

# DEME Offshore DK A/S

Kongens Kvarter 51, 7000 Fredericia

## **ANNUAL REPORT 2021**

**1 January-31 December**

**22nd accounting year**

**(Registration No. 25 49 03 39)**

Approved at the ordinary Annual General Meeting 31 May 2022  
Chairman: Hugo Bouvy

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## Company Details

<b>Company</b>	DEME Offshore DK A/S Kongens Kvarter 51 DK-7000 Fredericia
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Internet	<a href="http://www.deme-group.com/demeoffshore">www.deme-group.com/demeoffshore</a>
Registration No.	25 49 03 39
Registered office	Fredericia Municipality

**Shareholders** 100% of the shares are owned by DEME Offshore Holding NV

**Board of Directors** Hugo Bouvy (Chairman)  
Wouter Borghijs  
Bart De Poorter  
Bart Vandemeulebroucke  
Marro Vreys  
Koen De Vylder  
Mette Islin  
Hans Peter Johannsen

**Executive Board** Marro Vreys

**Auditors** PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab

**Annual General Meeting** Approved at the ordinary Annual General Meeting 31 May 2022

Chairman

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Hugo Bouvy

## DEME Offshore DK A/S – Annual Report 2021

### Financial Highlights

DKK'000	2021	2020	2019	2018	2017
<b>Income Statement</b>					
Net turnover	782,464	555,261	573,787	825,518	525,562
EBITDA <sup>1</sup>	278,356	246,650	269,966	354,170	257,476
<i>EBITDA margin (%)</i>	<i>35,57</i>	<i>44.42</i>	<i>47.05</i>	<i>42.90</i>	<i>48.99</i>
EBIT <sup>2</sup>	103,011	110,273	127,843	214,440	100,245
<i>EBIT margin (profit margin) (%)</i>	<i>13,16</i>	<i>19.86</i>	<i>22.28</i>	<i>25.98</i>	<i>19.07</i>
Result of net financials	3,003	-1,439	-1,384	1,362	1,807
Profit/loss before tax	106,015	108,835	126,459	215,802	102,053
<b>Profit/loss for the year</b>	<b>105,690</b>	<b>108,800</b>	<b>126,073</b>	<b>232,532</b>	<b>70,512</b>
<b>Balance</b>					
Investments in tangible fixed assets	78,907	4,470	13,829	16,431	17,671
Tangible fixed assets	1,192,739	1,293,637	1,426,665	1,558,149	1,680,202
Equity	2,044,217	1,939,101	1,830,454	2,300,265	2,067,737
Balance sheet total	2,124,605	2,031,747	1,945,277	2,388,290	2,175,808
<b>Business related key figures</b>					
Average number of employees	144	159	163	164	183

For definition of the financial ratios, please refer to 'Accounting Policies'.

<sup>1</sup> Earnings Before Interest, Tax, Depreciation and Amortisation

<sup>2</sup> Earnings Before Interest and Tax

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## Management's Review

### Main activities

DEME Offshore DK A/S is part of the DEME Group as a direct subsidiary to DEME Offshore Holding NV (Belgium) with DEME NV as the ultimate parent company. For further information, please see the Annual Report of DEME NV.

DEME Offshore DK operates in the offshore wind industry providing transport and installation of offshore wind turbines and foundations as well as offshore wind maintenance activities.

## Results and financial development in 2021

### Profit for the year

In the year 2021, DEME Offshore DK realised a profit before tax of DKK 106.0m and DKK 105.7m after tax compared to a profit before tax of DKK 108.8m and DKK 108.8m after tax the year before.

The profit before tax for the year is the result of the usual course of business of the Company, i.e. the execution of offshore installation activities and services. COVID-19 has not had a significant impact on the result.

The management considers the result for the year satisfactory.

### Investments

In 2021, DEME Offshore DK has invested in upgrades of the existing vessels. The total investments in tangible fixed assets amount to DKK 78.9m in 2021.

### Capital Resources

DEME Offshore DK is firmly based. At year end, the solvency ratio was 96.2% (2020: 95.4%) equal to an equity of DKK 2,044.2m (2020 DKK 1,939.1m).

The Company's financial resources amount to DKK 587.5m at the end of the financial year.

### Expectations for 2022

DEME Offshore DK enters the year 2022 with a planned vessel upgrade, which will affect the utilisation rate for the wind turbine installation vessels. A result significantly lower to that of 2021 is expected in 2022.

## Special risks

### General risks

The Company's primary business risk is tied to the ability to remain strongly positioned in the most important markets. Besides, it is important for the Company to remain constantly up to date with the technological development within new installation capacity.

### Financial risks

Due to the Company's financial position and financial resources, the Company is only to a limited extent exposed to changes in the level of interest rates. However, in relation to the current operation, the Company is exposed to foreign exchange risks.

### Foreign exchange risks

Activities abroad imply that results, cash flow and equity are affected by the exchange rate movements and the interest rate development of a number of currencies. It is the policy of the Company to cover commercial currency exposure. The major part of the Company's turnover is, however, paid in EUR, which is not hedged due to this currency's close connection to the DKK.

### Credit risks

The Company's credit risks are primarily tied to financial assets recognised in the balance sheet.

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The Company does not have any significant risk relating to a single customer or cooperative partner. The Company's policy for undertaking credit risks includes current credit evaluation of all major customers and other cooperative partners.

### **Know-how capacity**

DEME Offshore DK's business is based on delivery of a very essential business service to the wind industry in the form of transport, installation and servicing of offshore wind turbines. This service places heavy demands on employees with special knowledge and on business processes.

In order to be capable of delivering competitive solutions, it is crucial that the Company is able to recruit and retain employees with the right competences.

It is our target that the Company should always retain employees with the right experience and knowledge in order to secure our leading position in the market.

Employees are offered training as a fundamental element of their employment, to stay ahead with the latest knowledge and technology and to ensure that staff is continuously competent and qualified.

### **Research and development activities**

Equipment, concept and competences are continuously being improved. Development in 2021 has primarily been focused on design of new vessels and upgrades of existing vessels for handling the requirements of the future installations.

## **Report on Corporate Social Responsibility, cf. Section 99a of the Danish Financial Statement Act**

Main activities description can be read in the 'Managements Review' section above.

DEME Offshore DK is highly aware of the Company's role as a key player in society in a local, national and international context. Consequently, DEME Offshore DK remains attentive towards making targeted efforts to ensure that our core business area and activities are developed in a financially, environmentally and socially responsible manner, both by complying with statutory requirements and by taking corporate responsibility initiatives.

### **Environment and climate**

DEME Offshore DK is committed to protecting the environment and to reduce the environmental impact of our activities. This is reflected in our focus on the environmental aspects of managing our business.

The main risk for the environment and climate is the emissions we cause. We aim to continuously reduce emissions and avoid harming the environment through the efficient use of resources. This by using materials that have minimal environmental impact and by enforcing responsible disposal practices. We will continuously assess the implementation of procedures and actions which can be used to further improve the efficiency of vessel operations and cost-effective utilisation of energy and natural resources.

To control the environmental issues, DEME Offshore DK follows both the Energy & Air Emissions Policy and Energy & Green House Gas Emissions policy prepared by DEME group. This policy is based on an environmentally compatible way of conducting business and executing projects. The policy is a natural part of DEME Offshore DK's operation and product quality targets.

To ensure that DEME Offshore DK's activities do not affect the environment negatively, specific working instructions have been prepared in order to eliminate or minimise the risk in connection with the execution of all considerable tasks both in the harbour, with transportation and performance of offshore lifting tasks.

DEME Offshore DK's follow the corporate environmental, occupational health and quality management systems are certified by Lloyds Register and DNV/GL according to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 in the DEME group

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All maritime standards including ISM (International Safety Management Code), ISPS (International Ship and Port Facility Security Code) and MLC (Maritime Labour Convention) are certified by Lloyds Register and DNV/GL.

The ISO systems have latest been certified by an external auditor in November 2021, and the certificates are valid until November 2024.

Furthermore, our installation vessels hold a Clean Design environmental class notation from DNV-GL.

As a result of the necessary requirements to hold the certificates and voluntary initiatives, our harmful impact on the environment is minimised.

With continued efforts we aim to continue improving on these matters.

### **Policies on social matters and staff matters**

In DEME Offshore DK, our employees are a key resource. Our employees are very committed, and the busy workdays call for a lot of energy. Consequently, we have a health guideline we followed during 2021 in which the keyword is energy. We see that energy is of high importance not only to achieve business goals, but also so the employee is able to live the life they want outside the job.

This is why our health guideline focuses on how to gain energy both mentally and physically. This is achieved by investing in both prevention and treatment needed for the individual employee. All of this to maintain a company characterised by commitment, satisfaction, presence, efficiency and good results.

At DEME Offshore DK, health is a joint investment and mutually binding. We strive to make the healthy choices easy. We encourage our employees to make good healthy choices, but always with the free will of the individual as an invariable precondition. There are no forced choices, only options and alternatives.

All of this is achieved by offering different options such as massage and reflexology to eliminate any physical struggles. It is also optional to use different tools to help the employee work in different working postures to avoid unnecessary discomfort. We encourage the employees to speak up if we can help create more energy and avoid lifestyle diseases.

As an integrated part of our health guideline followed during 2021, we have a guideline for a no-stress culture. In order for the high demands towards our employees, when it comes to performance, flexibility and readiness for change, not having a negative effect on the stress level of the employees, we want a secure culture where we act responsibly and take proper action to prevent stress. We will secure that we have the right attitude, tools and support to be alert, call attention to and get into dialogue about issues that can lead to stress in due time.

In addition, DEME Offshore DK is offering a senior scheme. This is to give a good alternative to early or normal retirement to sustain valuable knowledge in the Company.

In addition to the physical and mental health, we believe in the positive effect on the overall well-being coming from good social relations. We believe in creating good relations based on common interests across departments. This to help create a framework for a culture of innovation. In the staff social club, we offer a wide range of different activities throughout the year. In this way, we encourage the employees to make relations outside the office and work areas.

To ensure the development of DEME Offshore DK's organisation, the systems and competences regarding the ability to provide extraordinarily safety and quality in all aspects of our business is a priority. The Company is continuously working with personnel training and improvement of documentation within safety and quality. In addition, all incidents and near-misses are reported, and preventive and corrective actions taken. We actively promote a culture of safety and environmental excellence at all levels in the organisation in order to achieve incident-free operation and improve our processes and performance. In this way, we continuously get better at doing our job in a safe way. We aim to not have any serious injuries or loss of life as well as keeping small incidents to a minimum. We encourage anyone who observes a safety risk to speak up so we can prevent any incidents.

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During 2021 the general employee satisfaction has been satisfying. We will continue to aim for even greater results going forward.

### **People & human rights**

DEME Offshore DK considers diversity an important asset and remains committed to ensuring equal opportunities and rights for employees. Consequently, DEME Offshore DK does not tolerate discrimination or harassment based on religion, race, ethnicity, gender, age, sexuality, political stance or other status. DEME Offshore DK also actively promotes a fair and just culture in order to ensure open and timely communication throughout the organisation and with all stakeholders. Employee satisfaction surveys are being conducted regularly and latest results have been satisfying.

DEME Offshore DK does not tolerate child labour from any of our business partners. We also expect our business partners to protect any young workers from any work with higher risk for health, safety and moral. This is stated in the Code of Ethics & Business Integrity from the DEME group and we have not detected any non-compliance with our business partners in the reporting year.

The main risk on people and human rights is undetected cases conflicting with our standpoint on this matter. If DEME Offshore DK discovers non-compliant cases, cooperation with the violator will be discontinued.

During 2021 the promotion of these policies has secured, that no non-compliant cases has been discovered. It is the aim to continue securing that no cases violating these policies will occur.

### **Anti-corruption and anti-bribery policies**

The description of bribery is offering, promising, giving, receiving or soliciting anything of value in order to influence how someone carries out a public, commercial or legal duty. We avoid participating in or knowingly benefitting from any kind of corruption, extortion or bribery and we expect the same of our business partners.

Consequently, all our employees and business partners are obliged to follow this policy; and all policies, including this on anti-corruption and anti-bribery, form part of the introduction material that all new employees and business partners receive and are obligated to read and follow.

This is also stated in the Code of Ethics & Business Integrity from the DEME group and we have not detected any non-compliance internally or with our business partners in the reporting year.

The main risk regarding anti-corruption and anti-bribery is undetected cases conflicting with our policies. During 2021 the promotion of these policies has secured, that no non-compliant cases has been discovered. It is the aim to continue securing that no cases violating these policies will occur.

## **Report on the Gender Distribution in Management, cf. Section 99b of the Danish Financial Statements Act**

It is DEME Offshore DK's primary objective that candidates proposed for the Company's board of directors or management positions are selected considering their suitability based on professional and personal skills and competences.

DEME Offshore DK aim to have one female member of the board of directors. Currently, the board consists of seven males and one female. Consequently, the goal has been met in 2021.

DEME Offshore DK acknowledges the underrepresented gender and in addition to the actions when recruiting externally any employee at DEME Offshore DK has the opportunity to advance.

Additionally, DEME Offshore DK has a policy regarding the distribution of gender in the management of the Company. When choosing between equally qualified candidates, the general diversity among the employees shall be taken into consideration. In connection with internal or external recruitment, it should be ensured, where possible, that the candidates considered for positions, including managerial positions, include both men and women.

At year-end 2021, the Company's managerial positions below top-management level were occupied by both women and men with a distribution of 30%/70%. We have focus on filling our vacant managerial positions by



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both genders. In the future, we aim to fill more managerial positions by females to ensure diversity; the goal for managerial and top-level positions is a distribution of 40%/60% by 2025.

## Report on the Data Ethics, cf. Section 99d of the Danish Financial Statements Act

### Data Ethics Policies

DEME Offshore DK A/S is committed to upholding a high standard for data ethics. The responsible use of data is a critical facilitator for our organisation. We are committed to careful ethical considerations on responsible use of data and new technologies to avoid abuse and privacy infringement issues, and to ensure the trust of our consumers, business partners, employees, and other stakeholders. It is vital to manage and control the storage and use of the data ethically and proactively. Our corporate Data Ethics Policy explains how we will live up to this commitment within a globalised and digitalised business environment by only using personal data consistently with our ethical pillars of keeping data safe, complying with data protection laws, using data respectfully and anchoring data ethics in the organisation. DEME Offshore DK A/S strives to be a leader in the ability to ethical management and use of data, with customers who trust that the company is using their data correctly.

Everybody within DEME provides personal information which is key for the successful operation of the company. This information shall only be used for appropriate business purposes and must be properly safeguarded. Anyone who has access to sensitive or personal information shall only use such information for the purpose it was intended for and shall at all times treat it confidentially. All this should be in accordance with applicable legal requirements, including local laws on privacy and data protection. This information shall not be shared without authorisation and only for the strict purpose of a business need.

General Data Protection Regulation (GDPR) requires companies to enhance their processes for collection, storage and processing of personal data with due and proper care, and per the below principles:

These principles will constitute the basics of DEME's GDPR policy and processes.

### Keeping data safe

DEME Offshore DK A/S protect the digital wellbeing of our many stakeholders by safeguarding and making sure that all of their data in our care is protected through strong security features, effective processes for their implementation, and reliable IT applications. We are amending our internet/intranet pages about how we collect, process, and retain personal data.

### Complying with data protection laws

DEME Offshore DK A/S have put operative and meaningful privacy and data protection standards in place, not only to comply with the many evolving regulatory requirements across our global markets, but also to promote the trust of those countries' citizens, leaders, and business communities. We are establishing an inventory of personal data, we are processing for multiple purposes and compiling these into a central data register.

### Using data respectfully

DEME Offshore DK A/S respects individual privacy as part of our greater commitment to ethical business conduct and stakeholder dignity. For our workers, our commitment to a fair, respectful, safe and non-discriminatory workplace includes the lawful, fair and limited handling of their data as part of our working relationship and when working with 3d party suppliers e.g. payroll companies, insurance companies, IT providers, we make sure that processing of data between parties is 100% safe and secure.

### Anchoring Data Protection in the organisation

Our Data Ethics Policy is approved by the executive management team. In addition to top management being committed to prioritising data ethics, it is also embedded throughout the organisation in policies and manuals. Everybody within DEME provides personal information which is key for the successful operation of the

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company. This information shall only be used for appropriate business purposes and must be properly safeguarded. Anyone who has access to sensitive or personal information shall only use such information for the purpose it was intended for and shall at all times treat it confidentially. All this should be in accordance with applicable legal requirements, including local laws on privacy and data protection. This information shall not be shared without authorisation and only for the strict purpose of a business need. We are establishing new procedures of data retention (about whom and for how long), in line with legal requirements, and facilitating data anonymization or deletion, within a reasonable timeframe, also upon individual request.

### **Objective of the compliance department**

It is the responsibility and obligation of DEME Offshore DK A/S to adhere to the principles of the Code of Ethics and Business Integrity (Code) of the DEME Group.

These principles are both simple and clear at all times:

- comply with the applicable laws and regulations
- act with integrity and honesty
- avoid inappropriate behaviour, or even the appearance thereof.

To help achieve compliance with our Code, DEME offers regular, obligatory training sessions and it is required to complete the certification process to make sure that the Code is understood and applied to in all daily activities.

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## Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of DEME Offshore DK for the financial year 1 January-31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company's operations for 2021.

Further, in our opinion, Management's Review includes a true and fair account of the conditions dealt with.

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

Fredericia, 31 May 2022

### Executive Board:

Marro Vreys  
CEO

### Board of Directors:

\_\_\_\_\_  
Hugo Bouvy

\_\_\_\_\_  
Wouter Borghijs

\_\_\_\_\_  
Bart De Poorter

\_\_\_\_\_  
Bart Vandemeulebroucke

\_\_\_\_\_  
Marro Vreys

\_\_\_\_\_  
Koen De Vylder

\_\_\_\_\_  
Mette Islin

\_\_\_\_\_  
Hans Peter Johannsen

## Independent Auditor's Report

To the Shareholders of DEME Offshore DK A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations for the financial year 1 January-31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DEME Offshore DK A/S for the financial year 1 January-31 December 2021, which comprise income statement, balance sheet, statements of change 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 on Auditing (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Financial 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 Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

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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.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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.

Trekantområdet, 31 May 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR-no. 33 77 12 31

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Lasse Berg

State Authorised Public Accountant

Mne35811

## DEME Offshore DK A/S – Annual Report 2021

### Income Statement 1 January-31 December

DKK'000	Note	2021	2020
Net turnover	1	782,464	555,261
Project and vessel costs		-393,920	-219,033
Other external expenses		-11,975	-14,228
Staff expenses	2	-98,213	-75,350
<b>Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)</b>		<b>278,356</b>	<b>246,650</b>
Depreciation and amortisation		-167,673	-133,858
Other operating expenses	3	-7,672	-2,519
<b>Operating profit (EBIT)</b>		<b>103,011</b>	<b>110,273</b>
Income from investments in subsidiaries after tax		-96	157
Financial income		3,123	0
Financial expenses	4	-23	-1,595
<b>Profit/loss before tax</b>		<b>106,015</b>	<b>108,835</b>
Tax on the profit/loss for the year	5	-325	-35
<b>Profit/loss for the year</b>		<b>105,690</b>	<b>108,800</b>

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### Balance Sheet at 31 December

DKK'000	Note	2021	2020
<b>Assets</b>			
Rights		0	0
Software		11	51
<b>Intangible fixed assets</b>	6	<b>11</b>	<b>51</b>
Vessels and related equipment		1,192,689	1,281,355
Other plants and equipment		50	12,282
<b>Tangible fixed assets</b>	7	<b>1,192,739</b>	<b>1,293,637</b>
Investments in subsidiaries		0	3,413
Deposit		1,311	1,667
<b>Financial fixed assets</b>	8	<b>1,311</b>	<b>5,080</b>
<b>Total fixed assets</b>		<b>1,194,061</b>	<b>1,298,768</b>
Trade receivables		254,430	46,468
Receivables from group enterprises		635,167	645,304
Receivable corporation tax		0	1,206
Work in progress		40,385	37,158
Prepayments	9	210	166
Other receivables		329	2,618
<b>Receivables</b>		<b>930,521</b>	<b>732,920</b>
<b>Cash at bank and in hand</b>		<b>23</b>	<b>59</b>
<b>Total current assets</b>		<b>930,544</b>	<b>732,979</b>
<b>Total assets</b>		<b>2,124,605</b>	<b>2,031,747</b>

## DEME Offshore DK A/S – Annual Report 2021

### Balance Sheet at 31 December (continued)

DKK'000	Note	2021	2020
<b>Liabilities</b>			
Share capital		429,363	429,363
Retained earnings		1,526,181	1,509,891
Other reserves		-727	-153
Proposed dividend for the year		89,400	0
<b>Total equity</b>	10	<b>2,044,217</b>	<b>1,939,101</b>
Provision for deferred tax	11	0	0
<b>Provisions</b>		<b>0</b>	<b>0</b>
Trade payables		5,776	5,128
Payables to group enterprises		36,272	25,658
Corporation tax, balance with management company		8,019	0
Other debt		15,407	24,922
Deferred income		14,914	36,938
<b>Short-term debt</b>		<b>80,388</b>	<b>92,646</b>
<b>Total liabilities</b>		<b>80,388</b>	<b>92,646</b>
<b>Liabilities</b>		<b>2,124,605</b>	<b>2,031,747</b>
Contractual obligations	12		
Fees for auditor(s) appointed by the Annual General Meeting	13		
Related parties	14		
Events after 31 December 2021	15		
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### Statement of Changes in Equity 1 January-31 December

DKK'000	Share capital	Retained earnings	Proposed dividend for the year	Other reserves	Total
<b>Equity at 1 January 2020</b>	<b>429,363</b>	<b>1,401,091</b>	<b>0</b>		<b>1,830,454</b>
Exchange rate adjustments of investments				-153	-153
Profit for the year		108,800			108,800
<b>Equity at 31 December 2020</b>	<b>429,363</b>	<b>1,509,891</b>	<b>0</b>	<b>-153</b>	<b>1,939,101</b>
<b>Equity at 1 January 2021</b>	<b>429,363</b>	<b>1,509,891</b>	<b>0</b>		<b>1,939,101</b>
Exchange rate adjustments of investments				152	152
Profit for the year		105,690			105,690
Valuation adjustment hedge				-726	-726
Proposed dividend for the year		-89,400	89,400		0
<b>Equity at 31 December 2021</b>	<b>429,363</b>	<b>1,526,181</b>	<b>89,400</b>	<b>-727</b>	<b>2,044,217</b>

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## Note 1 Net turnover

In compliance with section 96 of the Danish Financial Statements Act, information regarding turnover on geographical markets and activities has been left out due to the fact that geographical markets and activities do not differ material on risks and rewards.

## Note 2 Staff expenses

DKK'000	2021	2020
Wages and salaries	86,223	62,907
Pensions	4,748	5,967
Other staff costs, incl. social security costs, etc.	7,242	6,475
<b>Staff expenses</b>	<b>98,213</b>	<b>75,350</b>
Average number of full-time employees	144	159

Remuneration for the Executive Board and Board of directors for 2021 is DKK'000 2,690

In compliance with section 98 b (3) of the Danish Financial Statements Act, no information is given for 2020 regarding remuneration for the Executive Board and Board of directors.

## Note 3 Other operating expenses

DKK'000	2021	2020
Loss on disposal of fixed assets	7,672	2,519
<b>Other operating expenses</b>	<b>7,672</b>	<b>2,519</b>

## Note 4 Financial expenses

DKK'000	2021	2020
Interest expenses to group enterprises	16	126
Other financial expenses	7	1,469
<b>Financial expenses</b>	<b>23</b>	<b>1,595</b>

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### Note 5 Tax on the profit/loss for the year

DKK'000	2021	2020
<b>Breakdown of the tax for the year:</b>		
Tax on the profit for the year	325	35
<b>Total tax for the year</b>	<b>325</b>	<b>35</b>
<b>Explanation of the tax on the profit for the year:</b>		
Current tax	600	390
Adjustments for previous years (current tax)	-275	-355
Adjustments for previous years (deferred tax)	0	0
<b>Tax on the profit for the year</b>	<b>325</b>	<b>35</b>

### Note 6 Intangible fixed assets

DKK'000	Software	Rights	Total
Cost at 1 January 2021	4,442	327	4,769
Disposals for the year	-84	0	-84
<b>Cost at 31 December 2021</b>	<b>4,358</b>	<b>327</b>	<b>4,685</b>
Amortisation, depreciation and write-downs at 1 January 2021	4,391	327	4,718
Depreciation and amortisation for the year	40	0	40
Reversed depreciation on assets disposed of	-84	0	-84
<b>Amortisation, depreciation and write-downs at 31 December 2021</b>	<b>4,347</b>	<b>327</b>	<b>4,674</b>
<b>Book value at 31 December 2021</b>	<b>11</b>	<b>0</b>	<b>11</b>
Amortised over a period of	3-5 years	5 years	-

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### Note 7 Tangible fixed assets

DKK'000	Vessels and related equipment	Other plants and equipment	Total
Cost at 1 January 2021	2,156,334	23,640	2,179,974
Additions for the year	78,907	0	78,907
Disposals for the year	-393	-13,790	-14,183
<b>Cost at 31 December 2021</b>	<b>2,234,848</b>	<b>9,850</b>	<b>2,244,698</b>
Depreciation and write-downs at 1 January 2021	874,979	11,358	886,337
Depreciation for the year	167,573	59	167,632
Reversed depreciation on assets disposed of	-393	-1,617	-2,010
<b>Depreciation and write-downs at 31 December 2021</b>	<b>1,042,159</b>	<b>9,800</b>	<b>1,051,959</b>
<b>Book value at 31 December 2021</b>	<b>1,192,689</b>	<b>50</b>	<b>1,192,739</b>
Depreciation period	5-20 years	2-5 years	-

### Note 8 Financial fixed assets

DKK'000	Investments in subsidiaries	Deposit	Total
Cost at 1 January 2021	13,983	1,667	15,650
Additions during the year	0	2	2
Disposals for the year	-13,983	-358	-14,341
<b>Cost at 31 December 2021</b>	<b>0</b>	<b>1,311</b>	<b>1,311</b>
Value adjustments at 1 January 2021	-10,570	0	-10,570
Profit for the year	125	0	125
Changes in equity	152	0	152
Disposal	10,293	0	10,293
<b>Depreciations and amortisations at 31 December 2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Book value at 31 December 2021</b>	<b>0</b>	<b>1,311</b>	<b>1,311</b>

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### Note 9 Prepayments

Prepayments comprise prepaid costs relating to other external costs.

### Note 10 Proposed distribution of profit

DKK'000	2021	2020
Proposed dividend for the year	89,400	0
Retained earnings for the year	16,290	108,800
	<u>105,690</u>	<u>108,800</u>

### Note 11 Deferred tax

The Company's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Group's planned shipowning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is not recognised in the balance sheet.

Deferred tax on transitional balance and equalisation balance relating to vessels amounts to DKK'000 114,284.

### Note 12 Contractual obligations

DEME Offshore DK A/S has assumed liabilities for a total of DKK'000 2,524 in the form of property leases and leased operating equipment. Breakdown of the future lease obligations:

DKK'000	2021	2020
0-1 year	2,414	2,849
1-5 years	110	72
> 5 years	0	0
	<u>2,524</u>	<u>2,921</u>

### Note 13 Fees for auditor(s) appointed by the Annual General Meeting

DKK'000	2021	2020
Auditor fee for PwC	304	302
Tax advisory	69	182
Other services	1	14
	<u>374</u>	<u>498</u>

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## Note 14 Related parties

The Company is directly owned by DEME Offshore Holding NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimately owned by Ackermans & van Haaren N.V, Begijnenvest 113, 2000 Antwerp, Belgium.

Other related parties with a significant influence comprise the Company's Board of Directors, the Executive Board and executives and the close family of these individuals. Related parties also include companies in which the before-mentioned individuals hold a considerable interest.

DEME Offshore DK A/S is included in the immediate Consolidated Financial Statements of DEME NV, Scheldedijk 30, 2070 Zwijndrecht, Belgium and ultimate Consolidated Financial Statements of Ackermans & van Haaren NV, Begijnenvest 113, 2000 Antwerp, Belgium. The Consolidated Financial Statements may be obtained upon request by contacting DEME NV and Ackermans & van Haaren NV.

With reference to section 98 C (7) of the Danish Financial Statements Act, related party transactions details are not disclosed.

## Note 15 Events after 31 December 2021

No events have occurred after the closing of this financial year that would influence the financial position of the Company.

## Note 16 Accounting policies

### GENERAL

The Annual Report of DEME Offshore DK A/S has been prepared in accordance with the provisions of the Danish Financial Statements Act for enterprises of accounting class C (large enterprises).

In accordance with the Danish Financial Statements Act section 112(1), no consolidated annual accounts have been made. The annual accounts for DEME Offshore DK A/S and subsidiaries are part of the consolidated annual accounts for DEME NV, Haven 1025, Scheldedijk 30, 2070 Zwijndrecht, Belgium, registration number 0400.473.705.

In accordance with the Danish Financial Statements Act section 86(4) the Company has omitted the cash flow statement from this Annual Report as DEME Offshore DK A/S is included in the cash flow statement of the DEME NV.

### Changes in accounting estimates

In 2021 Management has decided to upgrade one of the Company's vessels. Hence the lifetime of the asset being upgraded has been re-evaluated from 20 years to 10 years corresponding the expected remaining economical lifetime. Additional depreciation in 2021 amounts to DKK'000 38,249.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when they are probable and can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

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Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

On recognition or measurement predictable losses and risks appearing before the presentation of the Annual Report that are confirming or invalidating conditions already existing on the balance sheet date will be taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities, measured at fair value or amortised cost. Equally, costs incurred to achieve the earnings for the year, including depreciation, amortisation and provisions made and reversals resulting from changes in accounting estimates of amounts previously included in the income statement are recognised in the income statement.

## **Foreign currency translation**

Transactions denominated in foreign currencies are translated at the exchange rate prevailing at the date of the transaction. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as an item under financial income and expenses.

Fixed assets purchased in foreign currencies are measured at the exchange rate prevailing at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement under financial income and expenses.

## **Derivative financial instruments**

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured 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 hedge of the fair value of a recognised asset or liability are recognised in the income statement together with changes in the value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as receivables or payables and in capital and reserves. If the future transaction results in recognition of assets or liabilities, the amount previously recognised under equity will be transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, the amount, deferred under equity or together with a recognised asset in the balance sheet will be transferred to the income statement for the period in which the hedged item affects the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement when they occur.

## **INCOME STATEMENT**

### **Net turnover**

Net turnover is recognised in the income statement when delivery and passing of risk to buyer have taken place before the year end and if the income can be reliably measured and is expected received before year-end.

Net turnover is measured at fair value of the agreed contract sum exclusive of VAT charged on behalf of a third party. All types of allowed discounts are recognised in the net turnover.



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Contracts relating to offshore wind turbine projects are included in the net turnover concurrently with the execution of the work, based on the degree of completion of the individual contracts.

## **Project and vessel costs**

Project and vessel costs comprising expenses related to project execution and costs for the operation of the Company's fleet.

Vessel costs are recognised in the income statement when incurred.

Costs related to offshore wind turbine projects are included in the project costs concurrently with the execution of the work, based on the degree of completion of the individual contracts.

## **Other external expenses**

Other external expenses comprise indirect production costs and costs related to premises, sales and offices, etc.

## **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses other than project wages.

## **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

## **Financial income and expenses**

Financial income and expenses comprise interest income and expenses, capital gains and losses and losses concerning debt and transactions in foreign currencies and amortisation of financial assets and liabilities.

## **Tax on profit for the year**

Tax for the year consists of current tax for the year and adjustment of deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company's current tax is computed according to the provisions of the Danish Tonnage Tax Act. On the basis of the Group's planned ship owning activities, the Tonnage Tax Scheme does not imply recapture of depreciation, and therefore deferred tax for these companies is only disclosed in the note "Deferred tax".

## **BALANCE SHEET**

### **Intangible fixed assets**

#### *Rights*

Rights include patents. These are measured at cost less accumulated amortisation and impairment losses. Patents are amortised over 5 years.

#### *Software*

Software is measured at cost less accumulated amortisation. Amortisation is made on a straight-line basis, i.e. the cost related to software is divided over the expected useful life – normally 3-5 years.

Residual value of intangible fixed assets is reassessed every year.

### **Tangible fixed assets**

Tangible fixed assets 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 costs of materials, components, sub-suppliers, direct cost of labour and indirect production cost.

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The cost of a combined asset is separated into individual items for which depreciation is made individually if the useful life of the individual items differs.

Subsequent costs, e.g. related to replacement of parts of a tangible fixed asset, are recognised in the book value of the asset in question when it is likely that the incurrence will imply a future financial benefit to the Company. The replaced parts cease being recognised in the balance sheet when the book value of these is transferred to the income statement. All other costs related to ordinary repair and maintenance are recognised in the income statement when incurred.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the estimated useful lives of the assets.

Vessels and related equipment	5-20 years
Other plant and equipment	2-5 years
Plant under construction	No depreciation

Depreciation period and residual value of tangible fixed assets is reassessed every year.

Gains and losses on the disposal of tangible fixed assets are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income/expenses.

### **Impairment of assets**

The book value of the Company's fixed assets is estimated on a yearly basis to determine whether there might be indications of impairment beyond the planned depreciation.

If there are any indications of impairment, an impairment test is carried out for each individual asset or group of assets, respectively. Write-down to recoverable amount is made if this turns out to be lower than the book value. The recoverable amount is determined as the higher of net selling price and value in use. The value in use is calculated as the present value of the expected net cash flow from the use of the asset or group of assets and expected net cash flow from sale of the asset or group of assets after expired useful life.

### **Deposit**

Other receivables comprise deposit measured at fair value.

### **Receivables**

Receivables are measured at amortised cost.

Provisions for bad debts are made when it is estimated on the basis of an objective indication that the value of a receivable is impaired.

### **Prepayments**

Prepayments recognised as receivable consists of prepayments of costs relating to the coming financial years.

### **Equity**

#### *Proposed dividends*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Current tax and deferred tax**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred tax is measured under the balance-sheet liability method on all temporary differences between book value and tax base of assets and liabilities. In the cases where statement of the tax base can be made on the basis of different taxation rules, the deferred tax is measured on the basis of the management's planned use of the asset or settlement of the liability, respectively.

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Deferred tax assets, including tax base of tax loss carry-forwards, are measured at the value at which the assets are expected realised either by elimination in tax on future earnings or by offsetting against deferred tax liabilities or within the same legal tax entity.

## Debt

Financial debt comprises mortgage debt, credit institutions, trade payables and other liabilities to the public authorities, etc.

Payables to credit institutions are recognised initially at the proceeds received net of transaction expenses incurred. In subsequent periods, the financial debt is measured at amortised cost according to 'the effective interest method', so that the difference between the proceeds and the nominal value is recognised in the income statement under financial expenses during the term of the loan.

Other debt is measured at net realisable value.

## Deferred income

Deferred income includes prepayments and accrual of contribution margin relating to time charter contracts. If the deferred income is an asset, it is recorded as work in progress, if a liability, it is recorded as deferred income.

## FINANCIAL RATIOS

The financial ratios mentioned in the Financial Highlights are calculated as follows:

EBITDA margin	$\frac{\text{Earnings before Interest, Tax, Depreciation and Amortisation}}{\text{Net turnover}}$
EBIT margin	$\frac{\text{Operating profit or loss (EBIT)}}{\text{Net turnover}}$