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# ***Northern Offshore Services A/S***

Danneskiold-Samsøes Allé 15, 2., DK-1434  
Copenhagen K

## **Annual Report for 1 July 2022 - 30 June 2023**

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CVR No 32 78 10 20

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/12 2023

David Kristensson  
Chairman of the General  
Meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Financial Highlights	6
Management's Review	7
<b>Financial Statements</b>	
Income Statement 1 July - 30 June	14
Balance Sheet 30 June	15
Statement of Changes in Equity	17
Cash Flow Statement 1 July - 30 June	18
Notes to the Financial Statements	19

# **Management's Statement**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Northern Offshore Services A/S for the financial year 1 July 2022 - 30 June 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 June 2023 of the Company and of the results of the Company operations and cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 December 2023

## **Executive Board**

Olof Harald Hansson

## **Board of Directors**

David Kristensson

Peter Hald Appel

John Philip Mattsson

# Independent Auditor's Report

To the Shareholder of Northern Offshore Services A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations and cash flows for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Northern Offshore Services A/S for the financial year 1 July 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## **Management's responsibilities for the Financial Statements**

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

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

## **Auditor's responsibilities for the audit of the Financial Statements**

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

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

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

## Independent Auditor's Report

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

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

Hellerup, 20 December 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff  
State Authorised Public Accountant  
mne30221

Martin Birch  
State Authorised Public Accountant  
mne42825

## **Company Information**

### **The Company**

Northern Offshore Services A/S  
Danneskiold-Samsøes Allé 15, 2.  
DK-1434 Copenhagen K

CVR No: 32 78 10 20

Financial period: 1 July - 30 June

Incorporated: 23 February 2010

Financial year: 13rd financial year

Municipality of reg. office: Copenhagen K

### **Board of Directors**

David Kristensson  
Peter Hald Appel  
John Philip Mattsson

### **Executive Board**

Olof Harald Hansson

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	152.240	157.247	130.957	95.118	90.940
Profit/loss before financial income and expenses	34.674	35.010	35.443	22.211	18.204
Net financials	-13.343	-10.702	-12.992	-3.487	-154
Net profit/loss for the year	21.036	24.251	22.771	18.922	18.409
<b>Balance sheet</b>					
Balance sheet total	690.522	491.224	403.770	307.461	143.148
Equity	87.542	79.506	57.755	52.984	51.062
<b>Cash flows</b>					
Cash flows from:					
- operating activities	8.442	22.032	45.460	46.765	-
- investing activities	-91.743	-56.123	-106.651	-193.523	-
including investment in property, plant and equipment	-117.768	-99.501	-105.572	-187.673	-
- financing activities	85.209	33.964	59.260	148.287	-
Change in cash and cash equivalents for the year	1.908	-126	-1.931	1.529	-
Number of employees	188	201	161	146	142
<b>Ratios</b>					
Gross margin	45,3%	44,6%	49,2%	40,3%	36,3%
Profit margin	10,3%	9,9%	13,3%	9,4%	7,3%
Return on assets	5,0%	7,1%	8,8%	7,2%	12,7%
Solvency ratio	12,7%	16,2%	14,3%	17,2%	35,7%
Return on equity	25,2%	35,3%	41,1%	36,4%	44,0%

The Cash flow for the comparative years 2018/19 is not disclosed in the financial highlights report, as the company with reference to section 86(4) of the Danish Financial Statements Act did not prepare a cash flow statement, as it was included in the cash flow statement for the consolidated financial statements of Northern Offshore Group AB.

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies



# Management's Review

## Key activities

Northern Offshore Services A/S is a leading European operator of small, flexible and environmentally friendly vessels.

The company was established in Denmark in 2010 and has since grown significantly.

Today we operate around 40 vessels, primarily working with the rapidly growing offshore wind industry. The Company's vessels and personnel work all over Europe, where this industry is established.

Our clients include large established industry groups and energy companies. In addition to these large companies, the Company's vessels are contracted to a great number of different players in the offshore wind industry.

Most of the vessels used are of our own design and built at special yards around mainly in Europe. The Company is at the forefront with its development of new types of vessels and new processes.

## Development in the year

As our expectations, presented in the annual report 2021/22, we can present a result within the range of 20-30 million in 2022/2023. We have had some changes to our expected budget, such as Grovfjord bankruptcy which has resulted in a currency loss in FY23, also some of our Management contract was finished earlier than expected but we have still been able to deliver a result within expected range. Our many long term contracts have been a solid ground to stand on and also a good vessel utilization during the year have been the key reason to FY23 result

The income statement of the Company for 2022/23 shows a profit of DKK 21,035,733, and at 30 June 2023 the balance sheet of the Company shows equity of DKK 87,541,940.

# Management's Review

## Important events

In the past financial year, the following events regarding the fleet has happened.

Ongoing Vessel New buildings: Explorer, Runner, Responder, I1 and I2

October 2022: Our CTV Server was sold.

In January 2023 our Management agreements for our two Service Operating Vessels, M/V Northern Ocean and M/V Northern Wave and our two CTV:s Contender and Completer was finished and that have had a negative impact on our turnover. However, this negative impact was compensated by our CTV business where we had a better turnover than the year before.

In May 2023 the Group did a re-financing of Mareel fleet, Supporter, Master and Mariner where NOS A/S exercised purchase obligations that they had and bought the vessels. A new loan was obtained.

June 2023: Our CTV New Server was sold.

## Targets and expectations for the year ahead

The Company's outlook for 2023/2024 is positive and given the company's many long term contracts Management expects a relatively stabilized flow of income in this very seasonal industry. Seeing as the political pressure for building new green energy solutions Management expects a favourable and growing market. During FY24 we expect that 2-4 new build vessels will be delivered which means new income possibility for the company. Management expects a result in the range of DKK 30-35 million in 2023/2024.

## External environment

The industry in which Northern Offshore Services operates has high demands on quality, safety and environmental work. The company is ISO certified according to ISO 9001, ISO 14001, ISO 45001 and works systematically with continuous improvements in all areas. Northern Offshore Services maps its emissions in accordance with the Greenhouse Gas Protocol (GHG Protocol) and reports these to the Carbon Disclosure Project (CDP).

# Management's Review

## Statement of corporate social responsibility

### *Business description*

According to the Key activities on page 7.

### *Environment*

NOS sustainability management is based on strategic sustainability work, anchored in the business through continuous follow-up and improvements. The environmental policy is published on the homepage and concerns the most significant environmental aspects from the organizations activities. Through the policy we are committed to:

- Ensure an efficient operation contributing to a fast global transition to renewable energy.
- Proactively use the company's risk management system to identify, assess, mitigate, and manage risks to the environment before hazardous work is commenced.
- Maintain our vessels to minimize unnecessary environmental impact.
- Seek to reuse, recycle and recover waste whenever possible.
- Fulfil environmental requirements from the administration and class and ensure that national and international legislation are followed • Investigate, analyse and follow-up reported deficiencies with the objective of reducing the environmental impact within our company.
- Continuous improvement of design and development of an environmentally friendly fleet.

The most significant environmental aspect is carbon dioxide emissions from the vessels. During 2023 one of our targets to minimize carbon dioxide emissions was to rebuild one of our vessels from 12 to 24 pax. The vessel was delivered in March 2023 from the yard and sailed directly to English Channel to start operating. With the possibility to transport 24 technicians instead of 12 technicians, it we managed to reduce the emission by 50% per transported technicians to offshore structure with regards to fuel consumption.

To minimize the emissions further we will continue to convert existing vessels and during 2024 we will create one of the world's first 100% bio-methanol powered Crew Transfer vessel to help reduce carbon emissions from our offshore service operation.

### *Social and employee*

Our employees are the most important aspect of our safety work. It is of the utmost importance that everyone understands the possible scenarios and risks associated with their work, and that they know how to work to manage these. We work actively to ensure that the routines we have implemented are followed and improved upon continuously. The Health & Safety policy is published on the homepage and concerns the highest potential risks from the organizations activities.

## **Management's Review**

Through the policy we are committed to:

- Take personal responsibility, being BEST 365 by always embracing a good and sound safety culture.
- Empower and help our colleagues to lead by example and promote safe behaviour.
- Ensure that our employees are well educated, motivated and trained for their position.
- Stop unsafe activities, intervene and welcome intervention.
- Proactively use the company's risk management system to identify, assess, mitigate and manage risks of occupational injury and work-related ill health focusing both on the physical as well as psychosocial work environment.
- Ensure that our vessels are designed and maintained with regards to health and safety.
- Fulfil health and safety requirements from the administration and class and ensure that national and international legislation are followed.
- Investigate, analyse and follow up reported deficiencies with the objective of improving health and safety within our company.
- Involve and consult employees and worker's representatives in health and safety matters.
- Ensure continuous improvement in occupational health and safety performance.

The highest potential risk in the organization is accidents when operation the vessels. During 2023 our target was zero LTIF (Lost Time Injury Frequency). To reach this target we launched the campaign N-O-S Safe Navigation & Bridge Routine Campaign.

The scope for this champaign was to:

- Raise awareness by reviewing lesson learned related to navigation and bridge routines, ensure corrective and preventive actions were implemented.
- Review of relevant procedures to be efficient and utilized onboard.
- Complete and report a safe navigation and bridge routine verification and bridge routine verification according to checklist.
- Instruct crew in risks with loss of situational awareness during navigation.
- Present normalization of hazard factor and how it can cause incidents.

## Management's Review

We reached the target with zero LTIF. During 2024 we will instal equipment on the vessels that will send an alert to the captains if they pass the speed limits or manoeuvres the vessel in an unsafe way to minimize incidents and accidents.

### *Human rights*

The most important risk to not align with the human rights is when we expand the business and buy services and equipment from suppliers worldwide.

The Code of Conduct is published on the homepage and concerns the whole organization and our suppliers. Through the Code of Conduct we are committed to:

- Promote a safe and healthy workplace and provide equal opportunities to our employees and will not tolerate any discrimination or harassment based on race, colour, gender, language, privacy, religion, ethnicity, political orientation, national or social origin, union affiliation, sexual orientation, health status, age, disability or other distinguishing characteristics.
- Not employ workers under the age of 15 or, in those countries subject to the development country exception of the Convention 138, employ no workers under the age of 14 or younger than the age for completing compulsory education if such age is higher then 15. Employees under the age of 18 shall not perform any perform any works defined in the laws as hazardous.
- Provide all employees with written employment contracts outlining the conditions in a language understood by the employee.
- Not participate in or benefit from any form of forced labour, including bounded labour, involuntary prison labour, slavery or work performed under the menace of a penalty or coercion.
- Ensure that normal working hours and overtime working hours are within the limits permitted in applicable laws, industry standard and collective agreements.
- Follow all legislation and regulations including those pertaining to minimum wages, overtime wages, sick leave, piece rates and other elements of compensation.
- Guarantee that all employees are free to associate, organize and bargain collectively, if they so wish.
- To make sure this is followed in our supply chain we evaluate our suppliers and let them sign our Code of Conduct. The target is to evaluate 10 existing suppliers every year. During 2023 we reached the target through evaluating 9 shipyard stays and 14 spare parts/service suppliers and reached our target. All these suppliers reached our requirements.

We also have a whistle blower link on our homepage and during 2023 we didn't have any complaints through this link.

During 2024 we will continue with these evaluations and make action plans if necessary.

# Management's Review

## *Anti-corruption and Bribery*

N-O-S definition of corruption is bribery, facilitation payments, protection money, fraud and money laundering. It can also include improper gifts, entertainment and hospitality, free or heavily discounted products, or other items or services that ultimately mean transfer of value in return for some special consideration.

The most important risk to not align with the prevention of anti-corruption and bribery is when we expand the business to operate worldwide

The Code of Conduct is published on the homepage and concerns the whole organization. Through the Code of Conduct we are committed to work for zero corruption and bribery in our day-to-day work. All employees are committed to complete a compliance training and to report violations. During 2023 we didn't have any internal violations or any external complaints through our whistle blower link.

During 2024 all employees will pass a refresh education on the Code of Conduct.

## **Statement on gender composition**

Northern Offshore Services (N-O-S) strives to be a front runner in the work of the shipping industry to become gender equal. We are making an impact where we can, have implemented an ambassadorship program to support our female seafarers, hosted events, among other things.

The aim is to promote the equal rights of women and men in terms of work, employment and other working conditions as well as development opportunities at work. An equal workplace is an attractive workplace. Equality work is carried out both through active measures for the staff and through the integration of the equality perspective into all operations and is based on the requirements set by the Discrimination Act.

As things stand in our company today, 56% of the personnel in our offices are women, and 50% in our management team. However, only 3% of the personnel on our vessels are women, so we need to increase the number of female crew. To do this we have created three initiatives to improve equality at sea:

1. We have assigned three female ambassadors in our onshore management to support female crew.
2. We provide training and improve knowledge in respect of HR and operational issues within onshore management to better cater for the issues our employees encounter, whatever their gender.
3. We raise awareness of gender equality at our regular captain conferences, with our crew and offshore management and familiarisation through our education system.

## *Gender*

For the onshore personnel we strive to have a gender distribution of 50% women and men. During 2023 there were 56% women, and we reached the target. For the future we will work actively to keep this gender distribution.

For the Management Team the gender distribution during 2023 was 50% women and men. For the future we will work actively to keep this gender distribution

## **Management's Review**

For the Top Management Board the gender distribution during 2023 was 100% men. The future target is to have at least one woman in the Top Management Board 2026. We didn't reach this during 2023 because there were no changes in the Boarder.

### **Statement on data ethics in accordance to section 99d of the Danish Financial Statements Act**

At Northern Offshore Services (N-O-S) we are committed to protect and respect the privacy of those individuals, companies, or other legal persons who get in contact with us. Our Privacy statement is in compliance with EU General Data Protection Regulation (GDPR) 2016/679. The privacy statement explains when and why we collect personal information, how we use it, the conditions under which we may disclose it to others and how we keep it secure.

The Privacy Statement applies to the use of our products and to our sales, marketing, and customer contract fulfilment activities. It also applies to individuals applying for a job opening at Northern Offshore Services.

N-O-S follow progress and development within data security, and place great value in working proactive with training of our personnel in this area of expertise.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 30 June 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022/23 have not been affected by any unusual events.

### **Subsequent events**

The Norwegian shipyard Grovfjord Mek Verksted AS filed for bankruptcy, in the beginning of the new financial year (FY24), which resulted in their closing of all activities. One vessel, ordered by Northern Offshore Services, was in construction at the time of their bankruptcy and therefore will not be delivered. The payments made to the yard was protected by a bank guarantee, which has been called upon and the milestone payments made to the yard has been refunded to Northern Offshore Services in full. The transaction and refund of the payments resulted in a currency loss.

Except from the above no other events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 30 June

	Note	2022/23 DKK	2021/22 DKK
<b>Revenue</b>	1	<b>336.077.019</b>	<b>352.939.097</b>
Other operating income		61.579.081	50.530.580
Vessel operating costs		-188.133.295	-191.240.177
Other external expenses		-57.283.000	-54.982.983
<b>Gross profit/loss</b>		<b>152.239.805</b>	<b>157.246.517</b>
Staff expenses	2	-91.503.152	-96.849.196
Depreciation property, plant and equipment		-26.062.719	-23.527.887
Other operating expenses		0	-1.859.136
<b>Profit/loss before financial income and expenses</b>		<b>34.673.934</b>	<b>35.010.298</b>
Income from investments in associates		0	71.187
Financial income	3	4.441.157	3.781.528
Financial expenses	4	-17.783.688	-14.554.405
<b>Profit/loss before tax</b>		<b>21.331.403</b>	<b>24.308.608</b>
Tax on profit/loss for the year	5	-295.670	-57.460
<b>Net profit/loss for the year</b>		<b>21.035.733</b>	<b>24.251.148</b>



## Balance Sheet 30 June

### Assets

	Note	2023 DKK	2022 DKK
Acquired licenses		826.462	1.109.830
<b>Intangible assets</b>	6	<b>826.462</b>	<b>1.109.830</b>
Other fixtures and fittings, tools and equipment		64.310	81.938
Vessels		323.844.465	339.310.366
Leasehold improvements		177.607	238.495
Prepayments for property, plant and equipment		104.476.359	22.687.936
<b>Property, plant and equipment</b>	7	<b>428.562.741</b>	<b>362.318.735</b>
Investments in associates	8	0	0
Deposits	9	6.349.156	6.349.156
<b>Fixed asset investments</b>		<b>6.349.156</b>	<b>6.349.156</b>
<b>Fixed assets</b>		<b>435.738.359</b>	<b>369.777.721</b>
<b>Inventories</b>		<b>15.862.395</b>	<b>12.631.033</b>
Trade receivables		36.853.505	62.412.527
Receivables from group enterprises	10	154.889.336	29.444.749
Other receivables	11	35.593.799	8.373.393
Corporation tax receivable from group enterprises		899.279	957.853
Prepayments	12	8.368.820	7.218.420
<b>Receivables</b>		<b>236.604.739</b>	<b>108.406.942</b>
<b>Cash at bank and in hand</b>		<b>2.316.007</b>	<b>407.871</b>
<b>Currents assets</b>		<b>254.783.141</b>	<b>121.445.846</b>
<b>Assets</b>		<b>690.521.500</b>	<b>491.223.567</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2023 DKK	2022 DKK
Share capital		500.000	500.000
Retained earnings		87.041.940	66.006.207
Proposed dividend for the year		0	13.000.000
<b>Equity</b>		<b>87.541.940</b>	<b>79.506.207</b>
Credit institutions		266.155.806	133.445.826
Lease obligations		66.355.603	99.110.812
Payables to group enterprises - Long term		27.788.304	30.649.206
Other payables		104.900.807	16.647.500
<b>Long-term debt</b>	14	<b>465.200.520</b>	<b>279.853.344</b>
Credit institutions	14	39.452.653	22.284.998
Lease obligations	14	5.551.664	11.353.789
Trade payables		11.745.281	37.269.316
Payables to group enterprises - Short term	14	45.465.844	7.280.193
Corporation tax		227.650	93.284
Other payables	14	35.335.948	53.582.436
<b>Short-term debt</b>		<b>137.779.040</b>	<b>131.864.016</b>
<b>Debt</b>		<b>602.979.560</b>	<b>411.717.360</b>
<b>Liabilities and equity</b>		<b>690.521.500</b>	<b>491.223.567</b>
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Fee to auditors appointed at the general meeting	17		
Accounting Policies	18		

## Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	500.000	66.006.207	13.000.000	79.506.207
Ordinary dividend paid	0	0	-13.000.000	-13.000.000
Net profit/loss for the year	0	21.035.733	0	21.035.733
<b>Equity at 30 June</b>	<b>500.000</b>	<b>87.041.940</b>	<b>0</b>	<b>87.541.940</b>

## Cash Flow Statement 1 July - 30 June

	Note	2022/23 DKK	2021/22 DKK
Net profit/loss for the year		21.035.733	24.251.148
Adjustments		44.582.820	37.048.607
Change in working capital		-42.014.458	-25.733.315
<b>Cash flows from operating activities before financial income and expenses</b>		<b>23.604.095</b>	<b>35.566.440</b>
Financial income		2.724.606	1.019.958
Financial expenses		-17.783.688	-14.554.405
<b>Cash flows from ordinary activities</b>		<b>8.545.013</b>	<b>22.031.993</b>
Corporation tax paid		-102.730	0
<b>Cash flows from operating activities</b>		<b>8.442.283</b>	<b>22.031.993</b>
Purchase of property, plant and equipment		-117.768.261	-99.501.011
Sale of property, plant and equipment		26.025.111	43.378.487
<b>Cash flows from investing activities</b>		<b>-91.743.150</b>	<b>-56.122.524</b>
Repayment of loans from credit institutions		-21.574.250	-21.557.048
Reduction of lease obligations		-38.557.334	-33.915.619
Repayment of payables to group enterprises		0	-1.665.717
Repayment of payables to associates		0	-488.449
Raising of loans from credit institutions		171.451.885	14.877.400
Lease obligations incurred		0	79.213.653
Raising of loans from group enterprises		35.324.749	0
Raising of other long-term debt		88.253.307	0
Loan to Group Companies		-136.689.354	0
Dividend paid		-13.000.000	-2.500.000
<b>Cash flows from financing activities</b>		<b>85.209.003</b>	<b>33.964.220</b>
<b>Change in cash and cash equivalents</b>		<b>1.908.136</b>	<b>-126.311</b>
Cash and cash equivalents at 1 July		407.871	534.182
<b>Cash and cash equivalents at 30 June</b>		<b>2.316.007</b>	<b>407.871</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		2.316.007	407.871
<b>Cash and cash equivalents at 30 June</b>		<b>2.316.007</b>	<b>407.871</b>

# Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue Europe	336.077.019	352.939.097
	<b><u>336.077.019</u></b>	<b><u>352.939.097</u></b>
<b>2 Staff expenses</b>		
Wages and salaries	68.421.898	74.223.076
Pensions	4.559.748	5.347.906
Other social security expenses	3.115.224	2.992.224
Other staff expenses	15.406.282	14.285.990
	<b><u>91.503.152</u></b>	<b><u>96.849.196</u></b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b><u>1.098.954</u></b>	<b><u>1.086.102</u></b>
<b>Average number of employees</b>	<b><u>188</u></b>	<b><u>201</u></b>
<b>3 Financial income</b>		
Interest received from group enterprises	2.191.132	374.075
Other financial income	2.250.025	3.407.453
	<b><u>4.441.157</u></b>	<b><u>3.781.528</u></b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	2.069.550	2.177.053
Other financial expenses	15.714.138	12.377.352
	<b><u>17.783.688</u></b>	<b><u>14.554.405</u></b>

## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	293.224	57.460
Adjustment of tax concerning previous years	2.446	0
	<u><b>295.670</b></u>	<u><b>57.460</b></u>
 <b>6 Intangible assets</b>		
		<u>Acquired licenses</u>
		DKK
Cost at 1 July		<u>1.416.812</u>
Cost at 30 June		<u>1.416.812</u>
Impairment losses and amortisation at 1 July		306.982
Amortisation for the year		<u>283.368</u>
Impairment losses and amortisation at 30 June		<u>590.350</u>
 <b>Carrying amount at 30 June</b>		<u><b>826.462</b></u>

## Notes to the Financial Statements

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Vessels	Leasehold improvements	Prepayments for property, plant and equipment	Total
	DKK	DKK	DKK	DKK	DKK
Cost at 1 July	365.341	391.037.443	304.457	22.687.936	414.395.177
Additions for the year	0	138.746.521	0	94.779.147	233.525.668
Disposals for the year	0	-136.771.931	0	-2.508.111	-139.280.042
Transfers for the year	0	7.317.264	0	-7.317.264	0
Cost at 30 June	<u>365.341</u>	<u>400.329.297</u>	<u>304.457</u>	<u>107.641.708</u>	<u>508.640.803</u>
Impairment losses and depreciation at 1 July	283.403	51.727.077	65.962	0	52.076.442
Impairment losses for the year	0	0	0	3.165.349	3.165.349
Depreciation for the year	17.628	25.700.835	60.888	0	25.779.351
Reversal of impairment and depreciation of sold assets	0	-943.080	0	0	-943.080
Impairment losses and depreciation at 30 June	<u>301.031</u>	<u>76.484.832</u>	<u>126.850</u>	<u>3.165.349</u>	<u>80.078.062</u>
<b>Carrying amount at 30 June</b>	<b><u>64.310</u></b>	<b><u>323.844.465</u></b>	<b><u>177.607</u></b>	<b><u>104.476.359</u></b>	<b><u>428.562.741</u></b>
Depreciated over	<u>3 years</u>	<u>17-20 years</u>	<u>5 years</u>		
Including assets under finance leases amounting to	0	76.896.454	0	0	76.896.454

## Notes to the Financial Statements

	2023 <u>DKK</u>	2022 <u>DKK</u>
<b>8 Investments in associates</b>		
Cost at 1 July	0	2.097.363
Disposals for the year	<u>0</u>	<u>-2.097.363</u>
Cost at 30 June	<u>0</u>	<u>0</u>
Value adjustments at 1 July	0	703.189
Disposals for the year	0	-774.376
Net profit/loss for the year	<u>0</u>	<u>71.187</u>
Value adjustments at 30 June	<u>0</u>	<u>0</u>
<b>Carrying amount at 30 June</b>	<b><u>0</u></b>	<b><u>0</u></b>
<b>9 Other fixed asset investments</b>		<u>Deposits</u> DKK
Cost at 1 July		<u>6.349.156</u>
Cost at 30 June		<u>6.349.156</u>
<b>Carrying amount at 30 June</b>		<b><u>6.349.156</u></b>
<b>10 Receivables from group enterprises</b>		
The following receivables fall due for payment more than 1 year after year end	<u>119.544.166</u>	<u>0</u>
<b>11 Other receivables</b>		
Of the recognized other receivables DKK 4.285.360 is due after 1 year.		
<b>12 Prepayments</b>		
Prepayments consist of prepaid expenses concerning rent, insurance premiums, time charter etc.		



## Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>13 Distribution of profit</b>		
Proposed dividend for the year	0	13.000.000
Reserve for net revaluation under the equity method	0	-703.189
Retained earnings	<u>21.035.733</u>	<u>11.954.337</u>
	<b><u>21.035.733</u></b>	<b><u>24.251.148</u></b>

### 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2023</u>	<u>2022</u>
	DKK	DKK
<b>Credit institutions</b>		
After 5 years	105.148.475	44.790.245
Between 1 and 5 years	<u>161.007.331</u>	<u>88.655.581</u>
Long-term part	266.155.806	133.445.826
Within 1 year	<u>39.452.653</u>	<u>22.284.998</u>
	<b><u>305.608.459</u></b>	<b><u>155.730.824</u></b>
<b>Lease obligations</b>		
After 5 years	44.148.947	49.650.556
Between 1 and 5 years	<u>22.206.656</u>	<u>49.460.256</u>
Long-term part	66.355.603	99.110.812
Within 1 year	<u>5.551.664</u>	<u>11.353.789</u>
	<b><u>71.907.267</u></b>	<b><u>110.464.601</u></b>
<b>Payables to group enterprises - Long term</b>		
After 5 years	<u>27.788.304</u>	<u>30.649.206</u>
Long-term part	27.788.304	30.649.206
Other short-term debt to group enterprises	<u>45.465.844</u>	<u>7.280.193</u>
	<b><u>73.254.148</u></b>	<b><u>37.929.399</u></b>

# Notes to the Financial Statements

## 14 Long-term debt (continued)

	2023	2022
	DKK	DKK
<b>Other payables</b>		
Between 1 and 5 years	104.900.807	16.647.500
Long-term part	104.900.807	16.647.500
Other short-term payables	35.335.948	53.582.436
	<b>140.236.755</b>	<b>70.229.936</b>

## 15 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

The company's contractual obligations relating to chartering and bareboating of vessels totals DKK 98,772k (2021/22: DKK 112,446k) where DKK 17,095k (2021/22: 16,740k) is due within one year, DKK 60,416k (2021/22: DKK 60,513k) is due between 1-5 years, and DKK 21,211k (2021/22: DKK 35,193k) of the total obligation falls due after five years.

The company's contractual obligations relating to other agreements such as tenancy agreements, leasing of cares etc. totals DKK 1,624k (2021/22: DKK 1,125k). herof total amount DKK 941k (2021/22 : DKK 680k) is due within one year, the reaming obligation is due between 1 - 5 years.

### Security

The Company has issued an owner's mortgage totalling DKK 240,369k creating a charge on vessels the carrying amount of which amounts to DKK 223,834k at 30 June 2023. The owner's mortgage is deposited as security for debt to credit institutions.

A company charge of all assets have been pledged as security for a credit instruction covering up to DKK 20,000 k. In addition trade receivables totaling DKK 36,854k have been pledged as security for credit institutions.

The danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 16 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Northern Offshore Group AB	Parent company

### Transactions

Northern Offshore Services A/S had in the financial year transactions with other companies affiliated to Northern Offshore Group AB. The company's management has confirmed that trades and other transactions with affiliated companies are made on market conditions.

### Consolidated Financial Statements

The Company is included in the consolidated Financial Statements of the parent company

<u>Name</u>	<u>Place of registered office</u>
Northern Offshore Grup AB	Sweden

The Consolidated Group Financial Statements of Northern Offshore Group AB can be obtained on following address:

Northern Offshore Group AB  
Saltholmsgatan 44  
426 76 Västra Frölunda  
Sweden

## 17 Fee to auditors appointed at the general meeting

### PricewaterhouseCoopers

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Audit fee	85.800	66.500
Tax advisory services	214.154	296.785
Other services	0	45.000
	<u>299.954</u>	<u>408.285</u>

# Notes to the Financial Statements

## 18 Accounting Policies

The Annual Report of Northern Offshore Services A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

#### Vessel operating costs

Vessel operating costs comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and vessels, property, plant and equipment.

#### Income from investments in associates

The item "Income from investments in associates" in the income statement includes the proportionate share of the profit for the year.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Tax on profit/loss for the year

The Company is taxed according to the Danish Tonnage Taxation law.

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Leasehold improvements	5 years
Other fixtures and fittings, tools and equipment	3 years
Vessels	17-20 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## **Cash Flow Statement**

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



# Notes to the Financial Statements

## 18 Accounting Policies (continued)

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$