Annual Report 2020

CADELER

Approved at the Company's annual general meeting on 29 April 2021

Chairman of the general meeting:

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Chantal Pernille Patel
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Chantal Pernille Patel

Cadeler A/S. Incorporated in Denmark. Registration Number (CVR no.): 31 18 05 03
Arne Jacobsens Allé 7, 7., DK-2300 Copenhagen S, Denmark

Annual Report Contents

Laying the foundation for the future in a year of transformation

Richard Sell / Chairman of the board

Mikkel Gleerup / CEO

Statement from the Chairman and the CEO

2020 was a transformational year for Cadeler. Highlights included our IPO, raising NOK 883m, and securing a historic EUR 310m backlog. Out on the waves we outlined plans for new cranes and announced our intention to deliver a new, best-in-class installation vessel to serve the future offshore wind market.

2020 was an unpredictable year. The pandemic disrupted supply chains and closed entire sectors and businesses. However, throughout a year of enormous external uncertainty, Cadeler continued to deliver first-in-class vessel operations with no critical delays, ensuring renewable energy supplies were not impacted by the crisis. Without the tremendous efforts of our crew and staff that would not have been possible, and we are justifiably proud of the people we employ.

It is also by their efforts that we kept true to our customer-centric commercial strategy, signing new installation contracts for 2021, 2022, and 2023 on offshore windfarms that will produce renewable energy for 5.9m homes across Scotland (Seagreen), England (Hornsea 2), and the Netherlands (Hollandse Kust Zuid).

Again, we proved ourselves to be at the forefront of our industry when Siemens-Gamesa entered the largest reservation agreement in our company history for transportation and installation of SG 14-222 DD turbines. When constructed, they are expected to be the largest turbines powered by wind in the world at the time of instalment and will have an individual capacity of 14 MW. Our strong contract backlog of EUR 310m including options provides healthy earnings and cash flow visibility. This leaves us well positioned to win new work with available capacity from 2023 and beyond.

In late 2020, we also took the decision to renegotiate the Siemens Gamesa O&M contract, freeing Wind Orca for higher yielding T&I projects commencing in January 2021. Through this move, Cadeler entered 2021 with an excellent high yield utilization

Strong balance sheet enables our growth strategy

A major milestone in our ambitious strategy was reached with our successful listing on the Norwegian Stock Exchange. Our IPO raised NOK 883 million, ensuring a strong ownership structure and access to capital markets in an impressive five months.

We want to thank the entire team and the advisors behind the offering for a successful transition to a listed company. We are and remain deeply beholden to our shareholders for their part in Cadeler's journey. The trust they have placed in the company, management and our many dedicated employees is not a burden we bear lightly, but with great pride, nonetheless.

Our strong balance sheet with a prudent leverage profile of 22 percent LTV-ratio will enable the execution of our ambitious growth strategy. Prior to the IPO we received a Cicero Shades of Green rating: Cadeler's Green Finance Framework was rated by Cicero as Medium Green. We are committed to find new ways to reduce our carbon footprint and minimize marine gas oil consumption through a new, greener vessel design.

For 2020, we achieved a total revenue of EUR 20m and a negative EBITDAR of EUR -10m. The negative result is explained by higher one-off costs in relation to the rebranding and IPO along with costs following the contract renegotiations to ensure higher yield in 2021.

Highly capable fleet matching current and future demands

The offshore wind market is growing rapidly. From 2021-2025 alone, the Global Wind Energy Council (GWEC) expects more than 70 GW of offshore wind to be added worldwide. In 2020, the industry boom resulted in contract backlog of 5.4 years and improving day rates on future projects for Cadeler.

Turbine size is expected to undergo continued growth, contributing to the further development of offshore wind as a highly cost competitive energy source. In 2020, we substantiated our position as a leading provider of global construction and maintenance services within offshore wind.

In June, we completed the redevelopment and installation of a new crane boom on Wind Osprey. The extended boom, with a 132-meter hook-height above deck, was installed both faster and at lower cost than forecasted. With only one vessel in service for the first half of the year, we were pleased to return Wind Osprey to full operation ahead of schedule.

Going forward, the new boom will ensure our ability to install the latest generation wind turbines until at least 2024-2025.

Following the IPO, we contracted a new and improved crane for Wind Orca with the option for a new crane for Wind Osprey. The upgrades are planned to be completed in early 2024 and early 2025 and will future-proof our fleet for 20+ MW turbines by increasing capacity, payload, and operational water depth to meet the future offshore market demands for best-in-class installation vessels.

We also further accelerated the development and design process of the new-build Cadeler X-class vessel. As the offshore wind market continues to grow towards larger next generation wind turbines, the X-class will have industry leading capabilities, incorporating Cadeler's decade of experience. The X-class is expected to be the only vessel in the world able to carry up to seven sets of +14 MW turbines, maintaining Cadeler's position at the forefront of our industry.

Rapidly growing market with strong outlook

Looking ahead, we believe that the demand for offshore wind energy and best-in-class transportation and installation services will continue to grow. The green transition is at the heart of the global Covid-19 recovery plan, and in a recent report, GWEC outlines expectations for the levels of annual installations, pointing to a quadrupling by 2025, bringing the offshore market share of new global wind installations from 6.5% today to 21% in 2025.

The industry's rapid growth points towards high utilization for Cadeler in the long term, and we are working systematically to fill near-term gap periods with additional high yielding work. Throughout most of 2019 and 2020, Wind Orca performed maintenance services for 70 wind turbines of various models across 17 offshore windfarms in the North and Baltic Seas. The complexity of the project has required new capabilities within offshore logistics and quick turnaround times for soil assessments and lifting checks. We are certain that the project has trained us to deliver even stronger results for our customers going forward.

Our European foothold is the cornerstone of our business. In 2020, we continued to strengthen the European pipeline, while diligently investigating options in Asia and the US. Key to our global engagement is our ability to build a strong enough project pipeline to ensure sustainable growth. It takes large amounts of time and resources to reallocate a vessel across the Atlantic or to the Pacific, but we are more than ready to take on global contracts, once a sufficient project pipeline materializes.

In 2021, we expect significant improvements on all key metrics with an expected revenue in the range of EUR 56-63m (EUR 20m in 2020) and an EBITDAR in the range of EUR 26-33m (EUR -10m in 2020). Our outlook also points to an increase in number of contracted days and utilization percentage. The significant improvements reflect higher utilization, helped by the fact that Wind Osprey is expected to be fully occupied for the duration of the year.

Globally, 2021 will clearly mirror 2020 as another unpredictable year, but with our strong business model, focused growth strategy and the right people on board, we will make sure that our business thrives. Our customers can continue to expect Cadeler to meet the growing demands for suppliers in the offshore wind energy.

Richard Sell,
Chairman of the board

Mikkel Gleerup,
CEO

2020 Highlights

14 Jan

T&I Contract signed with Vattenfall for wind turbines at Hollandse Kust Zuid 1-4

30 May

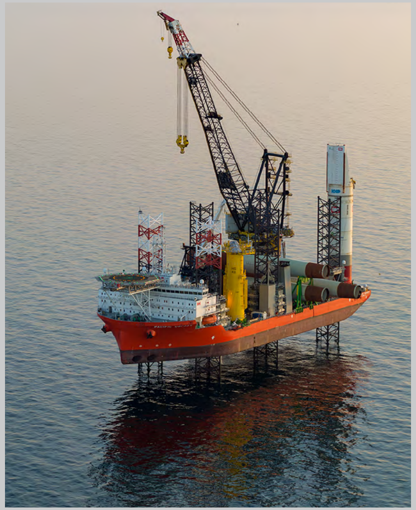
Wind Osprey boom extension completed

16 Sep

Plans revealed: X-Class new build vessel and new cranes on the O-Class

20 Jul

T&I Contract signed with Vestas for wind turbines at Seagreen



20 Oct

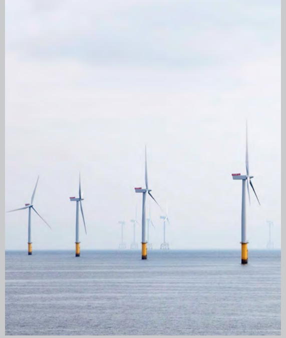
Contract signed with DEME for monopile installation at Hornsea 2

18 Dec

Contract signed with NOV for delivery of new cranes on the O-Class

22 Dec

Announcement of new office in Vejle



08 Oct

Rebranding from Swire Blue Ocean to Cadeler

27 Nov

Completed listing on the Oslo Stock Exchange

“Your global offshore wind, construction and maintenance partner”

2020

Revolutionising offshore construction

310,000 EUR'000
contract backlog

883,000 NOK'000
raised through IPO

19,501 EUR'000
revenue

287
wind turbines
installed since 2014

414
foundations
installed since 2013

30+
offshore sites
served since 2013

Management's Review

Business Review

The Group is a leading offshore wind farm transportation and installation ("T&I") contractor headquartered in Copenhagen, Denmark with sales office in Taipei, Taiwan. The Company operates two offshore jack-up windfarm installation vessels, Wind Orca and Wind Osprey. In addition to wind farm installation, these vessels can perform maintenance, construction, decommissioning, and other tasks within the offshore industry. The Company has completed approximately 30 offshore projects from 2012 through the end of 2020. The Company has a leading market position and strong relations with blue-chip customers in the industry.

Most of the Company's early work was installing foundations. The vessels' size made them better at doing this than competing vessels. The vessels were also better suited to this work than to installing the then, relatively small wind turbine generators (WTGs). As of 31 December 2020, The Company has installed 414 foundations since 2013. Now that WTGs have increased significantly in size, installing them is the most appropriate work for the Company's vessels. Vessels which cannot jack up, cannot compete except where the water is too deep for vessels to jack up.

The Company has installed 287 wind turbines since 2014. Industry records have been achieved (fastest installation, deepest soil penetration, and largest offshore wind turbine). The number of WTGs installed by the Company is expected to more than double in the coming years, with multiple large-scale projects already secured in the pipeline.

The Company has done three operations and maintenance ("O&M") projects, including one of the largest O&M projects in the offshore wind industry, with 600 days of work on more than 20 sites. The Company has done accommodation work for the electrical completion of offshore substations and decommissioning work. These types of work help to keep utilisation high between installation projects and to cover operating costs, however typically at lower day rates.

The 27 November 2020, the Company was listed on the Oslo Stock Exchange in Norway, per the Initial Public Offering made in the Prospectus communicated the 16th of November 2020.

The Company's vision is to provide excellence in offshore marine services to the offshore wind industry and to be environmentally sustainable. As of 31 December 2020, the vessels have contributed to the installation of over 3 GW of offshore wind energy in European waters. The Company aims to increase its involvement in the offshore wind industry both in Europe and around the world. The Cadeler project pipeline for offshore windfarm installation projects have a combined capacity which is expected to meet the electrical consumption of nearly 8 million households across Europe.

Finance Review

On 25 September 2020, the Company's parent company made a non-cash contribution of EUR 200 million of equity and provided an intercompany term loan of EUR 49 million, which were used to acquire the two vessels currently held under bareboat leasing arrangements to the Company for a total consideration of USD 290 million. The company own 100% of the share capital in Wind Orca Ltd and Wind Osprey Ltd, the two special purchase vehicles which own the vessels. On purchase of the vessels the company realized a gain of EUR 11 million from the termination and derecognition of the existing leases of the vessels.

On 4 November 2020, the Company obtained the Debt Facility of EUR 95 million from DNB Bank ASA and Sparebank 1 SR-Bank ASA consisting of a Term Loan of EUR 75 million and Overdraft facility of EUR 20 million. These facilities were used to repay the intercompany term loan of EUR 49 million and other balances owed to Swire Pacific Offshore Holdings Limited.

Cadeler successfully raised NOK 883 million in connection with the Oslo Stock Exchange listing on 27 November 2020. Proceeds from the IPO are to be used to finance the initial installment for the planned order of the Cadeler X-class new-build vessel, with remaining proceeds to be used for working capital and general corporate purposes.

Revenue in 2020 of EUR 20 million was down vs 2019 (-49.2%) and prior years. This was due to 1) a reduction in day rates (-57.8%) due to a management decision to build specific maintenance capabilities and take on a long term maintenance project during 2020; 2) a low utilization of 64.4% due to a crane incident that occurred late in 2018 resulting in one of the vessels returning to service in June 2020; 3) management took the decision to finish the maintenance contract earlier, freeing Wind Orca for higher yielding T&I projects commencing in January 2021. Realized revenue is in line with expectations for 2020.

Cost of Sales of EUR 46 million was higher vs. 2019 (3.8%) as the combined cost of bareboat charges, right of use asset depreciation, vessel depreciation and insurance increased by EUR 1 million. Administrative expenses increased from EUR 7.4 million in 2019 to EUR 9.4 million in 2020 driven by higher legal and professional fees due to the IPO and higher employee compensation as the average number of employees increased from 33 to 42. The 2020 expected EBITDAR was in the range of EUR -6 million to EUR -1 million excluding IPO related costs, whereas the realized EBITDAR amounted to EUR -10 million including IPO costs.

On 15th December 2020, the company received a binding ruling from the Danish Tax Authorities. According to this, the company will be eligible to apply the Danish Tonnage Taxation after the listing of the shares on 27 November 2020. Management expects to apply for the Danish Tonnage Taxation during 2021 and has consequently in the 2020 annual report applied the Danish Tonnage Taxation rules as of 27 November 2020.

Knowledge resources

It is essential for Cadeler's continued growth to attract and maintain highly skilled labor, including engineers with expertise to modify the vessels for customer projects and to support the continued operation of the vessels and commercial people with network in the industry.

Research and development activities
In 2020, the Company has established a Research and Development department which will largely be focused on modernizing the fleet and investing time investigating the feasibility of innovative solutions for optimizing operations in the offshore wind market.

Special risks
Operational risks due to utilization of the vessels
The Group operates two vessels and is vulnerable in the event of a loss of revenue from the vessels. The company's fleet currently consists of two Windfarm Installation Vessels, Wind Orca and Wind Osprey (together the vessels). If any of the vessels are taken out of operation, this could materially impact the Company's Financial results.

As announced on the 16th of September 2020, the Company intends to order a new vessel with an option for a second new build, while planning to invest in new cranes for both Wind Osprey and Wind Orca. No firm capital commitments have yet been entered into by the Company.

The Group is exposed to hazards that are inherent to offshore operations
The Group is operating in the offshore industry and is thus subject to inherent hazards, such as breakdowns, technical problems, harsh weather conditions, environmental pollution, force majeure situations (nationwide strikes, etc.), collisions and groundings. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations. Windfarm Installation Vessels, including the Company's Vessels, will also be subject to hazards inherent in marine operations, either while on-site or during mobilization, such as capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform or supply goods or services or personnel shortages.

The Group is dependent on the employment of the vessels
The Group's income is dependent on project contracts and vessel charters for the employment of the vessels. Typically, these contracts are concluded several years in advance, giving visibility of future deployment. However, there is a risk that it may be difficult for the Company to obtain future cover for the vessels and utilization may drop. Consequently, the vessels may need to be deployed on lower-yielding work-scopes or remain idle for periods without any compensation to the Company. There can also be off-hire periods as a consequence of accidents, technical breakdown and non-performance. The cancellation or postponement of one or more employment contracts can have a material adverse impact on the earnings of the Company.

Impact from Covid-19
During 2020, the Covid-19 pandemic negatively impacted Denmark and the rest of the world. The Company has had one cancellation of non-material contract due to Covid-19. The cancelled contract was a short term, low-rate contract, as it related to an accommodation charter. Other than this, the Covid-19 pandemic has not impacted current or future projects and Management remains focused on ensuring continued safe operation of the vessels.

The Company has taken precautions by implementing new safety procedures to lower the risk of a crew member being infected and carrying the virus onboard the vessels. The crew are aware of the new procedures and are following these to ensure the safety of all onboard.

Foreign exchange risks
The Company is exposed to foreign currency risks. Income is primarily invoiced in EUR, as are the majority of costs, or in DKK, which is pegged to the EUR. A proportion of the Company's operating and administrative costs are invoiced and paid in USD, including the crew hire agreements.

Credit risks
The Company adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The Company deals only with customers with an appropriate history and obtains sufficient security where appropriate to mitigate credit risk. Historically only immaterial credit losses have been experienced.

Impact on the external environment
Sustainability is a strategic objective for the Company and is key to its ability to create long-term value for its shareholder. It represents an opportunity for innovation and improved efficiency and a foundation for building sustained growth.
The Company has been committed to delivering leadership in environmental, health and safety, employment, business partnerships and community matters across its value chain. The Company is committed to pursue the long-term goals of radical decarbonisation and optimising energy efficiency. The Company strives constantly to identify and reduce the negative impacts that its business has on the environment, to monitor performance and identify areas for improvement.

This is done, inter alia:

- through investment in a REDD+ (Reduced Emissions from avoided Deforestation and Forest Degradation) forest conservation scheme in Paraguay, which aims to preserve primary forests and biodiversity of the endemic species of flora and fauna;

- by the vessels being fully compliant with MARPOL II requirements and operating with low sulphur fuels

Corporate Governance

The Company's corporate governance principles are based on, and in all material aspects in compliance with, the Norwegian Code of Practice and applicable Danish law. A full copy of the companies statement of corporate governance, cf. section 107 b of the Danish Financial Statements Act is available on the company's website: www.cadeler.com/media/1572/pandion-corporate-governance-policy.pdf

Statutory CSR report
For the statutory statement on corporate responsibility cf. section 99a of the Danish Financial Statements Act, the company have published a Corporate Social Responsibility report for 2020 which is available on the company's website: www.cadeler.com/media/1603/cadeler-sd-report-2020.pdf

Account of the gender composition of Management
Cadeler had set a goal of having at least one woman included in the Board of Directors before 2020. This target was achieved in 2020 as Connie Hedegaard was appointed as a member of the Board of Directors. Cadeler have set a goal to increase the number of women on the board to two by the end of 2022.

During 2020, two of our Managers at other managerial positions were women. We wish to ensure a diverse workforce and have a policy of increasing the underrepresented gender on management levels. In order to support this policy, Cadeler seeks to have at least one person of each gender represented among the last three candidates in the hiring process for management positions. Overall, the current gender composition in Cadeler as of 31 December 2020 is 68% men and 32% women.

Board of Directors
The board of directors includes Chairman Richard Sell, who has held senior management positions and directorships in a number of marine and energy related businesses, and director Roy Shearer who is a chartered accountant with the Institute of Chartered Accountants of Scotland and holds a first-class honours degree in finance and accounting. He brings considerable experience from leadership positions in finance in the energy industry. Jesper T. Lok is a board member and chairman of the remuneration committee. He has held leadership positions in multinational corporations in the transport and logistics, energy and infrastructure sectors. Ditlev Wedell-Wedellsborg is a board member and chairman of the audit committee with extensive experience in the shipping industry. He is the owner and chairman of Weco Invest A/S, an active investment company mostly involved in the travel industry. Connie Hedegaard is a board member and chairman of the nomination committee. Ms. Hedegaard served as a member of parliament and the Danish Minister of the Environment and was the European Commissioner for Climate Action from 2010 to 2014. Andreas Beroutsos is a board member and also works at BW Group as Managing Director, responsible for strategic investments, new businesses, and senior investment officer.

Ditlev Wedell-Wedellsborg, Jesper T Lok and Connie Hedegaard are considered to be Independent Directors. During the year 2020 there was an 100% attendance rate of Board Directors at Board Meetings.

Largest Shareholders

As at 31st December 2020, two shareholders held shares in excess of 5% of the total share capital of Cadeler. Swire Pacific Offshore Holdings Limited held 46.5% and BW Wind Services Ltd held 20.3% of the total share capital.

Share capital increases and issuance of shares

At the general meeting held on 26 October 2020, the board of directors was granted an authorisation to increase the share capital of the Company in connection with the issue of new shares without pre-emption rights for the Company's existing shareholders at market price or to members of the Board, Executive Management and/or employees of the Company and/or of the Company's subsidiaries at a subscription price to be determined by the Board, which may be below market price as is customary for listed companies on Oslo Børs.

Purchase of own shares

At the general meeting held on 26 October 2020, the board of directors was granted an authorisation in the period until 30 September 2025 to purchase own shares of the Company. The Company does not plan to repurchase any own shares for the time being other than for the purpose of satisfying its obligations under the Company's share-based incentive programmes.

Voting Rights

As at 31 December 2020 there were 115,574,468 issued shares in Cadeler. At the general meeting, each Share of the nominal value of DKK 1 shall carry one vote. No Shareholders have any special or different voting rights pursuant to the Articles of Association.

Resolutions at general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed under the Danish Companies Act or by the Articles of Association. Adoption of changes to the Articles of Association, dissolution of the Company, merger or demerger requires that the resolution is adopted by at least 2/3 of the votes cast as well as of the share capital represented at the general meeting. The provisions in the Articles of Association relating to a change of the rights of shareholders or a change to the capital are not more stringent than required by the Danish Companies Act.

Change of control

The EUR 95 million credit facility entered into with DNB Bank ASA and SpareBank 1 SR-Bank on 4 November 2020 has a change of control clause which is triggered: If (i) Swire Pacific Limited directly or indirectly ceases to own and/or control at least 25% of the voting and/or ordinary shares of the Company, or (ii) any person or group of persons acting in concert gains control, directly or indirectly, of ⅓ or more of the voting and/or ordinary shares of the Company, the facility agent (acting on instructions from the majority lenders) may by written notice of ten (10) business days cancel the facilities and require repayment of all amounts outstanding under the facilities.

Customer contracts may include change of control clauses, which are considered customary for the industry.

2021 Outlook

Cadeler will continue to provide support to the offshore wind industry and the decommissioning of offshore oil & gas operations. Due to the current contract coverage the financial performance of the Group for 2021 is expected to result in a revenue of between EUR 56 million to EUR 63 million in 2021 compared to revenue of EUR 20 million in 2020.

As a performance measure, the Group uses EBITDAR (which for 2021 onwards will be equal to EBITDA) as it provides an estimate of the EBITDA that would be derived if the Group directly owned its vessels for the full year instead of leasing them from a related party (Refer to Note 24). EBITDAR is expected to be in the range of EUR 26 million to EUR 33 million in 2021 compared to an EBITDAR of EUR -10 million for 2020.

With a number of signed contracts for committed projects in 2021 to 2025, the project pipeline over this period is significantly stronger and Management expects that the Company will return to profit during this period.

A key opportunity for the Group is a possible order for a new-build X-class wind farm installation vessel that is expected to be able to transport five 20+ MW turbines. It is expected that such a vessel would have industry leading lifting height and payload capabilities. The Group is discussing a construction contract with reputable shipyards.

Cadeler has also signed a contract with NOV to replace crane on the vessel Wind Orca and secured an option to replace the crane on vessel Wind Osprey. The total sum of the contract for replacement of both cranes is USD 102 million (or the equivalent of EUR 86 million), including decommissioning of the old cranes, as well as the design, manufacturing, and installation of the new cranes. The cost will be financed by the Group's available cash and cashflow, over the years from 2021 to 2024. Replacement of the crane on vessel Wind Orca is expected to be initiated in October 2023 with completion in March 2024.

Furthermore, the Group has started to explore new offshore wind markets, primarily in Asia and the US, and will continue to monitor these markets to allow the business to evaluate, whether it is possible to build a pipeline of projects, which could drive a healthy business model in markets outside the EU.

Given that the Group is currently in a fleet expansion phase where it is considering investing in new vessels to facilitate future growth, the Group does not expect to make dividend payments in the medium term.

Financial Highlights

Financial Highlights

Key figures	2020[1]	2019[2]	2018[2]	2017[2]	2016[2]
EUR'000	IFRS	IFRS	IFRS	Danish GAAP	Danish GAAP
Charter hire revenue	16,912	32,667	61,172		
Other revenue	2,589	5,715	10,481		
Revenue (total)	19,501	38,382	71,653	44,644	70,472
EBITDAR[3]	(10,480)	11,774	36,964	19,568	39,908
Gross (loss)/profit	(26,258)	(6,249)	16,198		
Operating profit/(loss)	(35,914)	(13,645)	6,718	(7,819)	9,894
Net financials	8,881	(8,538)	(11,345)	(65)	(849)
Profit/(loss) for the year	(27,032)	(23,763)	(6,339)	(6,338)	7,053
Total assets	336,811	111,169	134,843	25,789	29,208
Non-current asset	253,270	93,153	108,794	50	42
Total liabilities	95,739	124,269	124,180	8,786	5,869
Equity	241,072	(13,100)	10,663	17,002	23,339
Cash flow from operating activities	(9,597)	(2,012)	12,151		
Cash flow from investing activities	(256,138)	(64)	28		
Of which investment in property, plant and equipment	(256,138)	(64)	(172)	(31)	(42)
Cash flow from financing activities	338,812	2,922	(12,579)		
Cash and cash equivalents	63,636	1,243	397		

[1] Up until the 25th of September 2020, the consolidated figures only included numbers for the parent company, Cadeler A/S. As of the 25th of September 2020, the two subsidiaries, Wind Osprey and Wind Orca, were established. From this point in time, the consolidated figures comprised Cadeler A/S, Wind Osprey and Wind Orca.

[2] Figures for the years 2019, 2018, 2017 and 2016 only include numbers for the parent company, Cadeler A/S.

[3] EBITDAR is earnings before interest, tax, depreciation, amortization, foreign exchange gains/losses and bareboat rent in the form of variable lease fee and right-of-use asset amortisation.

Financial Highlights

EUR'000	2020[1]	2019[2]	2018[2]	2017[2]	2016[2]
Financial ratios					
Return on assets (%)	-8.1%	-21.4%	-4.7%	-24.6%	24.1%
Equity ratio (%)	71.6%	-11.8%	7.9%	65,9%	79.9%
Contracted days (no. of days)	470	383	443	403	474
Utilization (%)	64.4%	52.5%	60.7%	55.2%	64.9%
Average day rate (EUR'000)	35.9	85.3	138.1	102.8	133.0
Share related key figures					
Earnings per share (EPS)	(1.04)	(30.5)	(8.1)	(8.1)	9.0
Diluted earnings per share	(1.04)	(30.5)	(8.1)	(8.1)	9.0
Average number of employees	**42**	**33**	**32**	**28**	**27**

[1] Up until the 25th of September 2020, the consolidated figures only included numbers for the parent company, Cadeler A/S. As of the 25th of September 2020, the two subsidiaries, Wind Osprey and Wind Orca, were established. From this point in time, the consolidated figures comprised Cadeler A/S, Wind Osprey and Wind Orca.

[2] Figures for the years 2019, 2018, 2017 and 2016 only include numbers for the parent company, Cadeler A/S.

Financial ratios are calculated in accordance with the terms and definitions included in the accounting policies (note 2.22 to the consolidated financial statements).

2020, 2019 and 2018 figures are prepared in accordance with IFRS and 2017, 2016 are prepared in accordance with Danish GAAP.

The most material difference between IFRS and Danish GAAP relevant for the group is the application of IFRS 16.

The audited financial statements for 2016 and 2017 did not provide a revenue split.

The company did not present cash flow statements nor gross profit/(loss) under Danish GAAP. Therefore, cash flow statements and gross profit/(loss) are not presented for 2017, 2016.

Consolidated Financial Statements

Consolidated Statement of Profit and Loss and other comprehensive income

EUR'000	Note	2020	2019[1]
Revenue	3	19,501	38,382
Cost of sales	4	(45,759)	(44,631)
Gross (loss)/profit		**(26,258)**	**(6,249)**
Other income		-	7
Administrative expenses	4	(9,646)	(7,403)
Operating (loss)/profit	23	**(35,914)**	**(13,645)**
Finance income	8	16,811	-
Finance costs	8	(7,930)	(8,538)
Loss before income tax		**(27,033)**	**(22,183)**
Income tax expense	9	1	(1,580)
Loss for the year		**(27,032)**	**(23,763)**
Other comprehensive income			
Other comprehensive income/ (loss) for the year, net of tax		**-**	**-**
Total comprehensive income for the year, net of tax		**(27,032)**	**(23,763)**

EUR'000	Note	2020	2019[1]
Loss for the year attributable to:			
Equity holders of the parent	10	(27,032)	(23,763)
		(27,032)	**(23,763)**
Total comprehensive income attributable to:			
Equity holders of the parent	10	(27,032)	(23,763)
		(27,032)	**(23,763)**
Earnings per share			
Basic, loss for the year attributable to ordinary equity holders of the parent (EUR per share)	10	(1.04)	(30.47)
Diluted, loss for the year attributable to ordinary equity holders of the parent (EUR per share)	10	(1.04)	(30.47)

[1] Parent company IFRS figures included in the consolidated financial statements for comparative purposes.

Consolidated Balance Sheet

EUR'000	Note	2020	2019[1]
Assets			
Non-current assets			
Property, plant and equipment	15	252,327	130
Rights-of-use assets	16	740	92,813
Leasehold deposits		203	210
Deferred tax asset	18	-	-
Total non-current assets		**253,270**	**93,153**
Current assets			
Inventories	13	312	261
Trade and other receivables	12	11,788	16,425
Receivables from Swire group	23	7,463	-
Other current assets	14	190	87
Current Income tax receivables	18	152	-
Cash and bank balances	11	63,636	1,243
Total current assets		**83,541**	**18,016**
Total assets		**336,811**	**111,169**

[1] Parent company IFRS figures included in the consolidated financial statements for comparative purposes.

EUR'000	Note	2020	2019[1]
Equity			
Share capital	19	15,557	104
Share premium		265,742	-
(Accumulated losses)/retained earnings		(40,236)	(13,204)
Total equity		**241,063**	**(13,100)**
Liabilities			
Non-current liabilities			
Lease liabilities	21	507	87,951
Other payables		-	134
Deferred charter hire income	3	5,740	4,959
Debt to credit institutes	22	63,867	-
Total non-current liabilities		**70,114**	**93,044**
Current liabilities			
Trade and other payables	17	7,262	3,226
Payables to Swire group entities	23	5,384	10,846
Deferred charter hire income	3	3,070	-
Lease liabilities	21	285	15,519
Current income tax liabilities	18	-	1,634
Debt to credit institutes	22	9,633	-
Total current Liabilities		**25,634**	**31,225**
Total liabilities		**95,739**	**124,269**
Total equity and liabilities		**336,811**	**111,169**

Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	(Accumulated losses)/ retained earnings	Total
2019[1]				
Beginning of financial year	104	-	10,559	10,663
Loss for the year	-	-	(23,763)	(23,763)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(23,763)**	**(27,763)**
End of financial year	**104**	**-**	**(13,204)**	**(13,100)**
2020				
Beginning of financial year	104	-	(13,204)	(13,100)
Loss for the year	-	-	(27,032)	(27,032)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(27,032)**	**(27,032)**
Capital increase by contribution in-kind	10,379	190,137	-	200,516
Capital increase from IPO	5,074	78,791	-	83,865
Transaction costs in relation with capital increase	-	(3,342)	-	(3,342)
Share-based payments	-	156	-	156
End of financial year	**15,557**	**265,742**	**(40,236)**	**241,063**

[1] Parent company IFRS figures included in the consolidated financial statements for comparative purposes.

Consolidated Statement of Cash flows

EUR'000	Note	2020	2019[1]
Cash flow from operating activities			
Loss for the year		**(27,032)**	**(23,763)**
Adjustments for:			
Depreciation and amortization		15,482	15,644
Gain on derecognition of lease assets and liabilities		(7,703)	-
Interest expenses		1,131	8,288
Interest income		-	-
Income tax expense		(1)	1,580
Share-based payment expenses		156	-
		(17,967)	**1,749**
Changes in working capital:			
Inventories		(51)	581
Trade and other receivables		4,541	(3,523)
Trade and other payables		3,893	923
Receivables from Swire group entities		(7,463)	-
Payables to Swire group entities		5,384	-
Deferred revenue		3,851	(1,645)
Net change in working capital		**10,155**	**(3,664)**
Income tax paid		(1,785)	(97)
Net cash provided by operating activities		**(9,597)**	**(2,012)**

[1] Parent company IFRS figures included in the consolidated financial statements for comparative purposes.

EUR'000	Note	2020	2019[1]
Cash flow from investing activities			
Additions to property, plant and equipment		(256,138)	(64)
Interest received		-	-
Net cash (used in)/provided by investing activities		**(256,138)**	**(64)**
Cash flow from financing activities			
Principal repayment of lease liabilities	21	(11,226)	(14,784)
Interest paid		(4,136)	(5,022)
Receivables from Swire group entities		-	11,882
Payables to Swire group entities		(10,846)	10,846
Proceeds from issue of share capital[2]		284,381	-
Transaction costs on issues of shares		(3,342)	-
Proceeds from borrowing	21	73,287	-
Net cash used in financing activities		**338,812**	**2,922**
Net increase/(decrease) in cash and cash equivalents		**62,393**	**846**
Cash and cash equivalents at beginning of financial year	9	1,243	397
Cash and cash equivalents at end of financial year	9	**63,636**	**1,243**

[1] Parent company IFRS figures included in the consolidated financial statements for comparative purposes.

[2] Proceeds from capital increase consists of receivables from group enterprises. These receivables were used to purchase the vessels and are therefore considered cash equivalent.

Notes to the Consolidated Financial Statements

Note 1

General information

Corporate information

Cadeler A/S is incorporated and domiciled in Denmark. The address of its registered office is Arne Jacobsens Allé 7, 7., DK-2300 Copenhagen S, Denmark.

The group is a leading offshore wind farm T&I contractor headquartered in Copenhagen, Denmark. The group operates two offshore jack-up windfarm installation vessels, Wind Orca and Wind Osprey. In addition to wind farm installation, these vessels can perform maintenance, construction, decommissioning, and other tasks within the offshore industry.

The consolidated financial Statements of the group is composed by the Financial Statements of the company Cadeler A/S and its subsidiaries (which are fully owned by the parent company Cadeler A/S). The subsidiaries of Cadeler A/S are the two companies owning the wind farm installation vessels, Wind Orca Ltd and Wind Osprey Ltd.

Note 2

Significant accounting policies

2.1 Basis for Preparation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the EU as well as additional Danish disclosure requirements applying to listed companies. Further they are prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are further described in note 2.21.

The financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Comparative figures

2020 is the first year of preparing consolidated IFRS financial statements as the group was established in 2020 in connection with the establishment of the two subsidiaries Wind Orca and Wind Osprey.

Comparative figures reflects the IFRS financial statements for the parent company, Cadeler A/S. The activities between the two years are unchanged, hence the numbers are comparable.

Going concern assessment
Due to the loss incurred at the year ended at 31 December 2019 of EUR 23,763 thousand, the company was in a net liabilities position as of 31 December 2019. On the 25th of September 2020, the parent company made a non-cash contribution of EUR 200 million of equity and provided an intercompany term loan of EUR 49 million, which were used to acquire the two vessels for a total consideration of USD 290 million.

This equity injection strengthened the financial position and returned the company to a net asset position as well as improved the cash flow generation going forward due to the discontinuation of the leasing arrangements.

On 27 November 2020, Cadeler A/S was listed on the Oslo Stock Exchange in Norway. Proceeds from the listing amounted to EUR 85 million. As of 31 December 2020 the group is in a net positive financial position.

In connection with the preparation of the financial statements, the Board of Directors, the Audit Committee and the Executive Board have assessed whether it is well-founded that the going concern assumption is used as a basis. The Board of Directors, the Audit Committee and the Executive Board have concluded that at the time of the presentation of the accounts, there are no factors that give rise to uncertainties as to whether the Group and the company can and will continue operations at least until the next balance sheet date.

2.2 Changes in accounting policies and disclosures
With effect from 1 January 2020, the Group has implemented the following amended standards and interpretations:
- Amendments to References to the Conceptual Framework in IFRS standards on the Conceptual Framework for IFRS
- Amendments to IFRS 3 on the definition of a business combination
- Amendments to IAS 1 and IAS 8 on the definition of materiality
- Amendments to IFRS 9, IAS 39 and IFRS 7 on the IBOR reform
- Amendments to IFRS 16 on rent reductions due to Covid-19

None of the above standards have had an impact on recognition and measurement in the financial statements.

The group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have a material impact on the Group.

2.3 Revenue recognition
2.3.1 Time Charter
Revenue from time charter revenue is generated from leasing of vessels and provision of services within wind farming projects, catering and accommodation and mobilization.

A time charter contract consists of a leasing component (the bareboat element) and a service component. The service component is within the scope of IFRS 15, while the leasing component is within the scope of IFRS 16. Refer to Note 2.11 on accounting policy for leases. Both the service component and the leasing component are recognized as revenue over time over the leasing period.

Prepayments from customers for which the service component has yet to be provided are recognized as deferred charter hire income and recognized as revenue over the period during which the services are performed.

Payments from customers for the bareboat element are recognized over time in accordance with the length of the customer contract. Prepayments from customers for the leasing component are recognized as deferred charter hire income. Refer to Note 2.16 for accounting policy on deferred charter hire income.

2.3.2 Catering and accommodation income
Catering and accommodation income comprise income derived from catering services and the provision of accommodation. Revenue is recognized as the service is being provided over time.

2.3.3 Mobilization Income
Mobilization income comprises income for vessel mobilization to support customer projects. Revenue is recognized over time as the service is being provided.

2.3.4 Sundry Income
Sundry income comprises income derived from the mark up on cost recharged to clients for example fuel, and specific charter equipment requests by the customer. Revenue is recognized on consumption or delivery of charter equipment.

2.4 Interest Income
Interest income is recognized using the effective interest method.

2.5 Cost of sales and administrative expenses
Cost of sales and administrative expenses include the year's expenses relating to the group's core activities, including depreciation, crew hire and expenses relating to operation of vessels, maintenance, staff costs and administration costs.

2.6 Employee Compensation
Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

Employee compensations include wages and salaries, including compensated absence and pensions, as well as other social security contributions made to the entity's employees or public & government authorities. The item is net of support schemes made by public & government authorities.

2.7 Borrowing Costs
Borrowing costs are recognized in profit or loss using the effective interest method.

2.8 Income Taxes
2.8.1 Income Tax
Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognized as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognized directly in equity.

2.8.2 Tonnage Tax
The Danish tonnage tax scheme was extended to give vessels such as those operated by the Company the option to elect to be included in the scheme. Under the scheme, ship-owners (or bareboat charterers) pay a fixed tax amount per net tonne at their disposal rather than paying taxes based on income, expenses, and depreciation. The Company will apply to participate in the scheme from 27 November 2020.

As the vessels are registered on Cyprus and owned by the subsidiaries on Cyprus, the Group is also subject to tonnage taxation on Cyprus. This tonnage taxation income is calculated based on a fixed tax amount per tonne.
As both of these tax schemes are on a notional income derived from tonnage capacity and not based on the entities' actual income and expenses, the Group does not consider the schemes to fall under the rules of IAS 12. Consequently, the tonnage tax expenses are not presented as part of tax expense in the statement of profit and loss, but are recognized under costs of sales.

2.9 Inventories
Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory covers fuel, lube and other immaterial items. Major spare parts are recorded as fixed assets.

2.10 Property, Plant and Equipment
Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognized includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

To keep performing their operational activity, the vessels have an obligation to go through drydocks procedures every five years. The costs of the drydock procedures are capitalized per their purchase price and any costs that are directly attributable to bringing the vessels to the location and condition necessary for the drydock procedures.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the assets' estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Vessels and furnished equipment	Up to 25 years
Drydock	5 years
Cars	5 years
Other fixtures and fittings	2 to 3 years

The estimated useful life of the vessels of 25 years has been estimated by an external consultant through a determined fatigue analysis based on the technical specification of the vessels. Prior to their acquisition, the vessels had already been in use for 7 years, therefore the remaining useful life of the vessels is estimated at 18 years.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.11 Leases

When the group is the lessor

Lessor – Operating leases

The group leases vessels (the bareboat element under time charter contracts) under operating leases to non-related parties. This is classified as an operational lease, as such leases do not cover a significant part of the economic life of the vessels and the group retains substantially all risks and rewards incidental to ownership of the vessels. Rental income from operating leases is recognized in profit or loss on an over time basis over the lease term and included in revenue.

Initial direct costs incurred by the group in negotiating and arranging operating leases are capitalized and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

When the group is the lessee

At the inception of the contract, the group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

a. Right-of-use assets

The group recognized a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities using an incremental borrowing rate adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use assets are depreciated on a straight-line basis lease term.

b. Lease liabilities

At the commencement date of the lease, the group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. Under the old lease agreements, both ended as of the 25th of September 2020, the group paid a utilization lease fee when the vessels were utilized. These payments were not included in the lease liability, as they were only paid when the vessels were utilized. The utilization lease fee had been classified as being a variable fee.

In calculating the present value of lease payments, the group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. Short-term and low-value leases
The group has elected to not recognized right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term. Short-term and low-value leases consists of cars, coffee machines and AV equipment.

Derecognition of lease
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts of the asset and the liability is recognized in the statement of profit and loss.

2.12 Impairment of non–financial assets
Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss.
An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

A reversal of impairment loss for an asset is recognized in profit or loss.

2.13 Financial Assets
The group measures its financial assets at amortized cost.

The classification of debt instruments depends on the group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The group reclassifies debt instruments when and only when its business model for managing those assets changes

(i) At initial recognition
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the group mainly comprise of cash and bank balances, trade receivables and other current assets.

There are three prescribed subsequent measurement categories, depending on the group's business model in managing the assets and the cash flow characteristic of the assets. The group manages these group of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortized cost subsequent to initial recognition.
Interest income from these financial assets are recognized using the effective interest rate method.

The group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost.

For trade and other receivables, the group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For cash and bank balances, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

2.14 Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.15 Trade and other Payables

Trade and other payables represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.16 Deferred charter hire income

Time charter revenue received in advance and reservation fees are deferred and recognized as current liabilities if the service is due within one year or less. Otherwise, they are presented as non-current liabilities. Deferred charter hire income is recognized as revenue in profit or loss over time over the period during which the related service is performed.

2.17 Financial Liabilities

Debt to credit institutions etc. is recognized at the time of borrowing at fair value after deduction of transaction costs incurred. Subsequently, the financial liabilities are measured at amortized cost using the "effective interest method", so that the difference between the proceeds and the nominal value is recognized in the income statement under financial expenses over the loan period.

2.18 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares are accounted for as a deduction from equity.

2.19 Currency translation
The financial statements are presented in Euro (EUR), which is also the functional currency of the group.

Transactions in a currency other than the EUR ("foreign currency") are translated into EUR using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet are recognized in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within finance income or finance costs.

2.20 Cash flow statement
Statement of cash flows
The statement of cash flows shows the group's cash flows for the year distributed on operating, investing and financing activities, net changes for the year in cash and cash equivalents as well as the group's cash and cash equivalents at the beginning and end of the year
Positive amounts indicate cash inflows, whereas negative amounts indicate cash outflows.

Cash flows from operating activities
Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, changes in working capital and income tax paid or received. Working capital includes current assets less current liabilities, excluding cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from instalments on lease liabilities, and interest paid/received.

Cash and cash equivalents
Cash and cash equivalents are measured in the balance sheet nominal value, and mainly consists of short-term deposits and cash and bank balances.

2.21 Significant accounting judgements, estimates and assumptions
Property, plant and equipment
The estimation made regarding the duration of the useful life of the vessels has been determined through an analysis made by an external consultant.

The determined fatigue analysis is based on the technical specification of the Wind Turbine Installation vessels, the useful life of the vessels is estimated at 25 years. All material components on the vessel such as the crane and jacking systems are assumed to have the same useful life. Management choose to depreciate the value of the asset over the estimated useful life of the vessels and assume a nil residual value at the end of the period (when considering disposal costs).

The vessels previously to their acquisition have been already used for 7 years accordingly, the vessels have an estimated 18 years remaining useful life.

Leases – Estimating the incremental borrowing rate and lease term
The Group cannot readily determine the implicit borrowing rate, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects

what the Group “would have to pay”, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group’s stand-alone credit rating). The lease term on the bareboat agreements where the Group is a lessee is determined as the non-cancellable term of the lease together with the period covered by committed customer contracts which are embedded with parent company guarantees, and which would require the Group to exercise the implicit option to extend the bare-boat agreements to fulfil these contracts.

Impairment of non-financial assets
Management is responsible for the identification of indicators of impairment related to non-financial assets. If indicators of impairment are identified, an impairment test must be performed.

Impairment exists when the carrying value of an asset including right-of-use assets or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available sales transactions conducted at arm’s length terms, if available. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and the most recent project pipeline. These cash flows do not include restructuring activities or significant future investments which will enhance the performance of the assets or CGU being tested. The recoverable amount is sensitive to the discount rate used in the DCF model as well as future cash in-flows and growth rate assumptions.

2.22 Financial ratios and operational metrics

Return on assets	Profit/loss from operating activities / Total assets, year-end
Equity ratio	Equity, year-end / Total equity and liabilities, year-end
Contracted days	Number of on hire days in the fiscal year (in total for both vessels)
Utilization	Contracted days / Days in the year (365*two vessels)
Average day rate	Charter hire revenue / Contracted days
Earnings per Share	Result for the year / Average number of shares during the year
Diluted earnings per Share	Result for the year / Average number of shares during the year + average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares
EBITDAR	Earnings before interest, tax, depreciation, amortization, foreign exchange gains/losses and bareboat rent in the form of variable lease fee and right-of-use asset amortisation.

2.23 Share based payments
Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expenses, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share in a loss situation only if Loss per share increases.

Note 3

Revenue

Disaggregation of revenue from contracts with customers

EUR'000	2020	2019
Revenue from contracts with customers		
Time charter hire	16,912	30,998
Catering and accommodation	1,130	1,032
Mobilisation	400	1,669
Sundry income	1,059	1,183
Contract cancellation fee	-	3,500
Total revenue	**19,501**	**38,382**
Revenue from contract with customers		
Service revenue	12,374	13,968
Bareboat revenue	6,068	19,731
Sundry income	1,059	4,683
Total revenue	**19,501**	**38,382**

All the revenues are recognized over-time.

Charter hire services are contracts with customers where the group utilizes its vessels, equipment and crew to deliver a service to the customer based on either a fixed day rate or milestone deliverables. Despite the accounting treatment difference of a leasing component (use of the vessels) and a service component (vessel operation) of time charter contracts, these components are not treated or priced separately in the contracts, nor does the group offer either of the services separately.

Time charter hire revenue derived from milestone-based time charters or contracts with a fixed price is deemed to be 100% service revenue as the risk is with the group. The group will have a higher concentration of milestone and fixed price contracts going forward.

Time charter hire revenue derived from day rate contracts is split into service and bareboat revenue elements. This split is determined by calculating service revenue as crewing costs for the contract at a 6% mark-up. The residual is deemed to be bareboat revenue.

Catering and accommodation income are derived from the provision of food and accommodation on the vessels, and is deemed service revenue.

Mobilization are the fees earned for the movement of the vessel from one location to another in order to deliver a project, it is deemed to be bareboat revenue. In 2020, revenue with two customers exceed 10% of total revenue. The revenue derived from these two customers was EUR 13.3 million and EUR 3.6 million respectively.

In 2019, revenue with two customers exceed 10% of total revenue. The revenue derived from these two customers was EUR 25.0 million and EUR 8.4 million respectively.

Customers are typically invoiced on a monthly basis, when the vessels are on contract. Payment terms with customers vary by contract and do not include a finance component.

Operating segments
The group's management are not operating or making decisions based on customers types, type of services or geographical segments. The group operates two windfarm installations vessels, which are viewed as one segment and can operate in all geographical areas required for the specification of a specific windfarm project. Accordingly, the group only has one operating segment.

Deferred charter hire income
Revenue recognized in relation to deferred charter hire income

EUR'000	2020	2019
Revenue recognized in current period that was included in the contract liabilities balance at the beginning of the period		
Time charter hire services	4,959	6,604
Total liabilities at the beginning of the period	**4,959**	**6,604**

The contract liabilities relate to consideration received from customers for the unsatisfied performance obligation in the charter contracts. Revenue will be recognized when the related services are provided to the customers.

Contract backlog
The group has an order backlog amounting to EUR 310 million including options and represents the value of the outstanding performance obligations in current contracts and future contracts. This backlog includes lease payments relating to the bareboat of the vessels. Of this total backlog, EUR 64 million relates to performance obligations of contracts in 2021.

Note 4

Expenses by Nature

EUR'000	Note	2020	2019
Cost of Sales			
Right of use asset depreciation	16	11,265	15,285
Bareboat charter hire (variable on hire lease fee)	23	9,952	9,774
Insurance[1]		692	-
Vessel depreciation	15	3,853	-
Crewing costs paid to a related party and an external party	23	11,287	11,603
Fuel and oil		1,020	1,758
Maintenance		2,729	2,148
Messing costs		769	1,062
Seafarer travel		1,101	462
Specific charter costs		2,157	1,891
Utilities		525	448
Other operating expenses		407	200
Tonnage Tax	9	2	0
Total vessel operation costs		**45,759**	**44,631**

EUR'000	Note	2020	2019
Administrative expenses			
Depreciation and amortization	15, 16	364	358
Employee compensation	5	5,615	3,939
Repair and maintenance expenses		179	172
Legal and professional fees		1,374	432
Rental expenses – short term or low value assets		355	362
Travel expense		247	556
Management fees to related party	23	947	853
Marketing and entertainment expenses		248	342
Other expenses		317	388
Total administrative expenses		**9,646**	**7,403**

[1] After the purchase of the Wind Orca and Wind Osprey vessels the insurance costs are shown separately. Insurance costs were included as part of the Bareboat charter hire prior to the purchase of the vessels.

Auditor Remuneration

Administrative expenses include fees to the auditors appointed by the shareholder at the Annual General Meeting:

EUR'000	2020	2019
Statutory audit	180	40
Tax services	255	182
Other assurance services	351	-
Other services	-	33
Total	**686**	**256**

Fees for statutory audit and other assurance services were impacted by additional work performed in connection with the IPO in 2020, including IFRS-conversion, review of interim reports and other work related to this.

Note 5

Employee Compensation

EUR'000	2020	2019
Wages and salaries	4,990	3,664
Employer's contribution to defined contribution plans	197	15
Share based payment expense (Note 6)	156	0
Other short-term benefits	266	260
	5,615	**3,939**

	2020	2019
Average number of full time employees	42	33

Wages and salaries include expenses for temps and temporary assistance, but they are not reflected in the average number of full-time employees

Note 6

Share Based Payments

The group has implemented a share-based incentive scheme for its key employees in connection with the IPO, with the following key terms:

(i) an incentive varying from 1 to 8 months of gross monthly salary of the key employee paid in shares in the event the Offering is successful. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the employee and share price on the first day of trading of the shares

(ii) an incentive varying from 2 to 4 months of gross monthly salary of the key employee paid in shares for the continuous employment of the employee for each full calendar year of 2020 and 2021.

The incentive will be paid with the employee's salary in June in the following year, i.e. in June 2021 and June 2022. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the employee and share price on the date the incentive will be paid in June 2021 and June 2022

(iii) with effect from 2021, a tiered annual bonus scheme for the CEO of the Company linked to KPIs and business profitability, which is capped at 8 months of gross monthly salary of the CEO paid in shares. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the CEO and share price on the date falling 30 days from the date of filing of the audited accounts of the Company for the financial year

(iv) the grant of shares is subject to a vesting period of 12 months in which continued employment is a condition for the grant of shares.

The number of potential shares that could be issued from these schemes, at the share price at IPO of NOK23.50, are 258k shares or 0.2% of share capital at the 31st December 2020. The number of shares to be issued are dependent on the continued employment of staff, the future share price, and the performance of the business. The total fair value at grant date amounted to EUR 0.9 million.

Note 7

Management Compensation

	2020			2019	
EUR'000	Board of directors	Executive management	Key management	Board of directors	Executive management
Wages, salaries and board fees	37	446	288	55	378
Share based payments	-	45	70	-	-
Other short-term benefits	-	41	44	-	39
Cash bonus	-	201	-	-	-
	37	733	402	55	417

Executive management means the members of the executive management which were registered with the Danish business authority. Key management are the personnel who, in addition to executive management, have the authority and responsibility for the planning, directing and controlling activities of the company as defined by IAS24. In 2019, no employees were considered key management.

Richard Lawrence Sell and Roy George Shearer are employed by the Swire Group and have not received remuneration as Cadeler board members in 2020. Further details of management and board compensation can be found in the 2020 Cadeler Remuneration Report.

Note 8

Finance Income and Expenses

EUR'000	2020	2019
Realized foreign currency gain	4,417	-
Unrealized foreign currency gain	1,476	-
Foreign currency gain on USD denominated bareboat agreements	3,218	-
Gain on derecognition of IFRS 16 assets and liabilities related to vessels	7,703	-
Finance income	**16,811**	**-**

EUR'000	2020	2019
Interest expernse:		
- Interest on tax owed	-	642
- Interest linked to debt liabilities	260	-
- Interest with related parties	789	-
Lease liabilities	3,243	5,021
Realized foreign currency loss	3,612	225
Foreign currency loss on USD denominated bareboat agreements	-	2,625
Bank fees	26	25
Finance expenses	**7,930**	**8,538**

Note 9

Income Taxes

EUR'000	2020	2019
Income tax expense		
Tax expense attributable to profit is made up of:		
Current tax, prior year adjustments	-	1,637
Refund in joint taxation	-	(57)
Utilization of non recognized tax losses offset against Danish Tonnage Tax expense	**(1)**	
	(1)	1,580

In 2019, the Company underwent a transfer pricing audit conducted by the Danish Tax Authorities. The audit was concluded 14 May 2020 and resulted in adjustments to prior year tax expense of EUR 1.6 million and interest expenses of EUR 642 thousand, which have been provided for at 30 June 2019. The interest expenses have been recognized under finance expenses.

Tonnage tax

An expansion of the Danish tonnage tax regime to cover wind farm installation vessels was passed in January 2020 with retroactive effect from 2017, 2017 inclusive.

On 15th December 2020, Cadeler A/S received a binding ruling from the Danish Tax Authorities. According to this, Cadeler A/S will be eligible to apply the Danish Tonnage Taxation after the listing of the shares 27th November 2020. Management expects to apply for the Danish Tonnage Taxation during 2021, and has consequently in the 2020 annual report applied the Danish Tonnage Taxation rules as of 27th November 2020.

The recorded tonnage tax expense for 2020 in Denmark amounts to EUR 1 thousand and covers the period 27th November 2020 to 31 December 2020. The recorded tonnage tax expense in Cyprus amounts to EUR 1 thousand and covers the period 25 September 2020 to 31 December 2020.

For the period 1 January – 27 November 2020, Cadeler A/S incurred material corporate income tax losses. In addition to this, Cadeler A/S also has material tax losses from previous periods available for carry forward. Such tax losses can be utilized against future tonnage taxation income and other income, which does not qualify for tonnage taxation. The total tax losses to be carried forward as of 31 December 2020 are in the region of EUR 12 million. The tax losses are not subject to expiration.

Tonnage taxes are not to be accounted for in accordance with IAS 12, accordingly the costs are presented as part of cost of sales. A tax credit of EUR 1 thousand has been recognized in 2020 in relation to Danish Tonnage tax which has been offset by tax losses.

Effective Tax Rate		2020		2019
	EUR'000	%	EUR'000	%
Tax expense attributable to profit is made up of:				
Accounting profit before income tax	(27,033)		(22,183)	
Adjustment regarding tonnage taxed income	(2,277)		-	
Accounting profit before income tax relating to Corporation Tax	(24,756)		(22,183)	
Calculated tax at statutory tax rate in Denmark, 22 %	5,446	22.0	4,880	22.0
Tax impact from:				
Non-deductible expenses	-	-	(143)	0.6
Refund in joint taxation	-		57	(0.3)
Adjustment regarding previous years	-		(1,637)	7.4
Change in impairment of deferred tax assets in the year	(5,447)	22.0	(4,737)	21.4
Income tax expense, reported	**1**	**0.0**	**(1,580)**	**7.1**
Effective tax rate (%)	**0.0%**		**7.1%**	

Note 10

Earnings per Share (EPS)

Basic EPS is calculating by diving the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

EUR'000	2020	2019
Profit attributable to ordinary equity holders of the parent for basic earnings	**(27,032)**	**(23,763)**
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**(27,032)**	**(23,763)**

Thousands	2020	2019
Weighted average number of ordinary shares for basic EPS[1]	**25,934**	**780**
Effect of dilution from shared based payments programme	258	-
Weighted average number of ordinary shares adjusted for the effect of dilution[1]	**26,192**	**780**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these Financial Statements.

[1]The weighted average number of shares takes into account the weighted average effect of share based payments during the year

Note 11

Cash and bank balances

EUR'000	2020	2019
Cash at bank and on hand	63,636	1,243
	63,636	**1,243**

Note 12

Trade and other receivables

EUR'000	2020	2019
Trade receivables:		
Trade receivables from non-related parties	6,951	14,881
Receivables from Executive Management	6	0
Other receivables	4,832	1,544
	11,788	**16,425**

Loans ranging from EUR 1 thousand to EUR 6 thousand were provided to four employees in October 2020. It was discovered in February 2021 that a loan provided to executive management was in violation with section 210 of the Danish Companies Act. The loan to executive management of EUR 6 thousand was immediately repaid in full including interest payments of 10% per annum as specified by the Danish Companies Act, Section 215.

Expected credit loss on trade receivables

The group has historically only experienced immaterial losses on trade receivables, if any. Further, a material part of the cash flows in the contracts are prepayments received up front.

The group's expected credit losses are, based on historical data, a low number of high-quality debtors and expectations to the future, therefore immaterial.

EUR'000	Trade receivables	Expected loss	Total
31 December 2020			
Not due	6,004	-	6,004
Overdue 1-30 days	198	-	198
Overdue 31 to 60 days	84	-	84
Overdue +61 days	665	-	665
Total	**6,951**	**-**	**6,951**
31 December 2019			
Not due	14,881	-	14,881
Overdue 1-30 days	-	-	-
Overdue 31 to 60 days	-	-	-
Overdue +61 days	-	-	-
Total	**14,881**	**-**	**14,881**

Note 13

Inventories

	31 December	
EUR'000	**2020**	**2019**
Fuel and lube oil	312	261

Note 14

Other Current Assets

EUR'000	2020	2019
Prepayments	176	87
Other current assets	14	0
Total other current assets	**190**	**87**

Note 15

Property Plant and Equipment

EUR'000	Vessels	Dry Dock	Other fixtures and fittings	Total
Cost 2020				
Beginning of financial year	-	-	323	323
Additions	255,031	1,050	56	256,138
Disposals	-	-	-	-
End of financial year	**255,031**	**1,050**	**379**	**256,460**
Accumulated depreciation				
Beginning of financial year	-	-	193	193
Depreciation charge	3,853	-	87	3,940
Disposals	-	-	-	-
End of financial year	**3,853**	**-**	**280**	**4,133**
Net book value	**251,178**	**1,050**	**99**	**252,327**

EUR'000	Car	Other fixtures and fittings	Total
Cost 2019			
Beginning of financial year	86	258	344
Additions	-	65	65
Disposals	(86)	-	(86)
End of financial year	**-**	**323**	**323**
Accumulated depreciation			
Beginning of financial year	86	111	197
Depreciation charge	-	82	82
Disposals	(86)	-	(86)
End of financial year	**-**	**193**	**193**
Net book value	**-**	**130**	**130**

On the 25th of September 2020, the vessels Wind Orca and Wind Osprey previously hired under bareboat leasing agreements were acquired thought newly established, fully owned subsidiaries. The vessels were acquired for EUR 249,524 thousand from a related party. The vessels have been acquired on a cash basis and therefore recognized at the agreed consideration.

Impairment Test
Two independent evaluations of the market value of the vessels were received before the vessels were acquired on the 25th of September 2020. The two vessels evaluations were presented in the prospectus of the Initial Public Offering of the Company of the 17th of November 2020 in Appendix E.

The first evaluation was made by Fearnleys Asia (Singapore) Pte Ltd the 27th of August 2020 for an estimation of USD 390 million (corresponding to EUR 331 million). The second vessel evaluation was made the 8th of September 2020 by Clarksons Valuations Limited for an estimation of USD 410-450 million (corresponding to EUR 347-381 million).

No event has occurred since the date of these evaluations, which would indicate a need for impairment, therefore management has not performed an impairment test of the value of the vessels as of 31 December 2020.

Note 16

Right of use assets

Nature of the Group leasing activities

Vessels

In previous years, the Group had entered into two bareboat agreements with a related company, Swire Pacific Offshore Cyprus Ltd. (CYP). The bareboat lease agreements related to Wind Orca and Wind Osprey.

The bareboat charter agreements covering the period 1 January 2017 – 31 December 2021 were signed the 18th of January 2017. With committed customer contracts going into 2025 and embedded parent company guarantees, Management expected to use their implicit option to extend the bareboat charter agreement until 2025. As such the bareboat agreements had been recognized for a lease term up until 2025 in accordance with IFRS 16.

The bareboat leases comprised a standby rate of USD 30,000 per vessel per day and a variable additional on-hire rate of USD 30,000 per vessel per day when the vessel was on contract to a customer.

In calculating the present value of the lease payments, the Group used its incremental borrowing rate at the lease commencement date (4.5%). The calculation was based on the fixed leasing payments in the contract. The lease payments were not based on an index or another rate used to adjust the fixed fee. When the vessels were utilized, an extra fee was added to the fixed payments, so the Group paid a higher total lease fee. The extra fee was seen as a variable element and was therefore not included in calculating the lease liability (the present value of the fixed lease payments).

The bareboat agreements contained a clause, which enabled either party to terminate the agreement with 30 days written notice. Prior to the acquisition of the vessels, the bareboat agreements had been terminated and the lease agreements have been de-recognized. This resulted in a gain of EUR 7.3 million which has been recognized under financial income

Office space

The group leases office space for the purpose of office operations. The lease term of the office is based on the first date at which the Group can exit without penalty (31st of August 2023).

EUR'000	Leasehold vessels	Office space	Total
Cost 2020			
Beginning of financial year	122,367	1,572	123,939
Derecognition of the right of use assets	(122,367)	-	(122,367)
End of the financial year	**-**	**1,572**	**1,572**
Accumulated depreciation			
Beginning of financial year	30,571	555	31,126
Amortisation charge	11,265	277	11,542
Derecognition of the right of use assets	(41,836)	-	(41,836)
End of financial year	**-**	**832**	**832**
Net book value	**-**	**740**	**740**

EUR'000	Leasehold vessels	Office space	Total
Cost 2019			
Beginning of financial year	122,367	1,572	123,939
Movement during the year	-	-	-
End of the financial year	**122,367**	**1,572**	**123,939**
Accumulated amortisation			
Beginning of financial year	15,285	278	15,563
Amortisation charge	15,286	277	15,563
End of financial year	**30,571**	**555**	**31,126**
Net book value	**91,796**	**1,017**	**92,813**

Please refer to the note 21 for disclosure on the lease liabilities and to the note 20 for disclosure on the low-value and short-term lease commitments.

Lease interest expenses recognized in profit and loss

a) Interest expense

EUR'000	2020	2019
Interest expense on lease liabilities (vessels and office)	3,243	5,021

b) Lease expense not capitalized in lease liabilities

EUR'000	2020	2019
Short-term and low value lease expense	26	26

c) Total cash outflow for all leases in 2020 and 2019 were EUR 14,155 and EUR 19,420 respectively, excluding variable lease fee (refer to Note 22).

Note 17

Trade and other payables

EUR'000	2020	2019
Trade and other payables:		
Trade payables	4,365	1,304
Other payables	2,897	1,922
	7,262	**3,226**

Note 18

Deferred income taxes

For the period 1 January – 27 November 2020, Cadeler A/S incurred material corporate income tax losses. In addition to this, Cadeler A/S also has material tax losses from previous periods available for carry forward. Such tax losses can be utilized against future tonnage taxation income and other income, which does not quality for tonnage taxation. The total tax losses to be carried forward as of 31 December 2020 amounts to EUR 12 million. The tax losses are not subject to expiration.

No deferred tax asset in relation to the tax losses has been recognized as of 31 December 2020 as the expected amount to be utilized within the foreseeable future (3-5 years) is considered non-material.

Income tax receivables as of 31 December 2020, EUR 152 thousand, comprise on account payments to Danish Tax Authorities.

Note 19

Issued Share Capital

EUR'000	No. of shares	2020	2019
Ordinary shares			
Beginning and end of financial year 2019	780	104	104
Issued on 25th September 2020 for capital increase	77,220	10,379	0
Issued on 27th November 2020 for capital increase	37,574	5,074	0
End of financial year 2020	**115,574**	**15,557**	**104**

As of the 1st of January 2020, the group's issued and paid in share capital amounted to DKK 780 thousand, equal to EUR 104 thousand, consisting of 780,000 shares of DKK 1.

During the year, the authorized share capital was increased by DKK 114,794 thousand, equal to EUR to 15,453 thousand, consisting of 114,794,468 shares of DKK 1.

Note 20

Commitments and pledges

Low value and short-term lease commitments

The future minimum lease payables under non-cancellable low value and short-term leases contracted for at the balance sheet date but not recognized as liabilities, are as follows:

	31 December	
EUR'000	**2020**	**2019**
Not later than one year	26	26
Between one and five years	6	32
	32	**58**

Low value and short-term leases relate to AV equipment, cars and coffee machines.

Pledge of Fixed Assets

The Debt Facility detailed in the note 22 is secured by, inter alia, a first priority mortgage over the Wind Orca and Wind Osprey Vessels and a first priority assignment of the insurances and earnings of the Wind Orca and Wind Osprey Vessels.

New Crane Contract

On the 18th December 2020 the company signed a contract with NOV to replace crane on the vessel Wind Orca. The Company has also secured an option in the contract to replace the crane on vessel Wind Osprey.

The total sum of the contract for replacement of both cranes is 102 million USD which will be due over the years from 2021 to 2024.

Note 21

Financial Risk Management

Financial risk factors

The group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The financial risk management of the group is managed by the management of Cadeler and overseen by the Board of Directors and Audit Committee.
The fair value of the Group's financial assets and liabilities as of 31 December 2020 does not deviate materially to the carrying amounts as of 31 December 2020.

Market risk

Currency risk

The group's business is exposed to the Danish Kroner ("DKK"), Norwegian Kroner ("NOK") and United States Dollar ("USD") as certain operating expenses are denominated in these currencies.

The largest USD expense of the group was the lease liability for the bareboat agreement, which was not hedged.

The group predominately holds cash balances in USD as a natural hedge to expected future capital expenditure on the down payment of a new build vessel in 2021.

If the USD:EUR exchange rate deteriorated by 1% the result before tax would have decreased by EUR 636 thousand based on the USD cash holdings as at 31 December 2020.

As the EUR is pegged to DKK, no material currency risk has been identified against the DKK even though the Company has costs denominated in DKK.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the debt facility which was taken out on the 1st December 2020 (Described further in note 22).

The term loan in the debt facility is based on a EURIBOR interest rate plus a margin. The EURIBOR interest rate has a floor of 0bps and was negative at the end of 2020.

If the EURIBOR interest rate increased 100bps over the floor of 0bps, and the loan had been provided throughout the entire of period of 2020, the result before tax would have decreased by EUR 750 thousand.

If the EURIBOR interest rate decreases the result before tax would not change.

Credit risk

Risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the group.

The group adopts the following policy to mitigate credit risk.
For banks and financial institutions, the group mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

The group adopts the policy of dealing only with customers of appropriate history and obtaining sufficient security where appropriate to mitigate credit risk. The group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk.
These credit terms are normally contractual and credit policies spell out clearly the guidelines on extending credit to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered.

Related party credit risk is managed by the management of Cadeler and overseen by the Board of Directors and Audit Committee.

The maximum exposure to credit risk is the carrying amount of trade receivables and other receivables, receivables from group entities and cash and bank balances presented on the balance sheet.

Impairment of financial assets

The group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its financial assets which are trade and other receivables, cash and bank balances and receivables from group entities. Financial assets are written-off when there is no reasonable expectation of recovery, such as a non-related debtor failing to engage in a repayment plan with the group.

Where receivables have been written-off, the group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The group has applied the simplified credit loss approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers. To measure the expected credit losses, the group grouped receivables based on shared credit characteristics and days past due.

Trade receivables from external customers that are neither past due nor impaired are with creditworthy companies. Based on the provision matrix, the trade receivables from external customers are subject to immaterial credit loss.

For cash and bank balances and other receivables that are measured at amortized cost, the group has considered these financial assets as low credit risk. Cash and bank balances are mainly deposits with banks who have high credit-ratings as determined by international credit-rating agencies. As at 31 December 2020 and 31 December 2019, cash and bank balances and other receivables are subject to immaterial credit loss.

Financial assets that are neither past due nor impaired.
Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Company.

There are no credit loss allowance for other financial asset at amortized cost as at 31 December 2020 and 31 December 2019.

Liquidity risk
The group manages liquidity risk by maintaining sufficient cash and available funding through committed credit facilities to enable it to meet its operational requirements.

The table below analyses the maturity profile of the financial liabilities of the Company based on contractual undiscounted cash flows.

EUR'000	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**
2020			
Trade and other payables	(7,253)	-	-
Payables to Swire group entities	(5,384)	-	-
Lease liabilities	(285)	(298)	(209)
Debt to credit institutes	(12,493)	(21,867)	(46,200)
	(25,415)	**(22,165)**	**(46,409)**
2019			
Trade and other payables	(3,226)	(134)	-
Payable to Swire group entities	(10,846)	-	-
Lease liabilities	(19,859)	(78,857)	(19,491)
	(33,931)	**(78,991)**	**(19,491)**

EUR'000	2020	2019
Lease liabilities at 1st of January (current and non-current lease)	103,470	115,630
Cash flows	(11,226)	(14,785)
Foreign exchange effect	(3,218)	2,625
Derecognition of leases for vessels	(88,234)	-
Lease liabilities at 31st of December (current and non-current lease)	**792**	**103,470**

Change in the debts to credit institutes during the year

EUR'000	2020	2019
Debt to credit institutes at 1st of January (current and non-current lease)	-	-
New loans drawn	(73,287)	-
Non-Cash flow of interest	(213)	-
Debt to credit institutes at 31st of December (current and non-current)	**(73,500)**	**-**

Capital management
The Company's objectives when managing capital are to ensure the Company's ability to continue as a going concern and to maintain an optimal capital structure.

In order to achieve this overall objective, the company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

In order to maintain or adjust the capital structure in the future, the Group may adjust the amount of dividends paid to shareholders, issue new shares and/or sell assets to reduce debt. Pursuant to the Debt Facility, the Company is not permitted to pay any dividends or other distributions without DNB Bank ASA and Sparebank 1 SR Bank's written consent.

Note 22

Financial liabilities: Interest-bearing loans and borrowings

The Group has agreed a debt facility of EUR 95 million from DNB Bank ASA and SpareBank 1 SR-Bank on the 4th November 2020.

The Debt Facility consists of (i) a three-year amortizing term loan of EUR 75 million, repayable in semi-annual instalments of EUR 5 million in month 6 and 12, EUR 10 million in month 18 and 24, EUR 7.5 million in month 30 and 36, in addition to a final balloon payment of EUR 30 million, and (ii) an overdraft facility of up to EUR 20 million.

The term loan bears interest at 3-month EURIBOR + 325 bps, subject to a 5 basis point green loan margin discount as long as the Company is in compliance with certain green asset criteria such as earmarked investments in green assets. The Group is currently in compliance with this green criteria and are expected to remain compliant for the duration of the facility. The overdraft facility bears interest at EURIBOR + 275 bps.

The Group drew down the full EUR 75 million of the term loan on the 1st December 2020 and the overdraft facility remains undrawn at 31 December 2020.

Covenants

The Group is in compliance with all covenants in the debt facility:

<u>Minimum Free Liquidity:</u> Freely available cash and cash equivalents (including undrawn portion of overdraft facility) at all times to be the higher of EUR 5,000,000 or an amount equal to 7.5% of the gross interest-bearing debt.

<u>Equity Ratio:</u> The ratio of book equity to total assets at all times to be minimum 40%.

<u>Fair market value of vessels:</u> The fair market value (free of any charterparty or other employment contract) of the Vessels shall at all times cover at least 200% of the drawn amounts under the Debt Facility (including any outstanding guarantees under the overdraft facility) measured on a consolidated basis for the Vessels.

<u>Restriction on dividends:</u> The Company is not permitted to pay any dividends or other distributions without DNB Bank ASA and Sparebank 1 SR Bank's written consent.

<u>Change of control:</u> If (i) Swire Pacific Limited directly or indirectly ceases to own and/or control at least 25% of the voting and/or ordinary shares of the Company, or (ii) any person or group of persons acting in concert gains control, directly or indirectly, of ⅓ or more of the voting and/or ordinary shares of the Company, the facility agent (acting on instructions from the majority lenders) may by written notice of ten (10) business days cancel the facilities and require repayment of all amounts outstanding under the facilities.

Note 23

Related Party Transactions

The following significant transactions took place between the Company and related parties within the Swire Pacific Offshore Holdings Group at terms agreed between the parties:

EUR'000	2020	2019
Bareboat rental payments to the Swire Pacific Offshore Holdings Group	(14,155)	(19,420)
Variable bareboat rental expenses paid to the Swire Pacific Offshore Holdings Group	(9,952)	(9,845)
Crew hire expenses paid to the Swire Pacific Offshore Holdings Group	(11,287)	(10,616)
Management fees paid to the Swire Pacific Offshore Holdings Group	(947)	(853)
Interest to Swire Pacific Offshore Holdings Group	(789)	-
Receivables from Swire Pacific Offshore Holdings Group at year-end	7,463	-
Payables to Swire Pacific Offshore Holdings Group at year-end	5,384	10,846
Right of use asset with a Swire group entity as lessor	-	91,796
Lease liabilities payable to a Swire group entities as lessor	-	102,409

On the 25th of September 2020, Swire Pacific Offshore Holdings Group made a non-cash contribution of EUR 200 million of equity and provided an intercompany term loan of EUR 49 million, which were used to acquire the two vessels currently held under bareboat leasing arrangements to the Company (via newly established, fully owned vesselcos) for a total consideration of USD 290 million. The vessels have been considered acquired on a cash basis and therefore recognized at the agreed consideration.

On the 12th November 2020 the company and John Swire & Sons (H.K.) Ltd agreed that Mark Konrad would be seconded to the company to act as Chief Financial Officer. Cadeler A/S will incur the costs arising for the employment for Mark Konrad of which details are disclosed in the 2020 Cadeler Remuneration Report.

Note 24

Operating profit/(loss)

As a performance measure, the Company uses EBITDAR as it provides an estimate of the EBITDA that would be derived, if the Company directly owned its vessels instead of leasing them from a related party.

EBITDAR is Earnings Before Interest, Tax, Depreciation, Amortization, foreign exchange gains/losses and bareboat Rent in the form of variable lease fee (and right-of-use asset amortization).

EBITDAR is calculated as shown below:

EUR'000	Note	2020	2019
Operating profit or loss as reported in the statement of profit		(35,914)	(13,645)
Right-of-use asset amortisation	16	11,542	15,563
Depreciation and amortisation	15	3,940	82
Bareboat charter hire (variable on hire lease fee)	4	9,952	9,774
EBITDAR		**(10,480)**	**11,774**

Note 25

Events after reporting period

On the 10th March 2021 the company announced that Siemens Gamesa has awarded Cadeler a contract of approximately 90m USD, with an additional 30m USD in options, to transport and install turbines of the SG 14-222 DD model.

Note 26

Authorization of financial statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Cadeler A/S on 6 April 2021 and recommend for approval of the shareholder of the Company at the annual general meeting to be held on 29th April 2021.

Parent Company Financial Statements

Parent Company Statement of Profit and Loss

EUR'000	Note	2020	2019
Revenue	2	22,706	38,382
Cost of sales		(49,214)	(48,837)
Gross (loss)/profit		(26,508)	**(10,455)**
Other income		-	7
Administrative expenses		(9,768)	(7,440)
Operating (loss)/profit		(36,186)	(17,888)
Finance income		5,896	-
Finance costs		(4,690)	(892)
Loss before income tax		(34,981)	(18,780)
Income tax expense	5	1	(1,580)
Loss for the year		**(34,979)**	**(20,360)**

Parent Company Balance Sheet

EUR'000	Note	2020	2019
Assets			
Non-current assets			
Property, plant and equipment	7	99	130
Leasehold deposits		203	210
Investments in subsidiaries	9	249,534	-
		249,837	**340**
Current assets			
Trade receivables		6,945	14,882
Other receivables		4,837	1,544
Receivables from Executive Management	8	6	-
Receivables from Swire group entities		7,463	-
Receivables from subsidiaries		9,469	-
Other current assets		190	87
Deferred tax asset	5	-	-
Current Income tax receivable		152	-
Cash and bank balances		63,636	1,243
		93,010	**18,017**
Total assets		**342,846**	**18,357**

EUR'000	Note	2020	2019
Equity			
Share capital	12	15,557	104
Share premium		265,741	-
(Accumulated losses)/retained earnings		(37,517)	(2,546)
Total equity		**243,781**	**(2,442)**
Liabilities			
Non-current liabilities			
Other payables		-	134
Deferred charter hire income		5,740	4,959
Debt to credit institutions		63,867	-
		69,607	**5,094**
Current liabilities			
Debt to credit institutions		9,633	-
Trade payables		4,366	1,303
Payables to Swire group entities		5,384	10,846
Payables to subsidiaries		4,243	-
Deferred charter hire income		3,070	-
Current income tax liabilities	5	-	1,634
Other payables		2,761	1,922
		29,457	**15,706**
Total liabilities		**99,065**	**20,799**
Total equity and liabilities		**342,846**	**18,357**

Parent Company Statement of Changes in Equity

EUR'000	Note	Share capital	Share premium	(Accumulated losses)/ retained earnings	Total
2019					
Beginning of financial year		104	-	10,559	10,663
Change in accounting policies				7,254	7,254
Loss for the year		-	-	(20,360)	(20,360)
End of financial year		**104**	**-**	**(2,547)**	**(2,443)**
2020					
Beginning of financial year		104	-	(2,547)	(2,443)
Loss for the year		-	-	(34,979)	(34,979)
Capital increase by contribution in-kind		10,379	190,137	-	200,516
Capital increase		**5,074**	**78,791**	-	**83,865**
Transaction costs in relation with capital increase		**-**	**(3,342)**	-	**(3,342)**
Share-based payments	10	**-**	**156**	-	**156**
End of financial year		**15,557**	**265,741**	**(37,526)**	243,773

Notes to the Parent Company Financial Statements

Note 1

Accounting Policies

The parent company financial statements of Cadeler A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class D entities.

The parent company's accounting policies on recognition and measurement are generally consistent with those of the Group. For accounting policies with differences between the parent company's accounting policies and the Group's accounting policies are described below.

Changes in accounting policies
The accounting policies have been changed in the following area:

Starting in 2020, parent financial statements are prepared in accordance with the Danish Financial Statements Act. For 2019, it was prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU and additional requirements in the Danish Financial Statements Act. The transition to financial reporting in accordance with the Danish Financial Statements Act takes place on the basis of the transitional provisions in Executive Order no. 319 of 12 April 2011.

The change is implemented as management is of the opinion that the users' need for accounting information will now primarily be fulfilled in the consolidated financial statements, which have been prepared for the first time in 2020. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirement in the Danish Financial Statements Act. It is also management's opinion that the annual report for the parent company prepared in accordance with the provisions of the Danish Financial Statements Act continue to give a true and fair view of the company's operations and financial position as well as purpose and activity.

As a consequence of the application of the Danish Financial Statements Act, lease contracts will no longer be accounted for in accordance with IFRS 16. Lease contracts were previously accounted for in accordance with IFRS16, which resulted in material right of use assets and lease liabilities as of 31 December 2019.

The effect of the change in accounting policy constitutes an increase of the loss for the year before and after tax by EUR 10.6 million (decrease in loss for 2019 of EUR 3.4 million). The balance sheet and equity as of 31 December 2019 was impacted with EUR 10.7 million (increase in equity of EUR 10.7 million and decrease of total assets of EUR 92.8 million and decrease of liabilities of EUR 103.5 million).

Comparative figures for 2019 have been restated accordingly. Cf. the transitional provisions in Executive Order no. 319 of 12 April 2011, financial figures for the period before 1 January 2019 are not adjusted.

Apart from the above-change, the parent company financial statements have been prepared using the same accounting policies as last year. Disclosure requirements have been restated to comply with the requirements of the Danish Financial Statements Act

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 entity's cash flows are part of the consolidated cash flow statement of Cadeler A/S.

Dividends from subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Receivables
Receivables are measured at amortized cost.
The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognized 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 recognized on an individual basis.

Revenue
The Company has chosen IFRS 15 under Danish GAAP as interpretation for revenue recognition.

Investments in subsidiaries
Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary during the period of ownership are treated as a reduction of cost.

Leasing with the Company as lessee
The company has decided to apply IAS 17 as the basis of accounting for leases rather than using IFRS 16. Applying IAS 17, operating lease expenses are recognised as incurred on a straight line basis over the lease term.

Note 2

Revenue

Refer to note 3 in the consolidated financial statements for disclosure of revenue. Parent company revenue further includes revenue from related parties totaling EUR 3.2 million (2019: EUR 0 million). Related party revenue consists of income derived from managing and maintaining the two windfarm installation vessels during off-hire periods.

Segment information
The group's management are not operating or making decisions based on customers types, type of services or geographical segments. The group operates two windfarm installations vessels, which are viewed as one segment and can operate in all geographical areas required for the specification of a specific windfarm project. Accordingly, the group only has one operating segment.

Note 3

Auditor Remuneration

Administrative expenses include fees to the auditors appointed by the shareholder at the Annual General Meeting:

EUR'000	2020	2019
Statutory audit	180	40
Tax services	255	182
Other assurance services	251	-
Other services	-	33
Total	**686**	**256**

Fees for statutory audit and other assurance services were impacted by additional work performed in connection with the IPO in 2020, including IFRS-conversion, review of interim reports and other work related to this.

Note 4

Employee Compensation

EUR'000	2020	2019
Wages and salaries	4,990	3,664
Employer's contribution to defined contribution plans	197	15
Share based payment expense	156	0
Other short-term benefits	266	260
Total	**5,615**	**3,939**

	2020	2019
Average number of full time employees	42	33

Wages/salaries include expenses for temps and temporary assistance, but they are not reflected in the average number of full-time employees

Note 5

Tax

Income tax expense

EUR'000	2020	2019
Tax expense attributable to profit is made up of:		
Tax adjustments, prior years	-	1,580
Utilization of non recognized tax losses offset against Danish Tonnage Tax expense	(1)	-
Total	**(1)**	**1,580**

In 2019, the Company underwent a transfer pricing audit conducted by the Danish Tax Authorities. The audit was concluded 14 May 2020 and resulted in adjustments to prior year tax expense of EUR 1.6 million and interest expenses of EUR 642 thousand, which have been provided for at 30 June 2019. The interest expenses have been recognized under finance expenses.

Tonnage tax

An expansion of the Danish tonnage tax regime to cover wind farm installation vessels was passed in January 2020 with retroactive effect from 2017, 2017 inclusive.

On 15th December 2020, Cadeler A/S received a binding ruling from the Danish Tax Authorities. According to this, Cadeler A/S will be eligible to apply the Danish Tonnage Taxation after the listing of the shares 27th November 2020. Management expects to apply for the Danish Tonnage Taxation during 2021, and has consequently in the 2020 annual report applied the Danish Tonnage Taxation rules as of 27th November 2020.

The recorded tonnage tax expense for 2020 in Denmark amounts to EUR 1 thousand and covers the period 27th November 2020 to 31 December 2020.

For the period 1 January – 27 November 2020, Cadeler A/S incurred material corporate income tax losses. In addition to this, Cadeler A/S also has material tax losses from previous periods available for carry forward. Such tax losses can be utilized against future tonnage taxation income and other income, which does not quality for tonnage taxation. The total tax losses to be carried forward as of 31 December 2020 are in the region of EUR 12 million. The tax losses are not subject to expiration.

Tonnage taxes are not to be accounted for in accordance with IAS 12, accordingly the costs are presented as part of cost of sales. A tax credit of EUR 1 thousand has been recognized in 2020 in relation to Danish Tonnage tax which has been offset by tax losses in previous periods.

Note 6

Management compensation

EUR'000	2020 Board of directors	2020 Executive management	2019 Board of directors	2019 Executive management
Wages, salaries and board fees	37	446	55	378
Share based payments	-	45	-	-
Other short-term benefits	-	41	-	39
Cash bonus	-	201	-	-
	37	**733**	**55**	**417**

Executive management includes management members registered with the Danish business authority.

Richard Lawrence Sell and Roy George Shearer are employed by the Swire Group and have not received remuneration as Cadeler board members in 2020. Further details of management and board compensation can be found in the 2020 Cadeler Remuneration Report.

Note 7

Property, Plant and Equipment

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the assets' estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Cars	5 years
Other fixtures and fittings	2 to 3 years

EUR'000	Other fixtures and fittings	Total
Cost 2020		
Beginning of financial year	323	323
Additions	56	56
Disposals	-	-
End of financial year	**379**	**379**
Accumulated depreciation		
Beginning of financial year	193	193
Depreciation charge	87	87
Disposals	-	-
End of financial year	**280**	**280**
Net book value	**99**	**99**

EUR'000	Car	Other fixtures and fittings	Total
Cost 2019			
Beginning of financial year	86	258	344
Additions	-	65	65
Disposals	(86)	-	(86)
End of financial year	**-**	**323**	**323**
Accumulated depreciation			
Beginning of financial year	86	111	197
Depreciation charge	-	82	82
Disposals	(86)	-	(86)
End of financial year	**-**	**193**	**193**
Net book value	**-**	**130**	**130**

Note 8

Receivables from Executive Management

Loans ranging from EUR 1 thousand to EUR 6 thousand were provided to four employees in October 2020. It was discovered in February 2021 that a loan provided to executive management was in violation with section 210 of the Danish Companies Act. The loan to executive management of EUR 6 thousand was immediately repaid in full including interest payments of 10% per annum as specified by the Danish Companies Act, Section 215.

Note 9

Investment in Subsidiaries

Entity	Company Number	Registered Office
Wind Orca Ltd	HE 412457	23 Kennedy Avenue, Global House, 1075 Nicosia, Cyprus
Wind Osprey Ltd	HE 412453	23 Kennedy Avenue, Global House, 1075 Nicosia, Cyprus

Please find below the movements related to the investments in subsidiaries:

EUR'000	Total
Cost 2020	
Beginning of financial year	-
Addition	249,534
End of financial year	**249,534**
Impairment	
Beginning of financial year	-
End of financial year	**-**
Carrying amount	**249,534**

At the 31st of December 2020, the Management has not identified any impairment indications.

Note 10

Share Based Payments

Share based payment is disclosed in note 6 to the consolidated financial statements.

Note 11

Off balance sheet obligations and commitments

The company has off balance sheet obligations relating the leasing of vessels from its subsidiaries Wind Orca Ltd and Wind Osprey Ltd. The lease has no fixed expiry and is expected to continue for the duration of the contract backlog. The annual off balance sheet obligations of the vessels are estimated to be up to EUR 38 million, depending on the number of days on hire.

The off balance sheet liability relating to the leasing of the office is estimated at EUR 839 thousand. The leasing of the office ends in August 2023.

New Crane Contract
On the 18th December 2020 the company signed a contract with NOV to replace crane on the vessel Wind Orca. The Company has also secured an option in the contract to replace the crane on vessel Wind Osprey.

The total sum of the contract for replacement of both cranes is 102 million USD which will be due over the years from 2021 to 2024.

Financial liabilities: Interest-bearing loans and borrowings
Terms and covenants regarding the Debt Facility is disclosed in note 22 to the consolidated financial statements.

The Debt Facility is secured (inter alia) by first priority cross-collateralized ship mortgages on the Wind Orca and Wind Osprey Vessels, first priority assignments of insurances of the Vessels, first priority assignments of earnings in relation to each Vessel and, if obtainable (on a best efforts basis), assignments of all other rights under any charterparty with duration of more than 12 months, a first priority pledge of the Company's earnings accounts, first priority pledges of the shares in Wind Osprey Limited and Wind Orca Limited, unconditional and irrevocable on-demand guarantees from the Guarantors, first priority assignment of any amounts owing or payable under any current or future loans or similar from companies within the Group, and first priority assignment of rights under any derivative product agreement entered into by the Company or the Guarantors relating to a Vessel.

Joint taxation
The Company was previously jointly taxed within a Danish group entity within the Swire Pacific Offshore Holdings Group. As the administrative company, the Company was jointly taxed with the other Danish group entity and has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties in the joint taxation group. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase.

Note 12

Issued Share Capital

EUR'000	No. of shares	2020	2019
Ordinary shares			
Beginning and end of financial year 2019	780	104	104
Issued on 25th September 2020 for capital increase contributed in-kind	77,220	10,379	0
Issued on 27th November 2020 for capital increase in connection with the initial public offering	37,574	5,074	0
End of financial year 2020	**115,574**	**15,557**	**104**

As of the 1st of January 2020, the group's issued and paid in share capital amounted to DKK 780 thousand, equal to EUR 104 thousand, consisting of 780,000 shares of DKK 1.

During the year, the authorized share capital was increased by DKK 114,794 thousand, equal to EUR to 15,453 thousand, consisting of 114,794,468 shares of DKK 1.

As at 31st December 2020, two shareholders held shares in excess of 5% of the total share capital of Cadeler. Swire Pacific Offshore Holdings Limited held 46.5% and BW Wind Services Ltd held 20.3% of the total share capital

Note 13

Related Parties

Cadeler A/S' related parties comprise two subsidiaries, Wind Orca Ltd and Wind Osprey Ltd, which are fully owned by the Company. The subsidiaries of Cadeler A/S are the two companies owning the wind farm installation vessels.

Cadeler A/S' related party transactions comprise revenue from the subsidiaries of EUR 3.2 million related to managing and maintaining the vessels during off-hire periods as well as operating lease expenses paid to the subsidiaries of EUR 5.1 million related to the vessels during on-hire periods.

Cadeler A/S also has related parties transactions as disclosed in the consolidated financial statements.

Note 14

Appropriation of Profit and Loss

EUR'000	2020	2019
Recommended appropriation of Profit and Loss	-	-
Retained earnings/accumulated loss	(34,979)	(20,360)
	(34,979)	**(20,360)**

Statement by management

Statement by management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cadeler A/S for 2020.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The parent company financial statements are prepared in accordance with the Danish Financial Statements Act. Further, the annual report is prepared in accordance with additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of their operations and the consolidated 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 Group's and the Parent Company's activities and financial matters, results for the year, consolidated cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

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

6 April 2021

Executive Management:

M. Gleerup
CEO

M. Konrad,
CFO

Board of Directors:

R. Sell
Chairman

R. Shearer

C. Hedegaard

J. Lok

D. Wedell-Wedellsborg

A. Beroutsos

Independent auditor's report

Independent Auditor's report

To the shareholders of Cadeler A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Cadeler A/S for the financial year 1 January – 31 December 2020, which comprise statement of profit and loss, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2020 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the Parent Company at 31 December 2020 and of the results of the Parent Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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.

<u>Independence</u>

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

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

<u>Appointment of auditor</u>

On 27 November 2020, Cadeler A/S completed its Initial Public Offering and was admitted to trading and official listing on Nasdaq Oslo, Norway. We were appointed as auditor of Cadeler A/S prior to the official listing on Nasdaq Oslo.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2020. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of vessels

The accounting principles and disclosures about the Group's two newly acquired vessels are included in note 2 and 15 to the consolidated financial statements.

The carrying amount of vessels amounts to EUR 251 million at 31 December 2020. The valuation of vessels is significant to our audit due to the carrying value of the vessels as well as Management's judgement in relation to the identification of indicators that the value of the vessels may be impaired at 31 December 2020. If indications exist, Management shall estimate the recoverable amount of the vessels being the higher of fair value less costs of disposal and value in use.

As of 31 December 2020, Management has not identified any indications that the vessels may be impaired as set out in note 15 to the consolidated financial statements.

As part of our audit procedures, we obtained an understanding of Management's process for the identification of indicators that the value of the vessels may be impaired. We examined Management's comparison of the carrying values of the vessels with available fair value estimates prepared by external and independent ship valuation specialists prior to the acquisition of the vessels. Further, we considered supporting documentation provided by Management in assessing Management's conclusion, including the development in the order backlog. We examined the adequacy of disclosures in note 2 and 15 to the consolidated financial statements compared to applicable accounting standards.

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, Management is responsible for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 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 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Copenhagen, 6 April 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr	Mikkel Sthyr
State Authorised	State Authorised
Public Accountant	Public Accountant
mne32212	mne26693

Forward-looking statements

Forward-looking statements

The annual report contains certain forward-looking statements relating to the business, financial performance and results of the company and/or the industry in which it operates.

Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, expects”, "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in the annual report, including assumptions, opinions and views of the company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. such factors may for example include a change in the price of raw materials.

None of the company or any of its parent or subsidiaries undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in the annual report or the actual occurrence of the forecasted developments.

The company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

The annual report contains information obtained from third parties. You are advised that such third-party information has not been prepared specifically for inclusion in the annual report and the company has not undertaken any independent investigation to confirm the accuracy or completeness of such information.

Several other factors could cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the annual report.

Should any risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the annual report.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the company nor any of its subsidiaries or shareholders or any officers, directors, board members or employees accept any liability whatsoever arising directly or indirectly from the use of the annual report.

Cadeler
Fairway House
Arne Jacobsens Allé 7
DK–2300 Copenhagen S
Denmark

+45 3246 3100