2021 ANNUAL REPORT

We generated strong economic and strategic momentum in 2021

Semco Maritime A/S
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CVR no. 25 49 07 62

As approved at the annual general meeting held on 1 April 2022

Jørgen Devantier Gade, chair

Contents

Management's review

Overview

Developments

Management

Consolidated and parent company financial statements

Financial statements

To read our Global Compact Communication On Progress report click here

United Nations Global Compact

OVERVIEW

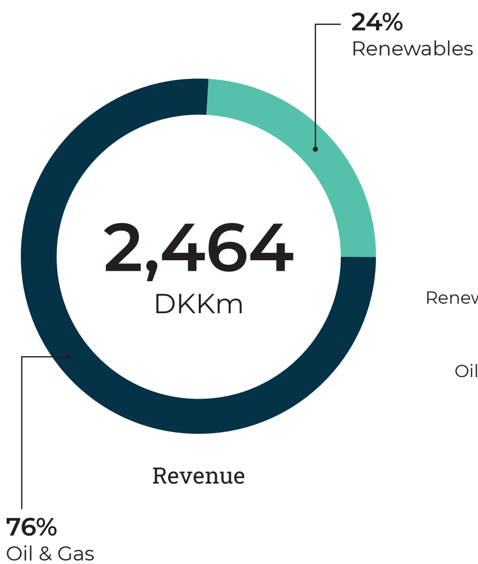
RENEWABLES

High level of activity on the Kaskasi and Arcadis projects

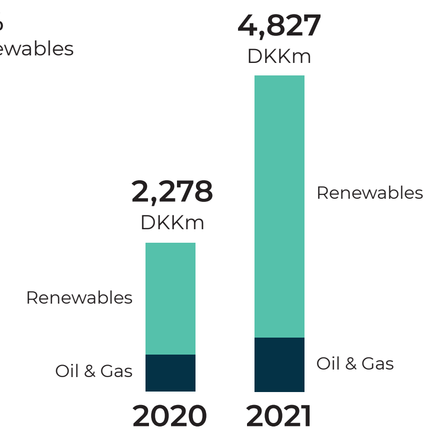
Construction of Kaskasi II and Arcadis Ost I and the subsequent installation work contributed to the high level of activity in the Renewables business in 2021, when the two offshore substations made the move from the yard in Poland to Aalborg. There, installation work continued as well as preparations for the commissioning of Kaskasi II in the German part of the North Sea in 2022 and of Arcadis Ost I in the German part of the Baltic Sea in 2022. With a total capacity of 589 MW, the two offshore substations will contribute to supplying green power to around 690,000 households.

Kaskasi II during installation.

2021 highlights



Revenue



Order book

EBITDA before special items

80 DKKm

Equity ratio*

21.4%

Employees

1,644 employees (average)

3.7 million man-hours**

Employee turnover: 12%

Oil & Gas

13 yard stays

220 modification and service projects

More than 1,000 employees working in offshore rotation

Order intake of DKK 2,167 million

Renewables

Contracts won for 8 offshore substations

20 offshore wind farms serviced

Unique position in substations

Order intake of DKK 2,846 million

*Equity ratio ex. effect of significant prepayment on a project in the Renewables business area

**Including employees hired on a contract basis

Semco Maritime's momentum continued in 2021

Steen Brødbæk, CEO

We generated strong economic and strategic momentum for Semco Maritime in 2021 despite the continued challenging market conditions marked by travel restrictions, local lockdowns and supply chain challenges during the COVID-19 pandemic. Our efforts to promote the green transition and ensure responsible oil and gas extraction continued regardless, and we strengthened our business with the addition of exciting green projects and focus on assisting our customers in the Oil & Gas segment with more emphasis on operation, maintenance and optimisation rather than on long-term capital investments. We strengthened the organisation and set green targets and we see attractive growth prospects for the coming years.

Strong performance and strategic progress

The high activity level meant that we were able to fulfil our guidance for the year, lifting revenue significantly by 31% to DKK 2.5 billion and posting strong EBITDA of DKK 80 million before special items. We were also happy to note that revenue in the Renewables business - which accounted for 24% of Group revenue in 2021 - was lifted, bringing us closer to our target of an even distribution between Renewables and Oil & Gas in 2023. This positive development was evidenced by a very strong order intake of more than DKK 5 billion resulting in a historically large order book of DKK 4.8 billion, of which Renewables accounted for 83% and Oil & Gas 17%.

Growth in Renewables and Oil & Gas

The primary growth driver within Renewables was wins of major, strategically important contracts for offshore substations for large offshore wind farm projects, which will deliver renewable energy to millions of people across Europe, the USA and Asia in the coming years. The business is really taking off now with several exciting projects in the USA – and in Asia we were also happy to see a breakthrough as in October we were chosen as the preferred supplier of two substations to the Hai Long project with PTSC M&C as our partner. We are also proud to participate in the ground-breaking Project Greensand, which is to demonstrate the huge potential of capturing, transporting and storing CO_2 in a safe and environmentally friendly manner in exhausted oil wells in the Nini field more than 1,500 metres underground. Here, the agility of our employees will play an important part as we engage our extensive experience from the Oil & Gas division in utilising inactive platforms and abandoned oil fields to promote the green transition.

The Oil & Gas activities also performed well in 2021 – a year in which our increased focus on operations, maintenance and optimisation of existing infrastructure meant that we won exciting orders and achieved solid revenue growth in a market where long-term capital investments are increasingly being abandoned in favour of green alternatives. During the year, we won an important commissioning contract as part of the historic redevelopment of the Tyra field, which will improve overall operational energy efficiency and is expected to entail a 30% reduction in emissions. Furthermore, the level of activity remained high in our Norwegian manpower rental business, and our yard facilities at Hanøytangen were also bustling with activity, as we prepared and upgraded several large rigs during the year.

Continued strengthening of the organisation

In the past few years, we have seen growing international demand for our expertise and highly skilled employees with experience in renewable energy projects, and we are making a targeted effort to strengthen our customer proposition in all offices by recruiting the right people. Safety remains an essential factor in this respect, and through our continuous drive for improvements in this area we further reduced our Total Recordable Incident Frequency (TRIF) in 2021.

We also established a new office in Gdynia, which contributes to and supports growth in renewable energy projects. Our new Polish organisation participates in international energy projects and focuses on the attractive opportunities in the Polish renewable energy market, which is growing rapidly with the prospect of the establishment of a number of exciting wind energy projects, which are expected to increase the country's production of offshore wind energy to 10 GW by 2027.

Positive outlook

The outlook for the coming years is positive despite the short-term impact of COVID-19 and supply shortages and logistical challenges, which are causing uncertainty and lack of transparency. To this should be added the increased geopolitical tensions, which are causing substantial fluctuations in energy prices. Our experienced employees have demonstrated their ability to handle these challenges, and we expect the high level of activity to continue in 2022, resulting in revenue and earnings growth. Our slightly longer-term goal is to achieve an even distribution of revenue between Renewables and Oil & Gas in 2023, at which point we now also aim to be carbon neutral in scope 1 and scope 2 emissions. We have also set a goal of 100% carbon neutrality for our own operations by 2030 and are aiming to secure carbon neutrality for scope 1-3 by 2050.

Our efforts to improve our climate footprint will make a positive difference to our community, our employees, our business partners and our customers – and by no means least to our business, which is strongly positioned to achieve growth by participating in and contributing to the green transition.

Semco Maritime at a glance

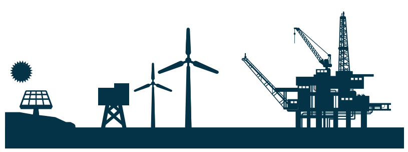
Semco Maritime is an international engineering and contracting business undertaking and solving assignments across the value chain of the global energy sector. The company also helps its customers to seize opportunities in the green transition and to ensure responsible fossil fuel extraction processes. 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, commissioning and subsequent service as well as rental of manpower and supply of bespoke components, systems and solutions. Semco Maritime has 1,600 employees, who secure our customers cost-effective project management and operations from our head office in Denmark.

Business model

Motivation

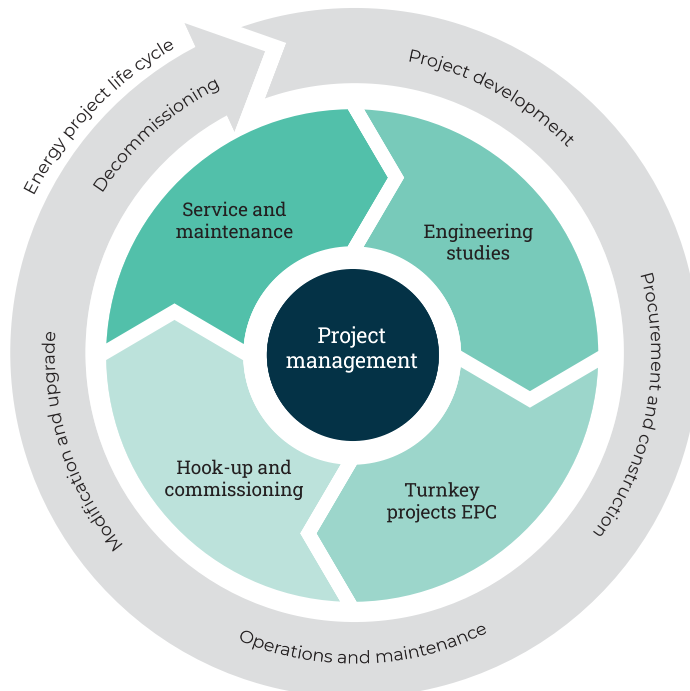
We want to play an important role in meeting the world's growing energy demand in a safe and sustainable way.

Markets



Value creation

- based on affordable, reliable and sustainable solutions



We provide assistance to our customers at all project stages

Promises

Safety
Safety is part of our DNA. We always aim at reducing the number of work accidents to zero.

Sustainability
We are committed to ensuring a greener future while making a positive difference for people and the planet.

Customers
We bring our expertise into play to provide inspiration and optimise value across the supply chain to deliver safe solutions that always live up to expectations.

Employees
We offer a safe and motivating workplace with unique opportunities for development.

Owners
We intend to deliver profitable growth and make our owners proud.

Group long-term targets 2023

- Revenue split 50/50 between Renewables and Oil & Gas
- 20% of revenue is to come from service activities
- EBITDA margin of 6%
- Carbon neutral in scopes 1 and 2

Leader in offshore substations

Semco Maritime has built a market-leading position and unique expertise in the development, construction and commissioning of offshore substations for offshore wind projects. Since 2002, the Group has contributed to 16 projects and entered into contracts for five projects to be completed in the coming years. Semco Maritime has completed and entered into contracts on a total of 21 projects and 31 offshore substations with a total capacity of 12.3 GW, which will be able to supply energy to up to 10 million households and give millions of people access to renewable energy from more and larger offshore wind farms.

US market leader

Having been awarded contracts with the leading projects Vineyard Wind in 2018, Mayflower Wind in 2020 and Coastal Virginia Offshore Wind in 2021, Semco Maritime has attained a position of market leader in offshore substations in the North American market. These projects have a total capacity of 4.4 GW, and Coastal Virginia Offshore Wind is the world's largest offshore wind project to date.

On the offshore substation projects in the states of Massachusetts and Virginia, USA, Semco Maritime has joined forces with Bladt Industries, with which the Group has also teamed up on similar projects in Europe. Within the offshore substation area, the two companies have established strong joint competencies and solid experience based on a decades-long offshore track record, providing the basis for the positive contribution to the green energy transition.

Solid foothold in Asia

In 2021, Semco Maritime and PTSC M&C were awarded a preferred supplier agreement for two offshore substations for the Hai Long 2 and Hai Long 3 projects, which will be established off the Taiwanese coast and deliver more than 1 GW of green wind energy. The order gives the Group a solid foothold in the attractive Asian offshore wind market, which is developing at a fast pace.

Semco Maritime leads the consortium with PTSC M&C as the primary sub-contractor on the Hai Long Offshore Wind Project. The Hai Long wind farm is being established in the Taiwan Strait around 50 kilometers off the coast and will contribute to realising the Taiwanese government's ambition of having installed 5.5 GW offshore wind capacity as part of round 2 of the project to secure a leading position for Taiwan in offshore wind in East Asia.

Strong competencies and growth prospects

Semco Maritime's expertise and highly skilled employees with experience in renewable energy projects are in increasingly high demand, and in 2021 the Group strengthened its customer proposition by strengthening the organisation and scaling up personnel in Denmark as well as internationally.

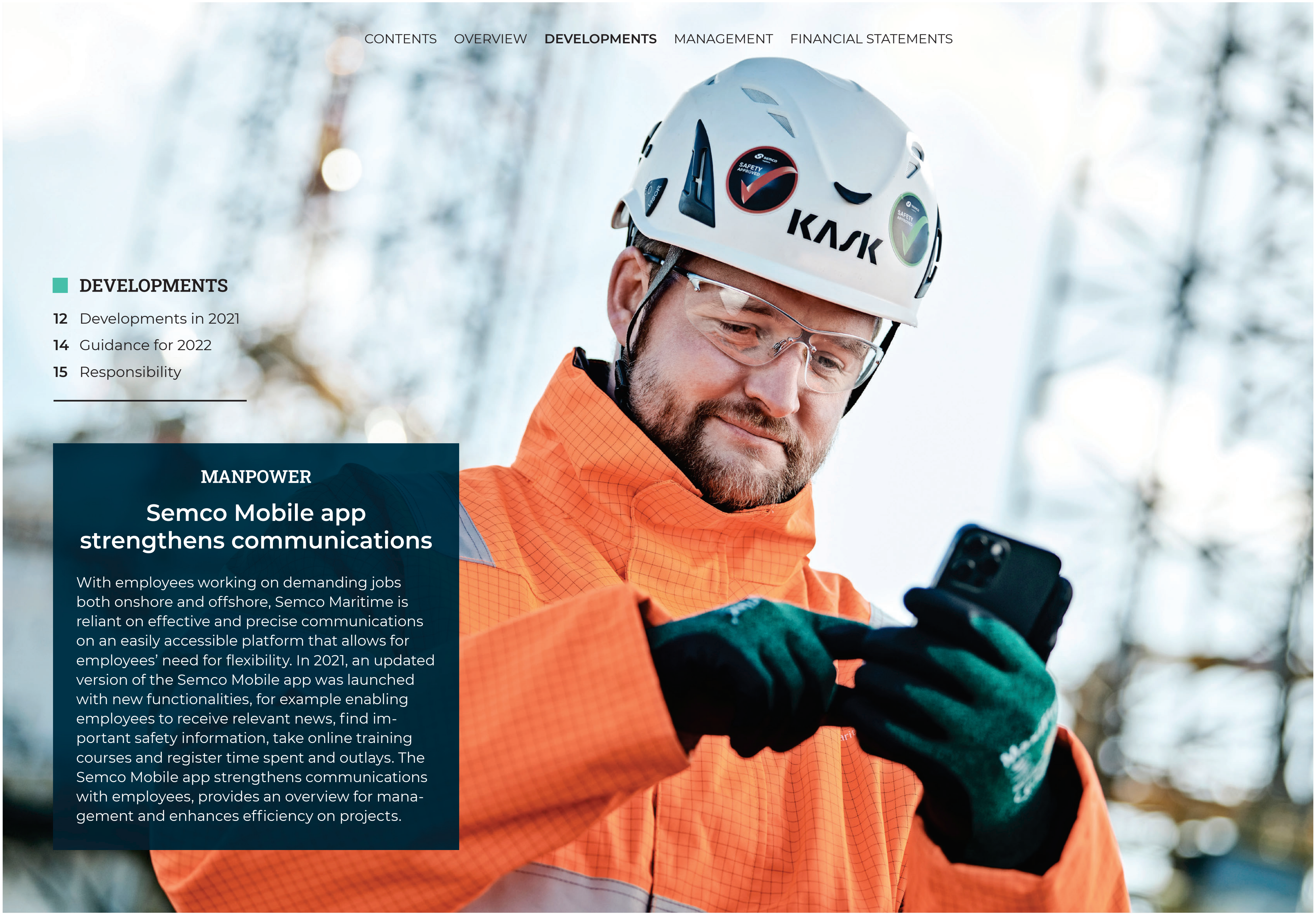
2003	Nysted
2007	Lillgrund
2007	Princess Amalia
2008	Gunfleet Sands
2009	Rødesand B
2010	Walney 1
2011	Walney 2
2012	Anholt
2013	Borkum Riffgrund
2013	Northwind
2014	Nordsee Ost
2016	Bligh Bank II
2016	Nordsee One
2016	Sandbank
2018	Hornsea One
2019	Northwester
2022	Kaskasi
2022	Arcadis
2023	Vineyard
2024	*Not disclosed*
2024	Mayflower
2024	Hai Long 2 & 3
2025	Virginia Wind

Financial highlights

DKKm	2021	2020	2019	2018	2017
INCOME STATEMENT					
Revenue	2,464.2	1,878.8	1,904.8	2,041.4	1,407.8
Profit/loss before amortisation and depreciation and special items	80.0	70.6	52.5	54.1	25.8
Operating profit/loss	47.5	27.7	22.1	30.2	0.1
Net financials	(6.0)	(10.0)	(6.0)	(3.4)	(4.2)
Profit/loss before tax	41.5	17.6	16.1	26.8	(4.1)
Profit/loss for the year from continuing operations	36.8	17.6	18.0	28.4	(8.0)
ASSETS					
Non-current assets*	129.4	881.3	138.0	135.1	152.1
Inventories	13.1	12.5	16.5	16.4	15.4
Receivables	1,566.8	522.7	594.3	416.3	379.1
Cash	24.1	55.2	18.8	18.0	14.9
Assets related to discontinued operations	-	-	-	4.4	12.3
Total assets	**1,733.4**	**1,471.7**	**767.6**	**590.2**	**573.8**
Investment in property, plant and equipment	10.1	18.9	15.2	6.0	16.8
LIABILITIES AND EQUITY					
Equity	207.9	161.1	154.7	131.5	107.8
Provisions	48.8	25.4	31.0	45.8	17.8
Non-current liabilities	59.0	62.3	29.2	3.3	3.9
Current liabilities	1,417.7	1,223.0	552.7	408.0	435.8
Liabilities related to discontinued operations	-	-	-	1.6	8.5
Total equity and liabilities	**1,733.4**	**1,471.7**	**767.6**	**590.2**	**573.8**
FINANCIAL RATIOS					
Total cash flows from operations	27.5	262.4	(72.4)	(2.6)	(38.5)
Total cash flows	(31.1)	36.5	(4.6)	3.3	(54.2)
Average no. of employees	1,644	1,429	1,317	1,289	1,109
Profit margin, %	1.9	1.5	1.2	1.5	0.0
Equity ratio, %	12.0	10.9	20.2	22.3	18.8
Return on equity, %	19.9	11.2	12.6	23.7	(6.4)

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

A definition of financial ratios is provided on page 50.



DEVELOPMENTS

MANPOWER

Semco Mobile app strengthens communications

With employees working on demanding jobs both onshore and offshore, Semco Maritime is reliant on effective and precise communications on an easily accessible platform that allows for employees' need for flexibility. In 2021, an updated version of the Semco Mobile app was launched with new functionalities, for example enabling employees to receive relevant news, find important safety information, take online training courses and register time spent and outlays. The Semco Mobile app strengthens communications with employees, provides an overview for management and enhances efficiency on projects.

Developments in 2021

Developments in 2021
Semco Maritime generated strong financial growth in 2021 despite challenging market conditions during the COVID-19 pandemic with continued travel restrictions, lockdowns and supply chain challenges. The Group's order intake increased by 61% in 2021, and the order book grew significantly in both business segments.

Revenue
Semco Maritime's total revenue was up by 31% to DKK 2,464 million (2020: DKK 1,879 million) in 2021 following a strong performance across the Group's business segments. This strong performance was achieved despite the continuing difficult market conditions during the COVID-19 pandemic, which affected the service business in particular and continued to cause delays in customers' decision-making processes.

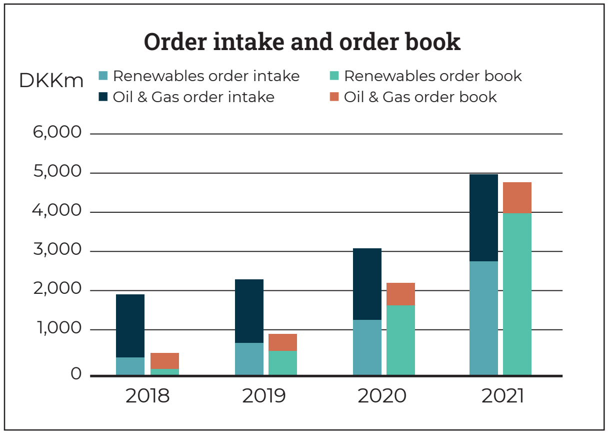
The Group's order intake rose to DKK 5,014 million (2020: DKK 3,114 million), and the order book more than doubled to DKK 4,827 million (2020: DKK 2,278 million). This considerable improvement was driven by strong performances across Semco Maritime's divisions, but most significantly by wins of three major and strategically important contracts for offshore substations for large offshore wind farm projects in the Renewables business segment.

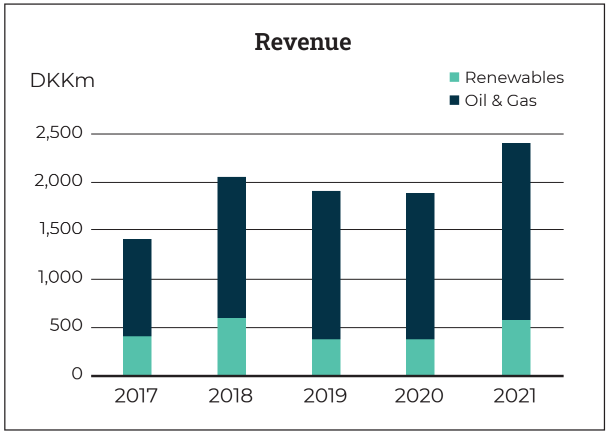
Renewables
In the Renewables business segment, revenue rose to DKK 586 million (2020: DKK 395 million) in 2021, as the Group continued working on the offshore wind projects Kaskasi II og Arcadis Ost and on the large Mayflower Wind project in the USA, which was suspended in Q3 2021, however.

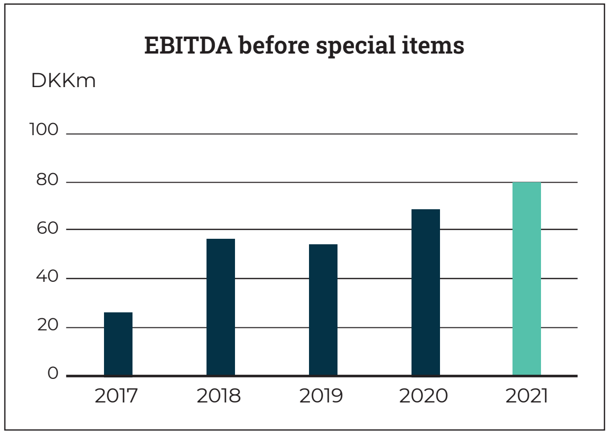
The order intake rose to DKK 2,846 million (2020: DKK 1,429 million) in 2021 driven by several large and multi-year contract wins for offshore wind projects, and the end-of-year order book reached DKK 4,012 million (2020: DKK 1,734 million).

Oil & Gas
Semco Maritime's Oil & Gas business segment lifted revenue to DKK 1,879 million (2020: DKK 1,484 million) in 2021 driven by a high level of activity at the upgraded facilities at Hanøytangen and a solid contribution from service and maintenance agreements. In 2021, the business area's order intake rose to DKK 2,167 million (2020: DKK 1,685 million), and the end-of-year order book rose to DKK 816 million (2020: DKK 544 million).

Earnings
The gross margin fell to 58% (2020: 61%) as a result







Developments in 2021

of an impairment loss on a single project and despite strong project execution and cost management across the business. Semco Maritime's earnings grew considerably, with EBITDA increasing to DKK 80 million (2020: DKK 71 million) before special items, which were an expense of DKK 14 million (2020: an expense of DKK 26 million). The EBITDA margin before special items was 3.2% (2020: 3.8%).

Financials items
Group net financials were an expense of DKK 6 million in 2021 (2020: an expense of DKK 10 million).

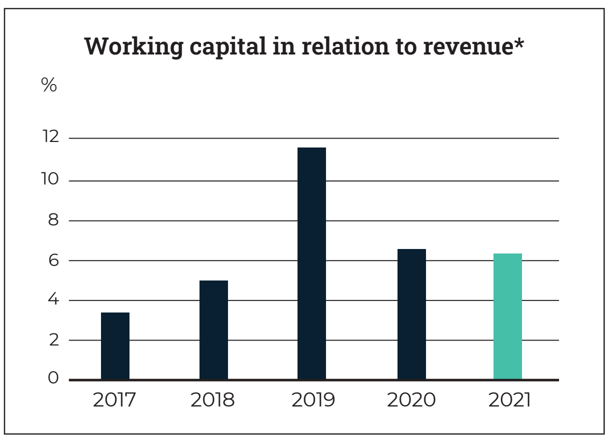
Profit for the year
Profit before tax rose to DKK 42 million in 2021 (2020: DKK 18 million), and profit after tax rose to DKK 36 million (2020: DKK 18 million).

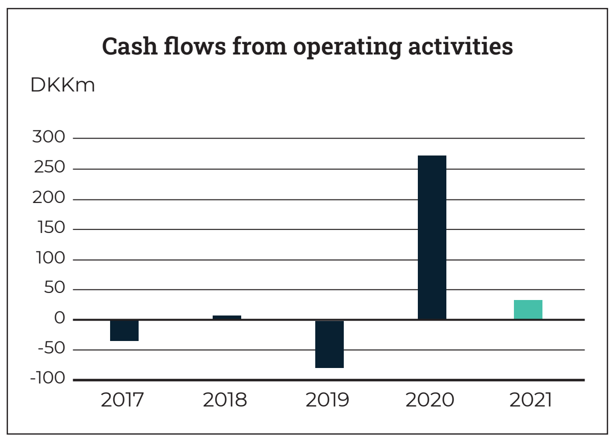
Cash flows
Cash flows from operating activities fell to DKK 28 million in 2021 (2020: DKK 262 million). The cash flows in 2020 were significantly affected by working capital changes due to advance payments received and because the company availed itself of the possibility to defer the payment of employee income taxes during the COVID-19 pandemic. Cash outflows for investing activities grew to DKK 19 million (2020: DKK 10 million), mainly as a result of increased investments for IT, digitisation and development costs. Cash flows from financing activities increased to an outflow of DKK 40 million in 2021 (2020: an outflow of DKK 216 million).

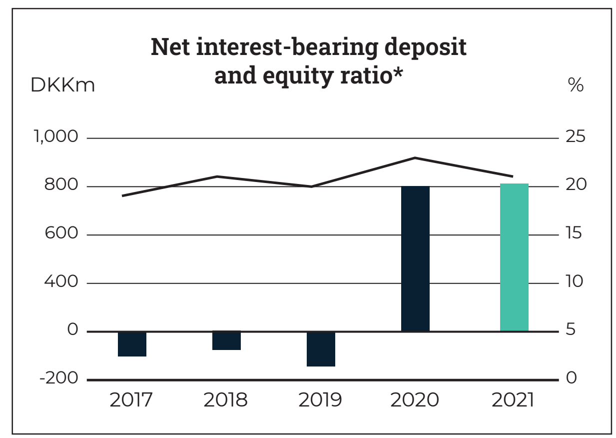
Balance sheet
Net interest-bearing debt rose to DKK 815 million at 31 December 2021 (2020: DKK 802 million), including one particular advance payment amounting to DKK 760 million. Equity improved further to DKK 208 million (2020: DKK 161 million), and the equity ratio increased to 12.0% (2020: 10.9%) even though total assets grew further to DKK 1,733 million (2020: DKK 1,472 million) due to the high level of activity and the large advance payment. The return on equity increased to 19.9% (2020: 11.2%).

Adjusted for the large advance payment, total assets amounted to DKK 974 million (2020: DKK 683 million), and the equity ratio fell to 21.4% (2020: 23.6%).

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 2021.







**Working capital in relation to revenue and equity ratio are shown exclusive of the effect of a DKK 760 million advance payment in 2020.*

Guidance for 2022

Management expects the positive market trends and the high level of activity within both Renewables and Oil & Gas to continue in 2022. Semco Maritime aims to generate growth on the basis of the strong order book and sound business developments in the first quarter of the year.

In Renewables, the green transition will continue to be the main driver of growth and lead to increasing investment 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.

Rising oil prices and Semco Maritime's major contribution to the reopening of the Tyra field in the North Sea will drive the high level of activity within Oil & Gas. In addition, the Norwegian business is expected to be a positive contributor to performance through the servicing of rigs at the yard facilities at Hanøytangen and major manpower rental contracts. Against that background, Semco Maritime expects a 10% to 20% revenue improvement and an increase in EBITDA before special items, driven by the increased business activity and the continuing focus on good project management.

The guidance for 2022, including the development in EBITDA before special items, is subject to significant uncertainty due to the ongoing COVID-19 effects, supply shortages and logistical challenges causing uncertainty and lack of transparency, as well as the increased geopolitical tensions causing substantial fluctuations in energy prices.

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 the 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 also Risks on page 20.

Continued improvements in Offshore Wind

Investments in Offshore Wind projects are set to grow steadily due to the global transition in the energy sector, particularly in a number of markets outside Europe.

A growing number of offshore wind projects are seen in the USA and in Asia, and a downward trend in costs is steadily making renewable energy more competitive.

We invest on an ongoing basis to develop our products and expertise, innovation and digitisation in order to retain and expand Semco Maritime's strong market position in the attractive offshore wind market and contribute to the green transition.

Responsibility

Being responsible also means being sustainable. Semco Maritime is committed to playing a large role in the green transition, and we have a responsibility and an opportunity to make a positive difference. We therefore initiated an in-depth process to update our sustainability strategy in 2021.

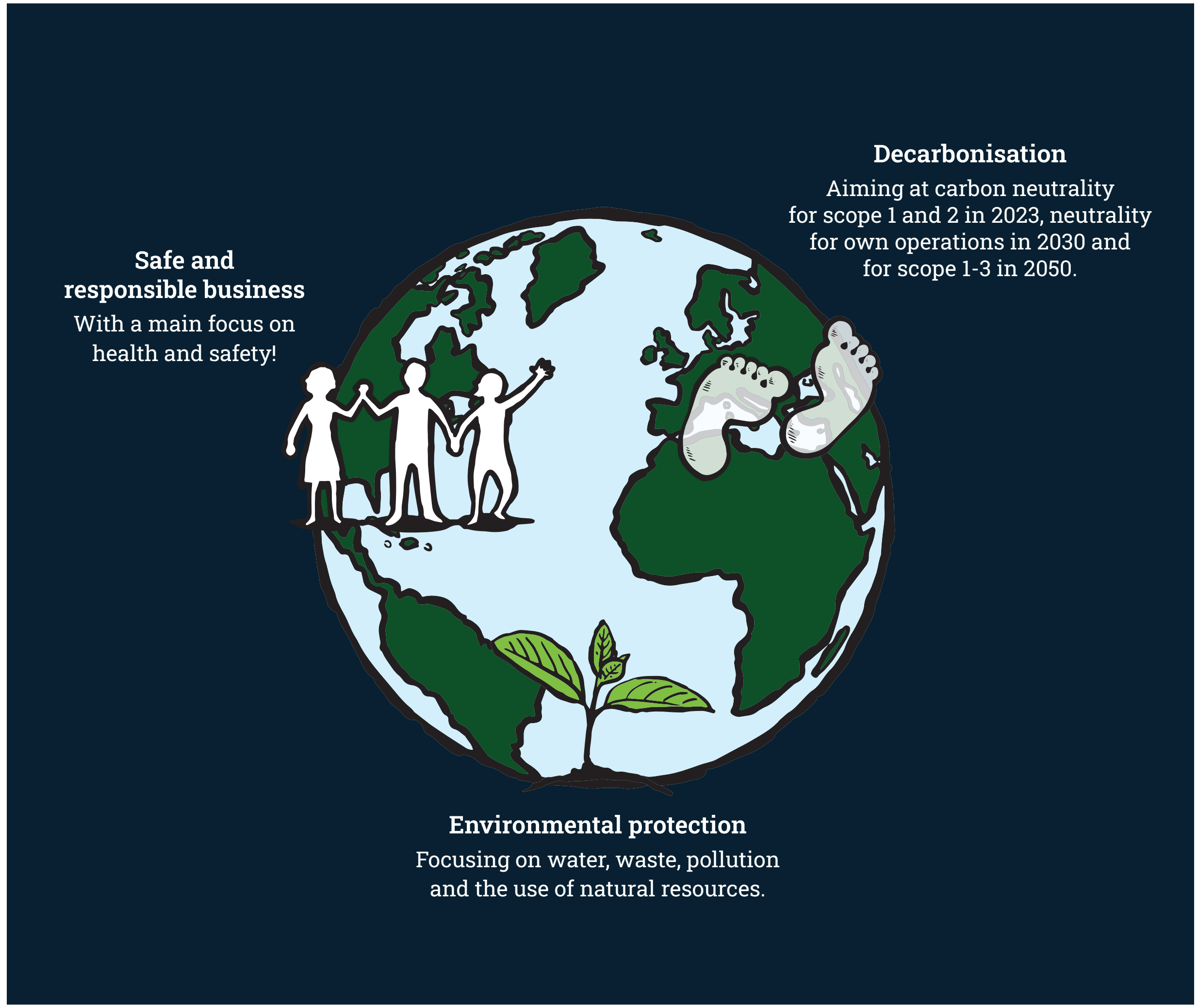
The process involved researching the latest issues and trends in sustainability, interviewing Semco Maritime employees and customers, and conducting workshops across the business to define our goals and priorities.

Based on the strategy process, we have launched a new and ambitious sustainability strategy covering three focus areas:

- Decarbonisation
- Environmental protection
- Safe and responsible business

Ensuring a healthy and safe environment for our employees while working to decarbonise our acti-vities are our two top priorities.

Decarbonisation
We have set ambitious carbon reduction targets, acknowledging our responsibility to contribute to limiting global warming. Semco Maritime aims to become carbon neutral in scope 1 and 2 by 2023, in our own operations by 2030 and in scopes 1, 2 and 3 by 2050.



Responsibility

Along with the implementation of the sustainability strategy, we are working to reduce our carbon emissions through different initiatives to meet our 2023 target. Among others, we have converted 30% of our company car fleet to either hybrid or electric vehicles. Moreover, we have installed charging stations and ensured a green electricity contract at our headquarter in Esbjerg.

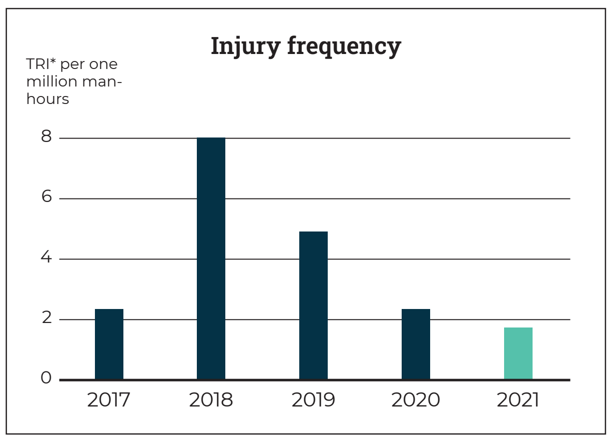
Environmental protection
During 2021, we decided to strengthen our contribution to creating a sustainable supply chain within the energy sector. Our customers are increasingly including sustainability performance as a requirement in awarding tenders, and we are now also encouraging our suppliers to join the movement towards a sustainable supply chain.

In 2021, we took the first steps and started this ambitious project on creating a sustainable supply chain. Although closely related to our environmental protection pillar, this project also links to both our safe and responsible business and decarbonisation focus areas.

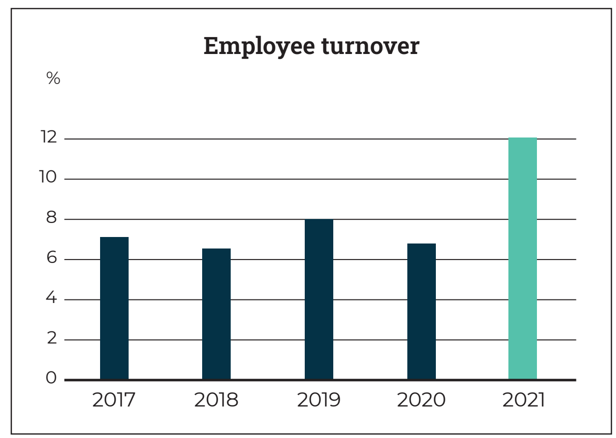
Safe and responsible business
Our safety efforts have been a crucial component of our strategy and part of our DNA for years. The level of safety improved notably in 2021, and we reduced the number of work-related incidents bringing the Total Recordable Incident Frequency down to 1.9 per one million working hours (2020: 2.2). Despite the improvement, we did not manage to meet our goal of a maximum frequency of 1.5. While all precautionary measures must be applied, some accidents are likely to still occur. However, we continue to pursue our zero accident goal and ensuring a safe working environment.

Reporting
Semco Maritime is a signatory to the UN Global Compact and works actively to promote a number of the UN Sustainable Development Goals. Read more about our corporate social responsibility and efforts to promote diversity in our Global Compact Communication On Progress report here. (https://campaigns.semcomaritime.com/hubfs/Sustainability%20Report%202021.pdf).

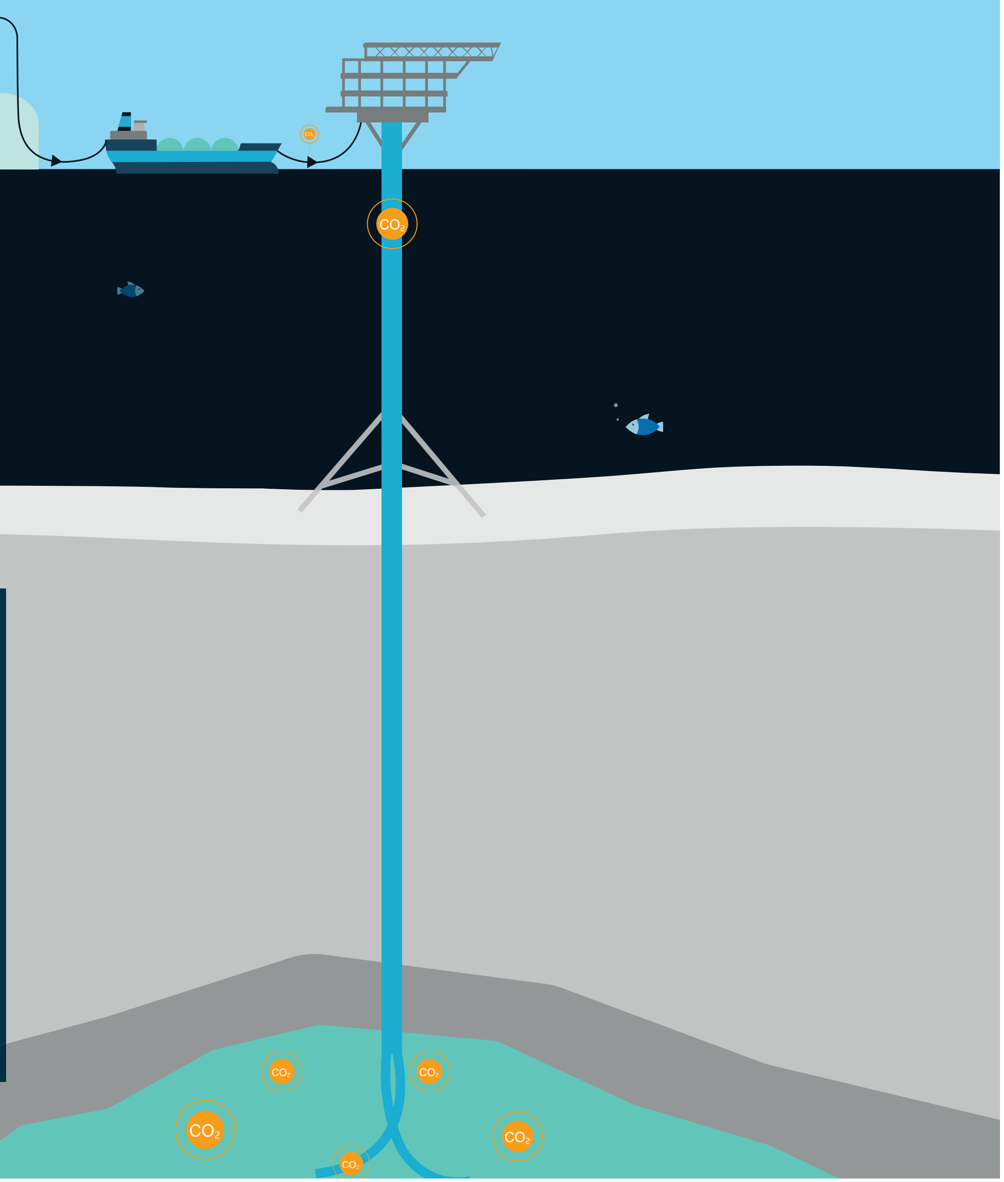
The report constitutes our statutory report on corporate responsibility and the gender composition of management in accordance with sections 99a and b of the Danish Financial Statements Act. Semco Maritime complies with all statutory requirements on storing and handling personal and employee data (GDPR). Management assessed in 2021 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.



*Total Recordable Incidents



MANAGEMENT



OIL & GAS

Project Greensand

Semco Maritime became a part of the ground-breaking Greensand project, which aims to facilitate carbon storage from 2025 and pave the way for Denmark's political goal of storing from four to eight million tonnes of CO_2 annually from 2030. The CO_2 will be stored safely and in an environmentally friendly way more than 1,500 metres underground. Semco Maritime will play a major role in the project by designing, procuring, manufacturing and installing the unit that will effectively transfer the captured CO_2 from a freight vessel to the inactive platforms and further into the depleted oil wells in support of the green transition.

Management and ownership

Management structure
Semco Maritime's management is composed 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. Gunnar Groebler was elected by the shareholders as a new board member at the annual general meeting held on 20 April 2021.

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 nine ordinary meetings in 2021.

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.

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 a stable development of the Group both during times of attractive and less favourable market conditions.

Executive Board

Steen Brødbæk, CEO since 2009

Extensive international management experience of engineering, technology and manufacturing businesses, not to mention strong strategic skills.

Previous employment 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 and DI Energi.

Qualified electrical power engineer.

Jørgen Devantier Gade, CFO since 2013

Experienced manager of finance organisations with particularly strong skills in finance, treasury, procurement and IT.

Previous employment as CFO of Qubiqa A/S, CFO of LM Wind Power and CFO of ABB A/S.

MSc (Econ. and Business Adm.).

Jørgen Devantier Gade

Steen Brødbæk

Management and ownership

Board of Directors

Anders Christen Obel

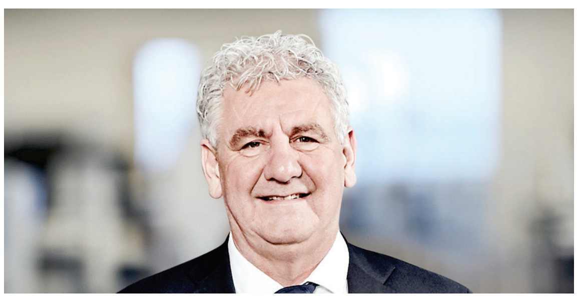
Chairman since 2004. CEO of C.W. Obel A/S with special competencies in general management of industrial corporations and financing.

Gunnar Groebler

Member since 2021. CEO of steel and technology company Salzgitter AG and prior experience from position as Senior Vice President of the Wind business area with Vattenfall. 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 e.g. Chief Operating Officer for the Technip Group's activities 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 earnings and development potential.

Anchored in the management team

Risk management is anchored in the day-to-day management, which 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 may be approved by the Executive Board together with 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.

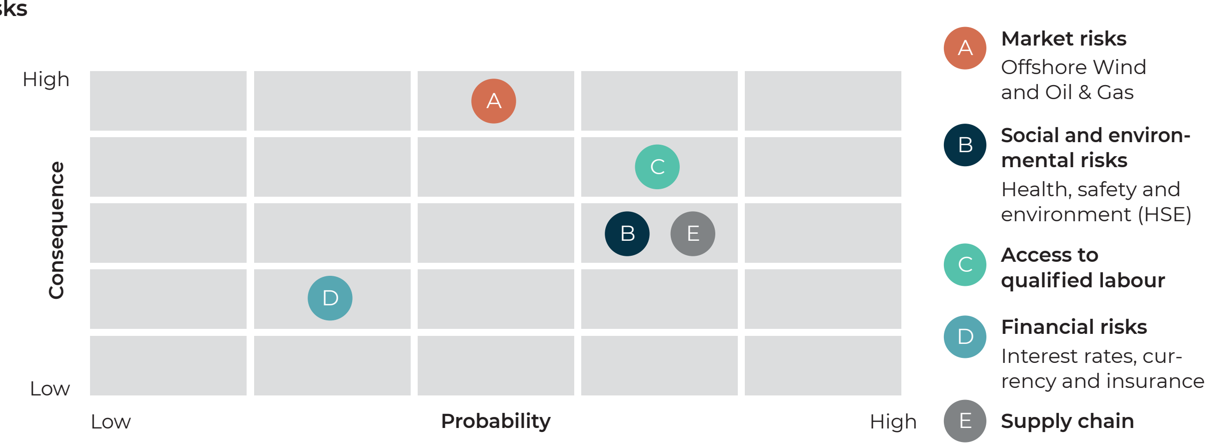
The Executive Board reports to the Board in connection with an annual strategic review of Semco Maritime's overall risk profile and risk management, reviewing the conclusions of an external insurance broker's annual review of the company's insurance programme.

Materiality assessment

In addition to the repercussions of the global outbreak of COVID-19, including travel restrictions and making access to offshore projects more difficult, management assesses that the most significant risks in the upcoming period will relate to market developments in Offshore Wind and Oil & Gas, HSE matters, access to qualified labour, developments in the financial markets and supply chain challenges. These risks are shown in the figure below based on management's assessment of the probability that each individual risk materialising and on the potential consequence it could have on Semco Maritime's business. The risks and mitigating measures 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.

Risks



Risks

RISK

A Market risks

Offshore Wind

Subsidy schemes remain a key element in the funding of offshore wind farm projects even though the need is gradually declining and set to be eliminated within a period of 5-10 years. In recent years, several offshore wind farm projects have been won without subsidy schemes, and the increasing maturity of the market makes it increasingly competitive.

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 risks

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 continued success of the Group.

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 discharge into the sea and the ground when assignments are undertaken by the Group. Unintended discharge may harm the environment, equipment and humans, and such discharge may impose liability on Semco Maritime.

MONITORING AND HANDLING

Offshore Wind

Semco Maritime monitors offshore wind farm auctions all over the world and engages closely with customers to ensure an overview of industry developments and outlook. We continue to optimise costs and continuously look 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 improvement of existing products and development of new solutions that reduce customer cost bases. Moreover, Semco Maritime has diversified the Group's activities across Oil & Gas and Renewables over a period of time. Fluctuations in the USD-DKK exchange rate are mitigated, for instance, by the use of forward exchange contracts as described below and by increased focus on purchases denominated in US dollars.

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 repetition.

Semco Maritime works actively to promote the culture of safety of the Group and demands that the conduct of the employees is based on 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.

Risks

RISK

C Access to qualified labour

Semco Maritime relies on qualified and competent employees and managers to be able to deliver projects at a satisfactory quality and to continue to grow and develop the Group. An 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.

MONITORING AND HANDLING

Semco Maritime monitors employee satisfaction on a regular basis through employee satisfaction surveys with the focus on subject 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.

D Financial risks

RISK

Interest rates

The funding of 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 where 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

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 denominated in the same currency to a wide extent. 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

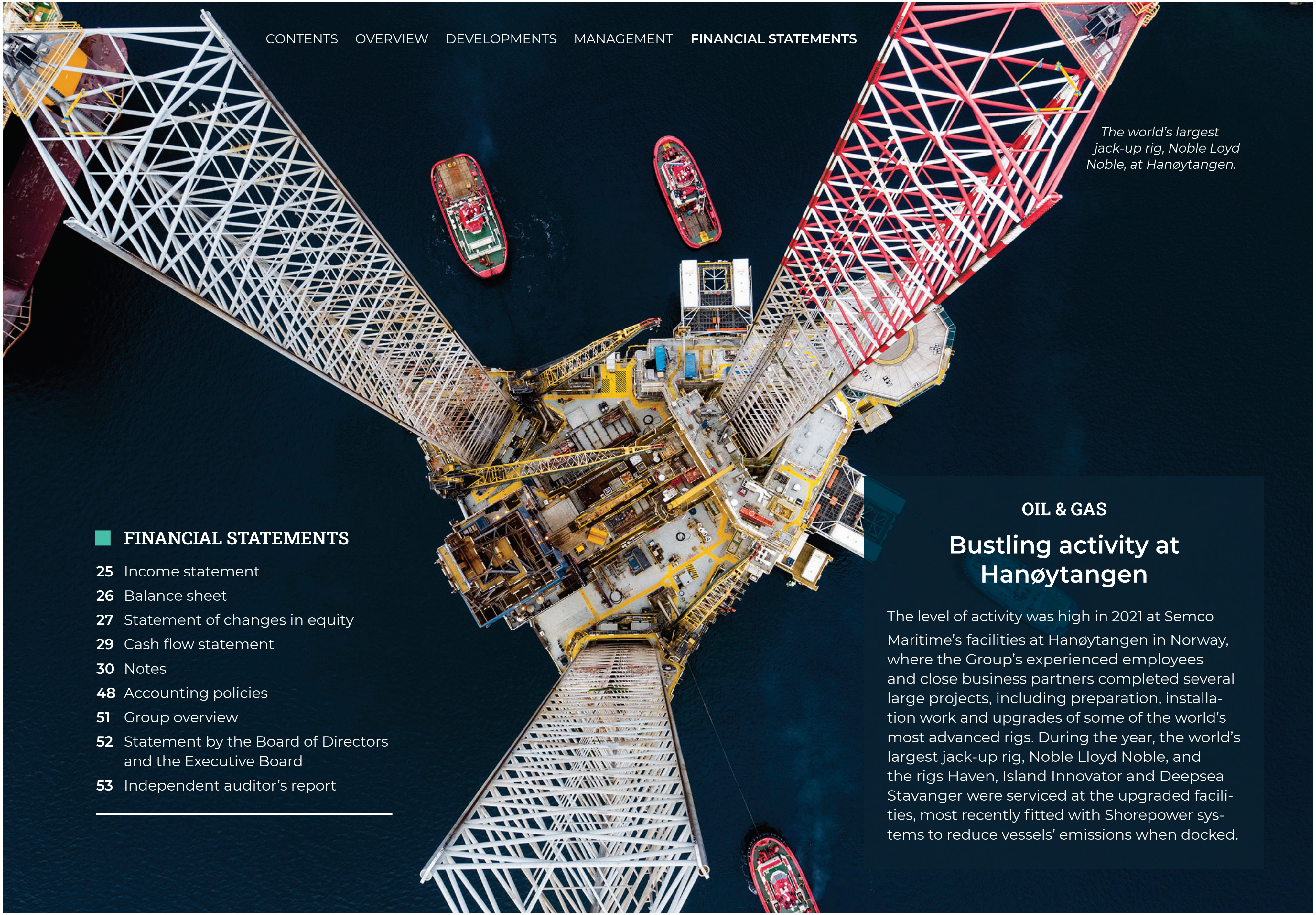
E Supply chain

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 causes 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.



The world's largest jack-up rig, Noble Loyd Noble, at Hanøytangen.

FINANCIAL STATEMENTS

OIL & GAS

Bustling activity at Hanøytangen

The level of activity was high in 2021 at Semco Maritime's facilities at Hanøytangen in Norway, where the Group's experienced employees and close business partners completed several large projects, including preparation, installation work and upgrades of some of the world's most advanced rigs. During the year, the world's largest jack-up rig, Noble Lloyd Noble, and the rigs Haven, Island Innovator and Deepsea Stavanger were serviced at the upgraded facilities, most recently fitted with Shorepower systems to reduce vessels' emissions when docked.

Income statement

		Group		Parent Company	
DKK'000	Note	2021	2020	2021	2020
Revenue	2	2,464,221	1,878,825	1,282,079	997,643
Cost of sales		(1,045,176)	(726,509)	(556,261)	(351,691)
Gross profit		**1,419,045**	**1,152,316**	**725,819**	**645,952**
Other operating income/expenses	3	9,659	15,840	9,554	8,542
Staff costs	4	(1,227,994)	(1,004,707)	(647,078)	(587,459)
Other external costs	5	(134,324)	(118,333)	(100,881)	(88,146)
Profit/loss before depreciation		**66,386**	**45,116**	**(12,587)**	**(21,111)**
Depreciation and impairment of non-current assets	9, 10	(18,862)	(17,430)	(13,291)	(12,493)
Operating profit/loss		**47,524**	**27,686**	**(25,878)**	**33,604**
Profit/loss from investments in Group enterprises	11	-	-	62,366	51,088
Financial income	6	185	393	128	822
Financial expense	6	(6,172)	(10,431)	(7,107)	(9,540)
Profit/loss before tax		**41,537**	**17,648**	**29,509**	**8,766**
Tax on profit/loss for the year	7	(4,735)	-	7,293	8,882
PROFIT/LOSS FOR THE YEAR		**36,802**	**17,648**	**36,802**	**17,648**

Balance sheet

ASSETS

DKK'000	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Non-current assets					
Goodwill		45,316	48,049	23,080	25,442
Patents and licenses		12,493	9,158	12,096	8,783
Development projects		12,801	10,671	12,800	10,671
Intangible assets	**9**	**70,610**	**67,878**	**47,976**	**44,896**
Land and buildings		14,056	15,423	14,056	15,423
Leasehold improvements		17,147	17,309	8,670	8,515
Plant and machinery		6,364	7,255	1,688	2,028
Other fixtures and fittings, tools and equipment		12,511	10,533	12,002	10,436
Assets under construction		-	657	-	-
Property, plant and equipment	**10**	**50,078**	**51,177**	**36,416**	**36,402**
Investments in Group enterprises	11	-	-	312,230	233,116
Other financial assets	12	8,708	762,238	8,708	762,238
Receivables from Group enterprises		-	-	34,641	4,302
Financial assets		**8,708**	**762,238**	**355,579**	**999,656**
Total non-current assets		**129,396**	**881,293**	**439,971**	**1,080,954**
Current assets					
Inventories	13	13,089	12,539	10,670	9,733
Inventories etc.		**13,089**	**12,539**	**10,670**	**9,733**
Trade receivables		324,386	267,824	171,039	144,906
Contract work in progress	14	324,096	162,243	162,849	51,920
Receivables from Group enterprises		89,916	52,989	61,900	27,842
Deferred tax assets	7	865	4,646	-	4,255
Tax receivables	7	35,940	13,289	34,846	13,289
Other receivables		771,996	6,401	765,242	4,524
Prepayments	15	19,584	15,315	7,560	7,468
Receivables		**1,566,783**	**522,707**	**1,203,436**	**254,204**
Cash and cash equivalents		24,087	55,209	193	35,147
Total current assets		**1,603,959**	**590,455**	**1,214,299**	**299,084**
TOTAL ASSETS		**1,733,355**	**1,471,748**	**1,654,270**	**1,380,038**

LIABILITIES AND EQUITY

DKK'000	Note	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Equity					
Share capital		28,753	28,753	28,753	28,753
Reserve for development costs		1,478	233	1,478	233
Hedging reserve		(3,169)	1,217	(3,169)	1,217
Foreign currency translation reserve		3,570	(11,066)	-	-
Retained earnings		177,258	141,964	180,828	130,898
Total equity		**207,890**	**161,101**	**207,890**	**161,101**
Deferred tax	6	20,313	-	20,313	-
Warranty commitments	16	27,337	24,217	20,793	19,485
Other provisions	17	1,141	1,146	-	-
Total provisions		**48,791**	**25,363**	**41,106**	**19,485**
Due to mortgage credit institutions	18	1,296	1,946	1,296	1,946
Deferred income	18	1,275	2,969	-	-
Other non-current liabilities	18	56,453	57,338	56,453	57,338
Total non-current liabilities		**59,024**	**62,253**	**57,749**	**59,284**
Current portion of non-current liabilities	18	650	651	650	651
Advance payments from customers	14	988,512	934,237	936,596	898,992
Trade payables		175,806	90,323	142,391	49,420
Amounts owed to Group enterprises		-	-	178,696	97,913
Tax payables	7	15,033	6,805	-	-
Other payables		237,649	189,939	89,192	92,116
Deferred income	15	-	1,076	-	1,076
Total current liabilities		**1,417,650**	**1,223,031**	**1,347,525**	**1,140,168**
TOTAL EQUITY AND LIABILITIES		**1,733,355**	**1,471,748**	**1,654,270**	**1,380,038**

Accounting estimates and judgments	1
Special items	8
Charges	19
Contingent items and other liabilities	20
Related parties	21
Appropriation of profit/loss	22

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	2021	2020
Equity at 1 January 2021		**28,753**	**233**	**1,217**	**(11,066)**	**141,964**	**161,101**	**154,726**
Exchange rate adjustment of subsidiaries		-	-	-	13,458	-	**13,458**	**(11,066)**
Changes in derivative financial instruments		-	-	(5,622)	-	-	**(5,622)**	**1,560**
Exchange rate adjustment of loans to finance investments in subsidiaries		-	-	-	1,178	-	**1,178**	**(1,826)**
Retained earnings		-	1,662	-	-	35,140	**36,802**	**17,648**
Tax for the year on changes in equity	7	-	(417)	1,237	-	153	**973**	**59**
Equity at 31 December 2021		**28,753**	**1,478**	**(3,169)**	**3,570**	**177,258**	**207,890**	**161,101**

Parent Company

DKK'000	Note	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	2021	2020
Equity at 1 January 2021		**28,753**	**233**	**1,217**	**130,898**	**161,101**	**154,726**
Exchange rate adjustment of subsidiaries		-	-	-	13,458	**13,458**	**(11,066)**
Changes in derivative financial instruments		-	-	(5,622)	-	**(5,622)**	**1,560**
Exchange rate adjustment of loans to finance investments in subsidiaries		-	-	-	1,178	**1,178**	**(1,826)**
Retained earnings		-	1,662	-	35,140	**36,802**	**17,648**
Tax for the year on changes in equity	7	-	(417)	1,237	153	**973**	**59**
Equity at 31 December 2021		**28,753**	**1,478**	**(3,169)**	**180,827**	**207,890**	**161,101**

Statement of changes in equity

Latest five years' changes in share capital may be specified as follows:

DKK'000	2021	2020	2019	2018	2017
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	2021	2020
Cash flows from operating activities		
Profit/loss before amortisation and depreciation	66,386	45,116
Other operating income/expenses	(105)	(65)
Net financials	(5,987)	(10,038)
Changes in provisions, etc.	3,115	(5,681)
Foreign exchange adjustments	12,580	(8,500)
Taxes paid	5,909	3,517
Total before change in working capital	**81,898**	**24,349**
Change in inventories	(550)	3,947
Change in current receivables and contract work in progress	(240,200)	122,705
Change in advance payments and other current liabilities etc.	186,392	111,358
Change in working capital	**(54,358)**	**238,010**
Total cash flows from operations	**27,540**	**262,359**
Cash flows from investing activities		
Investment in intangible assets	(9,075)	(2,089)
Investment in property, plant and equipment	(9,364)	(8,374)
Investment in financial assets	(171)	(168)
Sale of property, plant and equipment	105	408
Total cash flow from investing activities	**(18,505)**	**(10,223)**
Cash flows before financing activities	**9,035**	**252,136**
Cash flows from financing activities		
Repayment of non-current loans	(3,230)	(653)
Change in cash pool arrangement	(36,927)	(215,031)
Total cash flow from financing activities	**(40,157)**	**(215,684)**
Total cash flows	**(31,122)**	**36,452**
Cash and cash equivalents at 1 January	55,209	18,757
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**24,087**	**55,209**

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 20.

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 the customer 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 2021, a number of add-on orders had been disputed by customers, and the valuation of same under such circumstances are 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

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
2. Revenue				
Sales value of completed contracts	1,902,468	1,696,119	748,905	847,484
Sales value of work in progress, 31 December	1,807,901	1,246,148	1,330,758	797,584
Sales value of work in progress, 1 January	(1,246,148)	(1,063,442)	(797,584)	(647,425)
Revenue regarding contracts	**2,464,221**	**1,878,825**	**1,282,079**	**997,643**
Segment information				
Geographical markets for continuing operations				
Denmark	969,833	469,156	989,989	366,735
International	1,494,388	1,409,669	292,090	630,908
Total revenue	**2,464,221**	**1,878,825**	**1,282,079**	**997,643**
Business areas				
Renewables	585,670	394,554	549,612	283,928
Oil & Gas	1,878,551	1,484,271	732,467	713,715
Total revenue	**2,464,221**	**1,878,825**	**1,282,079**	**997,643**
3. Other operating income/expenses				
Rental income	9,554	8,620	9,554	8,477
Gain on sale of construction activities	105	(407)	-	65
COVID-19 compensation schemes	-	7,627	-	-
	9,659	**15,840**	**9,554**	**8,542**

§ Accounting policy

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 policy

Other operating income/expenses

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

Notes

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
4. Staff costs				
Wages	(1,145,621)	(936,261)	(587,858)	(528,459)
Pensions	(75,058)	(60,978)	(53,054)	(50,631)
Other social security costs	(7,315)	(7,468)	(6,166)	(8,369)
	(1,227,994)	**(1,004,707)**	**(647,078)**	**(587,459)**
Total Group remuneration to:				
Parent Company's Board of Directors	(706)	(625)	(706)	(625)
Parent Company's Executive Board	(7,138)	(6,611)	(7,138)	(6,611)
Average number of full-time employees	1,644	1,429	876	821

No costs or liabilities were recognised at 31 December 2021 concerning subscription rights.

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
5. Fees to auditors appointed by the general meeting				
Fee for statutory audit	(575)	(865)	(350)	(505)
Tax consultancy	(694)	(892)	(694)	(812)
Other services	(142)	(741)	(142)	(539)
	(1,411)	**(2,498)**	**(1,186)**	**(1,856)**

§ **Accounting policy**

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 policy**

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	2021	2020	2021	2020
6. Financial income and expenses				
Other financial income	185	393	-	9
Interest income concerning Group enterprises -	-	128	813	
	185	**393**	**128**	**822**
Other financial expenses	(6,172)	(10,431)	(7,107)	(8,936)
Interest expenses concerning Group enterprises	-	-	-	(604)
	(6,172)	**(10,431)**	**(7,107)**	**(9,540)**
7. Tax				
Tax for the year				
Current tax	22,328	5,227	33,735	13,231
Deferred tax	(26,024)	(4,194)	(26,442)	(4,375)
Prior-year adjustments	(1,039)	(1,033)	-	26
	(4,735)	**-**	**7,293**	**8,882**

§ Accounting policy

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, and surcharges and allowances under the tax prepayment scheme, etc.

§ Accounting policy

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	2021	2020	2021	2020
7. Tax – continued				
Deferred tax assets				
Deferred tax, 1 January	(4,646)	(7,926)	(4,255)	(7,678)
Prior-year adjustments	(1,875)	(972)	(1,874)	(952)
Adjustment of deferred tax, income statement items	26,024	4,194	26,442	4,375
Exchange rate adjustments of deferred tax	(55)	58	-	-
Deferred tax assets, 31 December	**19,448**	**(4,646)**	**20,313**	**(4,255)**
Deferred tax assets in all materiality relate to intangible assets and property, plant and equipment and guarantee commitments, etc. Deferred tax assets are expected to be utilised within the next three to five years.				
Tax payable				
Tax payable, 1 January	(6,484)	(6,291)	(13,289)	(11,980)
Prior-year adjustments	2,914	2,005	1,874	926
Current tax for the year	(22,328)	(5,227)	(33,874)	(13,231)
Tax on equity entries	(973)	(58)	(973)	(58)
Exchange rate adjustment of tax payable	56	(430)	-	-
Tax paid during the year	5,908	3,517	11,416	11,054
Income tax payable, 31 December	**(20,907)**	**(6,484)**	**(34,846)**	**(13,289)**
Tax payable is recognised in the balance sheet as follows				
Income tax receivable	(35,940)	(13,289)	(34,846)	(13,289)
Income tax payable	15,033	6,805	-	-
	(20,907)	**(6,484)**	**(34,846)**	**(13,289)**

§ Accounting policy

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	2021	2020	2021	2020
8. Special items				
Special items comprise significant income and expenses of an exceptional nature relative to the Group's earnings-generating operating activities such as the costs 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 consider not to be a part of the Group's primary operations.				
As described in the Management's review, the profit for the year is affected by a number of factors which Management consider not to be a part of the primary operations.				
The year's special items are specified below, including in which line items in the income statement they are recognised.				
Income				
COVID-19 compensation schemes	-	7,627	-	-
Costs				
Development of "Modular architecture"	(7,066)	-	(7,066)	-
Development of new service tender model	(6,519)	-	(6,519)	-
Restructuring costs, etc.	-	(4,659)	-	(4,594)
Costs associated with the outbreak of COVID-19	-	(21,668)	-	(12,430)
Change in calculation method for employee obligations, etc.	-	(6,847)	-	(6,847)
Result of special items	**(13,585)**	**(25,547)**	**(13,585)**	**(23,871)**
Special items are recognised in the following line items:				
Other operating income	-	7,627	-	-
Staff costs	(4,945)	(31,691)	(4,945)	(22,453)
Other external expenses	(8,640)	(1,483)	(8,640)	(1,418)
Depreciation and impairment of non-current assets	-	-	-	-
Result of special items	**(13,585)**	**(25,547)**	**(13,585)**	**(23,871)**

The calculation of special items is subject to uncertainty and estimates concerning costs derived from and the consequences of the COVID-19 pandemic.

The calculation of costs derived from and the consequences of the COVID-19 pandemic include direct costs for standby time, labour reductions, demobilisation, safety precautions and lower utilisation of the Group's resources on projects affected by travel restrictions and other restrictions.

Notes

	Group			
DKK'000	Goodwill	Patents and licenses	Development projects	Total
9. Intangible assets				
Cost at 1 January 2021	142,102	10,304	19,093	**171,499**
Exchange rate adjustment	1,812	22	-	**1,834**
Additions during the year	-	4,477	4,598	**9,075**
Cost at 31 December 2021	**143,914**	**14,803**	**23,691**	**182,408**
Amortisation at 1 January 2021	(94,053)	(1,146)	(8,422)	**(103,621)**
Exchange rate adjustments	(542)	-	-	**(542)**
Amortisation for the year	(4,003)	(1,164)	(2,468)	**(7,635)**
Amortisation at 31 December 2021	**(98,598)**	**(2,310)**	**(10,890)**	**(111,798)**
Carrying amount at 31 December 2021	**45,316**	**12,493**	**12,801**	**70,610**
Carrying amount at 31 December 2020	**48,049**	**9,158**	**10,671**	**67,878**

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 policy

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 the useful life.

Notes

Parent Company

DKK'000	Goodwill	Patents and licenses	Development projects	Total
9. Intangible assets – continued				
Cost at 1 January 2021	110,624	9,929	19,093	**139,646**
Additions during the year	-	4,477	4,598	**9,075**
Cost at 31 December 2021	**110,624**	**14,406**	**23,691**	**148,721**
Amortisation at 1 January 2021	(85,182)	(1,146)	(8,422)	**(94,750)**
Amortisation for the year	(2,362)	(1,164)	(2,469)	**(5,995)**
Amortisation at 31 December 2021	**(87,544)**	**(2,310)**	**(10,891)**	**(100,745)**
Carrying amount at 31 December 2021	**23,080**	**12,096**	**12,800**	**47,976**
Carrying amount at 31 December 2020	**25,442**	**8,783**	**10,671**	**44,896**

§ Accounting policy

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, although not exceeding 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 five years.

Notes

Group

DKK'000	Land and buildings	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment	Facilities under construction	Total
10. Property, plant and equipment						
Cost at 1 January 2021	82,074	27,419	69,106	47,886	657	**227,142**
Exchange rate adjustment	-	836	1,577	1,434	38	**3,885**
Additions during the year	915	1,535	1,916	5,692	-	**10,058**
Disposals during the year	-	(36)	(1,758)	(2,524)	(695)	**(5,013)**
Cost at 31 December 2021	**82,989**	**29,754**	**70,841**	**52,488**	**-**	**236,072**
Depreciation at 1 January 2021	(66,651)	(10,110)	(61,851)	(37,353)	-	**(175,965)**
Exchange rate adjustment	-	(362)	(1,336)	(1,422)	-	**(3,120)**
Disposals during the year	-	36	1,758	2,524	-	**4,318**
Depreciation for the year	(2,282)	(2,171)	(3,048)	(3,726)	-	**(11,227)**
Depreciation 31 December 2021	**(68,933)**	**(12,607)**	**(64,477)**	**(39,977)**	**-**	**(185,994)**
Carrying amount at 31 December 2021	**14,056**	**17,147**	**6,364**	**12,511**	**-**	**50,078**
Carrying amount 31 December 2020	**15,423**	**17,309**	**7,255**	**10,533**	**657**	**51,177**

§ Accounting policy

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-ments	Plant and machinery	Fixtures and fittings, tools and equipment	Total
10. Property plant and equipment – continued					
Cost at 1 January 2021	82.074	13,436	41,401	33,615	**170,526**
Additions during the year	915	754	725	4,916	**7,310**
Disposals during the year	-	(36)	(1,641)	(2,524)	**(4,201)**
Cost at 31 December 2021	**82,989**	**14,154**	**40,485**	**36,007**	**173,635**
Depreciation at 1 January 2021	(66,651)	(4,921)	(39,373)	(23,179)	**(134,124)**
Disposals during the year	-	36	1,641	2,524	**4,201**
Depreciation for the year	(2,282)	(599)	(1,065)	(3,350)	**(7,296)**
Depreciation at 31 December 2021	**(68,933)**	**(5,484)**	**(38,797)**	**(24,005)**	**(137,219)**
Carrying amount at 31 December 2021	**14,056**	**8,670**	**1,688**	**12,002**	**36,416**
Carrying amount at 31 December 2020	**15,423**	**8,515**	**2,028**	**10,436**	**36,402**

§ **Accounting policy**

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 the useful life.

Notes

	Parent Company	
DKK'000	2021	2020
11. Investments in Group enterprises		
Cost at 1 January 2021	302,690	302,690
Additions during the year	-	-
Disposals during the year	-	-
Cost at 31 December 2021	**302,690**	**302,690**
Value adjustment	(100,019)	(140,041)
Disposals during the year -	-	
Exchange rate adjustment	13,458	(11,066)
Profit/loss for the year	62,366	51,088
Value adjustment at 31 December 2021	**(24,195)**	**(100,019)**
Write-down of receivables to cover negative net asset value	**33,735**	**30,445**
Carrying amount at 31 December 2021	**312,230**	**233,116**

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

§ Accounting policy

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 the useful life.

§ Accounting policy

Profit/(loss) from investments in Group enterprises

Under the equity method, a proportionate share of the profit/loss after tax in the underlying subsidiaries are 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 a 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 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 indications of impairment.

Notes

DKK'000	Group 2021			Group 2020		
	Deposit in escrow account	Deposits	Total	Deposit in escrow account	Deposits	Total
12. Other financial assets						
Cost at 1 January 2021	753,701	8,537	**762,238**	-	8,369	**8,369**
Additions	-	171	**171**	753,701	168	**753,869**
Disposals	-	-	**-**	-	-	**-**
Transferred to current other receivables	(753,701)	-	**(753,701)**	-	-	**-**
Cost at 31 December 2021	**-**	**8,708**	**8,708**	**753,701**	**8,537**	**762,238**

DKK'000	Parent Company 2021			Parent Company 2020		
	Deposit in escrow account	Deposits	Total	Deposit in escrow account	Deposits	Total
12. Other financial assets						
Cost at 1 January 2021	753,701	8,537	**762,238**	-	8,369	**8,369**
Additions	-	171	**171**	753,701	168	**753,869**
Disposals	-	-	**-**	-	-	**-**
Transferred to current other receivables	(753,701)	-	**(753,701)**	-	-	**-**
Cost at 31 December 2021	**-**	**8,708**	**8,708**	**753,701**	**8,537**	**762,238**

Deposits concern the head office in Esbjerg, Denmark. Deposits in a bank escrow account concern advance payment on work in progress, which will be released in step with the completion of the project.

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
13. Inventories				
Finished goods	13,089	12,539	10,670	9,733
	13,089	**12,539**	**10,670**	**9,733**

§ Accounting policy

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 this 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 development in the expected selling price.

Notes

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
14. Contract work in progress				
Sales value at 31 December	1,807,901	1,246,148	1,330,758	797,584
Progress billings to customers	(2,472,316)	(2,018,142)	(2,104,505)	(1,644,656)
	(664,415)	**(771,994)**	**(773,747)**	**(847,072)**
Recognised in the balance sheet				
Contract work in progress	324,096	162,243	162,849	51,920
Advance payments	(988,512)	(934,237)	(936,596)	(898,992)
	(664,416)	**(771,994)**	**(773,747)**	**(847,072)**

§ **Accounting policy**

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 policy**

Prepayments

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

Notes

DKK'000	Warranty commitments Group	Parent Company
16. Warranty commitments		
Carrying amount at 1 January 2021	24,217	19,485
Additions during the year	6,952	5,140
Expenditure for the year	(3,832)	(3,832)
Carrying amount at 31 December 2021	**27,337**	**20,793**
Expected maturity:		
Within 1 year	27,337	20,793
After 1 year	-	-
	27,337	**20,793**

DKK'000	Other provisions Group	Parent Company
17. Other provisions		
Carrying amount at 1 January 2021	1,146	-
Additions during the year	595	-
Expenditure for the year	(600)	-
Carrying amount at 31 December 2021	**1,141**	**-**
Expected maturity:		
Within 1 year	1,141	-
After 1 year	-	-
	1,141	**-**

Other provisions include retirement benefit obligations.

§ Accounting policy

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 1-5 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
18. Non-current liabilities				
Due to mortgage credit institutions	1,946	650	1,296	-
Deferred income	1,275	-	1,275	-
Other non-current liabilities	56,453	-	56,453	-
	59,674	**650**	**59,024**	**-**

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	1,946	650	1,296	-
Other non-current liabilities	56,453	-	56,453	-
	58,399	**650**	**57,749**	**-**

Other liabilities include payable frozen holiday funds.

	Group		Parent Company	
DKK'000	2021	2020	2021	2020
19. Charges				
Consisting of:				
As security for mortgage loans	1,946	2,597	1,946	2,597
properties have been mortgaged at a carrying amount of:	14,056	15,423	14,056	15,423

Accounting policy

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	2021	2020	2021	2020
20. Contingent and other liabilities and receivables				
The Group companies have undertaken contractual obligations customary to the line of business. These obligations have been covered by guarantees from banks and credit insurance companies in the amount of:	351,022	312,997	351,022	312,997
Performance guarantees usually cover a period of one to five years.				
Guarantees for the commitments of subsidiaries (joint arrangements) and contract partners towards customers for contracts with a total value of:	2,992,815	650,924	6,213,737	1,499,178
The Group sometimes participate in joint arrangements, including joint ventures and joint operations. At 31 December 2021, the Group participates in one joint operation. The participants in the joint operation have joint and several liability for the total contract sum of the contract in question.				
The participants' bank has also provided a limited guarantee with primary liability in the amount of DKK 1,303 million for performance of the contract in question.				
As mentioned above, Semco Maritime A/S has provided a guarantee of DKK 1,303 million to the bank as well as DKK 372 million to cover its partner's credit facilities with the bank.				
A bank deposit of DKK 760 million, included in other receivables, has been provided as security for the above guarantees and credit facilities.				
Lease obligations (operating leases)				
< 1 year	38,205	36,745	23,264	22,923
1 - 5 years	134,835	129,610	85,544	81,854
> 5 years	78,404	97,646	78,404	97,646
	251,444	**264,001**	**187,212**	**202,423**
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	4,181	4,184	4,181	4,184
1 - 5 years	6,937	6,425	6,937	6,425
	11,118	**10,609**	**11,118**	**10,609**

§ Accounting policy

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 terms of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingent liabilities, etc.

§ Accounting policy

Joint arrangements

Joint arrangements are activities or businesses of which the the Group has joint control with one or more third parties through a cooperation agreements. 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
20. Contingent and other liabilities – continued				
The parent company is jointly taxed with C.W. Obel A/S and other Danish Group companies. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.				
The company has entered into a cash pool arrangement with C.W. Obel A/S and subsidiaries in Norway, Germany and the UK.				
As security for debt to credit institutions in C.W. Obel A/S, the Company has provided a limited guarantee with primary liability in the amount of DKK 425 million.				
The company has issued letters of support towards a few of the subsidiaries.				
Due to its business character, the Group is naturally involved in various disputes and pending lawsuits. In Management's opinion the outcome of these disputes and lawsuits is not expected to have a material negative effect on the 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, forward contracts have been entered into as per 31 December 2021 in USD, NOK, GBP and EUR. The counter value is:	**326,397**	**90,316**	**326,397**	**90,316**
Fair value of forward contracts recognised in other receivables	-	2,382	-	-
Fair value of forward contracts recognised in other payables	4,139	-	4,139	-
The future transactions are expected to be effected in 2022.				

§ **Accounting policy**

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	2021	2020	2021	2020
21. Related parties				
The Company's related parties are the major shareholder Semco Maritime Holding A/S, Copenhagen, and the Company's Executive Board and 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).				
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.				
22. Appropriation of profit/loss				
Proposed profit appropriation				
Transferred to reserves under equity			1,662	(2,401)
Retained earnings			35,140	20,049
			36,802	**17,648**

Accounting policies

The annual report of Semco Maritime has been prepared in accordance with the provisions applying to reporting large 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 the 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 exhange 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

Accounting policies

identifiable assets and liabilities acquired (goodwill) 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 20

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. Also, provision for losses on construction contracts is recognised.

Other operating income/expenses – see note 3

Other external costs – see note 5

Profit/(loss) from investments in Group enterprises – see note 11

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 20

Investments in Group enterprises – see note 11

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

Inventories – see note 13

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 based on 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 14

Prepayments – see note 15

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 development costs are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Accounting policies

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 company)
- 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
  - 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
- The Alliance JV, Rambøll-Semco, Joint Venture in Danmark

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 2021.

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 2021 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 2021.

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, 1 April 2022

Executive Board:

Steen Brødbæk, CEO

Jørgen Devantier Gade, 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 2021, 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 2021 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 2021, 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, 1 April 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-nr. 33 77 12 31

Jacob Fromm Christiansen
State authorised public accountant
Mne18628

Lars Almskou Ohmeyer
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