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

Amager Strandvej 390, st., DK-2770 Kastrup

## **Annual Report for 1 July 2021 - 30 June 2022**

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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 2022

David Kristensson  
Chairman of the General  
Meeting

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# **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 2021 - 30 June 2022.

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 2022 of the Company and of the results of the Company operations and cash flows for 2021/22.

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 2022

## **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 2022 and of the results of the Company's operations and cash flows for the financial year 1 July 2021 - 30 June 2022 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 2021 - 30 June 2022, 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 2022

**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  
Amager Strandvej 390, st.  
DK-2770 Kastrup

CVR No: 32 78 10 20  
Financial period: 1 July - 30 June  
Incorporated: 23 February 2010  
Financial year: 12nd financial year  
Municipality of reg. office: Tårnby

### **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:

	2021/22	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	157.247	130.957	95.118	90.940	60.235
Profit/loss before financial income and expenses	35.010	35.443	22.211	18.204	-1.248
Net financials	-10.702	-12.992	-3.487	-154	-1.230
Net profit/loss for the year	24.251	22.771	18.922	18.409	-2.423
<b>Balance sheet</b>					
Balance sheet total	491.224	403.770	307.461	143.148	155.743
Equity	79.506	57.755	52.984	51.062	32.653
<b>Cash flows</b>					
Cash flows from:					
- operating activities	22.032	45.460	46.765	0	0
- investing activities	-56.123	-106.651	-193.523	0	0
including investment in property, plant and equipment	-99.501	-105.572	-187.673	0	0
- financing activities	33.964	59.260	148.287	0	0
Change in cash and cash equivalents for the year	-126	-1.932	1.529	0	0
Number of employees	201	161	146	142	115
<b>Ratios</b>					
Return on assets	7,1%	8,8%	7,2%	12,7%	-0,8%
Solvency ratio	16,2%	14,3%	17,2%	35,7%	21,0%
Return on equity	35,3%	41,1%	36,4%	44,0%	-7,0%

The Cash flow for the comparative years 2017/18 - 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

The income statement of the Company for 2021/22 shows a profit of DKK 24,251,148, and at 30 June 2022 the balance sheet of the Company shows equity of DKK 79,506,207.

## Important events

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

In July 2021: Two Service Operating Vessels, M/V Northern Ocean and M/V Northern Wave, was chartered in.

In October 2021: M/V Tender was sold.

In November 2021: M/V Achiever was wholly acquired.

In December 2021: M/V Energizer was delivered.

In February 2022: M/V Voyager was sold. M/V Completer was chartered in.

## Targets and expectations for the year ahead

The Company's outlook for 2022/2023 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. Management expects a result in the range of DKK 20-30 million in 2022/2023.

# **Management's Review**

## **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).

## **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 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2021/22 have not been affected by any unusual events.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 July - 30 June

	Note	2021/22 DKK	2020/21 DKK
<b>Gross profit/loss</b>		<b>157.246.517</b>	<b>130.956.704</b>
Staff expenses	2	-96.849.196	-76.476.302
Depreciation property, plant and equipment		-23.527.887	-19.037.229
Other operating expenses		-1.859.136	0
<b>Profit/loss before financial income and expenses</b>		<b>35.010.298</b>	<b>35.443.173</b>
Income from investments in associates		71.187	284.307
Financial income	3	3.781.528	824.954
Financial expenses	4	-14.554.405	-14.101.040
<b>Profit/loss before tax</b>		<b>24.308.608</b>	<b>22.451.394</b>
Tax on profit/loss for the year	5	-57.460	319.997
<b>Net profit/loss for the year</b>		<b>24.251.148</b>	<b>22.771.391</b>

## Balance Sheet 30 June

### Assets

	Note	2022 DKK	2021 DKK
Acquired licenses		1.109.830	1.393.198
<b>Intangible assets</b>	6	<b>1.109.830</b>	<b>1.393.198</b>
Other fixtures and fittings, tools and equipment		81.938	33.899
Vessels		339.310.366	301.775.915
Leasehold improvements		238.495	299.383
Prepayments for property, plant and equipment		22.687.936	17.728.854
<b>Property, plant and equipment</b>	7	<b>362.318.735</b>	<b>319.838.051</b>
Investments in associates	8	0	2.800.552
Deposits	9	6.349.156	13.080.096
<b>Fixed asset investments</b>		<b>6.349.156</b>	<b>15.880.648</b>
<b>Fixed assets</b>		<b>369.777.721</b>	<b>337.111.897</b>
<b>Inventories</b>		<b>12.631.033</b>	<b>8.103.427</b>
Trade receivables		62.412.527	34.483.114
Receivables from group enterprises		29.444.749	0
Other receivables	10	8.373.393	19.047.178
Corporation tax receivable from group enterprises		957.853	922.029
Prepayments	11	7.218.420	3.567.756
<b>Receivables</b>		<b>108.406.942</b>	<b>58.020.077</b>
<b>Cash at bank and in hand</b>		<b>407.871</b>	<b>534.182</b>
<b>Currents assets</b>		<b>121.445.846</b>	<b>66.657.686</b>
<b>Assets</b>		<b>491.223.567</b>	<b>403.769.583</b>

# Balance Sheet 30 June

## Liabilities and equity

	Note	2022 DKK	2021 DKK
Share capital		500.000	500.000
Reserve for net revaluation under the equity method		0	703.189
Retained earnings		66.006.207	54.051.870
Proposed dividend for the year		13.000.000	2.500.000
<b>Equity</b>		<b>79.506.207</b>	<b>57.755.059</b>
Credit institutions		148.323.226	155.032.743
Lease obligations		99.110.812	29.785.729
Payables to group enterprises - Long term		30.649.206	32.314.923
Other payables		1.770.100	3.251.250
<b>Long-term debt</b>	13	<b>279.853.344</b>	<b>220.384.645</b>
Credit institutions	13	22.284.998	22.255.128
Lease obligations	13	11.353.789	35.380.838
Trade payables		37.269.316	9.193.408
Payables to group enterprises - Short term	13	7.280.193	21.917.703
Payables to associates		0	488.449
Corporation tax		93.284	0
Other payables	13	53.582.436	36.394.353
<b>Short-term debt</b>		<b>131.864.016</b>	<b>125.629.879</b>
<b>Debt</b>		<b>411.717.360</b>	<b>346.014.524</b>
<b>Liabilities and equity</b>		<b>491.223.567</b>	<b>403.769.583</b>
Capital resources	1		
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Contingent assets, liabilities and other financial obligations	14		
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## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 July	500.000	703.189	54.051.870	2.500.000	57.755.059
Ordinary dividend paid	0	0	0	-2.500.000	-2.500.000
Net profit/loss for the year	0	-703.189	11.954.337	13.000.000	24.251.148
<b>Equity at 30 June</b>	<b>500.000</b>	<b>0</b>	<b>66.006.207</b>	<b>13.000.000</b>	<b>79.506.207</b>

## Cash Flow Statement 1 July - 30 June

	Note	2021/22	2020/21
		DKK	DKK
Net profit/loss for the year		24.251.148	22.771.391
Adjustments		37.048.607	30.358.286
Change in working capital		-25.733.315	4.382.888
<b>Cash flows from operating activities before financial income and expenses</b>		<b>35.566.440</b>	<b>57.512.565</b>
Financial income		1.019.958	824.954
Financial expenses		-14.554.405	-12.878.011
<b>Cash flows from operating activities</b>		<b>22.031.993</b>	<b>45.459.508</b>
Purchase of intangible assets		0	-1.416.812
Purchase of property, plant and equipment		-99.501.011	-105.572.086
Sale of property, plant and equipment		43.378.487	127.696
Dividends received from associates		0	209.736
<b>Cash flows from investing activities</b>		<b>-56.122.524</b>	<b>-106.651.466</b>
Repayment of loans from credit institutions		-21.557.048	-26.315.539
Reduction of lease obligations		-33.915.619	-6.936.944
Repayment of payables to group enterprises		-1.665.717	0
Repayment of payables to associates		-488.449	-2.174
Raising of loans from credit institutions		14.877.400	49.323.222
Lease obligations incurred		79.213.653	38.750.400
Raising of loans from group enterprises		0	22.440.951
Dividend paid		-2.500.000	-18.000.000
<b>Cash flows from financing activities</b>		<b>33.964.220</b>	<b>59.259.916</b>
<b>Change in cash and cash equivalents</b>		<b>-126.311</b>	<b>-1.932.042</b>
Cash and cash equivalents at 1 July		534.182	2.466.224
<b>Cash and cash equivalents at 30 June</b>		<b>407.871</b>	<b>534.182</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		407.871	534.182
<b>Cash and cash equivalents at 30 June</b>		<b>407.871</b>	<b>534.182</b>

# Notes to the Financial Statements

## 1 Capital resources

In order to strengthen the company's capital resources, the company has received a declaration of support from the parent company. The declaration is valid until further notice and can only be terminated at ordinary general meetings in the company. The termination will have effect at the end of the subsequent financial year - no earlier than 6 months after the ordinary general meeting.

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>2 Staff expenses</b>		
Wages and salaries	74.223.076	60.472.095
Pensions	5.347.906	4.740.857
Other social security expenses	2.992.224	238.160
Other staff expenses	14.285.990	11.025.190
	<b><u>96.849.196</u></b>	<b><u>76.476.302</u></b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b><u>1.086.102</u></b>	<b><u>1.095.588</u></b>
<b>Average number of employees</b>	<b><u>201</u></b>	<b><u>161</u></b>
<b>3 Financial income</b>		
Interest received from group enterprises	374.075	87.625
Other financial income	3.407.453	737.329
	<b><u>3.781.528</u></b>	<b><u>824.954</u></b>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	2.177.053	1.235.901
Other financial expenses	12.377.352	12.865.139
	<b><u>14.554.405</u></b>	<b><u>14.101.040</u></b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	57.460	-319.997
	<b><u>57.460</u></b>	<b><u>-319.997</u></b>



## Notes to the Financial Statements

### 6 Intangible assets

	Acquired licenses DKK
Cost at 1 July	1.416.812
Cost at 30 June	1.416.812
Impairment losses and amortisation at 1 July	23.614
Amortisation for the year	283.368
Impairment losses and amortisation at 30 June	306.982
<b>Carrying amount at 30 June</b>	<b>1.109.830</b>

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Vessels DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK	Total DKK
Cost at 1 July	300.841	341.953.555	304.457	17.728.854	360.287.707
Additions for the year	64.500	0	0	109.039.190	109.103.690
Disposals for the year	0	-51.635.201	0	-3.361.019	-54.996.220
Transfers for the year	0	100.719.089	0	-100.719.089	0
Cost at 30 June	365.341	391.037.443	304.457	22.687.936	414.395.177
Impairment losses and depreciation at 1 July	266.942	40.177.640	5.074	0	40.449.656
Depreciation for the year	16.461	23.167.170	60.888	0	23.244.519
Reversal of impairment and depreciation of sold assets	0	-11.617.733	0	0	-11.617.733
Impairment losses and depreciation at 30 June	283.403	51.727.077	65.962	0	52.076.442
<b>Carrying amount at 30 June</b>	<b>81.938</b>	<b>339.310.366</b>	<b>238.495</b>	<b>22.687.936</b>	<b>362.318.735</b>
Depreciated over	3 years	17-20 years	5 years		
Including assets under finance leases amounting to	0	119.825.755	0	0	119.825.755

## Notes to the Financial Statements

	2022 <u>DKK</u>	2021 <u>DKK</u>
<b>8 Investments in associates</b>		
Cost at 1 July	2.097.363	2.097.363
Disposals for the year	<u>-2.097.363</u>	<u>0</u>
Cost at 30 June	<u>0</u>	<u>2.097.363</u>
Value adjustments at 1 July	703.189	628.618
Disposals for the year	-774.376	0
Net profit/loss for the year	71.187	284.307
Dividends received	<u>0</u>	<u>-209.736</u>
Value adjustments at 30 June	<u>0</u>	<u>703.189</u>
<b>Carrying amount at 30 June</b>	<b><u>0</u></b>	<b><u>2.800.552</u></b>

### 9 Other fixed asset investments

	<u>Deposits</u> DKK
Cost at 1 July	13.080.096
Disposals for the year	<u>-6.730.940</u>
Cost at 30 June	<u>6.349.156</u>
<b>Carrying amount at 30 June</b>	<b><u>6.349.156</u></b>

### 10 Other receivables

Off the recognized other receivables DKK 5.269.080 is due after 1 year.

### 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, time charter etc.

## Notes to the Financial Statements

	<u>2021/22</u>	<u>2020/21</u>
	DKK	DKK
<b>12 Distribution of profit</b>		
Proposed dividend for the year	13.000.000	2.500.000
Reserve for net revaluation under the equity method	-703.189	284.307
Retained earnings	<u>11.954.337</u>	<u>19.987.084</u>
	<b><u>24.251.148</u></b>	<b><u>22.771.391</u></b>

### 13 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>2022</u>	<u>2021</u>
	DKK	DKK
<b>Credit institutions</b>		
After 5 years	44.790.245	66.829.436
Between 1 and 5 years	<u>103.532.981</u>	<u>88.203.307</u>
Long-term part	148.323.226	155.032.743
Within 1 year	<u>22.284.998</u>	<u>22.255.128</u>
	<b><u>170.608.224</u></b>	<b><u>177.287.871</u></b>
<b>Lease obligations</b>		
After 5 years	49.650.556	0
Between 1 and 5 years	<u>49.460.256</u>	<u>29.785.729</u>
Long-term part	99.110.812	29.785.729
Within 1 year	<u>11.353.789</u>	<u>35.380.838</u>
	<b><u>110.464.601</u></b>	<b><u>65.166.567</u></b>
<b>Payables to group enterprises - Long term</b>		
After 5 years	0	0
Between 1 and 5 years	<u>30.649.206</u>	<u>32.314.923</u>
Long-term part	30.649.206	32.314.923
Other short-term debt to group enterprises	<u>7.280.193</u>	<u>21.917.703</u>
	<b><u>37.929.399</u></b>	<b><u>54.232.626</u></b>

# Notes to the Financial Statements

## 13 Long-term debt (continued)

	<u>2022</u>	<u>2021</u>
	DKK	DKK
<b>Other payables</b>		
Between 1 and 5 years	1.770.100	3.251.250
Long-term part	1.770.100	3.251.250
Other short-term payables	53.582.436	36.394.353
	<u><b>55.352.536</b></u>	<u><b>39.645.603</b></u>

## 14 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 112,446k (2020/21: DKK134,409k) where DKK 16,740k (2020/21: 17,560k) is due within one year, DKK 60,513k (2020/21 : DKK 67,775k) is due between 1-5 years, and DKK 35,193k (2020/21: DKK 49,074k) 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 1,125k (2020/21: DKK 1,070k). Of total amount is due DKK 680k (2020/21 : DKK 730k) is due within one year, the remaining obligation is due between 1 - 5 years.

### Security

The Company has issued an owner's mortgage totalling DKK 222,197k creating a charge on vessels the carrying amount of which amounts to DKK 214,263k at 30 June 2022. 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 62,413k 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. The total amount of corporation tax payable by the Group amounts to DKK 93.284. Moreover, the Danish 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

## 15 Related parties

### Basis

#### Controlling interest

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

Name

Place of registered office

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

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of Northern Offshore Services A/S for 2021/22 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021/22 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**

### **16 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.

# Notes to the Financial Statements

## 16 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.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, vessel operating costs and other external expenses.

#### 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.



# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Financial income and expenses

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

### 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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### **Investments in associates**

Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the associates.

Associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Other fixed asset investments**

Other fixed asset investments consist of deposits.

### **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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### **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.

### **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.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Financial Highlights

#### Explanation of financial ratios

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$