2018 - 30.09.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2019 and of the results of its operations for the financial year 01.10.2018 - 30.09.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 27.11.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Jesper Smedegaard Larsen
State Authorised Public Accountant
Identification No (MNE) mne18510

Management commentary

Primary activities

Company activities includes specialized jobs of total purity packages of technical systems, for example: development, manufacturing, sales, rental and technical consultancy and services, primarily in the industry and energy sectors.

The company undertakes both national and international activities.

Development in activities and finances

The year result constitutes a profit of 4.036 T.DKK after taxes evaluated against 2.117 T.DKK for the financial year 2017/18. The profit is considered satisfactory by management. The equity capital amounts hereafter to 19.046 T.DKK corresponding to 66% of the balance sum amounting to 28.893 T.DKK.

Outlook

The company incurs ongoing costs aiming for continuous development of industry relevant technologies and related patents. Due to increasing market demands on usability of the company's technologies in customers' production and for the objective to maintain and develop the lead position of the company on the market for total purity solutions, management expects a continued cost rise to cover the requirements of technology development, quality assurance, further development and protection of the company's production facility and know-how.

Increasing internationalization of the company's activities imposes organizational demands to the company, hence one of management's major future responsibilities comprise of adjusting the organization to this exciting future. Budgetary, significant amounts are allocated to the above-mentioned purposes. Management expects a satisfactory activity and profit performance the coming year, based on the above.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018/19

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Gross profit		23.195.884	20.589.756
Staff costs	1	(15.212.076)	(14.766.821)
Depreciation, amortisation and impairment losses	2	<u>(2.766.672)</u>	<u>(2.923.300)</u>
Operating profit/loss		5.217.136	2.899.635
Other financial income	3	52.811	33.491
Other financial expenses	4	<u>(92.765)</u>	<u>(200.495)</u>
Profit/loss before tax		5.177.182	2.732.631
Tax on profit/loss for the year	5	<u>(1.141.008)</u>	<u>(615.984)</u>
Profit/loss for the year		<u>4.036.174</u>	<u>2.116.647</u>
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		8.000.000	2.000.000
Retained earnings		<u>(3.963.826)</u>	<u>116.647</u>
		<u>4.036.174</u>	<u>2.116.647</u>

Balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		3.331.013	5.226.844
Leasehold improvements		248.529	631.803
Property, plant and equipment in progress		<u>1.981.229</u>	<u>716.275</u>
Property, plant and equipment	6	<u>5.560.771</u>	<u>6.574.922</u>
Fixed assets		<u>5.560.771</u>	<u>6.574.922</u>
Raw materials and consumables		2.232.174	2.341.706
Work in progress		<u>988.906</u>	<u>0</u>
Inventories		<u>3.221.080</u>	<u>2.341.706</u>
Trade receivables		9.439.349	13.303.407
Contract work in progress	7	331.866	375.355
Receivables from group enterprises		2.410.363	104.302
Deferred tax		544.542	290.550
Other receivables		961.425	698
Prepayments		<u>83.488</u>	<u>320.434</u>
Receivables		<u>13.771.033</u>	<u>14.394.746</u>
Cash		<u>6.340.298</u>	<u>4.145.943</u>
Current assets		<u>23.332.411</u>	<u>20.882.395</u>
Assets		<u>28.893.182</u>	<u>27.457.317</u>

Balance sheet at 30.09.2019

	<u>Notes</u>	<u>2018/19</u> <u>DKK</u>	<u>2017/18</u> <u>DKK</u>
Contributed capital		500.000	500.000
Retained earnings		10.546.193	14.510.019
Proposed dividend		<u>8.000.000</u>	<u>2.000.000</u>
Equity		<u>19.046.193</u>	<u>17.010.019</u>
Prepayments received from customers		513.110	0
Contract work in progress	7	573.500	0
Trade payables		3.574.129	5.323.493
Payables to group enterprises		26.376	37.693
Joint taxation contribution payable		1.395.000	883.000
Other payables		<u>3.764.874</u>	<u>4.203.112</u>
Current liabilities other than provisions		<u>9.846.989</u>	<u>10.447.298</u>
Liabilities other than provisions		<u>9.846.989</u>	<u>10.447.298</u>
Equity and liabilities		<u>28.893.182</u>	<u>27.457.317</u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		

Statement of changes in equity for 2018/19

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	14.510.019	2.000.000	17.010.019
Ordinary dividend paid	0	0	(2.000.000)	(2.000.000)
Profit/loss for the year	0	(3.963.826)	8.000.000	4.036.174
Equity end of year	500.000	10.546.193	8.000.000	19.046.193

Notes

	2018/19	2017/18
	DKK	DKK
1. Staff costs		
Wages and salaries	12.558.794	12.348.431
Other social security costs	2.375.348	2.061.553
Other staff costs	277.934	356.837
	15.212.076	14.766.821
Average number of employees	21	22
	2018/19	2017/18
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	2.714.677	3.102.005
Profit/loss from sale of intangible assets and property, plant and equipment	51.995	(178.705)
	2.766.672	2.923.300
	2018/19	2017/18
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	50.214	32.164
Other interest income	2.597	1.327
	52.811	33.491
	2018/19	2017/18
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	0	88.221
Other interest expenses	70.613	95.028
Exchange rate adjustments	22.152	17.246
	92.765	200.495

Notes

	2018/19	2017/18	
	DKK	DKK	
5. Tax on profit/loss for the year			
Current tax	1.395.000	883.000	
Change in deferred tax	(253.992)	(267.308)	
Adjustment concerning previous years	0	292	
	1.141.008	615.984	
	Other	Property,	
	fixtures and	plant and	
	fittings,	equipment	
	tools and	in progress	
	equipment	DKK	
	DKK	DKK	
	Leasehold	improve-	
	DKK	ments	
6. Property, plant and equipment			
Cost beginning of year	29.761.969	3.320.916	716.275
Transfers	139.041	0	(139.041)
Additions	348.526	0	1.408.820
Disposals	(2.546.960)	(14.996)	(4.825)
Cost end of year	27.702.576	3.305.920	1.981.229
Depreciation and impairment losses beginning of year	(24.535.125)	(2.689.113)	0
Depreciation for the year	(2.331.403)	(383.274)	0
Reversal regarding disposals	2.494.965	14.996	0
Depreciation and impairment losses end of year	(24.371.563)	(3.057.391)	0
Carrying amount end of year	3.331.013	248.529	1.981.229
	2018/19	2017/18	
	DKK	DKK	
7. Contract work in progress			
Contract work in progress	4.795.386	800.634	
Progress billings regarding contract work in progress	(5.037.020)	(425.279)	
Transferred to liabilities other than provisions	573.500	0	
	331.866	375.355	

Notes

	2018/19	2017/18
	DKK	DKK
8. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>204.528</u>	<u>481.480</u>
Liabilities under rental agreements or leases with group enterprises until expiry	<u>1.504.140</u>	<u>2.707.452</u>

9. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where O&J Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in raw materials, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the administration company and their Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Accounting policies

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Accounting policies

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.