

KEH Naval Architects Holding ApS

Claessensvej 1
3000 Helsingør
Company reg. no. 34 69 08 55

Annual report for 1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 24 June 2022.



Hendrik Kornel van Prooijen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of KEH Naval Architects Holding ApS for the financial year 2021.

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

I consider the chosen accounting policy to be appropriate, and in my 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 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2021.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Helsingør, 24 June 2022

Managing Director



Hendrik Kornel van Prooijen
CEO

Independent auditor's report

To the Shareholders of KEH Naval Architects Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of KEH Naval Architects Holding ApS for the financial year 1 January to 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under 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 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 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 consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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 Financial Statements Act.

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

Brøndby, 24 June 2022

ALBJERG

Statsautoriseret Revisionspartnerselskab
Company reg. no. 35 38 28 79


Lissen Fagerlin Hammer
State Authorised Public Accountant
mne27747

Company information

The company	KEH Naval Architects Holding ApS Claessensvej 1 3000 Helsingør
	Company reg. no. 34 69 08 55 Established: 15 August 2012 Domicile: Helsingør Financial year: 1 January - 31 December
Managing Director	Hendrik Kornel van Prooijen, CEO
Auditors	ALBJERG Statsautoriseret Revisionspartnerselskab Ringager 4C, 2. th. 2605 Brøndby
Bankers	BNP Paribas
Subsidiaries	Knud E. Hansen A/S, Naval Architects, Helsingør, Denmark Knud E. Hansen Australia PTY Ltd., Perth, Australia Knud E. Hansen USA, Inc., Ft. Lauderdale, USA Knud E. Hansen Greece Ltd., Piraeus, Greece MARINE HVAC DESIGN SL, Cadiz, Spain Knud E. Hansen (UK) Ltd., London, United Kingdom

Consolidated financial highlights

DKK in thousands.	2021	2020	2019	2018
Income statement:				
Gross profit	46.878	36.225	58.124	49.733
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2.091	-9.619	5.564	4.063
Profit from operating activities	949	-11.098	3.817	2.646
Net financials	-484	-665	-622	-714
Profit/loss before tax	465	-11.762	3.195	1.932
Profit /loss for the year	120	-11.710	1.870	1.332
Statement of financial position:				
Fixed assets	1.516	1.952	3.032	3.070
Non-fixed assets	49.396	32.413	41.149	45.297
Total assets	50.912	34.365	44.181	48.367
Equity	-8.609	-9.004	-7.883	-10.022
Employees:				
Average number of full-time employees	86	88	87	74
Key figures in %:				
Return on equity investment	4,1	-2.951,6	-45,7	-26,4
Acid test ratio	428,7	120,3	80,9	77,6
Solvency ratio	-16,9	-26,2	-17,8	-20,7
Return on equity	-1,4	-138,6	-20,9	-26,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

In accordance with section 78, subsection (7) of the Danish Financial Statement Act, the Company has not presented comparative key figures for financial year 2017 as the financial statements were prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Return on equity investment	$\frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Average invested capital}}$
Invested capital	Operational intangible and tangible assets and net working capital
Acid test ratio	$\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$

Consolidated financial highlights

Solvency ratio	$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$

Management's review

The principal activities of the group

The group carries on consulting, engineering & design activities within the Marine & Offshore segments.

The parent Company's primary activities are investments in subsidiaries.

Development in activities and financial matters

The gross loss for the year totals DKK -47.594 against DKK -67.436 last year. Income from ordinary activities after tax totals DKK 120.286 against DKK -11.710.088 last year. Management considers the net profit for the year satisfactory. Equity is negative, DKK 8.609.277. Management expects in line with previous years the equity to be reestablished with a mix of positive results and financing activities from the group.

Year 2021 started as slow year for group due to lack of order intake in all segments. This changed medio 2021 with orders in Offshore Wind where the company has a leading world-wide position as designer.

Futhermore we had secured projects that created the basis for new large orders.

KNUD E. HANSEN has grown to approx. 100 employees world-wide with nine offices serving our clients around the clock. Even with the Covid-19 situation we decided to keep the staff and the resources have been utilized to develop designs in Offshore Wind and in future fuels and that decision has created business for us both short and long term.

The Group did receive Covid 19 compensation amounting to DKK 6.217 Thousand during the year. Reference is made to note 1 for more details.

Accounting estimates

The groups activities with Engineering and Design implies ongoing accounting estimates with normal uncertainty in the estimates during the project lifetime due to the nature of the projects. The Group has recognised a deferred tax asset DKK 1.426 thousand, which is expected to be used within the next 3-5 years. The value of the asset is conditioned by future positive earnings. Reference is made to note 14 for more details.

Financing

After the balance sheet date, the Company's loan of DKK 13.0 million from its parent company has been extended and will now fall due on 31 December 2023.

Know how resources

The group's success is based on the competences and commitment of our employees. It is essential for us to offer a challenging and stimulating working environment, where investments are made on a continual basis to develop, maintain and attract the best talents in the business, by offering a flexible, informal, challenging and stimulating career path. Recruiting is international.

Outlook

Based on the projects under negotiation, expectations for 2022 are positive. We expect a pre-tax income of DKK 3 million for 2022 and an equity in the range of DKK 7 million per 31 December 2022.

Management's review

Events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the groups financial position.

Branches abroad

The group has a branch named Knud E. Hansen A/S, Naval Architects Filial Færøerne. The branch is located in Tórshavn on the Faroe Islands.

Income statement 1 January - 31 December

All amounts in DKK.

Note	Group		Parent	
	2021	2020	2021	2020
	46.877.969	36.224.727	-47.594	-67.436
Gross profit				
2 Staff costs	-44.642.704	-45.843.261	0	0
3 Depreciation, amortisation, and impairment	-1.142.231	-1.479.365	0	0
Other operating expenses	-143.976	0	0	0
Profit before net financials	949.058	-11.097.899	-47.594	-67.436
Income from investments in subsidiaries	0	0	308.696	-11.444.314
4 Other financial income	185.979	0	0	0
5 Other financial expenses	-669.674	-664.517	-140.816	-198.338
Pre-tax net profit or loss	465.363	-11.762.416	120.286	-11.710.088
6 Tax on net profit or loss for the year	-345.077	52.328	0	0
7 Net profit or loss for the year	120.286	-11.710.088	120.286	-11.710.088

Balance sheet at 31 December

All amounts in DKK.

Note	Group		Parent		
	2021	2020	2021	2020	
Assets					
Non-current assets					
8	Completed development projects, including patents and similar rights arising from development projects	217.375	259.729	0	0
9	Acquired concessions, patents, licenses, trademarks, and similar rights	0	158.402	0	0
	Total intangible assets	217.375	418.131	0	0
10	Other fixtures and fittings, tools and equipment	1.298.990	1.533.984	0	0
	Total property, plant, and equipment	1.298.990	1.533.984	0	0
11	Investments in subsidiaries	0	0	4.191.509	3.608.150
	Total investments	0	0	4.191.509	3.608.150
	Total non-current assets	1.516.365	1.952.115	4.191.509	3.608.150
Current assets					
12	Trade receivables	27.647.354	17.254.646	0	0
13	Contract work in progress	3.910.649	5.337.784	0	0
	Receivables from group entities	8.774.363	476.378	0	0
14	Deferred tax assets	1.426.036	1.634.268	0	0
	Income tax receivables	6.969	157.016	0	0
	Other receivables	3.032.528	2.971.390	0	0
15	Prepayments	2.460.186	2.290.129	0	0
	Total receivables	47.258.085	30.121.611	0	0
	Cash	2.137.706	2.290.923	248.639	479.035
	Total current assets	49.395.791	32.412.534	248.639	479.035
	Total assets	50.912.156	34.364.649	4.440.148	4.087.185

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		Group		Parent	
		2021	2020	2021	2020
Note					
Equity					
16	Contributed capital	80.000	80.000	80.000	80.000
	Translation reserve	-79.851	-354.514	-79.851	-354.514
	Retained earnings	-8.609.426	-8.729.712	-8.609.426	-8.729.712
	Total equity	-8.609.277	-9.004.226	-8.609.277	-9.004.226
Long term liabilities other than provisions					
17	Payables to group entities	48.000.000	13.000.000	13.000.000	13.000.000
18	Other payables	0	3.431.257	0	0
	Total long term liabilities other than provisions	48.000.000	16.431.257	13.000.000	13.000.000
	Current portion of long term liabilities	0	0	0	52.325
13	Contract work in progress	741.405	3.045.486	0	0
	Trade payables	3.945.895	1.621.096	0	0
	Payables to group entities	50.167	11.449.389	0	0
	Income tax payable	0	61.428	0	0
	Other payables	6.783.966	10.760.219	49.425	39.086
	Total short term liabilities other than provisions	11.521.433	26.937.618	49.425	91.411
	Total liabilities other than provisions	59.521.433	43.368.875	13.049.425	13.091.411
	Total equity and liabilities	50.912.156	34.364.649	4.440.148	4.087.185

1 Special items

19 Collateral

20 Contingencies

21 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserve for foreign currency translation</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 2021	80.000	-354.514	-8.729.712	-9.004.226
Profit or loss for the year brought forward	0	0	120.286	120.286
Foreign currency translation adjustments	0	274.663	0	274.663
	<u>80.000</u>	<u>-79.851</u>	<u>-8.609.426</u>	<u>-8.609.277</u>

Statement of changes in equity of the parent

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserve for foreign currency translation</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2021	80.000	-354.514	-8.729.712	-9.004.226
Profit or loss for the year brought forward	0	0	120.286	120.286
Foreign currency translation adjustments	0	274.663	0	274.663
	<u>80.000</u>	<u>-79.851</u>	<u>-8.609.426</u>	<u>-8.609.277</u>

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note	Group	
	2021	2020
Net profit or loss for the year	120.286	-11.710.088
22 Adjustments	2.114.979	2.091.554
23 Change in working capital	-13.152.303	8.424.067
Cash flows from operating activities before net financials	-10.917.038	-1.194.467
Net financial positions	-483.695	-664.518
Cash flows from ordinary activities	-11.400.733	-1.858.985
Income tax paid	-48.226	0
Income taxes received	0	16.683
Cash flows from operating activities	-11.448.959	-1.842.302
Purchase of property, plant, and equipment	-850.457	-399.485
Cash flows from investment activities	-850.457	-399.485
Proceeds of debt	31.572.174	2.223.785
Repayments, borrowings from group enterprises	-19.425.975	-10.759.003
Capital contribution	0	11.000.000
Cash flows from investment activities	12.146.199	2.464.782
Change in cash and cash equivalents	-153.217	222.995
Cash and cash equivalents at 1 January 2021	2.290.923	2.067.928
Cash and cash equivalents at 31 December 2021	2.137.706	2.290.923
Cash and cash equivalents		
Cash	2.137.706	2.290.923
Cash and cash equivalents at 31 December 2021	2.137.706	2.290.923

Notes

All amounts in DKK.

1. Special items

Special items for the year are specified below, indicating where they are recognised in the income statement.

	Group		Parent	
	2021	2020	2021	2020
Income:				
Covid-19 compensation	6.217.446	3.284.592	0	0
	<u>6.217.446</u>	<u>3.284.592</u>	<u>0</u>	<u>0</u>
Special items are recognised in the following items in the financial statements:				
Other operating income	6.217.446	3.284.592	0	0
Profit of special items, net	<u>6.217.446</u>	<u>3.284.592</u>	<u>0</u>	<u>0</u>

2. Staff costs

Salaries and wages	42.053.608	43.013.474	0	0
Pension costs	1.605.685	1.648.518	0	0
Other costs for social security	983.411	1.181.269	0	0
	<u>44.642.704</u>	<u>45.843.261</u>	<u>0</u>	<u>0</u>
Average number of employees	<u>86</u>	<u>88</u>	<u>0</u>	<u>0</u>

3. Depreciation, amortisation, and impairment

Amortisation of concessions, patents and licences	441.174	581.533	0	0
Depreciation on plants, operating assets, fixtures and furniture	701.057	897.832	0	0
	<u>1.142.231</u>	<u>1.479.365</u>	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	Group		Parent	
	2021	2020	2021	2020
4. Other financial income				
Interest, trade debtors	185.979	0	0	0
	185.979	0	0	0
5. Other financial expenses				
Financial costs, group enterprises	364.076	426.150	134.010	197.705
Other financial costs	305.598	238.367	6.806	633
	669.674	664.517	140.816	198.338
6. Tax on net profit or loss for the year				
Adjustment for the year of deferred tax	204.887	0	0	0
Adjustment of tax for previous years	0	19.746	0	0
Other taxes	140.190	-72.074	0	0
	345.077	-52.328	0	0
7. Proposed appropriation of net profit				
Transferred to retained earnings			120.286	0
Allocated from retained earnings			0	-11.710.088
Total allocations and transfers			120.286	-11.710.088

Notes

All amounts in DKK.

	Group		Parent	
	<u>31/12 2021</u>	<u>31/12 2020</u>	<u>31/12 2021</u>	<u>31/12 2020</u>
8. Completed development projects, including patents and similar rights arising from development projects				
Cost 1 January 2021	2.382.538	2.382.538	0	0
Disposals during the year	287.211	0	0	0
Transfers	<u>-332.100</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cost 31 December 2021	<u>2.337.649</u>	<u>2.382.538</u>	<u>0</u>	<u>0</u>
Amortisation and writedown 1 January 2021	-2.122.809	-1.857.162	0	0
Amortisation for the year	-280.849	-265.647	0	0
Reversal of depreciation, amortisation and writedown, assets disposed of	<u>283.384</u>	<u>0</u>	<u>0</u>	<u>0</u>
Amortisation and writedown 31 December 2021	<u>-2.120.274</u>	<u>-2.122.809</u>	<u>0</u>	<u>0</u>
Carrying amount, 31 December 2021	<u>217.375</u>	<u>259.729</u>	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
9. Acquired concessions, patents, licenses, trademarks, and similar rights				
Cost 1 January 2021	1.681.050	1.681.050	0	0
Cost 31 December 2021	1.681.050	1.681.050	0	0
Amortisation and writedown 1 January 2021	-1.522.648	-1.206.762	0	0
Writedown for the year	-158.402	-315.886	0	0
Amortisation and writedown 31 December 2021	-1.681.050	-1.522.648	0	0
Carrying amount, 31 December 2021	0	158.402	0	0

Notes

All amounts in DKK.

	Group		Parent	
	<u>31/12 2021</u>	<u>31/12 2020</u>	<u>31/12 2021</u>	<u>31/12 2020</u>
10. Other fixtures and fittings, tools and equipment				
Cost 1 January 2021	5.624.507	5.357.736	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2021	78.476	-94.602	0	0
Additions during the year	768.940	434.523	0	0
Disposals during the year	-446.266	-73.150	0	0
Cost 31 December 2021	<u>6.025.657</u>	<u>5.624.507</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 1 January 2021	-4.090.523	-3.325.405	0	0
Translation by use of the exchange rate valid on balance sheet date 31 December 2021	-65.194	59.565	0	0
Depreciation for the year	-701.054	-897.833	0	0
Reversal of depreciation, amortisation and writedown, assets disposed of	130.104	73.150	0	0
Depreciation and writedown 31 December 2021	<u>-4.726.667</u>	<u>-4.090.523</u>	<u>0</u>	<u>0</u>
Carrying amount, 31 December 2021	<u>1.298.990</u>	<u>1.533.984</u>	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
11. Investments in subsidiaries				
Acquisition sum, opening balance 1 January 2021	0	0	47.912.752	36.912.752
Additions during the year	0	0	0	11.000.000
Cost 31 December 2021	0	0	47.912.752	47.912.752
Revaluations, opening balance 1 January 2021	0	0	-44.304.602	-32.448.691
Exchange rate	0	0	274.663	-411.597
Results for the year	0	0	308.696	-11.444.314
Revaluation 31 December 2021	0	0	-43.721.243	-44.304.602
Carrying amount, 31 December 2021	0	0	4.191.509	3.608.150

Subsidiaries:

	Domicile	Equity interest
Knud E. Hansen A/S, Naval Architects	Helsingør, Denmark	100 %
Knud E. Hansen Australia PTY Ltd.	Perth, Australia	100 %
Knud E. Hansen USA, Inc.	Ft. Lauderdale, USA	100 %
Knud E. Hansen Greece Ltd.	Piraeus, Greece	100 %
MARINE HVAC DESIGN SL	Cadiz, Spain	100 %
Knud E. Hansen (UK) Ltd.	London, United Kingdom	100 %

12. Trade receivables

Out of the group's trade receivables, an amount of DKK 0 (2020: 1.129) thousand fall due for payment after more than one year.

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
13. Contract work in progress				
Sales value of the production of the period	85.805.321	90.988.800	0	0
Payments on account received	<u>-82.636.077</u>	<u>-88.696.502</u>	<u>0</u>	<u>0</u>
Contract work in progress, net	<u>3.169.244</u>	<u>2.292.298</u>	<u>0</u>	<u>0</u>
The following is recognised:				
Work in progress for the account of others (Current assets)	3.910.649	5.337.784	0	0
Work in progress for the account of others (Short-term liabilities)	<u>-741.405</u>	<u>-3.045.486</u>	<u>0</u>	<u>0</u>
	<u>3.169.244</u>	<u>2.292.298</u>	<u>0</u>	<u>0</u>
14. Deferred tax assets				
Deferred tax assets				
1 January 2021	1.634.268	1.630.923	0	0
Deferred tax of the results for the year	<u>-208.232</u>	<u>3.345</u>	<u>0</u>	<u>0</u>
	<u>1.426.036</u>	<u>1.634.268</u>	<u>0</u>	<u>0</u>

Group

The group has a total deferred tax asset at a carrying amount of DKK 7.569 thousand of which DKK 1.426 is recognised, which is expected utilized within a foreseeable future.

Parent company

The parent company has a total deferred tax asset at a carrying amount of DKK 190 thousand of which DKK 0 is recognised, which is expected utilized within a foreseeable future.

15. Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies, service contracts licenses and subscriptions.

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
16. Contributed capital				
Contributed capital				
1 January 2021	<u>80.000</u>	<u>80.000</u>	<u>80.000</u>	<u>80.000</u>
	<u>80.000</u>	<u>80.000</u>	<u>80.000</u>	<u>80.000</u>

The company's share capital has remained unchanged at DKK 80.000 since the company was established.

17. Payables to group entities

Share of amount due within 1 year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total payables to group entities	<u>48.000.000</u>	<u>13.000.000</u>	<u>13.000.000</u>	<u>13.000.000</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

18. Other payables

Total other payables	0	3.431.257	0	0
Share of amount due within 1 year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other payables	<u>0</u>	<u>3.431.257</u>	<u>0</u>	<u>0</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

19. Collateral

Group

The Group has not provided any security or other collateral in assets at 31 December 2021.

Parent company

The Parent Company has not placed any assets or other as security for loans at 31 December 2021.

Notes

All amounts in DKK.

20. Contingencies

Contingent liabilities, group

	DKK in thousands
Lease liabilities	24.413
Total contingent liabilities	24.413

Rent and lease liabilities primarily relate to contracts which are non-cancellable until 2021-2031.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

21. Related parties

Controlling interest

Damen Shipyard Group NV, Curacao, Curacao (ultimate parent) Participating interest

Transactions

The group has the following related party transactions (in DKK Thousand):

	Group		Parent	
	2021	2020	2021	2020
Revenue	902	4.411	0	0
Other operating income	0	0	0	10
Interest	-364	-426	-134	-198
Receivables from group entities	8.774	476	0	0
Payables to group entities	50	11.449	0	52
Long term debt, group entity	48.000	13.000	13.000	13.000

In accordance with section 98C, subsection (3) of the Danish Financial Statement Act, Knud E. Hansen A/S Naval Architects, has not presented the related party transactions with wholly owned subsidiaries.

Notes

All amounts in DKK.

Consolidated financial statements

The company is included in the consolidated financial statements of Damen Shipyard Group NV, Curacao, Curacao. The consolidated financial statements are available at the Chamber of commerce in the Netherlands.

	Group	
	2021	2020
22. Adjustments		
Depreciation, amortisation, and impairment	1.286.207	1.479.365
Other financial expenses	483.695	664.517
Tax on net profit or loss for the year	345.077	-52.328
	2.114.979	2.091.554
23. Change in working capital		
Change in receivables	-9.196.768	9.056.210
Change in trade payables and other payables	-3.955.535	-632.143
	-13.152.303	8.424.067

Accounting policies

The annual report for KEH Naval Architects Holding ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Group enterprises abroad, are considered separate entities. Items in such entities income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

The consolidated financial statements

The consolidated income statements comprise the parent company KEH Naval Architects Holding ApS and those group enterprises of which KEH Naval Architects Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

Accounting policies

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue', 'Cost of sales', 'Other external expenses' and 'Other operating income' are consolidated into one item designated 'Gross margin'.

Revenue

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

When the results of a contract cannot be reliably validated, the revenue is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

Licence and royalty income is recognised in accordance with the contents of the agreement.

Cost of sales

Cost of sales comprises costs concerning purchase of materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

Other external expenses

Other external expenses comprise expenses incurred for sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Accounting policies

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating expenses

Other operating expenses comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries investments in

After full elimination of intercompany profit or loss, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Patents and licenses are measured at cost less accrued amortisation and writedowns for impairment. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for 3 years.

Accounting policies

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Completed development projects	3 years
Acquired intangible assets	3 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Accounting policies

Leases

All leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist.

Investments

Investments in subsidiaries

Investments in subsidiaries are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover a negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash

Cash and cash equivalents comprise cash at bank and on hand.

Given the nature of the Groups cash pool arrangement, cash pool are not considered cash, but are recognised under "Receivables from subsidiaries".

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

Accounting policies

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Income tax and deferred tax

As administration company, KEH Naval Architects Holding ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.