



SubC Partner A/ S

Sahara 4, 6700 Esbjerg

CVR no. 28 70 26 12

Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chair of the meeting:

.....
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 2021.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 30 June 2022
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 2021, which comprise income statement, balance sheet, statement of changes in equity 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

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 ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 30 June 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Mads Klausen
State Authorised Public Accountant
mne46588

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	2021	2020	2019	2018	2017
Key figures					
Gross profit	40,440	45,189	58,766	52,483	27,932
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-3,443	7,031	21,134	15,816	-11,718
Operating profit/loss	-8,458	-436	15,593	8,820	-23,985
Net financials	-634	-454	-538	-1,018	-1,568
Profit/loss for the year	-7,612	1,205	11,792	6,231	-19,961
Balance sheet					
Total assets	51,024	44,301	33,267	48,991	51,793
Investments in property, plant and equipment	-3,684	-12,646	-3,049	-4,698	-1,033
Equity	4,490	12,102	10,896	7,604	1,370
Financial ratios					
Equity ratio	8.8%	27.3%	32.8%	15.5%	2.6%
Return on equity	-91.8%	10.5%	127.5%	138.9%	-278.4%
Average number of full-time employees					
	67	61	54	57	67

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

Ordinary 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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

SubC Partner A/S (SubC) is engaged in the on and offshore Energy sectors. SubC is a full scope Contractor focusing on innovative technological approaches to deliver efficient and sustainable services.

As a full scope contractor SubC Engineer, Manufacture, Repair and Maintain process modules, structures, process equipment and supply complete turnkey solutions for the entire energy sector.

SubCs in-house competences covers the entire value chain from engineering to installations and commissioning.

Further to being a full scope contractor we also operate a high technological subsea business. Using our proprietary knowhow we perform 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.

Financial review

The revenue and result for 2021 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. Adding to the COVID restrictions SubC also experienced existing projects was postponed into 2022.

SubC has maintained all Staff and facilities during 2021 to secure capabilities going in to 2022.

Profit after tax amounted to DKK -7,612 thousand compared to DKK 1,205 thousand last year. EBITDA in 2021 was DK -3,443 thousand, compared with EBITDA DKK 7,031 thousand in 2020.

Development of new concept/ products

SubC will review existing product lines and optimize the value propositions related to these. The three product lines are JibFlex, Subsea Robots and Walkway system. Further to this SubC is currently developing below solutions.

▶ **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 automate the inspection and reduce the human workload and specialist knowledge involved today.

▶ **SubC Coala 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 is on track for summer campaign in 2022 with a new customer.

Management's review

Future expectations

SubC enters 2022 with a strong organization, a clear strategy, and the outlook to an increased activity level, with a strong backlog of projects. Based hereon, Management expects an increased level of activity –that is, more than 70%increase in revenue in 2022 compared to 2021 and a positive result for 2022. The development in 2022 will –together with the long-term, Fabric Maintenance Contract (FMC) for TotalEnergies cf. below –have a Positive-Impact on SubC going forward.

Unchanged strategy

SubC expect unchanged execution of the strategy in 2022. 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, renewables, and other energy sectors, including "power-to-x".

Events after the balance sheet date

After the balance sheet date, the Company has acquired a blacksmithing business from a local competitor in order to further-strengthened its position within these activities. The asset deal comprises tangible assets, work in progress, goodwill, knowhow and employees.

SubC was awarded a long-term, Fabric Maintenance Contract (FMC) for TotalEnergies in Denmark along with our partner Altrad. This will have a significant effect on the activities and revenue from 2023.

No further events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

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 several 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.

Management's review

Impact on the external environment

The Company's vision is to provide the most innovative, flexible, and cost-effective solutions in the Energy business. 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.

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 ISO14001:2015 & 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 0 million in 2021 (2020: 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	2021	2020
	Gross profit	40,440	45,189
3	Staff costs	-43,883	-38,158
5,6	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-5,869	-6,080
	Profit/ loss before net financials	-9,312	951
	Income from investments in group enterprises	0	-83
	Financial expenses	-634	-454
	Profit/ loss before tax	-9,946	414
4	Tax for the year	2,334	791
	Profit/ loss for the year	-7,612	1,205

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Completed development projects	2,648	3,655
	Acquired intangible assets	113	179
		<u>2,761</u>	<u>3,834</u>
6	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	12,151	16,283
	Leasehold improvements	1,036	744
		<u>13,187</u>	<u>17,027</u>
7	Investments		
	Deposits	220	220
		<u>220</u>	<u>220</u>
	Total fixed assets	<u>16,168</u>	<u>21,081</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,548	6,376
		<u>6,548</u>	<u>6,376</u>
	Receivables		
	Trade receivables	21,025	10,922
8	Work in progress for third parties	3,907	2,499
	Receivables from group enterprises	62	23
10	Deferred tax assets	1,530	2,229
	Other receivables	869	685
9	Prepayments	915	486
		<u>28,308</u>	<u>16,844</u>
	Total non-fixed assets	<u>34,856</u>	<u>23,220</u>
	TOTAL ASSETS	<u><u>51,024</u></u>	<u><u>44,301</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Reserve for development costs	2,065	2,852
	Retained earnings	1,925	8,750
	Total equity	4,490	12,102
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Other payables	7,925	1,864
		7,925	1,864
	Current liabilities other than provisions		
	Bank debt	22,215	18,131
8	Work in progress for third parties	2,084	481
	Trade payables	4,404	3,532
	Payables to group enterprises	228	435
	Other payables	9,678	7,756
		38,609	30,335
	Total liabilities other than provisions	46,534	32,199
	TOTAL EQUITY AND LIABILITIES	51,024	44,301

- 1 Accounting policies
- 2 Special items
- 12 Contractual obligations and contingencies, etc.
- 13 Collateral
- 14 Related parties
- 15 Appropriation of profit/loss

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 2021	500	2,852	8,750	12,102
15	Transfer, see "Appropriation of profit/loss"	0	-787	-6,825	-7,612
	Equity at 31 December 2021	500	2,065	1,925	4,490

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of SubC Partner A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company TKRV Holding ApS.

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® 2020.

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 and governmental grants.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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
Acquired intangible assets	5-7 years
Fixtures and fittings, other plant and equipment	2-10 years
Leasehold improvements	5 years

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 entity is jointly taxed with other group entities. 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

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

The cost of self constructed assets includes the cost of direct materials and labour, etc. directly used in the production process and a portion of the relating production overheads.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments

Deposits are recognised at cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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 is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. 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.

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2021	2020
3 Staff costs		
Wages/ salaries	40,335	35,161
Pensions	2,877	2,655
Other social security costs	671	342
	<u>43,883</u>	<u>38,158</u>
Average number of full-time employees	<u>67</u>	<u>61</u>

Total remuneration to the Executive Board and the Board of Directors amount to DKK 1,231 thousand (2020: DKK 1,622 thousand.)

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

DKK'000	2021	2020
4 Tax for the year		
Deferred tax adjustments in the year	-2,334	-791
	<u>-2,334</u>	<u>-791</u>

5 Intangible assets

DKK'000	Completed development projects	Acquired intangible assets	Total
Cost at 1 January 2021	13,143	1,470	14,613
Additions	416	0	416
Cost at 31 December 2021	<u>13,559</u>	<u>1,470</u>	<u>15,029</u>
Impairment losses and amortisation at 1 January 2021	9,488	1,291	10,779
Amortisation in the year	1,423	66	1,489
Impairment losses and amortisation at 31 December 2021	<u>10,911</u>	<u>1,357</u>	<u>12,268</u>
Carrying amount at 31 December 2021	<u>2,648</u>	<u>113</u>	<u>2,761</u>

Completed development projects

Completed development projects include different concepts, systems and innovative technology platforms for operations and inspections in the hazardous Splash Zone environment.

All development projects have been completed and launched to market.

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2021	39,470	2,988	42,458
Additions	3,169	515	3,684
Disposals	-3,972	0	-3,972
Cost at 31 December 2021	38,667	3,503	42,170
Impairment losses and depreciation at 1 January 2021	23,187	2,244	25,431
Depreciation	4,157	223	4,380
Reversal of accumulated depreciation of assets disposed	-828	0	-828
Impairment losses and depreciation at 31 December 2021	26,516	2,467	28,983
Carrying amount at 31 December 2021	12,151	1,036	13,187

7 Investments

DKK'000	Deposits
Cost at 1 January 2021	220
Cost at 31 December 2021	220
Carrying amount at 31 December 2021	220

DKK'000	2021	2020
8 Work in progress for third parties		
Selling price of work performed	18,309	13,053
Progress billings	-16,486	-11,035
	1,823	2,018
recognised as follows:		
Work in progress for third parties (assets)	3,907	2,499
Work in progress for third parties (liabilities)	-2,084	-481
	1,823	2,018

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

DKK'000	2021	2020
10 Deferred tax		
Deferred tax at 1 January	-2,229	-1,438
Deferred tax on profit/loss for the year	-2,334	-791
Adjustment due to use of tax credit conversion	3,033	0
Deferred tax at 31 December	-1,530	-2,229

Deferred tax assets comprises timing differences on intangible assets, property, plant and equipment, contract work in progress and tax losses. Management has based on budgets for the coming 3-5 years evaluated that future taxable income will be available for utilization of the deferred tax asset.

11 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	7,925	0	7,925	1,703
	7,925	0	7,925	1,703

12 Contractual obligations and contingencies, etc.

Contingent liabilities

The 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 1,738 thousand. The remaining term of the leases is 3-12 months.

13 Collateral

The Company has provided a company charge of DKK 39,000 thousand as collateral for bank loans, etc. of DKK 22,215 thousand. The company charge comprises unsecured claims, inventories, property, plant and equipment and intangible assets with a carrying amount of DKK 47,428 thousand at 31 December 2021.

Financial statements 1 January - 31 December

Notes to the financial statements

14 Related parties

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

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Parent company Offshore Capital Partners ApS	Sahara 4, 6700 Esbjerg	Shareholding

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
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.

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

DKK'000	<u>2021</u>	<u>2020</u>
15 Appropriation of profit/ loss		
Recommended appropriation of profit/ loss		
Reserve for development costs	-787	394
Retained earnings/ accumulated loss	-6,825	811
	<u>-7,612</u>	<u>1,205</u>

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Tonny Klein

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