Kiwa Inspecta A/S

Stades Krog 6
DK-2800 Kongens Lyngby

CVR no. 29 31 18 89

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting on

22 June 2022

Topi Kalevi Saarenhovi
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kiwa Inspecta A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 matters discussed in the Management's review.

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

Kongens Lyngby, 22 June 2022
Executive Board:

Per Åke Niclas Gelang

Board of Directors:

Topi Kalevi Saarenhovi Chairman	Per Åke Niclas Gelang	Kjetil Grønevik

Per Sørensen
Staff Representative

Independent auditor's report

To the shareholder of Kiwa Inspecta A/S

Opinion

We have audited the financial statements of Kiwa Inspecta A/S for the financial year 1 January – 31 December 2021 comprising 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 Company's assets, liabilities and financial position 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

Independent auditor's report

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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

— conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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 Statements Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Copenhagen, 22 June 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised
Public Accountant
mne30154

Management's review

Company details

Kiwa Inspecta A/S
Stades Krog 6
2800 Kongens Lyngby
Denmark

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E-mail:	dk.info@kiwa.com
CVR no.:	29 31 18 89
Financial year:	1 January – 31 December

Board of Directors

Topi Kalevi Saarenhovi, Chairman
Per Åke Niclas Gelang
Kjetil Grønevik
Per Sørensen, Staff Representative

Executive Board

Per Åke Niclas Gelang

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen
Denmark
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's principal activities consist of inspection and accreditation of pressure-containing storage tanks as well as onshore and offshore equipment.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK -8,187,671 as against DKK -24,250,784 in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 22,058,720 as against DKK -7,153,609 at 31 December 2020.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2021.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2021	2020
Gross profit		25,718,216	40,152,130
Staff costs	2	-44,939,050	-55,426,739
Depreciation, amortisation and impairment losses		-3,158,488	-4,840,796
Other operating costs		-84,758	-3,905,830
Loss before financial income and expenses		-22,464,080	-24,021,235
Other financial income		277,525	40,476
Other financial expenses	3	-366,499	-625,850
Loss before tax		-22,553,054	-24,606,609
Tax on profit/loss for the year	4	14,365,383	355,825
Loss for the year		-8,187,671	-24,250,784

Proposed distribution of loss

Retained earnings		-8,187,671	-24,250,784

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	5		
Software		245,639	338,637
		245,639	338,637
Property, plant and equipment	6		
Buildings		2,835,307	2,976,027
Fixtures and fittings, tools and equipment		6,831,778	10,271,463
Leasehold improvements		372,099	443,898
		10,039,184	13,691,388
Total fixed assets		10,284,823	14,030,025
Current assets			
Receivables			
Trade receivables		6,944,701	7,779,180
Receivables from group entities	7	38,893,017	1,987,578
Joint taxation contributions receivables		4,955,606	0
Contract work in progress		145,771	120,487
Other receivables		153,329	144,972
Deferred tax asset	8	11,403,460	0
Prepayments		306,203	165,512
		62,802,087	10,197,729
Cash at bank and in hand		1,190	1,191
Total current assets		62,803,277	10,198,920
TOTAL ASSETS		73,088,100	24,228,945

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	500,000	500,000
Retained earnings		21,558,720	-7,653,609
Total equity		22,058,720	-7,153,609
Liabilities			
Non-current liabilities	10		
Lease obligations		1,118,812	2,481,587
Payables to group entities		10,720,714	11,104,052
		11,839,526	13,585,639
Current liabilities			
Current portion of non-current liabilities	10	1,715,235	1,751,434
Trade payables		852,833	997,758
Payables to group entities		28,111,982	2,521,740
Other payables		8,509,804	12,525,983
		39,189,854	17,796,915
Total liabilities		51,029,380	31,382,554
TOTAL EQUITY AND LIABILITIES		73,088,100	24,228,945
Contractual obligations, contingencies, etc.	11		
Mortgages and collateral	12		
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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	500,000	-7,653,609	-7,153,609
Transferred over the distribution of loss	0	-8,187,671	-8,187,671
Contribution from group	0	37,400,000	37,400,000
Equity at 31 December 2021	500,000	21,558,720	22,058,720

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Kiwa Inspecta A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Minor reclassifications have been made in individual items in the income statement, balance sheet and notes in the comparative figures for 2020. This has not affected the result and equity and has been made solely to ensure the comparability of the individual items in the financial statements.

Foreign currency translation

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

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of services is recognised in the income statement provided that the service has been rendered before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex. VAT and taxes charged on behalf of third parties.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

The Company is jointly taxed with affiliated entities. On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income.

Balance sheet

Intangible assets

Software

Software is measured at cost less accumulated amortisation. Software is amortised on a straight-line basis over an amortisation period of 3 - 10 years.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Property, plant and equipment

Buildings, fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	25 years
Fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	9 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

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

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

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

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Prepayments from customers are recognised as liabilities.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; 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. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Joint taxation contributions payable and receivable are recognised as income tax in the balance sheet under receivables or payables. In accordance with the joint taxation rules, the liability of the subsidiaries for payment of corporate taxes to the tax authorities is settled as the joint taxation contributions are paid to the administrative company.

Liabilities

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortized cost, normally corresponding to net realisable value.

Financial statements 1 January – 31 December

Notes

DKK	2021	2020
2 Staff costs		
Wages and salaries	39,981,606	47,829,639
Pensions	3,732,997	5,831,792
Other social security costs	344,377	528,648
Other staff costs	880,070	1,236,660
	44,939,050	55,426,739
Average number of full-time employees	67	75
3 Other financial expenses		
Interest expense to group entities	168,474	446,638
Other financial expenses	198,025	179,212
	366,499	625,850
4 Tax on profit/loss for the year		
Deferred tax for the year	-11,403,460	0
Adjustment of tax concerning previous years	-2,961,923	-355,825
	-14,365,383	-355,825

Financial statements 1 January – 31 December

Notes

5 Intangible assets

DKK	Software
Cost at 1 January 2021	929,969
Cost at 31 December 2021	929,969
Amortisation and impairment losses at 1 January 2021	-591,332
Amortisation for the year	-92,998
Amortisation and impairment losses at 31 December 2021	-684,330
Carrying amount at 31 December 2021	245,639

6 Property, plant and equipment

DKK	Buildings	Fixtures and fittings, tools and equipment	Leasehold improve-ments
Cost at 1 January 2021	3,424,260	25,281,603	644,316
Adjustment regarding prior year	0	-370,000	0
Additions for the year	0	131,044	0
Disposals for the year	0	-2,385,112	0
Cost at 31 December 2021	3,424,260	22,657,535	644,316
Depreciation and impairment losses at 1 January 2021	-448,233	-15,010,140	-200,418
Depreciation for the year	-140,720	-2,852,971	-71,799
Reversed depreciation and impairment losses on assets sold	0	2,037,354	0
Depreciation and impairment losses at 31 December 2021	-588,953	-15,825,757	-272,217
Carrying amount at 31 December 2021	2,835,307	6,831,778	372,099
Assets held under finance leases	0	2,955,223	0

Financial statements 1 January – 31 December

Notes

DKK	31/12 2021	31/12 2020

7 Receivables from group entities

Receivables which fall due for payment more than 1 year after the end of the financial year	38,673,822	0

8 Deferred tax asset

Deferred tax at 1 January	0	0
Deferred tax adjustment for the year in the income statement	11,403,460	0
	11,403,460	0
Deferred tax assets relate to:		
Intangible assets	2,420,612	0
Property, plant and equipment	1,747,092	0
Current assets	128,061	0
Current liabilities	623,490	0
Tax loss carryforwards	6,484,205	0
	11,403,460	0

9 Equity

The contributed capital consists of 500 shares of a nominal value of DKK 1,000 each. All shares rank equally.

There have been no changes in the share capital during the last 5 years.

10 Non-current liabilities

Payments due within 1 year are recognised in short-term debt. The debt falls due for payment as specified below:

Lease obligations		
Between 1 and 5 years	1,118,812	2,481,587
Within 1 year	1,715,235	1,751,434
	2,834,047	4,233,021
Payables to group entities		
Above 5 years	8,104,174	8,104,174
Between 1 and 5 years	2,616,540	3,000,000
Within 1 year	28,111,982	2,521,740
	38,832,696	13,625,914

Financial statements 1 January – 31 December

Notes

DKK	31/12 2021	31/12 2020

11 Contractual obligations, contingencies, etc.

Rental and lease obligations

Within 1 year	749,829	684,504
Between 1 and 5 years	1,960,046	2,147,229
	2,709,875	2,831,733

The Company is part of joint taxation with other Danish companies in the group, and is jointly and severally liable for Tax on the group's jointly taxed income and for certain possible withholding taxes, such as dividend tax and royalty tax, and for joint registration of VAT. Any subsequent corrections of the taxable joint taxation income or withholding tax on dividends etc. could lead to a larger amount of corporate liability. The Group as a whole is not liable to others.

12 Mortgages and collateral

The following assets have been placed as security with mortgage credit institutes:

Buildings	2,835,307	2,976,027

13 Related party disclosures

Kiwa Inspecta A/S is part of the consolidated financial statements of ACTA* Holding B.V., Sir Winston Churchillaan 273, 2288EA Rijswijk, the Netherlands, which is the smallest group in which the Company is included as a subsidiary. The consolidated financial statements of ACTA* Holding B.V., can be obtained from the Company.