semco maritime

ANNUAL REPORT 2022

We posted record results in 2022 and charted our course for sustainable growth

Semco Maritime A/S
Esbjerg Brygge 30
DK-6700 Esbjerg

CVR no. 25 49 07 62

As approved at the annual general meeting held on 11 April 2023

Martin Oehlenschlæger, chair

Contents

Management's review

Overview

4 2022 highlights

5 A word from the CEO

6 Semco Maritime at a glance

7 Sustainable Growth

8 Business model

9 Financial highlights

Developments

11 Developments in 2022

13 Outlook for 2023

14 Responsibility

Management

17 Management and ownership

19 Risks

Consolidated and parent company financial statements

Financial statements

24 Income statement

25 Balance sheet

26 Statement of changes in equity

28 Cash flow statement

29 Notes

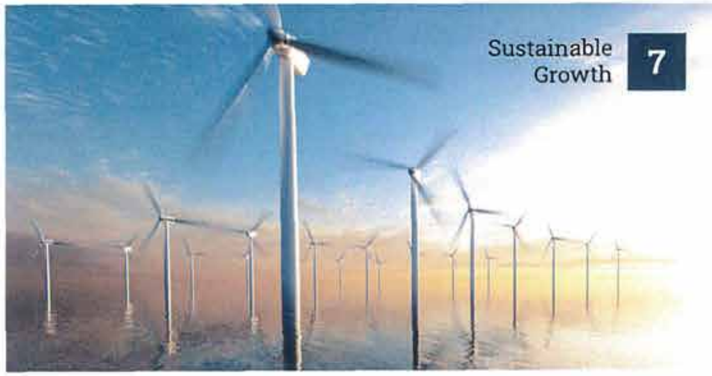
48 Accounting policies

51 Group overview

52 Statement by the Board of Directors and the Executive Board

53 Independent auditor's report

Click here to read our Sustainability Report



OVERVIEW

4 2022 highlights
5 Leading review
6 Semco Maritime at a glance
7 Sustainable Growth
8 Business model
9 Financial highlights

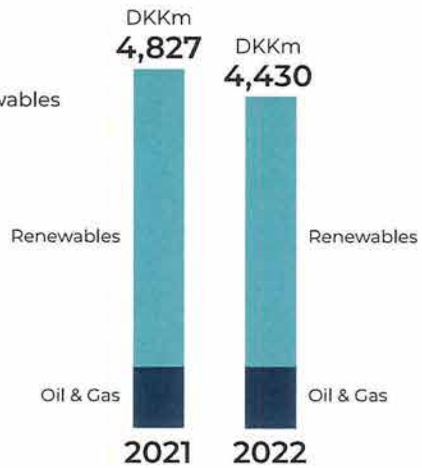
RENEWABLES

Two substations for the Hai Long project

In 2022, Semco Maritime and PTSC M&C, one of our strategic consortium partners, commenced work on two offshore substations for the Hai Long 2 and Hai Long 3 projects, which are being built off the Taiwanese coast and will deliver more than 1 GW of green wind energy. The consortium will develop the detailed design, provide procurement services, manufacture, hook-up and commission the two offshore substations, including jackets to be manufactured at PTSC M&C's yard in Vungtau City in southern Vietnam. The offshore installation for the project is expected to be in place in 2024 with hook-up and commissioning set for 2026. It will give Semco Maritime a solid foothold in the attractive Asian offshore wind market, which is developing at a rapid pace.

2022 highlights

Revenue



Order book

EBITDA before special items

DKKm **204**

Equity ratio

25.0%

Employees

1,835 employees (average)

4.5 million man-hours*

LTAF (Lost time accident frequency): 0

Oil & Gas

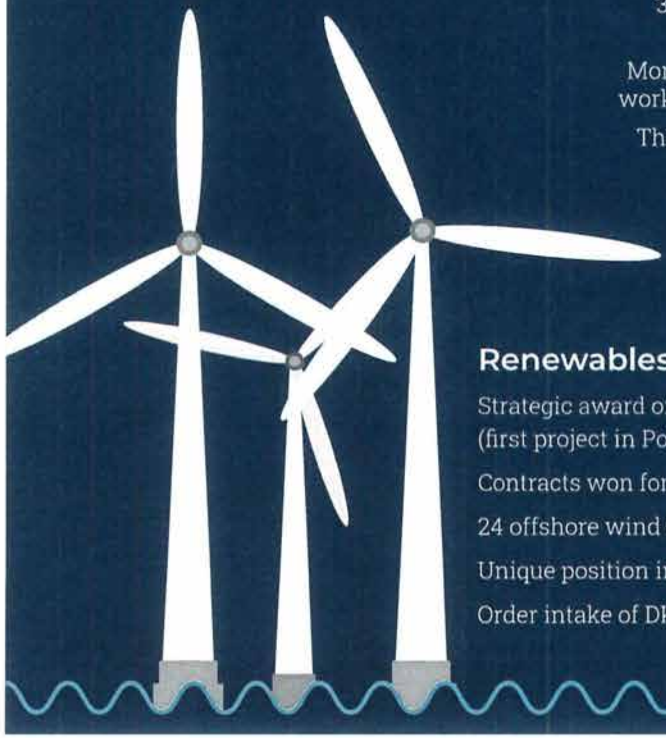
12 yard stays

300 modification and service projects

More than 1,100 employees working in offshore rotation

Three key contracts won

Order intake of DKK 2,224 million



Renewables

Strategic award of two offshore substations (first project in Poland)

Contracts won for four offshore substations

24 offshore wind farms serviced

Unique position in substations

Order intake of DKK 790 million

*Including employees hired on a contract basis

Semco Maritime delivered record results for 2022

Our performance in 2022 continued on from recent years' strong developments, as our employees in all business units retained their focused commitment and delivered record-high revenue and earnings amid market fluctuations brought on by the geopolitical turmoil. Based on our strong performance, we launched our Sustainable Growth strategy that will guide Semco Maritime during the period to 2027.

Improvements on all fronts

All parts of the business contributed to our improvements in 2022, as good business activity and strong execution led to historically strong results and 38% growth in revenue to DKK 3.4 billion and a substantial improvement in EBITDA before special items to DKK 204 million, equal to an EBITDA ratio of 6.0%. We are particularly pleased with the growth of our Renewables division, which more than doubled its revenue and contributed 35% of our consolidated revenue, while our Oil & Gas division continued to deliver solid progress and strong results. Our order book also remained high, at DKK 4.4 billion, of which Renewables accounted for 82% and Oil & Gas made up 18%.

A stronger platform

In 2022, we also built a stronger platform for the future growth and development of Semco Maritime in a market impacted by geopolitical tensions, an energy crisis and an intensified focus on energy security from existing oil and gas installations as well as a much greater political commitment to accelerate investments for the green transition.

Our customers demonstrated great confidence in our Renewables business by awarding us several contracts for offshore substations for large offshore wind projects worldwide, both as a sole supplier and as part of strong consortiums together with tried and tested as well as new strategic partners, such as Bladt Industries, PTSC M&C and SeaRenergy. Our extensive offshore experience and persistent efforts within offshore wind have secured us of a clear competitive advantage and enabled us to establish a leading position in an attractive global market.

Our Oil & Gas business continued its strong performance of recent years, concluding important service contracts with recognised industry players, such as Aker BP, Equinor and TotalEnergies. In the years ahead, they will rely on our ability to provide top-of-class manpower for servicing their North Sea offshore installations, which are so critical for energy security in both Norway and Denmark. The contracts are proof of the positive effects of remaining focused on our operations, providing maintenance and on optimising existing infrastructure in a market where capex investments are becoming fewer in number.

Prospects of sustainable growth

Following on from the improvements achieved in recent years, we launched our Sustainable Growth strategy in 2022. It is intended to accelerate our growth and drive up our Renewables business' share of our overall revenue to about 65% and thereby to strengthen Semco Maritime's contribution to the transition of the global energy sector.

We have set an ambitious target of lifting our revenue to DKK 6 billion by 2027 with an EBITDA margin of 7%, zero industrial accidents, a reduced carbon footprint and a reputation as a preferred employer and partner to our customers. In 2023, we expect to take the next steps towards achieving our goals by lifting revenue and earnings based on our long-standing track record in the offshore market and strong positions in both the Renewables and Oil & Gas areas.

Steen Brodbæk, CEO

Semco Maritime at a glance

Semco Maritime is an international engineering and contracting business that contributes to a safe and sustainable green transition across the value chain in the global energy sector. The company pursues the objectives of its Sustainable Growth strategy by helping its customers seize opportunities in the green transition and ensure responsible fossil fuel extraction processes. Since 1980, we have applied our specialist competencies as a platform for the work carried out at all stages of offshore and onshore assignments – from preliminary analyses over design, procurement and manufacturing to installation, hook-up and commissioning as well as subsequent services as well as rental of manpower and supply of bespoke components, systems and solutions. Semco Maritime has 1,835 employees, who secure our customers cost-effective project management and operations around the globe.

Sustainable Growth

Semco Maritime launched its Sustainable Growth strategy in 2022, which is to create a platform enabling the Group to more than double revenue and earnings during the 2021–2027 period. Semco Maritime aims to apply its extensive expertise and in-depth experience from the offshore sector in order to capitalise on opportunities in the energy markets and shift the balance of the Group's operations further in favour of the Renewables business during the coming years.

Strong platform for accelerated growth

The objective of the new strategy is to accelerate the positive developments generated in recent years through our First Choice strategy, which served to guide Semco Maritime safely through the COVID-19 pandemic, producing strong growth in revenue, earnings and the order book with a positive outlook across all markets. To support the momentum, Semco Maritime launched its Sustainable Growth strategy in 2022, even though the First Choice strategy would originally run to the end of 2023. Advancing the new strategy sets out the best conditions for capitalising on growth opportunities in the offshore wind market, which is expected to quadruple in value by 2030, and the oil and gas market, which offers good opportunities within the areas of operation, maintenance and optimising existing installations.

Semco Maritime also intends to apply its EPCI expertise (Engineering, Procurement, Construction and Installation) in support of the evolving market for PtX projects.

Ambitious targets

Sustainable Growth is an ambitious strategy intended to accelerate Semco Maritime's growth and drive up the Renewables business' share of overall revenue and thereby to strengthen the Group's contribution to the transition of the global energy sector. The objective of the new strategy is to grow revenue to DKK 6 billion by 2027, 65% of it from the Renewables business and 35% from the Oil & Gas business, and with the EBITDA ratio lifted to about 7% in the process.

Semco Maritime's business units are strongly positioned in the attractive global energy market and will contribute to achieving the targets set for the coming years, which are expected to offer exceptional growth and development opportunities.

Overall, the Group plans to contribute to a safe and sustainable energy transition by focusing on seven general objectives to further improve safety, increase the share of service assignments and ensure good and efficient execution for the benefit of customers, employees, business partners and the surrounding communities.

Applying our offshore experience

Semco Maritime plans to apply its long-standing track record in the offshore market to achieve its strategic objectives and consolidate the global leadership of its Renewables business and retain the leading regional market positions of the Oil & Gas business.

The company aims to build momentum in this process by providing more integrated services, getting involved at earlier project stages and by further strengthening efforts in EPC design and build projects.

Seven strategic objectives

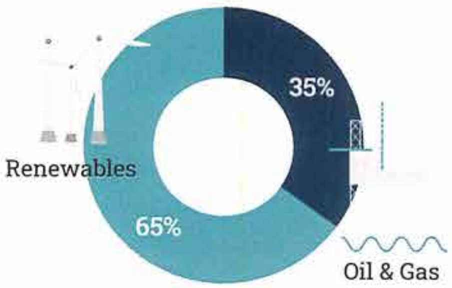
- **Safety:** Reduce the number of industrial accidents to zero.
- **Employees:** Secure a position as the preferred employer in offshore energy.
- **Sustainability:** Achieve carbon neutrality within own operations by 2030.
- **Customers:** To be the preferred business partner and hold a top-three position in the primary market.
- **Business partners:** Establish a strong platform to support growth.
- **Services:** Generate 38% of revenue through operations, maintenance and optimisation (OPEX)
- **Execution:** Remain focused on being reliable, sustainable and price competitive.

Business model

Motivation

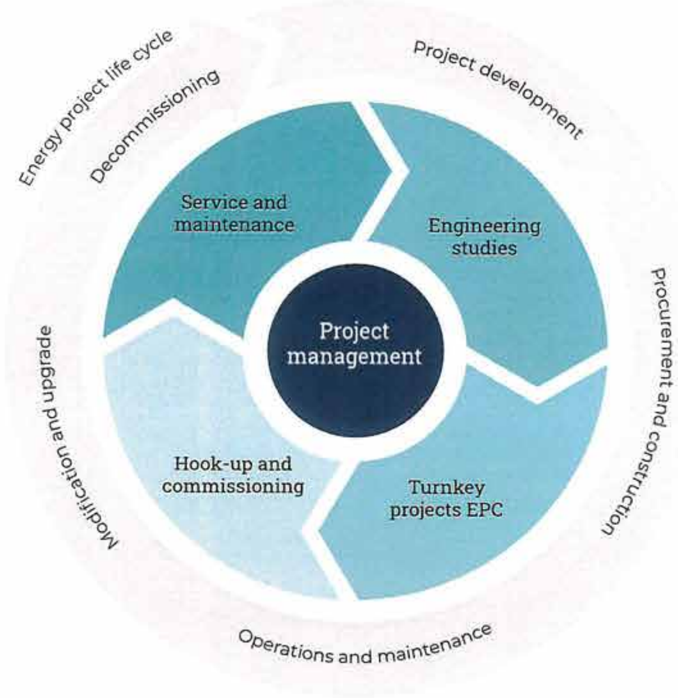
We enable a safe and sustainable energy transition

Markets



Value creation

- based on affordable, reliable and sustainable solutions



7 essentials

Safety
People
Sustainability
Customers
Partners
Service
Execution

Group targets 2027

- Revenue split between Renewables and Oil & Gas segments 65% / 35%
- 38% of revenue from OPEX business
- EBITDA margin of ~7%

Safety | Commitment | Responsiveness | Reliability | Inspiration

Financial highlights

DKKm	2022	2021	2020	2019	2018
INCOME STATEMENT					
Revenue	3,410.3	2,464.2	1,878.8	1,904.8	2,041.4
Profit/loss before amortisation and depreciation and special items	204.1	80.0	70.6	52.5	54.1
Operating profit/loss	165.5	47.5	27.7	22.1	30.2
Net financials	(1.2)	(6.0)	(10.0)	(6.0)	(3.4)
Profit/loss before tax	164.9	41.5	17.6	16.1	26.8
Profit/loss for the year from continuing operations	133.1	36.8	17.6	18.0	(28.4)
ASSETS					
Non-current assets*	124.8	129.4	881.3	138.0	135.1
Inventories	16.3	13.1	12.5	16.5	16.4
Receivables	965.3	1,566.8	522.7	594.3	416.3
Cash	241.8	24.1	55.2	18.8	18.0
Assets related to discontinued operations	-	-	-	-	4.4
Total assets	**1,348.2**	**1,733.4**	**1,471.7**	**767.6**	**590.2**
Investment in property, plant and equipment	10.3	10.1	18.9	15.2	6.0
LIABILITIES AND EQUITY					
Equity	336,7	207,9	161,1	154,7	131,5
Provisions	97.9	48.8	25.4	31.0	45.8
Non-current liabilities	58,9	59,0	62,3	29,2	3,3
Current liabilities	854,6	1,417,7	1,223,0	552,7	408,0
Liabilities related to discontinued operations	-	-	-	-	1.6
Total equity and liabilities	**1,348.2**	**1,733.4**	**1,471.7**	**767.6**	**590.2**
FINANCIAL RATIOS					
Total cash flows from operations	155.2	27.5	262.4	(72.4)	(2.6)
Total cash flows	217.7	(31.1)	36.5	(4.6)	3.3
Average no. of employees	1,835	1,644	1,429	1,317	1,289
Profit margin, %	4.9	1.9	1.5	1.2	1.5
Equity ratio, %	25.0	12.0	10.9	20.2	22.3
Return on equity, %	48.9	19.9	11.2	12.6	23.7

**In 2020, non-current assets included an escrow account regarding advance payment on work in progress of DKK 753 million, which is released in step with completion of the project. In 2021, the amount was transferred to current assets.*

A definition of financial ratios is provided on *page 50.*

DEVELOPMENTS

11 Developments in 2022
13 Outlook for 2023
14 Responsibility

OIL & GAS

Strengthening our position in providing manpower

Semco Maritime won two important contracts in 2022 to supply manpower and services for offshore installations, from Aker BP i Norway and TotalEnergies in Denmark. Both are five-year contracts and were concluded following long-term engagements with the customers. The contract wins serve to stress Semco Maritime's strong position in this area and provides a solid base for attracting, retaining and further developing highly-qualified on- and offshore workers for the contracts as well as future assignments. The contracts cover the Valhall, Ula, Ivar Aasen, Alvheim and Skarv oil fields on the Norwegian continental shelf and installations in the Danish sector of the North Sea.

Developments in 2022

Semco Maritime continued its strong performance in 2022, improving its financial results amid historic market volatility and unstable external conditions. Both business areas contributed to the sharp improvements in revenue, earnings and the EBITDA margin, and the Group maintained a strong order book following a historic improvement in the previous year.

Revenue

The Group continued to generate strong growth in 2022, as combined revenue was up by 38% to DKK 3,410 million (2021: 2,464 million) driven by a particularly strong performance in the Renewables business and fair-sized growth in the Oil & Gas operations. All group operations contributed to the improvement driven by strong business activity.

The order inflow remained solid in 2022 at DKK 3,010 million (2021: DKK 5,014 million) following the exceptionally high order inflow in the previous year driven especially by six large and strategically important contract wins for offshore substations for major offshore wind projects. The Group's order book remained strong at DKK 4,430 million at 31 December 2022 (2021: DKK 4,827 million).

Renewables

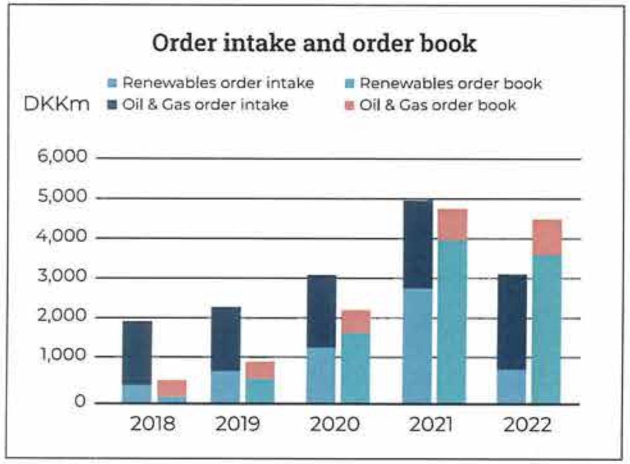
The Renewables business reported a 101% increase in revenue to DKK 1,179 million (2021: DKK 586 million) that was driven by strong business activity related to the provision of services for a number of offshore wind projects and offshore substations and related services.

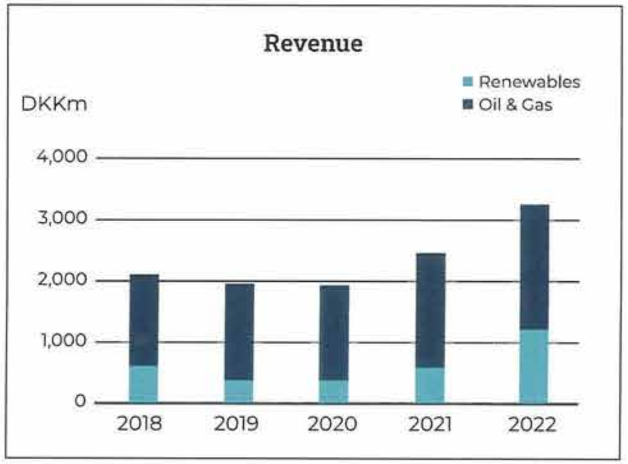
The business area secured a solid order inflow of DKK 790 million in 2022 (2021: DKK 2,831 million) after concluding a number of large, multi-year offshore wind projects in the previous year. The order book stood at DKK 3,619 million at 31 December 2022 (2021: DKK 4,008 million).

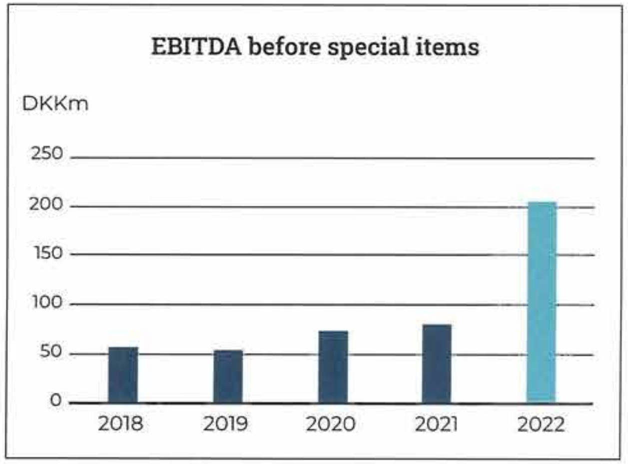
Oil & Gas

In the Oil & Gas business area, Semco Maritime lifted revenue by 18% to DKK 2,232 million (2021: DKK 1,879 million) on strong business activity in servicing rigs both at the Group's facilities and offshore, as well as a strong performance in the manpower business.

The order inflow was up slightly in 2022 to DKK 2,224 million (2021: DKK 2,183 million) to stand at DKK 811 million at 31 December 2022 (2021: DKK 819 million).







Developments in 2022

Earnings
The Group increased its gross profit to DKK 1,883 million (2021: DKK 1,419 million), equal to a gross margin of 54% (2021: 58%). The development was positively influenced by a higher capacity utilisation rate as well as good project execution and cost management across the business, which partly mitigated the effects of the substantially higher commodity prices seen during the year.

The Group strengthened its earnings considerably, and EBITDA was up by 155% to DKK 204 million (2021: DKK 80 million) before special items, which were an expense of DKK 8 million (2021: expense of DKK 14 million).

The EBITDA margin before special items grew to 6.0% (2021: 3.2%).

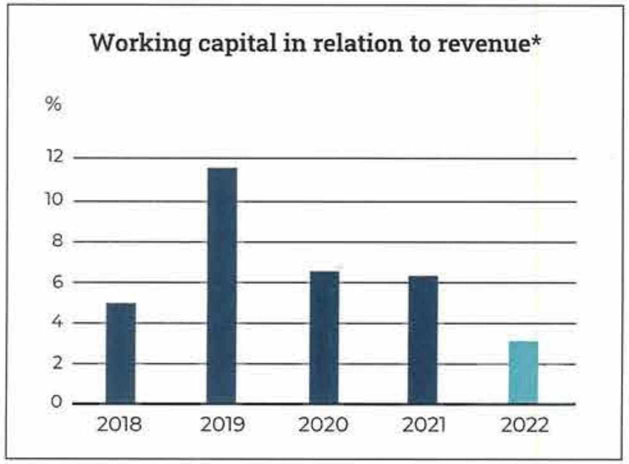
Financials items
In 2022, the Group's financial items were an expense of DKK 1 million (2021: expense of DKK 6 million).

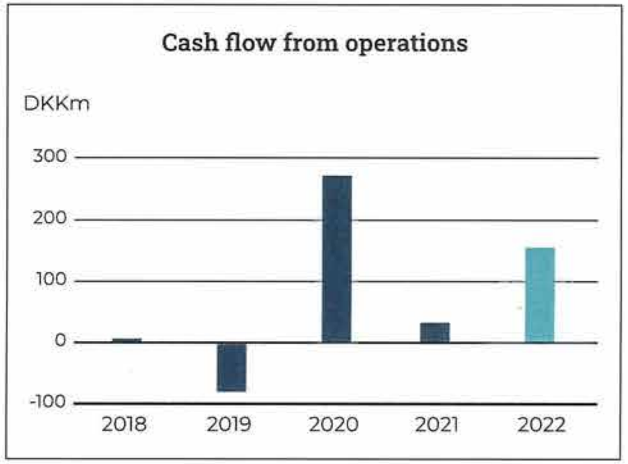
Profit for the year
In 2022, the Group increased its profit before tax to DKK 165 million (2021: DKK 42 million) and profit after tax to DKK 133 million (2021: DKK 37 million).

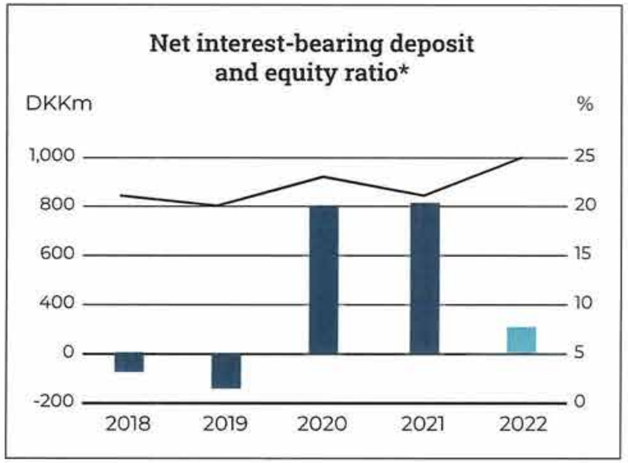
Cash flows
Semco Maritime increased its 2022 cash flow from operating activities to DKK 155 million in (2021: DKK 28 million), which was driven by the increased earnings. The cash flow for investing activities was an outflow of DKK 27 million (2021: outflow of DKK 19 million). The cash flow from operating activities grew to DKK 90 million (2021: outflow of DKK 40 million) due to changes to the Group's cash pool-arrangement with the owner.

Balance sheet
At the end of 2022, the Group had net interest-bearing deposits of DKK 202 million (2021: DKK 815 million). The comparative period was heavily influenced by a special customer prepayment of DKK 760 million. Equity continued to grow to DKK 337 million (2021: DKK 208 million), and the equity ratio grew to 25.0% (2021: 12.0%). Total assets fell to DKK 1,348 million (2021: DKK 1,733 million), and the return on equity grew to 48.9% (2021: 19.9%).

Events after the balance sheet date
No events have occurred since the balance sheet date which are expected to have a material effect on an assessment of the Annual Report for 2022.







**Working capital in relation to revenue and equity ratio are shown exclusive of the effect of a customer prepayment of DKK 760 million, which had an effect in 2020 and 2021.*

Guidance for 2023

Management expects the positive market trends to continue in 2023 along with high levels of activity within both Renewables and Oil & Gas.

The Group's strong order book, sound business developments during the first quarter of the year and the execution of the Sustainable Growth strategy form the basis for continued progress in 2023 from a historically strong starting point.

The green transition entails increased investments in offshore wind farms and renewable energy projects covering gradually broader geographies and with a special focus on new markets in the USA and Asia. The Renewables business aims to continue the positive developments and, considering the strong order book, is expected to make up an increased part of the Group's overall revenue.

In the Oil & Gas business, the activity level is expected to remain high in 2023, and Semco Maritime's involvement in the reopening of the Tyra field in the North Sea and considerable service and manpower contracts will contribute positively.

The Group's total revenue is expected to improve by 5-10% with a profit margin (EBITDA) before special items of 4-6% driven by the increased business activity and the continuing focus on good project management. In addition, Semco Maritime will expand the strong order book to support the execution of the Sustainable Growth strategy objectives.

The guidance for 2023 is subject to significant uncertainty due to Russia's invasion of Ukraine and derived macroeconomic effects of, among other things, fluctuations in energy prices and challenges to the supply of goods and logistics leading to considerable fluctuations in costs and low visibility.

Forward-looking statements

The forward-looking statements in this Annual Report reflect Semco Maritime's current expectations for future events and financial results. The statements involve uncertainty and the results achieved may deviate from expectations, due to trends in economic conditions, commodity prices, subsidy and grant schemes as well as fluctuations in the financial markets and amended legislation and rules in the Group's markets.

See the Risks section on page 19.

Strong growth potential across markets

The market for Offshore Wind projects is expected to quadruple by 2030 as part of the global transition of the energy sector while the oil and gas market will have particularly good opportunities in the years to come within the operation, maintenance and optimisation of existing installations.

Semco Maritime intends to apply the Group's EPCI expertise (Engineering, Procurement, Construction and Installation) to offshore projects in support of the evolving market for PtX projects.

Responsibility

Semco Maritime has an ambitious sustainability strategy focused on three main areas: decarbonisation, environmental protection, and safe and responsible business. Semco Maritime is committed to ensuring a greener future while making a positive difference for people and the planet.

The Group's sustainability strategy was introduced in 2021 and integrated in the corporate Sustainable Growth strategy, which was launched in 2022 and combines the three perspectives of sustainability: people, planet, and profit. The efforts within sustainability focused on engaging all employees in the agenda through workshops and dialogues during 2021 and 2022.

Decarbonisation

Semco Maritime has laid out a roadmap that will lead to carbon neutrality in 3 phases:

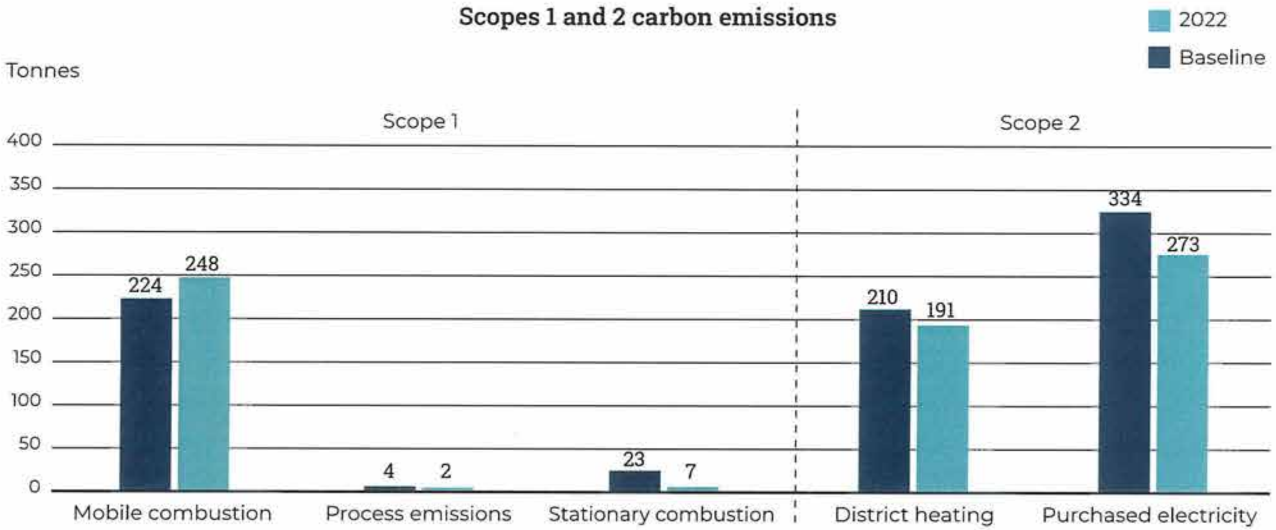
- Carbon neutrality in scope 1 and 2 by 2023
- Carbon neutrality in own operations by 2030
- Carbon neutrality in scope 3 (own operations and supply chain) by 2050

In 2022, Semco Maritime focused on reducing scope 1 and 2 emissions with a particular emphasis on energy consumption, entailing a 9% reduction of scope 1 and 2 emissions. To meet the goal of carbon neutrality in scope 1 and 2 by 2023, several activities have been initiated, including converting company cars to electric cars, procuring green electricity for the headquarters in Esbjerg, and reducing the room temperature in office buildings.

Environmental protection

The sustainability strategy includes an ambitious target of ensuring that 100% of the Group's generated waste is sorted and recycled at the highest value possible by 2030. This ambition is pursued through a sharp focus on reducing waste and monitoring waste handling to ensure the highest recycling rate possible.

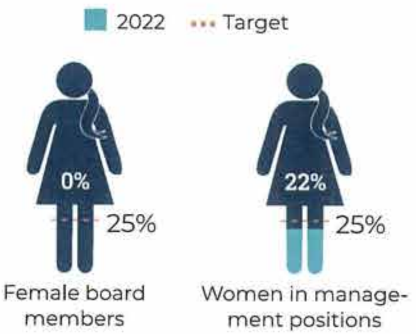
Semco Maritime furthermore aims to have a fully sustainable supply chain with material inputs that are 100% renewable, recyclable, or reusable by 2030. To reach this goal, the Group has engaged with suppliers during 2022 to encourage a carbon-neutral supply chain, and the efforts will continue in the coming years.



Responsibility

Safe and responsible business
Safety remains a core value as reflected in Semco Maritime's motto "Safety is part of our DNA" and a relentless focus on health and safety in daily operations. In 2022, the Group reached 1 year of Zero Lost Time Accidents worldwide and reduced the Total Recordable Incident Frequency to 1.8 per million working hours (2021: 1.9), even though the goal for 2022 of 1.2 was not reached. New safety campaigns will be developed and executed to further reduce the number of work-related accidents.

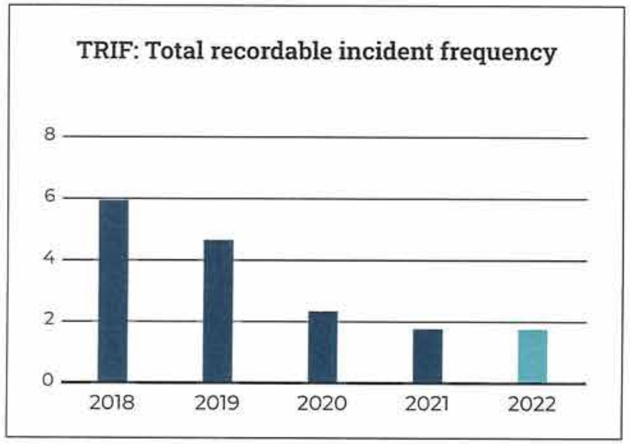
Semco Maritime has signed the Gender Diversity Pledge, and as a signatory of the pledge and the related 16 principles, the Group is committed to actively contributing to a greater gender-diverse workplace. Semco Maritime did not realise the targets of ensuring 25% women in the board and 25% women in management positions, and initiatives are required to reach these goals.

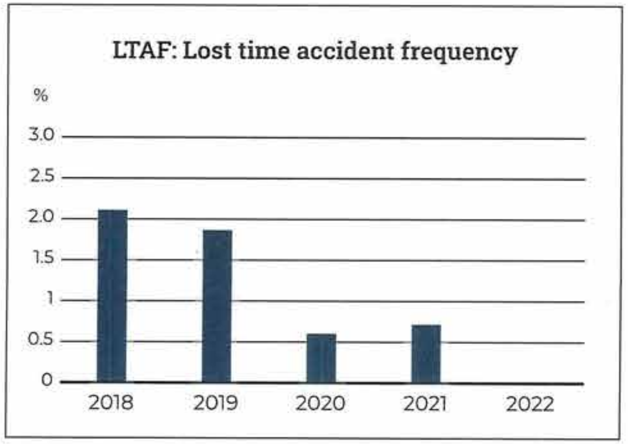


Reporting
Semco Maritime is a signatory to the UN Global Compact and works actively to promote several of the UN Sustainable Development Goals. Read more about the sustainability efforts in the Group's Sustainability report: https://campaigns.semcomaritime.com/hubfs/Sustainability%20report%202022.pdf

The report constitutes Semco Maritime's statutory report on corporate responsibility and the gender composition of management in accordance with sections 99a and b of the Danish Financial Statements Act. Semco Maritime complies with all statutory requirements on storing and handling personal and employee data (GDPR).

Management assessed in 2022 that there was no need for Semco Maritime to establish a data ethics policy because the company considers all data in its care to be business critical and therefore does not sell, share, or otherwise make data available to third parties and does not apply data for purposes other than what they were collected for.





RIG & OFFSHORE MARINE

Preparing Floatel Superior for challenging assignments

In 2022, Floatel International awarded Semco Maritime a service contract for the Floatel Superior, a semi-submersible accommodation and construction support rig. The vessel is designed to operate anywhere in the world, including in some of the harshest and most challenging waters. In February, the Floatel Superior docked at Semco Maritime's facilities at Hanøytangen in Norway, and some 100 experienced employees began installing new thrusters and performing other maintenance services such as cleaning, surface treatment, repairs and system testing. After they had finished the job in March, the vessel left the dock and headed back out to the Grane oil field in the North Sea.

MANAGEMENT

17 Management and ownership
19 Risks

Management and ownership

Management structure
Semco Maritime's management consists of a Board of Directors and an Executive Board, which are independent of each other.

The shareholders of the company elect the members of the Board of Directors, which makes overall decisions about the Group's strategic development, monitors risks and supervises the Executive Board. The Board of Directors consists of six members, of which four are elected by the shareholders and two by the employees.

The Board of Directors is focused on ensuring that the shareholder-elected board members have competencies in and experience from one or more of Semco Maritime's business areas and are capable of contributing to the commercial development of the business.

The Board of Directors undertakes its work in compliance with rules of procedure that have been prepared in compliance with the provisions set out in the Danish Companies Act. The members of the Executive Board may speak, but cannot vote, at board meetings, and they do not attend meetings when matters reserved for the Board of Directors are considered. The Board of Directors held 11 meetings in 2022.

The Executive Board is appointed by the Board of Directors and is responsible for the day-to-day management and development of Semco Maritime as well as the operations and performance of the company. The Executive Board is charged with executing the strategy in accordance with the general resolutions adopted by the Board of Directors. On 1 October 2022, Martin Oehlenschlæger took up the position as our CFO and joined our Executive Board

Ownership
The principal shareholder of the company is Semco Maritime Holding A/S, which is included in the consolidated financial statements of C.W. Obel A/S and Det Obelske Familiefond, the beneficial owners of Semco Maritime since 1996. C.W. Obel A/S's solid financial position, in-depth insight into the industry and long-term ownership have laid the foundation for stable development of the Group whether during times of attractive or less favourable market conditions.

Executive Board

Steen Brødbæk, CEO since 2009

Extensive international management experience from engineering, technology and manufacturing businesses, as well as strong strategic skills.

Previous positions as CEO of Arvid Nilsson A/S and Invensys APV A/S as well as managerial positions with ABB A/S. Chairman of the board of directors of Carl Ras A/S and member of the boards of directors of Arkil Holding A/S, Nexel A/S, DI Energi and Green Power Denmark.

Qualified electrical power engineer.

Martin Oehlenschlæger, CFO since 2022.

International management experience and considerable industry knowledge from engineering businesses within the field of renewable energy.

Previous positions as CFO with Babcock Wilcox Vølund A/S and Fairwind A/S as well as senior finance positions in the global power management business, Eaton Corporation.

Qualified accountant with a background at the state-authorised audit firm Martinsen.

Steen Brødbæk (left) and Martin Oehlenschlæger (right)

Management and ownership

Board of Directors

Anders Christen Obel

Chairman since 2004. CEO of C.W. Obel A/S with special competencies in general management of industrial corporations and financing.

Gunnar Groebler

Member since 2021. CEO of steel and technology company Salzgitter AG and prior experience from position as Senior Vice President of Vattenfall's Wind business. Special competencies in management of international project businesses with a focus on sustainable energy and technology.

Keith Taylor

Member since 2012. Consultant with a background as Chief Operating Officer of the Technip group's operations in the APAC region and with special competencies in operations management of engineering and project companies in the oil & gas industry.

Jørgen Peter Rasmussen

Member since 2017. Industrial adviser with a background as CEO of i.a. Schlumberger and with special competencies in the fields of strategy, business development and management in the international oil & gas industry.

Harald Fjordby Knudsen

Elected employee representative since 2019. Employed since 1988 at Semco Maritime as a metalworker/welder.

Allan Sonnich Thomsen

Elected employee representative since 2014. Employed since 1996 at Semco Maritime as Senior Instrumentation Engineer.

Risks

Being an international engineering and contracting business with project activities in the global energy sector, Semco Maritime is exposed to a number of significant risks. Management continually monitors these risks to maintain the right balance between risk and the Group's total earnings and development potential.

Anchored in the management team

Risk management is anchored in the day-to-day management, and it is handled by the Executive Board within the general framework and guidelines defined by Semco Maritime's Board of Directors. The responsibilities of the Executive Board comprise the ongoing identification and management of risk and any necessary adjustment and development of the company's processes and activities to mitigate such risks.

In connection with the conclusion of contracts with customers and collaboration partners, Semco Maritime engages its legal department, which is also in charge of the company's insurance programme. Material contracts are subject to a review by the Executive Board and approval according to standardised procedures. Large individual contracts requires joint approval by the Executive Board and the Chairman of the Board of Directors, while specific maximum amounts have been defined for contracts that are subject to the approval of the entire Board of Directors.

Semco Maritime's business entities regularly monitor developments in health, safety and environment (HSE), which is a key risk area with an important impact on the company's ability to attract and retain customers and employees. The operational responsibility for monitoring, following up and reporting HSE matters to the Executive Board lies with the managers of the individual business entities in cooperation with a dedicated corporate function which maintains statistics in the field and ensures knowledge sharing and consistent follow-up procedures.

The Executive Board reports to the Board in connection with an annual strategic review of Semco Maritime's overall risk profile and risk management, reviewing the conclusions of an external insurance broker's annual review of the company's insurance programme.

Materiality assessment

It is management's assessment that the most significant risks in the upcoming period relate to market developments in the Offshore Wind and the Oil & Gas business areas, HSE matters, access to qualified labour, developments in the financial markets and supply chain challenges following Russia's invasion of Ukraine and the COVID-19 pandemic. These risks are shown in the figure below based on management's combined assessment of the probability that, and the potential business effect of, each individual risk materialising. The risks and the efforts of handling them are described in the following pages.

In addition to the risks listed, Semco Maritime has identified other risks, including changes in the balance between oil & gas projects and renewable energy projects as well as IT security and disruption.

RISK

A Market risks

Offshore Wind

In recent years, several offshore wind farm projects have been won without subsidy-based financing solutions, and the increasing maturity of the market makes it increasingly competitive. Establishing off-shore wind farms is dependent on efficient political decision-making processes, and long-winded case handling and detailed requirements on the use of local labour, etc., may have a negative effect on Semco Maritime's ability to deliver competitive projects to the customers.

Oil & Gas

The Group's activities and results are influenced by the investment activity in the oil and gas industry, which depends significantly on trends in oil and gas prices as well as in the US dollar rate.

B Social and environmental issues

Health and safety at work

Semco Maritime's activities involve risks of industrial incidents that may result in personal injury and disrupt the operation of customer assets, and this may result in claims for damages or demands that the Group must take preventive and restorative measures.

As a supplier to the oil and gas and the offshore wind industries, Semco Maritime's ability to maintain satisfactory health and safety at work and the required safety certificates is key to the Group's continued success.

Environment

The Group's activities – particularly in the offshore industry – are governed by the legislation and rules applicable to the handling of environmentally harmful substances and preventive measures to avoid discharges into the sea or on land when the Group undertakes assignments. Unintended discharge may harm the environment, equipment and humans, and such discharge may impose a liability on Semco Maritime.

MONITORING AND HANDLING

Offshore Wind

Semco Maritime monitors offshore wind farm auctions all over the world and continues to develop the Group's local presence in the most important markets through the establishment of own offices and by entering into strategic partnerships, and the company maintains close dialogues with customers in order to have an overview of industry developments and outlook. The Group continues to optimise costs and continuously looks for innovative solutions that can supplement Semco Maritime's market-leading service and product offerings to the industry.

Oil & Gas

The exposure to fluctuations in oil and gas prices is countered by cost efficiency improvements of existing products and the development of new solutions that reduce customer cost bases. Moreover, Semco Maritime has over a period of time diversified the Group's activities across the Oil & Gas and the Renewables business areas.

Health and safety at work

Group entities report observations and the number and type of incidents on a monthly basis. Semco Maritime has also appointed a special team to analyse the background to incidents and introduce measures to reduce the risk of reoccurrences.

Semco Maritime works actively to promote the safety culture of the Group and requires employees to conduct themselves in accordance with the safety policy "Safety is part of our DNA". The Group strives to rank among the absolutely safest workplaces in the industry, and the level of safety is improved on an ongoing basis through global campaigns, training and education of managers and employees as well as safety talks, etc.

Environment

Environmental risks are managed in cooperation with the Group's customers in individual projects and on the basis of clear policies and procedures that are laid down and revised at Group level.

RISK

C Access to qualified labour

Semco Maritime relies on qualified and competent employees and managers to be able to deliver projects in a satisfactory quality and to continue to grow and develop the Group. Any inability to attract, develop and retain employees and managers may have a negative impact on the Group's overall competencies, growth opportunities and financial results.

D Financial risks

Interest rates

For its funding, the Group is exposed to changes in interest rates, which may affect customer investment decisions and the Group's financial expenses.

Foreign currency

Semco Maritime's operations are exposed to currency risks. The Group issues invoices in DKK, EUR, GBP, NOK, SGD and USD, whereas a significant proportion of goods purchased are denominated in DKK, EUR, GBP, NOK and USD. In addition to these transaction risks, Semco Maritime is exposed to translation risks arising when the income statements and balance sheets of foreign subsidiaries are translated into the Group's operating currency (DKK).

Insurance

There may be cases when the insurance taken out by the Group does not cover losses or provides only partial cover, and there may be long periods of uncertainty as regards the cover of losses.

MONITORING AND HANDLING

Semco Maritime monitors employee satisfaction on a regular basis through employee satisfaction surveys with the focus on subjects such as management, collaboration and work/life balance. The company also measures employee turnover, sickness absence and results of appraisal interviews, using the results as a basis for targeted efforts to enhance working conditions and offer attractive career opportunities within the Group.

The Group keeps prospective employees and managers informed about development opportunities, work assignments and working conditions with a view to strengthening the recruitment potential. The Group has also established a programme for employees aged under 35 intended to strengthen social cohesion and accelerate the professional development of its younger employees.

Interest rates

Semco Maritime's treasury function monitors the level of interest rates on an ongoing basis and secures a balanced mix of prepayments, debt and capital structure. In addition, Semco Maritime's focus on efficiency and ongoing cost reduction helps set off increases in the financing expenses of customer projects.

Foreign currency

The Group treasury function enters into forward exchange contracts for the purpose of hedging Semco Maritime's greatest transaction risks at Group level and in individual large-scale projects, and such risks are hedged on an ongoing basis as part of the day-to-day operations as purchases of goods and invoicing are to a wide extent denominated in the same currency. Translation risks are not hedged as translation into the Group's operating currency does not have any material effect on liquidity. Semco Maritime does not make speculative transactions.

Insurance

Semco Maritime has established an extensive insurance programme reflecting the Group's activities. The overall insurance programme is reviewed once a year and comprises, for instance, a contractors all-risk policy, property insurance, third-party liability insurance and other statutory and contractual insurance policies.

Risks

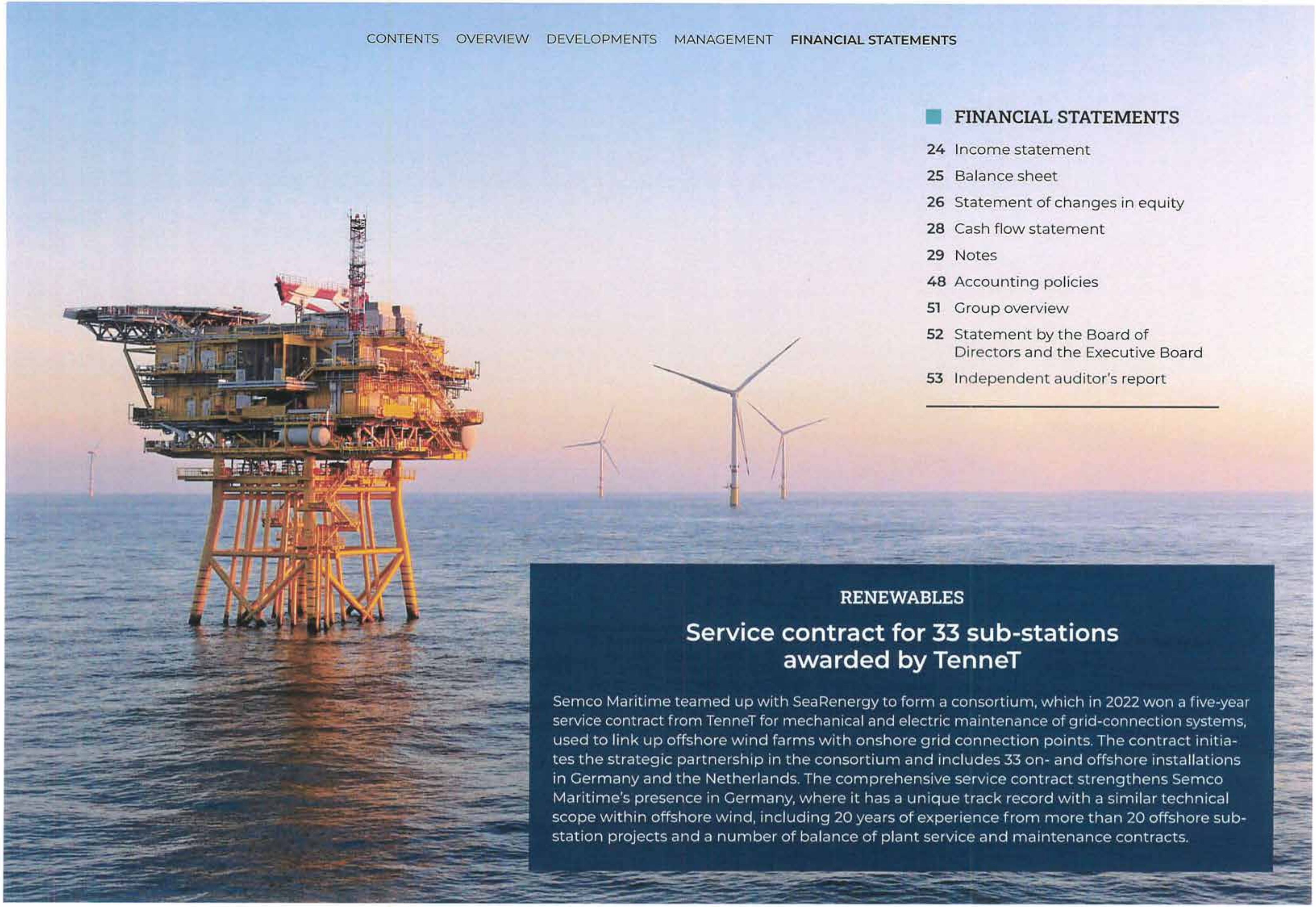
E Supply chain

RISK

A well-functioning supply chain is essential for Semco Maritime's ability to execute and deliver projects in accordance with the plans and budgets agreed with the Group's customers. Challenges arising in the global logistics industry following Russia's invasion of Ukraine and the effects of the COVID-19 pandemic cause uncertainty and reduced transparency in supply chain stability and may result in shortages of materials and components needed for the Group's installations and engineering work. Disruptions may cause challenges or delays to projects, which may have a negative impact on the Group's financial results and reputation.

MONITORING AND HANDLING

Semco Maritime continually stays in touch with business partners, suppliers and customers about the supply situation and on identifying critical materials and components needed to execute the Group's projects. The project managers in charge and the Group's procurement functions work to secure purchases of the necessary materials and components with a view to countering the risk of delays and inefficient project execution.



FINANCIAL STATEMENTS

24 Income statement

25 Balance sheet

26 Statement of changes in equity

28 Cash flow statement

29 Notes

48 Accounting policies

51 Group overview

52 Statement by the Board of Directors and the Executive Board

53 Independent auditor's report

RENEWABLES

Service contract for 33 sub-stations awarded by TenneT

Semco Maritime teamed up with SeaRenergy to form a consortium, which in 2022 won a five-year service contract from TenneT for mechanical and electric maintenance of grid-connection systems, used to link up offshore wind farms with onshore grid connection points. The contract initiates the strategic partnership in the consortium and includes 33 on- and offshore installations in Germany and the Netherlands. The comprehensive service contract strengthens Semco Maritime's presence in Germany, where it has a unique track record with a similar technical scope within offshore wind, including 20 years of experience from more than 20 offshore sub-station projects and a number of balance of plant service and maintenance contracts.

Income statement

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
Revenue	2	3,410,291	2,464,221	2,227,372	1,282,079
Cost of sales		(1,577,628)	(1,045,176)	(1,183,116)	(556,261)
Gross profit		**1,832,663**	**1,419,045**	**1,044,256**	**725,819**
Other operating income/expenses	3	6,352	9,659	6,369	9,554
Staff costs	4	(1,476,375)	(1,227,994)	(803,406)	(647,078)
Other external costs	5	(166,116)	(134,324)	(127,335)	(100,881)
Profit/loss before depreciation		**196,524**	**66,386**	**119,884**	**(12,587)**
Depreciation and impairment of non-current assets	9, 10	(30,985)	(18,862)	(25,355)	(13,291)
Operating profit/loss		**165,539**	**47,524**	**94,529**	**(25,878)**
Profit/loss from investments in group enterprises	11	-	-	59,744	62,366
Profit/loss from investments in associates	12	558	-	-	-
Financial income	6	9,181	185	7,782	128
Financial expense	6	(10,337)	(6,172)	(9,968)	(7,107)
Profit/loss before tax		**164,941**	**41,537**	**152,087**	**29,509**
Tax on the profit/loss for the year	7	(31.829)	(4.735)	(18.975)	7.293
PROFIT/LOSS FOR THE YEAR		**133,112**	**36,802**	**133,112**	**36,802**

Balance sheet

ASSETS

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
Non-current assets					
Goodwill		40,217	45,316	20,717	23,080
Patents and licenses		11,442	12,493	11,066	12,096
Development projects		14,096	12,801	14,096	12,800
Intangible assets	9	**65,755**	**70,610**	**45,879**	**47,976**
Land and buildings		12,999	14,056	12,999	14,056
Leasehold improvements		14,515	17,147	7,809	8,670
Plant and machinery		5,262	6,364	1,837	1,688
Other fixtures and fittings, tools and equipment		13,410	12,511	12,329	12,002
Property, plant and equipment	10	**46,186**	**50,078**	**34,974**	**36,416**
Investments in group enterprises	11	-	-	357,225	312,230
Investments in associates	12	3,909	-	-	-
Other financial assets	13	8,934	8,708	8,934	8,708
Receivables from group enterprises		-	-	12,375	34,641
Financial assets		**12,843**	**8,708**	**378,534**	**355,579**
Total non-current assets		**124,784**	**129,396**	**459,387**	**439,971**
Current assets					
Inventories	14	16,334	13,089	12,961	10,670
Inventories etc.		**16,334**	**13,089**	**12,961**	**10,670**
Trade receivables		539,619	324,386	361,846	171,039
Contract work in progress	15	332,687	324,096	190,306	162,849
Receivables from group enterprises		-	89,916	4,249	61,900
Deferred tax assets	7	1,175	865	-	-
Income tax receivable	7	23,684	35,940	21,634	34,846
Other receivables		44,105	771,996	27,299	765,242
Prepayments	16	23,989	19,584	9,063	7,560
Receivables		**965,259**	**1,566,783**	**614,397**	**1,203,436**
Cash and cash equivalents		241,821	24,087	222,339	193
Total current assets		**1,223,414**	**1,603,959**	**849,697**	**1,214,299**
TOTAL ASSETS		**1,348,198**	**1,733,355**	**1,309,084**	**1,654,270**

LIABILITIES AND EQUITY

		Group		Parent Company	
DKK'000	Note	2022	2021	2022	2021
Equity					
Share capital		28,753	28,753	28,753	28,753
Reserve for development costs		2,488	1,478	2,488	1,478
Hedging reserve		(845)	(3,169)	(845)	(3,169)
Foreign currency translation reserve		(2,606)	3,570	-	-
Reserve for net revaluation according to the equity method		-	-	19.332	-
Retained earnings		308,957	177,258	287,019	180,828
Total equity		**336,747**	**207,890**	**336,747**	**207,890**
Deferred tax	7	62,255	20,313	60,820	20,313
Warranty commitments	17	34,478	27,337	27,480	20,793
Other provisions	18	1,210	1,141	369	-
Total provisions		**97,943**	**48,791**	**88,669**	**41,106**
Due to mortgage credit institutions	19	660	1,296	660	1,296
Deferred income	19	1,139	1,275	-	-
Other non-current liabilities	19	57,120	56,453	57,120	56,453
Total non-current liabilities		**58,919**	**59,024**	**57,780**	**57,749**
Current portion of non-current liabilities	19	635	650	635	650
Advance payments from customers	15	361,791	988,512	326,577	936,596
Trade payables		235,047	175,806	179,176	142,391
Amounts owed to group enterprises		899	-	198,114	178,696
Tax payables	7	12,088	15,033	-	-
Other payables		244,129	237,649	121,386	89,192
Total current liabilities		**854,589**	**1,417,650**	**825,888**	**1,347,525**
TOTAL EQUITY AND LIABILITIES		**1,348,198**	**1,733,355**	**1,309,084**	**1,654,270**

Accounting estimates and judgments	1
Special items	8
Charges	20
Contingent assets and liabilities and other liabilities	21
Related parties	22
Appropriation of profit/loss	23

Statement of changes in equity

Group

DKK'000	Note	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for foreign currency translation	Retained earnings	2022	2021
Equity at 1 January 2022		**28,753**	**1,478**	**(3,169)**	**3,570**	**177,258**	**207,890**	**161,101**
Exchange rate adjustment of subsidiaries		-	-	-	(8,007)	-	**(8,007)**	**13,458**
Changes in derivative financial instruments		-	-	2,980	-	-	**2,980**	**(5,622)**
Exchange rate adjustment of loans to finance investments in subsidiaries		-	-	-	1,831	-	**1,831**	**1,178**
Retained earnings		-	1,296	-	-	131,816	**133,112**	**36,802**
Tax for the year on changes in equity	23	-	(286)	(656)	-	(117)	**(1,059)**	**973**
Equity at 31 December 2022		**28,753**	**2,488**	**(845)**	**(2,606)**	**308,957**	**336,747**	**207,890**

Parent Company

DKK'000	Note	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for net revaluation according to the equity method	Retained earnings	2022	2021
Equity at 1 January 2022		**28,753**	**1,478**	**(3,169)**	**-**	**180,828**	**207,890**	**161,101**
Exchange rate adjustment of subsidiaries		-	-	-	(8,007)	-	**(8,007)**	**13,458**
Changes in derivative financial instruments		-	-	2,980	-	-	**2,980**	**(5,622)**
Exchange rate adjustment of loans to finance investments in subsidiaries		-	-	-	-	1,831	**1,831**	**1,178**
Retained earnings		-	1,296	-	27,339	104,477	**133,112**	**36,802**
Tax for the year on changes in equity	23	-	(286)	(656)	-	(117)	**(1,059)**	**973**
Equity at 31 December 2022		**28,753**	**2,488**	**(845)**	**19,332**	**287,019**	**336,747**	**207,890**

Statement of changes in equity

Changes in share capital during the last five years may be specified as follows:

DKK'000	2022	2021	2020	2019	2018
Balance at 1 January	28,753	28,753	28,753	28,753	28,753
Cash capital increase	-	-	-	-	-
Balance at 31 December	28,753	28,753	28,753	28,753	28,753

The share capital consists of:
28,752,500 shares of DKK 1.

The share capital is distributed as follows:
28,588,000 A shares and 164,500 B shares

Consolidated cash flow statement

DKK'000	Note	2022	2021
Cash flows from operating activities			
Profit/loss before amortisation and depreciation		196,524	66,386
Other operating income/expenses		(124)	(105)
Net financials		(1,156)	(5,987)
Changes in provisions, etc.		7,210	3,115
Foreign exchange adjustments		(4,455)	12,580
Taxes paid		18,107	5,909
Total before change in working capital		**216,106**	**81,898**
Change in inventories		(3,245)	(550)
Change in current receivables and contract work in progress		502,643	(240,200)
Change in prepayments and other current liabilities		(560,302)	186,392
Change in working capital		**(60,904)**	**(54,358)**
Total cash flows from operating activities		**155,202**	**27,540**
Cash flows from investing activities			
Investment in intangible assets		(13,418)	(9,075)
Investment in property, plant and equipment		(10,272)	(9,364)
Investment in financial assets		(3,715)	(171)
Sale of property, plant and equipment		141	105
Total cash flow from investing activities		**(27,264)**	**(18,505)**
Cash flows before financing activities		**127,938**	**9,035**
Cash flows from financing activities			
Repayment of long-term loans		(120)	(3,230)
Change in cash pool arrangement		89,916	(36,927)
Total cash flows from financing activities		**89,796**	**(40,157)**
Total cash flows		**217,734**	**(31,122)**
Cash and cash equivalents at 1 January		24,087	55,209
CASH AND CASH EQUIVALENTS AT END OF YEAR	**22**	**241,821**	**24,087**

Notes

1. Accounting estimates and judgments

The determination of the carrying amounts of certain assets and liabilities relies on judgments, estimates and assumptions about future events.

The estimates and assumptions applied are based on historical experience and other factors that management considers reasonable, but which are inherently uncertain and unpredictable as unexpected events or circumstances may occur.

In addition, Semco Maritime is subject to risks and uncertainties that may cause actual outcomes to deviate from such estimates. Risk factors specific to the Semco Maritime Group are described in the "Risks" section on page 19.

Estimates of particular significance to the financial statements mainly relate to contract work in progress, including recognition and measurement of contractual addenda.

Contract work in progress

An essential prerequisite for applying the percentage of completion method on recognition of revenue is that the revenue and costs of construction contracts can be reliably measured. Expected revenue and costs from construction contracts may change during the course of the project period, however. Also, the contractual basis may be amended during the performance of the contract, and assumptions may not be met.

The selling price of contract work in progress is measured by reference to the stage of completion at the reporting date and the total revenue expected from construction contracts. The stage of completion is determined from the input method on the basis of an assessment of the work performed, and will usually be subject to accounting estimates made by management.

Contractual addenda relating to instructions from customers regarding changes in contract scope, specifications, design or duration are recognised in revenue. Add-on orders may be of significant volume, especially in the rig division. Add-on orders are recognised in revenue when they can be reliably measured. At 31 December 2022, a number of add-on orders had been disputed by customers, and the valuation of same under such circumstances is based on legal assessments and statements by other expert advisers. The Semco Maritime Group's business procedures and management structure in combination with project managers' know-how and experience contribute to the reliable accounting treatment of current contract work in progress in accordance with the accounting policies applied.

Notes

DKK'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
2. Revenue				
Sales value of completed contracts	2,325,143	1,902,468	1,474,109	748,905
Sales value of work in progress, 31 December	2,893,049	1,807,901	2,084,021	1,330,758
Sales value of work in progress, 1 January	(1,807,901)	(1,246,148)	(1,330,758)	(797,584)
Revenue regarding contracts	**3,410,291**	**2,464,221**	**2,227,372**	**1,282,079**
Segment information				
Geographical markets for continuing operations				
Denmark	1,611,087	969,833	1,817,016	989,989
International	1,799,204	1,494,388	410,355	292,090
Total revenue	**3,410,291**	**2,464,221**	**2,227,371**	**1,282,079**
Business areas				
Renewables	1,178,694	585,670	1,156,998	549,612
Oil & Gas	2,231,597	1,878,551	1,070,373	732,467
Total revenue	**3,410,291**	**2,464,221**	**2,227,371**	**1,282,079**
3. Other operating income/expenses				
Rental income	6,228	9,554	6,228	9,554
Gains/losses on sale of property, plant and equipment	124	105	141	-
	6,352	**9,659**	**6,369**	**9,554**

§ Accounting policies

Revenue

Construction contracts, in which projects are to a large degree individually designed, are included in revenue in proportion to the work completed, so that revenue is matched with the sales value of the work carried out during the year (the percentage of completion method). When the profit or loss from a construction contract cannot be reliably estimated, revenue is recognised only for costs incurred to the extent that it is likely such costs will be recovered.

In relation to the completion of construction contracts, from time to time the Group undertakes to make procurements on behalf of third parties. In situations where the Group does not assume significant rewards and risks relating to the goods, revenue is presented as net figures and measured at fair value of the agreed consideration for the service in question. Revenue is recognised when rewards and risks pass from the supplier to the third party, which is the time when the Group has earned the right to the consideration.

Other income from the sale of goods and services is recognised in the income statement when transfer of risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Segment information

Information is provided about geographical and business markets. The segment information follows the company's accounting policies, risks and in-house financial management.

§ Accounting policies

Other operating income/expenses

Other operating income and expenses comprise items secondary to the company's activities, including gains on disposal of intangible assets and property, plant and equipment.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
4. Staff costs				
Wages	(1,375,946)	(1,145,621)	(730,463)	(587,858)
Pensions	(92,194)	(75,058)	(65,046)	(53,054)
Other social security costs	(8,235)	(7,315)	(7,897)	(6,166)
	(1,476,375)	**(1,227,994)**	**(803,406)**	**(647,078)**
Total group remuneration to:				
Parent Company's board of directors	(750)	(706)	(750)	(706)
Parent Company's executive board	(7,946)	(7,138)	(7,946)	(7,138)
Average number of full-time employees	1,835	1,644	1,069	876

Share subscription rights

Members of the Executive Board are eligible for a group incentive programme to earn the right to buy a total of 449,114 shares of DKK 1 nominal value in Semco Maritime A/S from the parent company Semco Maritime Holding A/S. The options are earned and awarded with 25% each 30 April in the years 2023 to 2026. The exercise price has been fixed as the value at the date of award until 1 April 2024, after which date it will increase by 5% per annum. The options must be exercised by 31 May 2026.

No costs or liabilities concerning subscription rights were recognised at 31 December 2022.

	Group		Parent Company	
5. Fees to auditors appointed by the general meeting				
Fee for statutory audit	(700)	(575)	(350)	(350)
Tax consultancy	(623)	(694)	(623)	(694)
Other services	(1,248)	(142)	(704)	(142)
	(2,571)	**(1,411)**	**(1,677)**	**(1,186)**

§ Accounting policies

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the company's employees. Refunds received from public authorities are deducted from staff costs.

§ Accounting policies

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
6. Financial income and expenses				
Other financial income	9,181	185	7,782	-
Interest income concerning group enterprises	-	-	-	128
	9,181	**185**	**7,782**	**128**
Other financial expenses	(10,337)	(6,172)	(9,770)	(7,107)
Interest expenses concerning group enterprises	-	-	(198)	-
	(10,337)	**(6,172)**	**(9,968)**	**(7,107)**
7. Tax				
Tax for the year				
Current tax	9,358	22,328	22,693	33,735
Deferred tax	(42,708)	(26,024)	(41,569)	(26,442)
Prior-year adjustments	(1,521)	(1,039)	(99)	-
	(31,829)	**(4,735)**	**(18,975)**	**(7,293)**

§ Accounting policies

Financial income and expenses

Financial income and expenses include interest, capital gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax prepayment scheme, etc.

§ Accounting policies

Tax on profit/loss for the year

Semco Maritime A/S is jointly taxed with C.W. Obel A/S and a number of Danish subsidiaries. The current income tax liability is allocated among the jointly taxed Danish companies in proportion to their taxable income (full distribution with refunds for tax losses). The jointly taxed companies are taxed under the Danish tax prepayment scheme.

Tax for the year, comprising current income tax for the year, joint taxation contributions for the year and changes in deferred tax for the year, including such changes as follow from changes in the tax rate, is recognised in the income statement for such part of it as can be attributed to the profit/loss for the year, and directly in equity for such part of it as is attributable to amounts recognised directly in equity.

Current tax receivable and payable is recognised in the balance sheet 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.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
7. Deferred tax				
Deferred tax assets				
Deferred tax, 1 January	(19,448)	4,646	(20,313)	4,255
Prior-year adjustments	1,062	1,875	1,062	1,874
Adjustment of deferred tax, income statement items	(42,708)	(26,024)	(41,569)	(26,442)
Exchange rate adjustments of deferred tax	14	55		-
Deferred tax at 31 December	**(61,080)**	**(19,448)**	**(60,820)**	**(20,313)**
Breakdown of deferred tax:				
Deferred tax assets	1,175	865	-	-
Deferred tax liabilities	(62,255)	(20,313)	(60,820)	(20,313)
	(61,080)	**(19,448)**	**(60,820)**	**(20,313)**
Income tax receivable				
Income tax receivable at 1 January	20,907	6,484	34,846	13,289
Prior-year adjustments	459	(2,914)	(1,161)	(1,874)
Current tax for the year	9,358	22,328	22,693	33,874
Tax on equity entries	(1,059)	973	(1,059)	973
Exchange rate adjustment of tax payable	38	56	-	-
Tax paid during the year	(18,107)	(5,908)	(33,685)	(11,416)
Income tax receivable at 31 December	**11,596**	**20,907**	**21,634**	**34,846**
Net tax receivable is recognised in the balance sheet as follows				
Income tax receivable	23,684	35,940	21,634	34,846
Income tax payable	(12,088)	(15,033)	-	-
	11,596	**20,907**	**21,634**	**34,846**

§ Accounting policies

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet 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.

Joint taxation contributions payable and receivable are recognised in the balance sheet as "Income tax receivable" or "Income tax payable", respectively.

Deferred tax is measured in accordance with the balance sheet liability method on all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax on temporary differences relating to goodwill which is not deductible for tax purposes and office buildings and other items is not recognised where temporary differences – other than business acquisitions – arise at the date of acquisition without affecting either the profit/loss for the year or the taxable income. In cases where the tax base may be computed according to several sets of tax regulations, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability planned by Management.

Deferred tax assets are recognised at the expected value of their utilisation, either as a set-off against tax on future earnings or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax regulations and rates that, according to the rules in force at the balance sheet date, are applicable in the relevant countries at the time the deferred tax is expected to crystallise as current tax.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021

8. Special items

Special items comprise significant income and expenses of an exceptional nature relative to the Group's earnings-generating operations such as the cost of extensive structuring of processes and basic structural adjustments that over time have a material effect.

Special items also include other significant amounts of a non-recurring nature which Management considers not to be a part of the Group's primary operations.

The year's special items are specified below, including in which line items in the income statement they are recognised.

DKK'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Costs				
Restructuring, UK	(4,209)	-	-	-
Restructuring, SG	(3,354)	-	(2,100)	-
Development of "Modular architecture"	-	(7,066)	-	(7,066)
Development of new service tendering model	-	(6,519)	-	(6,519)
Result of special items	**(7,563)**	**(13,585)**	**(2,100)**	**(13,585)**
Special items are recognised in the following line items:				
Staff costs	-	(4,945)	-	(4,945)
Other external expenses	(5,447)	(8,640)	-	(8,640)
Depreciation and impairment of non-current assets	(2,116)	-	(2,100)	-
Result of special items	**(7,563)**	**(13,585)**	**(2,100)**	**(13,585)**

Notes

DKK'000	Group Goodwill	Patents and licenses	Development projects	Total
9. Intangible assets				
Cost at 1 January 2022	143,914	14,803	23,691	182,408
Exchange rate adjustment	(1,722)	(21)		(1,743)
Additions during the year	-	6,608	7,420	14,028
Disposals during the year	-	(1,315)	(9,026)	(10,341)
Cost at 31 December 2022	**142,192**	**20,075**	**22,085**	**184,352**
Amortisation at 1 January 2022	(98,598)	(2,310)	(10,890)	(111,798)
Exchange rate adjustment	638	-	-	638
Impairment for the year	-	(4,814)	(3,913)	(8,727)
Amortisation for the year	(4,015)	(2,822)	(2,212)	(9,049)
Disposals during the year	-	1,313	9,026	10,339
Amortisation at 31 December 2022	**(101,975)**	**(8,633)**	**(7,989)**	**(118,597)**
Carrying amount at 31 December 2022	**40,217**	**11,442**	**14,096**	**65,755**
Carrying amount at 31 December 2021	**45,316**	**12,493**	**12,801**	**70,610**

Goodwill
The Company's investments in subsidiaries are considered to be of strategic importance to the Group. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles. The amortisation period is also determined on the basis of underlying lease agreements.

Development projects
Completed development projects primarily comprise the development and launch of new products and systems in the business areas "Renewables" and "Products & Technology". Costs primarily cover internal costs related to salaries, which are recorded using the Company's in-house project module, and costs from third-party suppliers and consultants in connection with developing, testing and launching products and systems. New products and systems are marketed and used in the ordinary course of business. This is expected to produce significant competitive advantages and, consequently, a higher level of activity and earnings going forward.

Management has not found any evidence of impairment relative to the carrying amount.

§ Accounting policies

Goodwill

Goodwill is amortised over its estimated economic life determined on the basis of Management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Impairment of intangible assets

The carrying amount of intangible assets is analysed annually for evidence of impairment in addition to what is reflected by normal amortisation.

If there is evidence of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use of an asset. The value in use is determined as the present value of the expected net cash flows from the disposal of the asset or the group of assets after the end of its useful life.

Notes

Parent Company

DKK'000	Goodwill	Patents and licenses	Development projects	Total
9. Intangible assets – continued				
Cost at 1 January 2022	110,624	14,406	23,691	148,721
Additions during the year		6,608	7,420	14,028
Disposals during the year		(1,315)	(9,026)	(10,341)
Cost at 31 December 2022	**110,624**	**19,699**	**22,085**	**152,408**
Amortisation at 1 January 2022	(87,544)	(2,310)	(10,891)	(100,745)
Impairment for the year	-	(4,814)	(3,913)	(8,727)
Amortisation during the year	(2,363)	(2,822)	(2,212)	(7,397)
Disposals during the year	-	1,313	9,027	10,340
Amortisation at 31 December 2022	**(89,907)**	**(8,633)**	**(7,989)**	**(102,888)**
Carrying amount at 31 December 2022	**20,717**	**11,066**	**14,096**	**45,879**
Carrying amount at 31 December 2021	**23,080**	**12,096**	**12,800**	**47,976**

§ Accounting policies

Patents and licences

Patents and licenses are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, whereas licenses are amortised over the licence period up to a maximum of 5 years.

Gains and losses on the sale of patents and licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Profits or losses are recognised in the income statement under other operating income and expenses, respectively.

Development projects

Development costs comprise costs, salaries, depreciation and amortisation directly or indirectly attributable to development activities.

Development projects which are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or business opportunity can be demonstrated and where the intention is to manufacture, market or utilise the project, are recognised as intangible assets if the cost can be reliably measured and there is sufficient certainty that future earnings can cover production and selling costs, administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment. After completion of the development work, development costs are amortised on a straight-line basis over the estimated economic life. The amortisation period is usually three to five years.

Notes

Group

DKK'000	Land and buildings	Leasehold improve-ments	Plant and machinery	Fixtures and fittings, tools and equipment	Total
10. Property, plant and equipment					
Cost at 1 January 2022	82,990	29,754	70,841	52,488	236,072
Exchange rate adjustment	-	(800)	(1,491)	(879)	(3,053)
Additions during the year	1,257	531	2,487	5,995	10,272
Disposals during the year	-	(1,535)	(3,251)	(5,830)	(12,310)
Cost at 31 December 2022	**84,247**	**27,950**	**68,586**	**51,774**	**230,981**
Depreciation at 1 January 2022	(68,933)	(12,607)	(64,477)	(39,977)	(185,994)
Exchange rate adjustment	-	420	1,326	897	2,526
Impairment for the year	-	-	-	(84)	(84)
Depreciation during the year	(2,315)	(2,783)	(3,006)	(5,021)	(13,125)
Disposals during the year	-	1,535	2,833	5,821	11,882
Depreciation at 31 December 2022	**(71,248)**	**(13,435)**	**(63,324)**	**(38,364)**	**(184,795)**
Carrying amount at 31 December 2022	**12,999**	**14,515**	**5,262**	**13,410**	**46,186**
Carrying amount at 31 December 2021	**14,056**	**17,147**	**6,364**	**12,511**	**50,078**

§ Accounting policies

Property, plant and equipment

Land and buildings, leasehold improvements, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. For assets produced in-house, cost comprises direct and indirect costs of materials, components, third-party suppliers and labour.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Assets are depreciated on a straight line basis over their estimated useful lives based on the following assessment of the expected useful lives of the assets:

Buildings	max. 50 years
Fixtures in buildings	10-25 years
Leasehold improvements	max. 10 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years
Cars	5-7 years
Rental material	10 years

Profits or losses are recognised in the income statement under other operating income and expenses, respectively.

Notes

Parent company

DKK'000	Land and buildings	Leasehold improve-ment	Plants and machinery	Fixtures and fittings, tools and equipment	Total
10. Property plant and equipment – continued					
Cost at 1 January 2022	82,990	14,153	40,485	36,007	173,635
Additions during the year	1,257	393	1,275	4,864	7,789
Disposals during the year	-	-	(334)	(1,617)	(1,951)
Cost at 31 December 2022	**84,247**	**14,546**	**41,426**	**39,254**	**179,473**
Depreciation at 1 January 2022	(68,933)	(5,484)	(38,797)	(24,005)	(137,219)
Impairment for the year	-	-	-	(84)	(84)
Depreciation during the year	(2,315)	(1,253)	(1,126)	(4,453)	(9,147)
Disposals during the year	-	-	334	1,670	1,951
Depreciation at 31 December 2022	**(71,248)**	**(6,737)**	**(39,589)**	**(26,925)**	**(144,500)**
Carrying amount at 31 December 2022	**12,999**	**7,809**	**1,837**	**12,329**	**34,974**
Carrying amount at 31 December 2021	**14,056**	**8,670**	**1,688**	**12,002**	**36,416**

§ Accounting policies

Impairment of property plant and equipment

The carrying amount of property, plant and equipment is analysed annually for evidence of impairment in addition to what is reflected by normal depreciation charges.

If there is evidence of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount.

The recoverable amount is the higher of the net selling price and the value in use of an asset. The value in use is determined as the present value of the expected net cash flows from the disposal of the asset or the group of assets after the end of its useful life.

Notes

	Parent company	
DKK'000	2022	2021
11. Investments in group enterprises		
Cost at 1 January 2022	302,690	302,690
Additions during the year	-	-
Disposals during the year	-	-
Cost at 31 December 2022	**302,690**	**302,690**
Value adjustment	(24,195)	(100,019)
Disposals during the year	6,263	-
Exchange rate adjustment	(8,007)	13,458
Dividend	(8,210)	-
Profit/loss for the year	59,744	62,366
Value adjustment at 31 December 2022	**25,595**	**(24,195)**
Write-down of receivables to cover negative net asset value	**28,940**	**33,735**
Carrying amount at 31 December 2022	**357,225**	**312,230**

An overview of investments in subsidiaries and associates is shown on page 51.

§ Accounting policies

Impairment of financial assets

The carrying amount of investments in group enterprises is analysed annually for evidence of impairment over and above what is reflected by normal amortisation and depreciation charges. If there is evidence of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount. The recoverable amount is the higher of the net selling price and the value in use of an asset. The value in use is determined as the present value of the expected net cash flows from the disposal of the asset or the group of assets after the end of its useful life.

§ Accounting policies

Profit/loss from investments in group enterprises

Under the equity method, a proportionate share of the profit/loss after tax in the underlying subsidiaries is recognised in the income statement.

The proportionate share of the profit or loss of subsidiaries after tax is recognised in the parent company income statement after full elimination of intra-group gains/losses.

Investments in group enterprises

Investments in subsidiaries are measured in the parent company's financial statements according to the equity method. The parent company has opted to consider the equity method as the method of consolidation.

On initial recognition, investments in subsidiaries are measured at cost. Cost is allocated in accordance with the acquisition method of accounting. See accounting policies regarding the consolidated financial statements.

Cost is adjusted to reflect shares of profits after tax calculated in accordance with the Group's accounting policies with the deduction or addition of unrealised intra-group gains or losses.

Any value added and goodwill relative to the net asset value of the underlying business will be amortised in accordance with the Group's accounting policies. Dividends received are deducted from the carrying amount.

Investments in subsidiaries measured at net asset value are subject to an impairment test requirement in case of evidence of impairment.

Notes

DKK'000	Group 2022	2021
12. Investments in associates		
Cost at 1 January 2022	-	-
Additions during the year	3,489	-
Disposals during the year	-	-
Cost at 31 December 2022	**3,489**	**-**
Value adjustment	-	-
Disposals during the year	-	-
Exchange rate adjustment	(138)	-
Profit/loss for the year	558	-
Value adjustment at 31 December 2022	**420**	**-**
Write-down of receivables to cover negative net asset value	**-**	**-**
Carrying amount at 31 December 2022	**3,909**	**-**

An overview of investments in subsidiaries and associates is shown on page 51.

§ Accounting policies

Impairment of financial assets

The carrying amount of investments in associates is analysed annually for evidence of impairment over and above what is reflected by normal amortisation and depreciation charges. If there is evidence of impairment, each asset or group of assets is tested for impairment. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount. The recoverable amount is the higher of the net selling price and the value in use of an asset. The value in use is determined as the present value of the expected net cash flows from the disposal of the asset or the group of assets after the end of its useful life.

§ Accounting policies

Profit/loss from investments in associates

Under the equity method, a proportionate share of the profit/loss after tax in the underlying associates are recognised in the income statement after full elimination of intra-group gains/losses.

Investments in associates

Investments in associates are measured in the financial statements according to the equity method.

On initial recognition, investments in associates are measured at cost. Cost is allocated in accordance with the acquisition method of accounting. See the accounting policies regarding consolidated financial statements.

Cost is adjusted to reflect shares of profits after tax calculated in accordance with the Group's accounting policies with the deduction or addition of unrealised intra-group gains or losses.

Any value added and goodwill relative to the net asset value of the underlying business will be amortised in accordance with the Group's accounting policies. Dividends received are deducted from the carrying amount.

Investments in associates measured at net asset value are subject to an impairment test requirement in case of indications of impairment.

DKK'000	Group 2022			Group 2021		
	Deposits in escrow account	Deposits	Total	Deposit in escrow account	Deposits	Total
13. Other financial assets						
Cost at 1 January 2022	-	8,708	**8,708**	753,701	8,537	**762,238**
Additions	-	226	**226**	-	171	**171**
Transferred to current other receivables	-	-	**-**	(753,701)	-	**(753,701)**
Cost at 31 December 2022	**-**	**8,934**	**8,934**	**-**	**8,708**	**8,708**

DKK'000	Parent Company 2022			Parent Company 2021		
	Deposit in escrow account	Deposits	Total	Deposit in escrow account	Deposits	Total
13. Other financial assets						
Cost at 1 January 2022	-	8,708	**8,708**	753,701	8,537	**762,238**
Additions	-	226	**226**	-	171	**171**
Transferred to current other receivables	-	-	**-**	(753,701)	-	**(753,701)**
Cost at 31 December 2022	**-**	**8,934**	**8,934**	**-**	**8,708**	**8,708**

Deposits concern the head office in Esbjerg, Denmark.

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
14. Inventories				
Finished goods	16,334	13,089	12,961	10,670
	16,334	**13,089**	**12,961**	**10,670**

§ Accounting policies

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to such lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The net realisable 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 any development in the expected selling price.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
15. Contract work in progress				
Sales value at 31 December	2,893,049	1,807,901	2,084,021	1,330,758
Progress billings to customers	(2,922,153)	(2,472,316)	(2,220,292)	(2,104,505)
	(29,104)	**(664,415)**	**(136,271)**	**(773,747)**
Recognised in the balance sheet				
Contract work in progress	332,687	324,096	190,306	162,849
Advance payments	(361,791)	(988,512)	(326,577)	(936,596)
	(29,104)	**(664,416)**	**(136,271)**	**(773,747)**

§ Accounting policies

Construction contracts

Construction contracts are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the total expected income from the individual contracts.

When the selling price of a construction contract cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual construction contracts are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of construction contracts where progress billings exceed the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as and when incurred.

15. Prepayments

Prepayments include prepaid costs regarding rent, IT licenses, rentals, etc.

§ Accounting policies

Prepayments

Prepayments under current assets comprise costs incurred relating to subsequent financial years.

Notes

DKK'000	Warranty commitments Group	Parent company
17. Warranty commitments		
Carrying amount at 1 January 2022	27,337	20,793
Additions during the year	16,056	15,602
Expenditure for the year	(8,915)	(8,915)
Carrying amount at 31 December 2022	**34,478**	**27,480**
Expected maturity:		
Within 1 year	34,478	27,480
	34,478	**27,480**

DKK'000	Other provisions Group	Parent company
18. Other provisions		
Carrying amount at 1 January 2022	1.141	-
Additions during the year	402	369
Expenditure for the year	(333)	-
Carrying amount at 31 December 2022	**1,210**	**369**
Expected maturity:		
Within 1 year	1,210	-
After 1 year	-	369
	1,210	**369**

Other provisions include retirement benefit obligations.

§ Accounting policies

Provisions

Provisions comprise expected expenses relating to warranty commitments, restructuring, etc. Provisions are recognised when the Group has a legal or constructive obligation that arises from past events and it is probable that an outflow of financial resources will be required to settle the obligation.

Provisions are measured at net realisable value or fair value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Warranty commitments comprise obligations to perform repair work within a warranty period of from one to five years. Provisions are measured at net realisable value and recognised on the basis of experience from warranty work. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at the average bond yield.

Notes

Group

DKK'000	Total payables	Instalments next year	Non-current liabilities	Outstanding debt after five years
19. Non-current liabilities				
Due to mortgage credit institutions	1,295	635	660	-
Deferred income	1,139	-	1,139	-
Other non-current liabilities	57,120	-	57,120	-
	59,554	**635**	**58,919**	**-**

Deferred income recognised under non-current liabilities relates to payments received concerning income in subsequent financial years. Other liabilities include payable frozen holiday funds.

Parent Company

DKK'000	Total payables	Instalments next year	Non-current liabilities	Outstanding debt after five years
Due to mortgage credit institutions	1,295	635	660	-
Other non-current liabilities	57,120	-	57,120	-
	58,415	**635**	**57,780**	**-**

Other liabilities include payable frozen holiday funds.

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
20. Charges				
Consisting of:				
As security for mortgage loans	1,295	1,946	1,295	1,946
properties have been mortgaged at a carrying amount of:	12,999	14,056	12,999	14,056

§ Accounting policies

Liabilities

Financial liabilities are recognised at the time a loan is raised in the amount of the proceeds less any transaction costs incurred. In subsequent periods, the financial liabilities are measured at amortised cost, equivalent to the capitalised value when the effective rate of interest is used, so that the difference between the proceeds and the nominal value is recognised in the income statement over the loan period.

Other payables are measured at net realisable value.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021
21. Contingent assets and liabilities and other liabilities				
Semco Maritime has guaranteed or stands surety for guarantees issued by subsidiaries to their clients and contractual business partners for a total amount of:	-	-	166,267	100,815
On a regular basis, Semco Maritime becomes part of jointly-managed companies or consortia etc., in which Semco Maritime is liable for or provides guarantees in respect of the other partners' deliveries to the joint customers. Such liabilities and guarantees amount to a total of:	3,008,512	2,992,815	3,008,512	2,992,815
Lease obligations (operating leases)				
< 1 year	38,985	38,205	25,555	23,264
1 - 5 years	129,370	134,835	92,837	85,544
> 5 years	64,393	78,404	64,393	78,404
	232,748	**251,444**	**182,785**	**187,212**
In connection with a head office lease contract, the parent company has entered into a subletting agreement with a third party.				
Subletting receivables amount to:				
< 1 year	3,681	4,181	3,681	4,181
1 - 5 years	3,063	6,937	3,063	6,937
	6,744	**11,118**	**6,744**	**11,118**

§ Accounting policies

Leases

On initial recognition, leases of non-current assets under which the company has all material risks and rewards of ownership (finance leases) are initially measured in the balance sheet at the lower of the fair value and the present value of future lease payments. For the calculation of the net present value, the interest rate implicit in the lease is used as the discount rate. Assets held under finance leases are subsequently depreciated like the company's other non-current assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest component of the lease payment is recognised in the income statement over the lease term.

All other leases are operating leases. Payments under operating leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

§ Accounting policies

Joint arrangements

Joint arrangements are activities or businesses of which the Group has joint control with one or more third parties through a cooperation agreement. Joint control means that decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures. Joint operations are arrangements whereby the participants have direct rights to the assets, and obligations for the liabilities, relating to the arrangement, whereas joint ventures are arrangements whereby the participants have rights to the net assets. The Group's activities in joint operations are consolidated on a line-by-line basis.

Notes

DKK'000	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
21. Contingent assets and liabilities, and other liabilities – continued				
The parent company is jointly taxed with C.W. Obel A/S and other Danish group companies. The companies subject to joint taxation have unlimited joint and several liability for Danish income taxes and withholding taxes on dividends, interest and royalties.				
The company has entered into a cash pool arrangement with subsidiaries in Norway, Germany and the UK.				
The company has issued letters of support towards a few of the subsidiaries.				
Due to the nature of its business, the Group is inherently involved in various disputes and pending lawsuits, the outcome of which, in Management's opinion, is not expected to have a material negative effect on the Group's financial position. There is a risk that foreign tax authorities may raise a claim against the parent company. Semco Maritime A/S considers the potential claim to be unjustified and will, if such claim is raised, contest it.				
Financial instruments				
In order to secure debtors and creditors in foreign currencies and future transactions for signed sale agreements, the Group has entered into forward contracts in USD, NOK, GBP and EUR. The countervalue at 31 December 2022 was:	**191,612**	**326,397**	**191,612**	**326,397**
Fair value of forward contracts recognised in other receivables	-	-	-	-
Fair value of forward contracts recognised in other payables	1,051	4,139	1,051	4,139
The future transactions are expected to be effected in 2023.				

§ Accounting policies

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under other receivables and other payables, respectively.

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 other receivables or payables and in equity. If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability respectively. If the expected future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged transaction affects the income statement.

For derivatives that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as they occur.

Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are recognised directly in equity.

Notes

	Group		Parent Company	
DKK'000	2022	2021	2022	2021

22. Related parties

The Company's related parties are the major shareholder Semco Maritime Holding A/S, Copenhagen, the Company's Executive Board and its Board of Directors.

Semco Maritime A/S is consolidated in the consolidated financial statements of C.W. Obel A/S (smallest group) and Det Obelske Familiefond (largest group).

All transactions have been carried out on an arm's length basis.

Pursuant to section 98C of the Danish Financial Statements Act, the Company has opted to disclose transactions not carried out on an arm's length basis, of which there were none in the reporting year.

All transactions have been carried out on an arm's length basis.

23. Appropriation of profit

	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Proposed appropriation of profit				
Transferred to reserves under equity			28,635	1,661
Retained earnings			104,477	35,140
			133,112	**36,802**

Accounting policies

The annual report of Semco Maritime A/S has been prepared in accordance with the provisions applying to large reporting class C enterprises under the Danish Financial Statements Act.

The accounting policies applied in the preparation of the financial statements are consistent with those of last year.

The sections on accounting policies next to the notes form an integral part of the overall accounting policies.

Foreign currency translation
On initial recognition, transactions denominated in foreign currency are translated at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rate at the transaction date and the date of payment are recognised in the income statement under financial income or expenses.

Receivables, payables and other monetary items denominated in foreign currency are translated at the exchange rates ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the date when the receivable or payable arose or was recorded in the most recent financial statements is recognised in the income statement under financial income or expenses.

Foreign subsidiaries are considered independent entities. Income statements are translated at average exchange rates for the month, while balance sheet items are translated at year-end rates. Foreign exchange adjustments arising on translation of foreign subsidiaries' opening equity at the exchange rates at the balance sheet date and on translation of income statement items from average exchange rates to the exchange rates at the balance sheet date are taken directly to equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiaries are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries, monetary items are translated at the exchange rates at the balance sheet date.

Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset.

Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

Derivative financial instruments – see note 20

Consolidated financial statements
The financial statements consolidate the parent company, Semco Maritime A/S, and subsidiaries in which Semco Maritime A/S directly or indirectly holds more than 50% of the voting rights or in other ways exercises a controlling interest.

On consolidation, intra-group income and expenses, equity investments, balances and dividends as well as realised and unrealised gains and losses on transactions between the consolidated entities are eliminated.

Investments in subsidiaries are eliminated at the proportionate share of the subsidiaries' fair value of net assets and liabilities at the date of acquisition. Jointly managed joint ventures are consolidated pro rata.

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises divested or wound up are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated to reflect acquisitions, divestments or companies wound up.

Acquisitions are accounted for using the acquisition method, according to which the identifiable assets and liabilities of companies acquired are measured at fair value at the time of acquisition. A provision is recognised for costs relating to scheduled and announced restructuring in the acquired company in connection with the acquisition. The tax effect of revaluations is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill)

Accounting policies

is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the economic life of the asset. Negative differences (negative goodwill) are recognised as income in the income statement at the time of acquisition when the general revenue recognition criteria are met.

Positive and negative goodwill from acquired businesses may be adjusted until the end of the year after the acquisition.

Joint arrangements – see note 21

Income statement

Revenue – see note 2

Segment information – see note 2

Cost of sales
Cost of sales include costs such as direct and indirect costs of raw materials and consumables incurred in generating the revenue for the year. Provisions for losses on construction contracts are also recognised.

Other operating income/expenses – see note 3

Other external costs – see note 5

Profit/loss from investments in group enterprises – see note 11

Profit/loss from investments in associates – see note 12

Financial income and expenses – see note 6

Tax on profit/loss for the year – see note 7

Balance sheet

Intangible assets

Goodwill – see note 9

Patents and licences – see note 9

Development projects – see note 9

Property plant and equipment – see note 10

Leases – see note 21

Investments in group enterprises – see note 11

Investments in associates – see note 12

Impairment of non-current assets – see notes 9, 10, 11 and 12

Inventories – see note 14

Receivables
Receivables are measured at amortised cost. If there is objective evidence that a receivable or a portfolio of receivables is impaired, an impairment loss is recognised. If there is objective evidence that an individual receivable may be impaired, an impairment loss is recognised on an individual level. In the event there is no objective evidence of individual impairment, receivables are tested for objective indications of impairment on a portfolio level. Portfolios are primarily based on debtors' registered office and credit ratings in accordance with the Company's and the Group's credit risk management policy. The objective indicators used for portfolios are fixed on the basis of historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of receivables and the present value of expected future cash flows, including the realisable value of any collateral provided. The discount rate used is the effective interest rate for the individual receivables or portfolios.

Contract work in progress at cost – see note 15

Prepayments – see note 16

Equity

Dividends
Proposed dividend is recognised as a liability at the time of adoption by the shareholders at the annual general meeting (the declaration date). Dividend expected to be paid in respect of the financial year is stated as a separate line item under equity.

Reserve for development costs
Reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised

Accounting policies

development costs are no longer part of the Company's operations

Hedging reserve
The hedging reserve contains the accumulated net change in the fair value of hedging transactions that qualify as hedges of future cash flows and for which the hedged transaction has yet to be realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedge is no longer effective. As the reserve does not represent a legally binding amount, it may be negative.

Foreign currency translation reserve
The foreign currency translation reserve in the consolidated financial statements comprises foreign exchange adjustments arising on the translation of the financial statements of foreign entities from their functional currencies into the Group's presentation currency (Danish kroner).

Tax and deferred tax – see note 7

Provisions – see note 17

Liabilities – see note 18

Cash flow statement

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

Cash flows from operating activities
Cash flows from operating activities are calculated as the Group's share of profit or loss, adjusted for non-cash operating items, changes in working capital and income tax paid.

Cash flows from investing activities
Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of companies and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities
Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Financial ratios

The ratios listed in the key figures and ratios section were calculated as follows:

Profit margin
<u>Operating profit x 100</u>
Revenue

Equity ratio
<u>Equity at year-end x 100</u>
Total equity and liabilities, year-end

Return on equity
<u>Profit on ordinary activities after tax x 100</u>
Average equity

Group overview

Semco Maritime A/S, Esbjerg, Denmark

- Semco Maritime Inc., Houston, USA
- Semco Maritime Renewables LLC, USA
  - (Bladt Semco Renewables LLC, USA (50%) (joint operation))
- Semco Maritime Renewables II LLC
- Semco Maritime Renewables Holding US LLC
  - Semco Maritime Renewables III LLC
  - Semco Maritime Offshore Services LLC
- Protobase Ltd, Norwich, UK (dormant)
- Semco Maritime AS, Stavanger, Norway
  - Semco Maritime Drift AS, Stavanger, Norway
- Seguco S.A., Guatemala City, Guatemala
- Semco Maritime El Salvador S.A., San Salvador, El Salvador
- Semco Maritime Pte Ltd., Singapore
- Semco Maritime LLC, Taipei, Taiwan ROC
- Semco Maritime Vietnam JSC, Vung Tau City, Vietnam
- Semco Institute A/S, Esbjerg, Denmark
- Semco Maritime Energy Infrastructure Tanzania Ltd., Tanzania
- Semco Maritime UK Ltd., Aberdeen, UK
  - CPower Energy Ltd., UK (20%)
  - Semco Maritime Namibia Ltd., Namibia
- Semco Maritime Panama S.A., Panama
- Semco Maritime GmbH, Germany
- Seguco S.A., Guatemala
- Compania de Servicios y Combustion Industrial S.A. (C2SI), Guatemala
- Semco Maritime Sp. z.o.o., Gdynia, Poland
- - Semco ETP Renewables Sp. z.o.o., Gdynia, Poland (50%)
- The Alliance JV, Rambøll-Semco, Joint Venture in Denmark
- Semco Maritime Middle East Ltd. (< 49%)

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of Semco Maritime A/S for the period 1 January to 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements of the parent company give a true and fair view of the Group's and the company's assets and liabilities and financial position at 31 December 2022 and of the results of the Group's and the company's operations and the Group's cash flows for the financial year 1 January to 31 December 2022.

Furthermore, in our opinion, the Management's review includes a fair review of developments in the operations and financial position of the Group and the parent company, the financial results for the year and the Group's and the parent company's financial position.

We recommend the annual report for adoption at the annual general meeting.

Esbjerg, 11 April 2023

Executive Board:

Steen Brødbæk, CEO

Martin Oehlenschlæger, CFO

Board of Directors:

Anders Christen Obel, Chairman

Gunnar Groebler

Jørgen Peter Rasmussen

Keith Taylor

Allan Sonnich Thomsen
(employee representative)

Harald Fjordby Knudsen
(employee representative)

Independent auditor's report

To the Shareholders of Semco Maritime Group:

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of the Semco Maritime Group for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 Financials Statements Act. Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement 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 Consolidated Financial Statements and Parent Company 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent 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

Independent auditor's report

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.

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 de-tecting 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Esbjerg, 11 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Jacob Fromm Christiansen
State authorised public accountant
Mne18628

Lars Almskou Ohmeyer
State authorised public accountant
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Safety is part of our DNA

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