

SubC Partner A/S

Sahara 4, 6700 Esbjerg

CVR no. 28 70 26 12

Annual report 2020

Approved at the Company's annual general meeting on
15 July 2021

Chairman: Mathilda Dam Jacobsen

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of SubC Partner A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 15 July 2021
Executive Board:

.....
Tonny Klein

Board of Directors:

.....
Rune Værndal
Chair

.....
Peter Sønderlyng

.....
Patrick Jacques Joseph
Gilly

.....
Tonny Klein

Independent auditor's report

To the shareholders of SubC Partner A/S

Opinion

We have audited the financial statements of SubC Partner A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 15 July 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Management's review

Company details

Name	SubC Partner A/S
Address, Postal code, City	Sahara 4, 6700 Esbjerg
CVR no.	28 70 26 12
Established	15 April 2005
Registered office	Esbjerg
Financial year	1 January - 31 December
Website	www.subcpartner.com
E-mail	mail@subcpartner.com
Telephone	+45 70 23 21 22
Telefax	+45 70 10 04 69
Board of Directors	Rune Værndal, Chair Peter Sønderlyng Patrick Jacques Joseph Gilly Tonny Klein
Executive Board	Tonny Klein
Auditors	EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	45,189	58,766	52,483	27,932	48,483
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	7,031	21,134	15,816	-11,718	-2,453
Operating profit/loss	-436	15,593	8,820	-23,985	-11,457
Net financials	-454	-538	-1,018	-1,568	-1,580
Profit for the year	1,205	11,792	6,231	-19,961	-10,244
Balance sheet					
Total assets	44,303	33,267	48,991	51,793	61,017
Investment in property, plant and equipment	-12,646	-3,049	-4,698	-1,033	-7,899
Equity	12,101	10,896	7,604	1,370	12,970
Financial ratios					
Equity ratio	27.3%	32.8%	15.5%	2.6%	21.3%
Return on equity	10.5%	127.5%	138.9%	-278.4%	-46.8%
Personnel					
Average number of employees	61	54	57	67	86

For terms and definitions, please see the accounting policies.

Management's review

Business review

SubC Partner A/S (SubC) is engaged in the Oil & Gas and renewables sectors. SubC is a full scope offshore contractor focusing on innovative technological approaches to the challenges of operating offshore installations.

We perform Subsea Inspections and Operations using our fleet of Remote Operated Vehicles (ROVs) and we have developed an innovative, safe and cost effective technology platform for operations and inspections in the hazardous Splash Zone environment – Our robotic Crawlers – which are operated by SubC personnel. As a full scope contractor SubC also manufacture, repair and maintain process modules, structures, process equipment and supply complete turnkey solutions for both the Oil & Gas and the Offshore Wind Industry. SubCs in house competences covers the entire value chain from engineering to installations and commissioning.

Financial review

The revenue and result for 2020 is affected negative by the Covid-19 Pandemic. SubCs strategy for globalizing a various range of the innovative solutions have been offset due to Covid-19 lockdowns in most of the world.

SubC have during 2020 used the period with lower activity to invest, develop and improving product and solutions.

Profit after tax amounted to DKK 1,205 thousand compared to DKK 11,792 thousand last year. EBITDA in 2020 was DK 7,031 thousand, compared with EBITDA DKK 21,134 thousand in 2019.

Development of new concept/products

SubC will improve the product lines and develop a range of new products - Especially the JibFlex and the Robotic Crawler and walkway systems are showing a positive trend and new features for these products will be introduced in 2021.

- ▶ **Acomar:**
The Company is currently researching a next generation autonomous inspection robot. This research project is jointly developed with the University of Aalborg and Sihm Højtryk that provides a bespoke cleaning method.

The aim of the project is to develop a sensing next generation inspection robot that will greatly autonomize the inspection and reduce the human workload and specialist knowledge involved today.

Acomar is slated to have trials in 2022 and to enter market in early 2023.

- ▶ **SubC New cleaning robot:**
In collaboration with Shell Deepsea Robotics, we are developing a new Robot that aims to make cleaning of subsea risers a task so simple that the equipment is simply installed on every FPSO/platform without the need to involve outside assistance when cleaning. The design is grounded in the original Crawler technology.

A pathfinder prototype has already been built and the next seaworthy prototype is being brought online after the summer. Initial contact has shown a great potential for this product outside Shell also.

The matured product will be brought online in spring of 2022.

Management's review

Future expectations

SubC enters 2021 with a strong organization, a clear strategy and the outlook to an increased activity level, with a strong backlog of projects. The first part of 2021 is expected to be effected by the Covid-19 Pandemic, but the result is expected to be positive for 2021.

Unchanged strategy

SubC expect unchanged execution of the strategy in 2021. SubC will continue to establish its strong position as a service provider delivering a long value chain from engineering to installation/operation and commissioning - A 360 degree position that continually is sought for in the market. The focus will be on offshore oil/gas and other energy sectors.

Events after the balance sheet date

No events have occurred subsequent to the balance sheet date, which would have negative impact on the financial position of the Company.

Financial risks and use of financial instruments

General risks

The offshore Wind and the Oil and Gas industries are characterized by a cyclical level of activity. Furthermore, the activity level is highly influenced by political discussions and legislation. The activities in the Company are spread across a number of business areas, reducing dependence of individual segments. It is also essential to the Company to be ahead of the technological development within all business areas.

Financial risks

Due to the level of company interest bearing debt, moderate changes in the interest rates will only have minor effect on the company's earnings.

The ongoing operations are exposed to currency exchange risks. The Company invoices in DKK and EUR, whereas a large share of purchasing is in DKK and EUR. Currency risks are mainly hedged by purchasing and invoicing in the same currency.

Knowledge resources

The level of knowledge achieved by the Company is based on competence development, supplementary education, retention of staff and an inspiring, developing and challenging working environment, as well as ongoing employment of people with complementary expertise.

The Company continuously develops the level of knowledge so that it becomes a positive part of the Company image and amplifies the market opportunities for the Company.

In addition, the Company owns worldwide Intellectual Property Rights.

Impact on the external environment

The Company's vision is to provide the most innovative, flexible, and cost-effective solutions in the offshore industry. With focus on high level of expertise, a strong innovative approach, and focus on highly technical solutions, the Company contribute to a reduced environmental footprint.

The Company is committed to achieving the best Health, Safety & Environment performance in the industry and promote a culture that continuously improves Health, Safety & Environment performance.

Management's review

To support the company's goals within Health, Safety, Environment and Quality, the company is working according to a DS/EN ISO 9001:2015 certified Management system and a DS/EN ISO 14001:2015 & DS/EN ISO 45001:2018 certified Environment and Occupational Health & Safety system.

The Company has set out ambitious objectives in relation to Health, Safety and Environment. Amongst these are:

- ZERO long-term sick (Work Related)
- ZERO Lost Time Injury –LTI
- ZERO impact to the environment

Research and development activities

The Company has no research activities. The development activities include new welding procedures and technical solutions within splashzone and subsea activities.

Unusual matters having affected the financial statements

The Company has received compensation for fixed costs of DKK 1.2 million, recognized as other operating income in the income statements. Reference is made to note 2 for further information.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	45,189	58,766
3	Staff costs	-38,158	-37,632
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-6,080	-5,420
	Profit before net financials	951	15,714
	Income from investments in group entities	-83	-70
	Financial expenses	-454	-538
	Profit before tax	414	15,106
4	Tax for the year	791	-3,314
	Profit for the year	1,205	11,792

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	3,655	2,700
	Acquired intangible assets	180	216
	Development projects in progress	0	724
		<u>3,835</u>	<u>3,640</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	16,283	8,502
	Leasehold improvements	745	403
		<u>17,028</u>	<u>8,905</u>
7	Investments		
	Investments in group entities, net asset value	0	118
	Other receivables	220	285
		<u>220</u>	<u>403</u>
	Total fixed assets	<u>21,083</u>	<u>12,948</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,376	6,367
		<u>6,376</u>	<u>6,367</u>
	Receivables		
	Trade receivables	10,922	9,752
8	Work in progress for third parties	2,499	1,857
	Receivables from group entities	23	6
11	Deferred tax assets	2,229	1,438
	Other receivables	685	274
9	Prepayments	486	625
		<u>16,844</u>	<u>13,952</u>
	Total non-fixed assets	<u>23,220</u>	<u>20,319</u>
	TOTAL ASSETS	<u><u>44,303</u></u>	<u><u>33,267</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	500	500
	Reserve for development costs	2,852	2,458
	Retained earnings	8,749	7,938
	Total equity	<u>12,101</u>	<u>10,896</u>
	Liabilities other than provisions		
12	Non-current liabilities other than provisions		
	Other payables	1,864	639
		<u>1,864</u>	<u>639</u>
	Current liabilities other than provisions		
13	Bank debt	18,131	9,422
8	Work in progress for third parties	481	3,329
	Trade payables	3,535	3,522
	Payables to group entities	435	357
	Income taxes payable	0	569
	Other payables	7,756	4,533
		<u>30,338</u>	<u>21,732</u>
		<u>32,202</u>	<u>22,371</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>44,303</u></u>	<u><u>33,267</u></u>

- 1 Accounting policies
- 2 Special items
- 14 Contractual obligations and contingencies, etc.
- 15 Related parties
- 16 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2020	500	2,458	7,938	10,896
16	Transfer, see "Appropriation of profit"	0	394	811	1,205
	Equity at 31 December 2020	500	2,852	8,749	12,101

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2020	2019
	Profit for the year	1,205	11,792
17	Adjustments	5,684	9,222
	Cash generated from operations (operating activities)	6,889	21,014
18	Changes in working capital	-419	5,334
	Cash generated from operations (operating activities)	6,470	26,348
	Interest paid, etc.	-454	-538
	Income taxes paid	-569	0
	Cash flows from operating activities	5,447	25,810
	Additions of intangible assets	-1,757	-772
	Additions of property, plant and equipment	-12,646	-3,049
	Disposals of property, plant and equipment	182	136
	Changes in deposits	65	5
	Cash flows to investing activities	-14,156	-3,680
	Dividends paid	0	-8,500
	Cash flow overdraft	8,709	-13,630
	Cash flows from financing activities	8,709	-22,130
	Net cash flow	0	0
	Cash and cash equivalents at 1 January	0	0
	Cash and cash equivalents at 31 December	0	0

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of SubC Partner A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Basis of recognition and measurement

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

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

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

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, change in inventories, cost of goods sold, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/ depreciation

The item comprises amortisation/ depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired IP rights is amortised over the expected useful life. Acquired IP rights include patents, rights and licences.

The basis of amortisation/ depreciation, which is calculated as cost less any residual value, is amortised/ depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5-7 years
Intangible assets acquired	5-7 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5 years

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

The item includes the Company's proportionate share of the profit/loss for the year in subsidiaries.

Financial expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company is jointly taxed with its higher-ranking parent company.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Balance sheet

Intangible assets

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

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is 5-7 years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments

Deposits are recognised at cost.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

On initial recognition, investments in subsidiaries measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Net revaluations of investments in subsidiaries and associates are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Dividend received is deduced from the carrying amount.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

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

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

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 net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Work in progress for third parties

Contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the lower of expenses incurred and the net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

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

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities that fall due later than a year from balance sheet date are classified as non-current liabilities.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

The cash flow statement shows the Company'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 Company's cash and cash equivalents at the beginning and end of the year.

Cash flow related to acquisitions and disposals of businesses are presented separately in cash flows from investing activities. Cash flows from acquisitions of businesses are recognised up until the date of acquisition, and disposals of businesses are recognised up until the date of disposal.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

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

Cash and cash equivalents comprise cash in hand.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

2 Special items

Special items comprise significant income and expenses of a special nature in relation to the company's ordinary activities, special items also include other significant non-recurring amounts.

The Company received COVID-19 compensation for fixed costs in the amount of DKK 1.2 million which has been recognized as other operating income.

In connection with the close-down of Danmark in relation to the COVID-19 pandemic in the spring of 2020, the company applied for compensation of salary amounts of DKK 1.5 million. The salary compensation received has not been recognized as income in the income statement for the financial year 2020, but is instead recognized as other debt as per 31 December 2020, due to the full repayment made in January 2021 to the Danish Business Authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2020	2019
3 Staff costs		
Wages/ salaries	35,161	34,722
Pensions	2,655	2,462
Other social security costs	342	448
	<u>38,158</u>	<u>37,632</u>
Average number of full-time employees	<u>61</u>	<u>54</u>

Total remuneration to the Executive Board and the Board of Directors amount to DKK 1,622 thousand (2019: DKK 1,831 thousand.)

Remuneration of the management is partly based on the entities financial performance.

4 Tax for the year		
Estimated tax charge for the year	0	569
Deferred tax adjustments in the year	-791	2,745
	<u>-791</u>	<u>3,314</u>

DKK'000	Completed development projects	Acquired intangible assets	Development projects in progress	Total
Cost at 1 January 2020	10,759	1,373	724	12,856
Additions in the year	1,660	97	0	1,757
Transfer from other accounts	724	0	-724	0
Cost at 31 December 2020	<u>13,143</u>	<u>1,470</u>	<u>0</u>	<u>14,613</u>
Impairment losses and amortisation at 1 January 2020	8,059	1,157	0	9,216
Amortisation in the year	1,429	133	0	1,562
Impairment losses and amortisation at 31 December 2020	<u>9,488</u>	<u>1,290</u>	<u>0</u>	<u>10,778</u>
Carrying amount at 31 December 2020	<u>3,655</u>	<u>180</u>	<u>0</u>	<u>3,835</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	28,817	2,489	31,306
Additions in the year	12,086	560	12,646
Disposals in the year	-1,433	-60	-1,493
Cost at 31 December 2020	39,470	2,989	42,459
Impairment losses and depreciation at 1 January 2020	20,315	2,086	22,401
Depreciation in the year	4,301	215	4,516
Depreciation and impairment of disposals in the year	-1,429	-57	-1,486
Impairment losses and depreciation at 31 December 2020	23,187	2,244	25,431
Carrying amount at 31 December 2020	16,283	745	17,028

7 Investments

DKK'000	Investments in group entities, net asset value	Other receivables	Total
Cost at 1 January 2020	186	285	471
Disposals in the year	-186	-65	-251
Cost at 31 December 2020	0	220	220
Value adjustments at 1 January 2020	-68	0	-68
Reversal of revaluation of sold investments	68	0	68
Carrying amount at 31 December 2020	0	220	220

DKK'000	2020	2019
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8 Work in progress for third parties

Selling price of work performed	13,053	16,960
Progress billings	-11,035	-18,432
	2,018	-1,472

recognised as follows:

Work in progress for third parties (assets)	2,499	1,857
Work in progress for third parties (liabilities)	-481	-3,329
	2,018	-1,472

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance, policies, rent, staff healthcare and subscriptions.

Financial statements 1 January - 31 December

Notes to the financial statements

10 Share capital

The share capital comprises 500,000 shares of DKK 1 each. All shares rank equally.

The Company's share capital has remained DKK 500 thousand for the 5 past years.

DKK'000	2020	2019
11 Deferred tax		
Deferred tax at 1 January	-1,438	-4,183
Deferred tax on profit for the year	-743	2,745
Other deferred tax	-48	0
Deferred tax at 31 December	-2,229	-1,438

12 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,864	0	1,864	0
	<u>1,864</u>	<u>0</u>	<u>1,864</u>	<u>0</u>

13 Mortgage debt and debt to other credit institutions

The Company has provided a company charge of DKK 39,000 thousand as collateral for bank loans, etc. of DKK 18,131 thousand. The Company charge comprises unsecured claims, inventories, property, plant and equipment and intangible assets with a carrying amount of DKK 39,434 thousand at 31 December 2020.

14 Contractual obligations and contingencies, etc.

Contingent liabilities

The parent company is jointly taxed with the ultimate parent company. 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.

Other financial obligations

The Company has entered into leases with a combined lease payment of DKK 2,015 thousand. The remaining term of the leases is 9-14 months.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties

SubC Partner A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Parent company Offshore Capital Partners ApS	Sahara 4, 6700 Esbjerg	Shareholding
Ultimate parent company TKRV Holding ApS	Sahara 4, 6700 Esbjerg	Shareholding

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
TKRV Holding ApS	Sahara 4, 6700 Esbjerg	The Danish Business Authority

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

DKK'000	2020	2019
16 Appropriation of profit		
Recommended appropriation of profit		
Extraordinary dividend distributed in the year	0	8,500
Net revaluation reserve according to the equity method	0	-3
Reserve for development costs	394	-200
Retained earnings	811	3,495
	<u>1,205</u>	<u>11,792</u>
17 Adjustments		
Amortisation/depreciation and impairment losses	6,078	5,420
Gain/loss on the sale of non-current assets	-175	-120
Income from investments in group entities	118	70
Financial expenses	454	538
Tax for the year	-791	3,314
	<u>5,684</u>	<u>9,222</u>
18 Changes in working capital		
Change in inventories	-9	-384
Change in receivables and work in progress for third parties	-4,949	7,479
Change in trade and other payables	3,314	-2,400
Change in long-term other payables	1,225	639
	<u>-419</u>	<u>5,334</u>

ΠΕΝΝΕΟ

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"By my signature I confirm all dates and content in this document."

Tonny Klein

CEO

On behalf of: SubC Partner A/S

Serial number: PID:9208-2002-2-100250216369

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NEM ID 

Tonny Klein

Board of Directors

On behalf of: SubC Partner A/S

Serial number: PID:9208-2002-2-100250216369

IP: 185.37.xxx.xxx

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NEM ID 

Patrick Jacques J Gilly

Board of Directors

On behalf of: SubC Partner A/S

Serial number: h6kk2ucouysjg6otbeg2s2xcx1hka5awagih

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Rune Værndal

Chair

On behalf of: SubC Partner A/S

Serial number: PID:9208-2002-2-387396548149

IP: 185.37.xxx.xxx

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NEM ID 

Peter Sønderlyng

Board of Directors

On behalf of: SubC Partner A/S

Serial number: PID:9208-2002-2-330753212132

IP: 82.59.xxx.xxx

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NEM ID 

Morten Oestergaard Koch

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: CVR:30700228-RID:32977604

IP: 212.112.xxx.xxx

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NEM ID 

Mathilda Jacobsen

Chairman

On behalf of: SubC Partner A/S

Serial number: PID:9208-2002-2-251602048912

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