ERRV Holdings ApS

ANNUAL REPORT 2021

FOR 1 JANUARY – 31 DECEMBER

COMPANY NO. / CVR NO. 36941030

CONTENTS

COMPANY INFORMATION

Company
ERRV Holdings ApS
Hammerensgade 1, 2. Sal
1100 Copenhagen K

Company No. / CVR No.	36 94 10 30
Municipality of reg. office	Copenhagen
Phone No.	+45 20 29 38 47

Executive Management
Per Niklas Ljungström
Scott B. M. Moseley
Zion Oved

Audit
PriceWaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

MANAGEMENT REVIEW

MANAGEMENT REVIEW

ACTIVITIES

The group delivers safety and support at sea making the sea a safe place to work. This is being carried out with our efficient fleet of Service Operation Vessels (SOVs) which provides services for the Offshore Wind industry and with our Emergency Response and Rescue Vessels (ERRVs) which is servicing the drilling rigs and production platforms of the Oil and Gas production.

EXPECTATIONS FOR 2022

The Group expect further positive development in the offshore market especially in the offshore wind, but with increasing oil and gas prices we also foresee an increased demand for our ERRV services this combined with the delivery of the two new-build SOVs and two bareboat leased Multipurpose ERRV's during 2021, leads to an expected increase of the result before depreciation, amortization, and financial etc. in 2022.

Wind

The SOV activities in Europe are expected to further increase, well supported by ambitious targets to transit into renewables set by several countries within EU including Denmark and importantly in the UK, will lead to high tender activities in which the Group is well positioned.

The emerging Offshore Wind industry in the U.S. have now really started to develop and the Group is already participating in several tenders with our U.S. joint venture partner Crowley via the jointly owned JV, CREST.

Oil and Gas

With the accelerating energy demands and geopolitical conflicts the Oil and Gas prices are very high, we expect to see an intensive and expanded activity level in the North Sea. Furthermore, the completion of postponed priority drilling and maintenance work held back by the Covid-19 pandemic will keep activity levels and utilization of the Group'S current ERRV fleet high and stable throughout 2022.

ACTIVITY FOR 2021

Result for the year

The Revenue for the group in 2021 was MDKK 1.081 against MDKK 977 in 2020. This generated a loss for the year of MDKK 140 compared to a loss of MDKK 607 in 2020.

The EBITDA before Special Items is in line with the predictions given for this year. Even though we still experienced impacts from the covid-19 regarding logistic constraints across Europe and partly on the ERRV activities in the beginning of 2021 we managed to achieve a satisfactory result for 2021 due to the very positive market recovery supervened earlier than anticipated and the existing SOV fleet continuing delivery almost unaffected despite the covid-19 challenges.The sales process during the year impacted through extraordinary costs that has been recognized as Special Items and the impairment taken in 2020 has been released and substantiated by, significant positive market changes due to increased oil and gas prices and the outcome from the sales process.

In accordance with the newbuilding program the last two remaining SOV vessels were delivered and taken successfully into operation during the year, ESVAGT Alba and ESVAGT Havelok. Unfortunately, a couple of months delayed due to the Covid-19 pandemic. The challenging traveling restrictions made it difficult for the shipyard to maintain its required workforce and progress without the support from the pool of foreign workers leading to slightly unforeseen delays.

An important new contract in the Danish sector was signing during the year with TotalEnergies including inter alia ESVAGT Dana as a combined walk-to-work with ERRV capabilities vessel and two rebuild multipurpose ERRV's vessels ESVAGT Heidi and ESVAGT Leah.

Market and activities

Wind

The wind market continuously evolves in a positive trend as several offshore wind projects is ongoing and more is announced to be developed the coming years. The European market upholds a steady growth. And despite BREXIT, United Kingdom government favor's the development of offshore wind farms by their continuously strive to increase renewable energy towards 2030. The US market follows the positive trends in Europe and will grow rapidly the coming years with targets over 30GW.

Oil and Gas

The North Sea ERRV market is set to further improve, and the contracted days increased significantly entering 2022 compared to 2021. A positive development in the oil and gas activities hence an increase in prices showed in the market from third quarter, especially the UK drilling activities, in which traditionally is a major part of the Group's spot revenue, but also the Danish and Norwegian sectors has picked up rapidly leading to several mid to short terms contracts.

Development activities

During 2021 the group held expenses of MDKK 2,9 (2020: MDKK 5,0) mainly relating to IT projects.

Financial Risks

A consolidated overview of the the Groups financial risks is included in note 26.

STATUTORY STATEMENT REGARDING ENVIRONMENT, SOCIAL ISSUES AND GOVERNANCE IN ACCORDANCE WITH SECTION 99A OF THE DANISH FINANCIAL STATEMENTS ACT

For our statutory statement regarding environment, social issues and governance, we refer to our Sustainability & ESG Report 2021.

STATUTORY STATEMENT REGARDING THE UNDERREPRESENTED GENDER IN ACCORDANCE WITH SECTION 99B OF THE DANISH FINANCIAL STATEMENTS ACT

For our statutory statement regarding the underrepresented gender, we refer to our Sustainability & ESG Report 2021.

STATUTORY STATEMENT REGARDING POLICY ON DATA ETHICS IN ACCORDANCE WITH SECTION 99D OF THE DANISH FINANCIAL STATEMENTS ACT

For our statutory statement regarding the policy on data ethics policy can be found here.

SUSTAINABILITY & ESG REPORT 2021

Read our report here

KEY FIGURES FOR THE CONSOLIDATED GROUP

5 YEARS KEY FIGURES

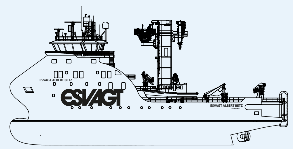
TDKK	**2021**	2020	2019*	2018	2017
Profit and Loss accounts					
Net revenue	1,080,683	976,788	1,028,568	985,695	905,537
Profit before financial items	364,976	-170,027	81,095	60,831	-207,234
Net financials	-504,443	-436,809	-394,449	-376,993	-75,345
Profit for the year	-140,241	-606,872	-307,435	-316,198	-475,245
Balance sheet					
Total assets	5,712,525	4,777,074	4,776,911	4,748,109	4,753,669
Equity	-1,685,122	-1,592,620	-971,085	-671,766	-338,322
Investment in property, plant and equipment	670,122	405,926	403,263	607,285	260,137
Key Ratios					
Profit Margin %	33.8%	-17.4%	7.9%	6.2%	-22.9%
Return on equity	-8.6%	-47.3%	-37.4%	-62.6%	-399.7%
Equity ratio	-29.5%	-33.3%	-20.3%	-14.1%	-7.1%

*) The Group has adopted IFRS 16 as per 1.1.2019, the comparative figures have not been adjusted accordingly.

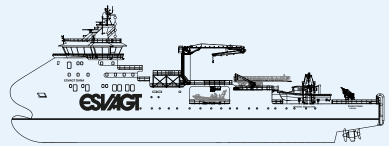
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

ACQUIRED VESSELS FROM 2016 TO 2021

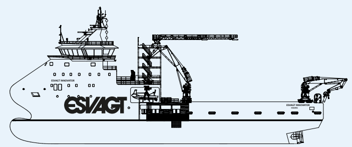
ESVAGT Albert Betz



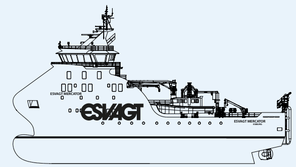
ESVAGT Dana



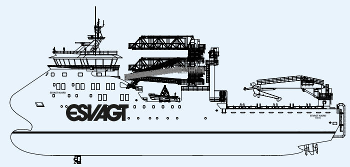
ESVAGT Innovator



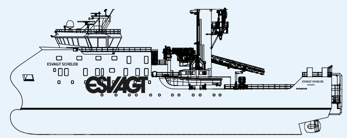
ESVAGT Mercator



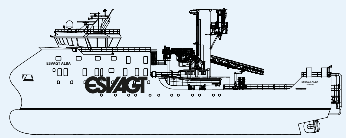
ESVAGT Njord



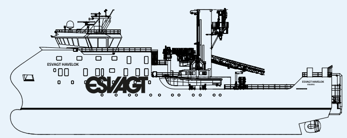
ESVAGT Schelde



ESVAGT Alba



ESVAGT Havelok



MANAGEMENT'S STATEMENT

The Executive Management have today considered and adopted the Annual Report of ERRV Holdings ApS for the financial year 1 January – 31 December 2021.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

In our opinion the consolidated Financial Statements and the separate Financial Statements give a true and fair view of the Group's and the Company's financial position at 31 December 2021 and the results of the Group's and Company's operations for the financial year 1 January – 31 December 2021.

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

Copenhagen, 16 May 2022

Executive Management

Scott B. M. Moseley

Zion Oved

Per Niklas Ljungström

To the Shareholder of ERRV Holdings ApS

INDEPENDENT AUDITOR’S REPORT

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group’s and the Parent Company’s financial position at 31 December 2021 and of the results of the Group’s and the Parent Company’s operations and cash flows for the financial year 1 January to 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ERRV Holdings ApS for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company (“financial statements”).

Basis for Opinion

WWe 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 Group in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Account-ants (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 Financial Statements Act.

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

Management’s Responsibilities for the 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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group’s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 16 May 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab,
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Palle H. Jensen
State Authorized Public Accountant
mne32115

FINANCIAL STATEMENTS

STATEMENT OF PROFIT AND LOSS

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Net revenue	4	1,080,683	976,788	0	0
Other income		724	2,573	0	0
Other expenses		0	0	0	0
Other operating expenses		-332,876	-273,468	-480	-540
Gross profit		**748,530**	**705,893**	**-480**	**-540**
Staff expenses	5	-384,578	-378,769	0	0
Share of profit/loss in subsidiaries		0	0	-200,000	-250,000
Share of profit/loss in joint ventures	23	-6	-7	0	0
Profit before special items, depreciation, amortisation and financial items etc..		**363,946**	**327,117**	**-200,480**	**-250,540**
Special items	6	-45,566	0	0	0
Profit before depreciation, amortisation and financial items etc.		**318,380**	**327,117**	**-200,480**	**-250,540**
Amortisation, depreciation and impairment reversal/losses	7	46,596	-497,143	0	0
Profit/loss before financial items		**364,976**	**-170,027**	**-200,480**	**-250,540**
Financial income	8	7,610	5,004	3	4
Financial expenses	9	-512,053	-441,813	-35,607	-6,550
Profit/loss before income tax		**-139,467**	**-606,836**	**-236,083**	**-257,086**
Tax	10	-774	-35	26	458
Profit/loss for the year		**-140,241**	**-606,872**	**-236,057**	**-256,628**
Profit is attributable to:					
Non-controlling interests		-6	-6	0	0
Owners of ERRV Holdings ApS		**-140,235**	**-606,866**	**-236,057**	**-256,628**

STATEMENT OF COMPREHENSIVE INCOME

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Profit for the year		**-140,241**	**-606,872**	**-236,057**	**-256,628**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Exchange diff. on translation of subsidiaries		919	-788	0	0
Cash flow hedges:					
Value adjustment of hedges for the year		-6,891	-17,971	0	0
Reclassified to income statement					
- revenue		1,072	2,469	0	0
- operating costs		0	0	0	0
- financial expenses		3,683	-3,076	0	0
Reclassified to non-current assets		14,210	4,702	0	0
Other comprehensive income for the year, net of tax		**12,994**	**-14,665**	**0**	**0**
Total comprehensive income for the year		**-127,248**	**-621,536**	**-236,057**	**-256,628**
Profit is attributable to:					
Non-controlling interests		-6	-6	0	0
Owners of ERRV Holdings ApS		**-127,242**	**-621,530**	**-236,057**	**-256,628**

BALANCE SHEET - ASSETS

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Goodwill		493,502	493,502	0	0
Development projects		8,887	9,671	0	0
Intangible assets	11	**502,389**	**503,173**	**0**	**0**
Vessels	12	4,402,797	3,590,856	0	0
Other operating equipment and fixtures	12	995	2,019	0	0
Buildings on leased land	12	37,651	40,746	0	0
Prepayments for tangible assets	12	89,071	163,273	0	0
Right-of-use assets	19	255,178	25,169	0	0
Tangible assets		**4,785,693**	**3,822,063**	**0**	**0**
Investment in subsidiaries		0	0	0	0
Investment in joint ventures	23	0	0	0	0
Investments in other entities		**0**	**0**	**0**	**0**
Total non-current assets		**5,288,082**	**4,325,236**	**0**	**0**
Bunker oil and other consumables		16,199	9,461	0	0
Inventories	14	**16,199**	**9,461**	**0**	**0**
Trade receivables	15	157,825	109,236	0	0
Receivables from Group companies		0	0	170	166
Other receivables		9,494	10,000	19	151
Prepayments		11,267	6,809	0	0
Receivables		**178,587**	**126,045**	**189**	**317**
Cash and cash equivalents		**229,657**	**316,332**	**288**	**316**
Total current assets		**424,443**	**451,838**	**477**	**633**
Total assets		**5,712,525**	**4,777,074**	**477**	**633**

LIABILITIES

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Share capital	16	150	150	150	150
Other reserves		-11,946	-24,940	-1,148	-1,148
Retained earnings		-1,673,591	-1,568,101	-493,400	-257,343
Equity attributable to owners of ERRV Holdings ApS		**-1,685,387**	**-1,592,891**	**-494,398**	**-258,341**
Non-controlling interests		265	271	0	0
Total equity		**-1,685,122**	**-1,592,620**	**-494,398**	**-258,341**
Deferred tax liabilities	17	8	4	0	0
Bank and credit institutions	18	1,737,750	2,291,875	0	0
Lease liabilities, non current	19	220,720	15,461	0	0
Other non current liabilities		2,689	3,300	0	0
Derivatives, non current	21	1,255	5,006	0	0
Total non-current liabilities		**1,962,422**	**2,315,647**	**0**	**0**
Loan from parent company	18	4,539,191	3,922,577	491,993	256,500
Bank and credit institutions	18	711,450	0	0	0
Lease liabilities, current	19	37,008	10,217	0	0
Received prepayments		11,682	7,529	0	0
Provisions		0	0	0	0
Trade payables		73,639	37,203	136	136
Payables to Group companies		0	0	2,726	2,338
Income tax liabilities		277	117	19	0
Other payables		51,803	57,569	0	0
Derivatives, current	21	10,177	18,834	0	0
Total current liabilities		**5,435,226**	**4,054,047**	**494,874**	**258,974**
Total liabilities		**7,397,647**	**6,369,694**	**494,874**	**258,974**
Total equity and liabilities		**5,712,525**	**4,777,074**	**477**	**633**

STATEMENT OF CHANGES IN EQUITY

	GROUP						
TDKK	Share Capital	Reserve for Foreign Currency Translation	Cash Flow Hedges	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Equity at 01.01.2020	**150**	**-689**	**-9,587**	**-961,236**	**-971,362**	**277**	**-971,085**
Profit for the year	0	0	0	-606,866	-606,866	-6	-606,872
Other comprehensive income	0	-788	-13,876	0	-14,665	0	-14,665
Total comprehensive income for the year	**0**	**-788**	**-13,876**	**-606,865**	**-621,529**	**-6**	**-621,535**
Equity at 31.12.2020	**150**	**-1,477**	**-23,463**	**-1,568,101**	**-1,592,891**	**271**	**-1,592,620**
Profit for the year	0	0	0	-140,235	-140,235	-6	-140,241
Exchange diff. on translation of subsidiaries	0	919	0	0	919	0	919
Value adjustment of hedges for the year	0	0	-6,891	0	-6,891	0	-6,891
Reclassified to income statement							
- revenue	0	0	1,072	0	1,072	0	1,072
- operating costs	0	0	0	0	0	0	0
- financial expenses	0	0	3,683	0	3,683	0	3,683
Reclassified to non-current assets	0	0	14,210	0	14,210	0	14,210
Total comprehensive income for the year	**0**	**919**	**12,074**	**-140,235**	**-127,242**	**-6**	**-127,248**
Long term incentive schemes	0	0	0	34,745	34,745	0	34,745
Equity at 31.12.2021	**150**	**-558**	**-11,389**	**-1,673,591**	**-1,685,387**	**265**	**-1,685,122**

STATEMENT OF CHANGES IN EQUITY

	PARENT					
TDKK	Share Capital	Reserve for Foreign Currency Translation	Cash Flow Hedges	Development Cost Reserve	Retained Earnings	Total Equity
Equity at 01.01.2020	**150**	**-1,148**	**0**	**6,882**	**-7,597**	**-1,713**
Profit for the year	0	0	0	2,789	-259,417	-256,628
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**2,789**	**-259,417**	**-256,628**
Equity at 31.12.2020	**150**	**-1,148**	**0**	**9,671**	**-267,014**	**-258,341**
Profit for the year	0	0	0	-784	-235,273	-236,057
Other comprehensive income	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-784**	**-235,273**	**-236,057**
Equity at 31.12.2021	**150**	**-1,148**	**0**	**8,887**	**-502,287**	**-494,398**

CASH FLOW STATEMENT

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Profit before depreciation, amortisation and financial items etc.		318,380	327,117	-200,480	-250,540
Other expenses		-2	-975	0	0
Long term incentive scheme		34,745	0	0	0
Change in working capital	25	-25,809	-11,419	385	564
Share of profit/loss in subsidiaries		0	0	200,000	250,000
Share of profit/loss in joint ventures		6	7	0	0
Cash flows from operating activities before financial income and expenses		**327,320**	**314,731**	**-95**	**24**
Financial income received		8	622	3	4
Financial expenses paid		-98,417	-88,772	-114	-50
Income taxes paid		-479	-566	177	307
Net cash flow from operating activities		**228,432**	**226,015**	**-28**	**285**

		GROUP		PARENT	
TDKK	Note	**2021**	2020	**2021**	2020
Share capital paid in subsidiaries		0	0	-200,000	-250,000
Payments for intangible assets and property, plant and equipment		-662,883	-402,618	0	0
Sale of intangible assets and property, plant and equipment		61	2,308	0	0
Net cash flow from investing activities		**-662,822**	**-400,309**	**-200,000**	**-250,000**
Proceeds from loans from parent		200,000	250,000	200,000	250,000
Proceeds from loans from credit institutions		150,000	60,000	0	0
Principle element of lease payments		-17,966	-14,452	0	0
Working Captial Contribution		6,695	0	0	0
Cash flow from financing activities		**338,729**	**295,548**	**200,000**	**250,000**
Net cash flow for the year		**-95,661**	**121,254**	**-28**	**285**
Effects of exchange rate changes on cash and cash equivalents		8,987	-7,422	0	0
Cash and cash equivalents, beginning of the year		316,332	202,500	316	30
Cash and cash equivalents, end of the year		**229,657**	**316,332**	**288**	**316**

INDEX OF NOTES

NOTE 1

CAPITAL POSITION AND GOING CONCERN

The purpose of ERRV Holdings ApS is to hold the shares in ERRV ApS, which is the holdings company of ESVAGT A/S. The investment in ERRV ApS has a carrying value of MDKK 0 at 31 December 2021 (2020: MDKK 0) hence the share capital was lost and the company is subject to the rules of capital loss in the Danish Company's Act.

Impairment tests have been carried out regarding the investment in ESVAGT A/S, which did not result in any impairment.

The lenders of the loans in ERRV ApS have expressed their continuing interest in assuring that ERRV Holdings ApS and ERRV ApS can continue as a going concern and have expressed their intention not to call the loans already extended and any additional future loans that may be extended to ERRV Holdings ApS and ERRV ApS, unless the liquidity position of the ERRV Holdings ApS and ERRV ApS are adequate to justify such repayment.

NOTE 2

ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2021 comprise the consolidated financial statement of the parent company ERRV Holding ApS and subsidiaries controlled by the parent company (the group) and the separate financial statements of the parent company and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

The annual report has been approved by the Executive Management at its meeting on 16 May 2022. The annual report will be presented to the shareholders of ERRV Holding ApS for approval at the Annual General Meeting.

Measurement basis
The consolidated and separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

New and amended standards adopted by the group
The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

- Amendments to IFRS 16 “Covid-19 Related Rent Concessions”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted
Certain new accounting standard and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future periods and on foreseeable transactions.

Basis of consolidation
Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Consolidation is performed by summarizing the financial statements of the parent company and its subsidiaries which have been prepared in accordance with ERRV Holdings ApS accounting policies. On consolidation,

NOTE 2 - CONTINUED

ACCOUNTING POLICIES

elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries are included as part of ERRV Holdings profit and equity respectively but shown as separate items.

Foreign currency translation

Functional and presentation currency

Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The functional currency of the Parent company, ERRV Holding ApS is DKK.

The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Derivatives

Derivatives are initially recognized at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange forwards are used to hedge the currency risk related to recognized and unrecognized transactions.

The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognized. The effective portion of changes in the value of derivative financial instruments used to hedge the value of the recognized financial assets and liabilities is recognized in the income statement together with changes in the fair value of the hedged assets or liabilities which can be attributed to the hedging relationship. The ineffective portion of hedge transaction are recognized in the income statement as financial income or expenses for interest and currency-based instruments.

Revenue recognition

The group provides support and services (ERRV and SOV) to the offshore industry comprising standby and emergency response and rescue, oil spill contingency, tanker assist, rig move and supply duties. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the days spent relative to the total number of days the contract covers. Furthermore, the group recognizes revenue for its long-term contracts in an amount to which the group has a right to invoice.

Support and service contracts include multiple deliverables, such as charter, crew, fuel and services. Except for fuel, the deliverables are integrated in the services and cannot be provided separately. The services in a charter excluding fuel are therefore accounted for as one performance obligation. A part of the contract price is allocated to a separate performance obligation for fuel based on its stand-alone selling price, which is directly observable. The contracts do not contain any variable elements.

Other income

Other income comprises of other activities, e.g. property rent and gains/losses of sales of fixed assets. Other income is recognized when the agreed service or asset is delivered, and the control has been transferred to the purchaser.

Other operating expenses

Other operating expenses comprise repair and maintenance, stores, vessel fuel, training and travel costs, expenses related to marketing, administration, office expenses, bad debt etc.

NOTE 2 - CONTINUED

ACCOUNTING POLICIES

Staff expenses including pensions and similar liabilities
Staff expenses comprise wages and salaries, pensions, social security costs and other staff costs to the company's employees.

The group has entered into pension and similar agreements with most employees. Obligations relating to defined contribution plans are recognized in the income statement in the period in which they are earned.

Special items
Special items comprise non-recurring income and expenses that are not considered to be part of ordinary operations such as Long Term Incentive Program, liquidated damages, strategic market investigations.

Amortization, depreciation and impairment
Amortization, depreciation and impairment comprise amortization, depreciation and impairment of intangible assets, property, plant and equipment and right-of-use assets.

Financial income and expenses
Financial income and expenses comprise interest income and expenses based on the effective interest rate method, realized and non-realized capital gains/losses on transactions in foreign currency, amortization of financial assets and liabilities etc.

Income tax and deferred tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

The group's vessels activities are subject to the tonnage taxation scheme under which the computation of taxable income includes an amount, calculated based on the fleet's tonnage.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets
Goodwill
Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Development projects
Development projects comprise costs related to specific development projects. Development projects are capitalized when development projects imply a technical and/or operational advantage for the Group and where the financial net present value of these projects exceeds the development expenses.

Intangible assets are measured at cost less of accumulated amortization and impairment losses.

Amortization is recognized in the income statement on a straight-line basis over the useful life, which is:
- Development projects: 3 years

NOTE 2 - CONTINUED

ACCOUNTING POLICIES

Tangible assets
Premises on leased land, vessels, docking costs and other operating equipment and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Borrowing costs from specific as well as general borrowing directly related to assets with a long production period are attributed to costs during the period of construction.

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:

- Premises on leased land: 20-30 years
- Vessels: Up to 35 years
- Docking costs: 2,5-5 years
- Other fixtures and fittings: 3-5 years

New build vessels are depreciated over 25-35 years. Used vessels are depreciated over a shorter period based on the vessel age upon time of purchase. Charter contracts related upgrades and other improvements are depreciated over expected useful life of 3-5 years

Expenses for docking of vessels are recognized when incurred in the carrying amount of vessels and depreciated over the period until next docking.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account as other operating income or other operating costs.

Impairment of non-financial assets
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Tangible and intangible assets that are subject to amortization are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Leases
Leases are recognized as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments include among other fixed payments and variable lease payments that are based on an index or a rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For all leases, the group has elected not to separate the lease and non-lease components and instead accounts for these as a single component.

The lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily determinable, the incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate and payments associated with leases with a lease term of 12 months or less and low-value assets are recognized as an expense in the income statement, included in other operating expenses.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 pandemic-related rent concession from a lessor is a lease modification. The Group applies the IASB amendments to IFRS 16 in regard to rent concessions that simplify how lessee accounts for rent concessions that are direct consequence of Covid-19 and where all conditions of the practical expedient are met.

NOTE 2 - CONTINUED

ACCOUNTING POLICIES

Investment in subsidiaries and joint ventures

Investments in subsidiaries

Investments in subsidiaries are in the separate financial statements of the parent company recognized according to the equity method (see below) after initially being measured at cost.

Investment in joint ventures

IFRS requires investments in joint arrangements to be classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. All investments over which the group has joint control are classified as joint ventures.Interests in joint ventures are accounted for using the equity method (see below), after initially being recognized at cost.

Applying the equity method

Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from subsidiaries (separate financial statements of ERRV Holdings ApS only) and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions with joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described above.

Inventories

Inventories comprise of bunkers and other consumables. Inventories are measured at cost according to the FIFO-method. Write-down is made to a possibly lower net realizable value.

Receivables

Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost, which usually corresponds to the nominal value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of historic sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GBP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Prepayments

Prepayments comprise various prepaid expenses such as prepaid insurance, subscriptions etc. Prepayments are measured at cost.

Cash and cash equivalents

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

Equity

Reserve for foreign currency translation

The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognized in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Cash flow hedges

The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized.

Dividend distribution

Dividends are recognized as a liability in the period in which they are adopted at the Annual General Meeting.

NOTE 2 - CONTINUED

ACCOUNTING POLICIES

Development cost reserve
An amount equal to the total capitalized development costs after tax is recognized in equity in the Development cost reserve.

Bank and Credit institutions
Borrowings from credit institutions and from parent are initially recognized at fair value, net of transaction expenses incurred. Borrowings from credit institutions and from parent are subsequently measured at amortized cost. Any differences between the proceeds and the redemption value are recognized in the income statement over the period of the borrowings using the effective interest method.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Other liabilities
Other debt or liabilities covering trade payables and other debt are recognized at amortized cost, which is usually equivalent to the nominal value.

Statement of cash flow
The cash flow statement shows the Group's cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated by the indirect method using the profit before depreciation adjusted for changes in working capital and non-cash operating items such as depreciation, amortization 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 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 comprise cash flows from the raising and repayment of long-term debt, payment of principal element of leases as well as payments to and from shareholders.

Consolidated Key Figures
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

NOTE 3

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group performs certain judgements and estimates concerning the future.

The estimates are performed based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

The judgement and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Judgements
Determination of cash generating units
Judgement is applied in determining the cash generating units (CGU's). Management has based on the specific capabilities of the vessels, split these into three CGU's;

- *Group 1: multi-role ERRV vessels are flexible and support the offshore oil & gas industry with a number of highly specialized services as a supplement to the ERRV functions: Anchor handling; Rig moves; Emergency towing; Cargo runs; ROV inspections and surveys; Barge work; Oil spill response and Fire-Fighting.*

- *Group 2/3: high-end fleet of ERRV vessels in Group 2 are all designed to operate worldwide and in harsh environments. They comply with all stand-by regulations in DK, UK, NL and N. The vessels are optimized on fuel consumption, capacity and size. Group 3 vessels are the pioneers of the ESVAGT fleet. They are particularly seaworthy and completely solid. Some of the vessels have already been upgraded with a number of welfare and technical improvements. They are approved to stand-by / ERRV duties in the Danish sector.*

- *Wind: Service Operation Vessels (SOV) are the cost-efficient choice for windfarms far from shore. The SOV offers onboard workshop, spare parts storage, crane and office facilities. Advanced transfer of technicians and spare parts to WTGs by ESVAGT Safe Transfer Boat or W2W gangway solutions.*

This also reflect how Management monitors the operations.

Management furthermore applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGU's.

NOTE 3 - CONTINUED

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates

Useful life and residual values

The vessels are estimated to operate up to 35 years before they are taken out of the fleet. Some vessels operate longer than that, and the depreciations are calculated individually when the useful lives and residual values are reviewed and adjusted if appropriate, at the end of each year.

Impairment testing

Impairment testing is performed for each cash-generating unit as defined by our operational structure as described under judgement, if indicators of impairment exists.

For the impairment testing, a number of estimates are made regarding the expected development in day rates, utilization of vessels, future capital expenditures, discount rates, which are all included in the projected cash flows applied for the impairment testing.

These estimates are based on an assessment of current and future developments in the three cash-generating units and on historical data and future assumptions. Assessment of market trends as regards to day rates is supported by independent 3rd party reports from 2021.

The assumptions included in the value-in-use calculation are based on financial budgets and business plans approved by management.

Following the significant changes in the market climate around ESVAGTs business, internal performance, recovered exchange rates and market interest rates, a reversed impairment of 322mDKK has been recognized as of 31 December 2021 within the G2 ERRV's. The result of the impairment testing is further disclosed in note 12.

NOTE 4

REVENUE

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Support and safety activities, offshore oil & gas (over time)	622,833	609,955	0	0
Support and safety activities, offshore wind (over time)	401,475	330,851	0	0
Sale of fuel, offshore oil & gas (point in time)	37,331	25,186	0	0
Sale of fuel, offshore wind (point in time)	19,044	10,797	0	0
	1,080,683	**976,788**	**0**	**0**

The group has recognized the following assets and liabilities related to contracts with customers:

TDKK	**31 Dec 2021**	31 Dec 2020	1 Jan 2020
Group			
Current contract assets relating to charters	1,187	480	155
Current contract liabilities relating to charters	-11,682	-7,529	-6,215

The increase in contract liabilities relates to mobilization costs received from customers prior to specific charters, which will be recognized as revenue during the secured contract length.

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Revenue recognized that was included in the contract liability at the beginning of the period	5,141	2,631	0	0

The group has taken the practical expedient in IFRS 15 not to disclose information about the aggregate amount of the transaction price allocated to its remaining performance obligations, as the group's contracts either has an original expected duration of one year or less; or as the group for its long-term contracts recognizes revenue in an amount to which the group has a right to invoice.

The invoicing is done a monthly basis reflecting the contracted day rate and the actuals days per month. Normal payment terms are running month +30 days or 45 days.

NOTE 5

STAFF EXPENSES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Wages and salaries	367,907	362,107	0	0
Pensions, defined contribution plans	8,200	8,859	0	0
Other staff costs	8,472	5,634	0	0
Long term incentive schemes	0	2,170	0	0
Staff Expenses	**384,578**	**378,769**	**0**	**0**
Average number of full-time employees	**911**	**926**	**0**	**0**

Key Management Compensation
Key Management includes the Executive Management of the company as well as the Board of Directors and Executive Management in the Group.

The Executive Management and other senior employees of ESVAGT have been granted 2 Long Term Incentive Schemes (the LTIP programs), which are structured according to the same principles, but depend on different triggering events. The participants will therefore only get payment from one of the LTIP programs when vested.

Both programs depend on the fair value development of the company and an exit of the current owners. One of the two granted Long Term Incentive Schemes has been executed during 2021 triggered by the sales process in Q4 2021 and recognized under Special items 34,7MDKK, and the second has been cancelled. Based on the publicized sales price the value of the program has been calculated and the paid out to the relevant parties after closing February 1st, 2022.

The compensation paid or payables to key management for employee services is shown below:

	GROUP	
TDKK	**2021**	2020
Wages and salaries	8,736	9,453
Pensions, defined contribution plans	237	233
Long term incentive schemes	18,334	827
Compensation to the Board of Directors and Executive Management	**27,307**	**10,513**

NOTE 6

SPECIAL ITEMS

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Strategic market investigations	6,001	0	0	0
Long term incentive scheme	34,745	0	0	0
Liquidated damages	4,820	0	0	0
	45,566	**0**	**0**	**0**

Special items comprise non-recurring expenses that are not considered to be part of the Group's ordinary operations such as liquidated damages, strategic market investigations such as M&A, listings, and sales prospects.

Special items of 2021 comprise of cost accumulated in the potential sale of ESVAGT, leading to 3i Infrastructure inherit 100% ownership of ESVAGT and Liquidated Damages caused by the pandemic outbreak combined with Havyard's need for restructuring financially, delayed the 3 new-build SOV Vessels.

In the classification of Special items, judgment is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

NOTE 7

AMORTIZATION, DEPRECIATION, AND IMPAIRMENT LOSSES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Amortization of intangible assets	3,650	2,418	0	0
Depreciation of tangible assets	258,757	279,571	0	0
Impairment of tangible assets	0	200,000	0	0
Impairment reversal of tangible assets	-322,315	0	0	0
Depreciation of right-of-use assets	13,313	15,154	0	0
	-46,596	**497,143**	**0**	**0**

NOTE 8

FINANCIAL INCOME

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Interest income from subsidiaries	8	0	3	4
Interest income, bank	0	624	0	0
Exchange rate adjustments	7,573	4,346	0	0
Other financial Income	29	35	0	0
	7,610	**5,004**	**3**	**4**

Total interest income on financial assets that are measured at amortized cost for the year was TDKK 37 (2020: TDKK 659) for the Group and TDKK 3 (2020: TDKK 4) for the parent company.

NOTE 9

FINANCIAL EXPENSES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Interest expenses to parent	416,668	352,655	35,545	6,543
Interest expenses, credit institutions	98,418	94,780	61	7
Interest expenses, bank	1,082	964	0	0
Interest expenses, leases	5,196	917	0	0
Other financial expenses, including bank fees	792	794	1	0
Capitalized interests	-10,103	-8,296	0	0
	512,053	**441,813**	**35,607**	**6,550**

Total interest expenses on financial liabilities not measured at fair value through profit or loss for the year was TDKK 521.364 (2020: TDKK 449.315) for the group and TDKK 35.606 (2020: TDKK 6.550) for the parent company.

NOTE 10

TAX

TDKK	GROUP 2021	GROUP 2020	PARENT 2021	PARENT 2020
Income tax:				
Tax on profit/loss for the year	99	-215	-26	-458
Total income tax	**99**	**-215**	**-26**	**-458**
Tonnage tax	675	250	0	0
Total tax for the year	**774**	**35**	**-26**	**-458**
Tax on profit/loss for the year can be broken down as follows:				
Current tax	106	103	0	-117
Deferred tax	0	-11	0	0
Adjustments for current tax of prior periods	-7	-306	-26	-341
Tax on profit/loss for the year	**99**	**-215**	**-26**	**-458**
Income tax is specified as follows:				
Calculated 22% tax on "Profit for the year before income tax"	**-30,683**	**-133,504**	**-51,938**	**-56,559**
Tax effects of:				
Income tax under tonnage taxation	30,789	133,595	51,938	56,442
Adjustments in respect of prior years	-7	-306	-26	-341
	99	**-215**	**-26**	**-458**
Effective tax rate	**-0.1%**	**0.0%**	**0.0%**	**0.2%**

The majority of the Group's taxable income is located in Denmark, and therefore the majority of the tax base is subject to Danish tax legislation. As such, the ESVAGT Group has elected to participate in the Danish Tonnage Tax scheme; the participation is binding until 31 December 2031.

Deferred tax relates to tangible fixed assets not covered by tonnage taxation activities.

NOTE 11

INTANGIBLE ASSETS

TDKK	GROUP Goodwill	GROUP Development Projects	GROUP Total
Cost:			
At 01.01.2020	500,699	9,101	509,800
Additions during the year	0	4,989	4,989
Reclassifications		218	218
At 31.12.2020	**500,699**	**14,308**	**515,007**
Amortization and impairment:			
At 01.01.2020	7,197	2,219	9,416
Amortization charge	0	2,418	2,418
At 31.12.2020	**7,197**	**4,637**	**11,834**
Carrying amount 31.12.2020	**493,502**	**9,671**	**503,173**
Cost:			
At 01.01.2021	500,699	14,308	515,007
Additions during the year	0	2,865	2,865
Reclassifications	0	0	0
At 31.12.2021	**500,699**	**17,173**	**517,872**
Amortization and impairment:			
At 01.01.2021	7,197	4,637	11,834
Amortization charge	0	3,649	3,649
At 31.12.2021	**7,197**	**8,286**	**15,483**
Carrying amount 31.12.2021	**493,502**	**8,887**	**502,389**

During 2021 the company held expenses of MDKK 3,4 (2020: MDKK 5,0) mainly relating to IT projects.

Impairment Analysis
Goodwill is monitored by management per segment: Offshore Oil & Gas and Offshore Wind, which corresponds to the segments to which goodwill has been allocated.

NOTE 11 - CONTINUED

INTANGIBLE ASSETS

The group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of each CGU is determined as the present value of future net cash flow from each cash-generating unit (value-in-use) or fair value less cost to sell if higher. In calculating the present value, discount rates are applied reflecting the risk-free interest rate with the addition of risks relating to the individual segments, such as market and financial exposure.

For the impairment testing carried out, the recoverable amounts of the segments are based on value-in-use calculations, which require the use of a number of estimates, and are all included in the projected cash flow. These projections are based on an assessment of current and future developments in the segments and on historical data and assumptions. The assumptions included in the value-in-use calculation are based on the Financial Budget for 2022 and Business Plans for 2023-2027 as approved by management.

Furthermore, the value-in-use calculation assumes an indefinite cash flow from the segments to which goodwill is allocated, assuming continuous reinvestment in underlying assets. The indefinite cash flow is calculated as a terminal value based on long-term growth rate.

The carrying amount of goodwill has been allocated to the following segments:

	2021		2020	
DKK mio.	Offshore Oil & Gas	Offshore Wind	Offshore Oil & Gas	Offshore Wind
Carrying amount of allocated goodwill	275	218	275	218

Assumptions

- **Day Rates:** Day rates are based on committed contracts, and for post-contract periods and for vessels not on long term contract based on management's view on market trends. Assessment of market trends is supported by independent 3rd party opinion. Day rates is a combination of several factors including trading area and task specification.
  - In management's view the day rate levels for ERRV activities are expected to improve furtherly in 2022 compared to 2021 and going forward in the remaining forecast period.
  - For the Wind/SOV activities, day rates are closely linked to specific contracts and therefore no specific trend for day rate levels has been assumed. Escalation beyond the forecast period follows above escalation rates.
- **Utilization:** The forecast for vessel utilization is based on committed commercial contracts, past performance and management expectations of market development
  - Utilization on ERRV activities is forecast to improve in 2022 compared to prior years whereafter remained stable over remainder of the forecast period.
  - Utilization on Wind/SOV activities are expected to remain high and stable compared to 2021, as majority of fleet is fixed on long-term contracts.
- **Future capital expenditures:** FFuture capital expenditures includes investments, primarily related to dockings, during the remaining lifetime of existing fleet, and cash flow for continuous reinvestment in vessels as part of terminal value. The indefinite reinvestment in vessels (terminal value) assumes reinvestment of approximately 70% of the ERRV fleet by number of vessels and 100% of the Wind/SOV fleet. The expenditures are based on management's estimate, including data from previous acquisition of vessels and previous surveys.
- **Lifetime of vessels and residual values upon end of vessel lifetime:** Lifetime of 25-35 years per asset is assumed. Residual values upon end of vessel lifetime are considered and included in the projected cash flow.
- **Long-term growth-rate:** 2%
- **Inflation rate:** Cost escalation beyond the forecast period and contract period for revenue.
- **FX rates:** Part of the Group´s revenue is invoiced in foreign currencies, mainly EUR, GBP and NOK. For the value-in-use calculation day rate forecasts are made in these relevant foreign currencies. The FX rate assumptions applied for calculation of the forecasted cash flow is based on FX rate level on 31 December 2021:
  - GBP: 886,04 (2020: 823,78)
  - NOK: 74,59 (2020: 70,53)
  - EUR: 743,65 (2020: 743,93)
- **WACC (pre-tax):** Reflect specific risks relating to the relevant segments.

Compared to 2020 there are, however, significant changes in the market climate around The Group's business both in terms of market opportunities and market appetite reflected in a high level of contracted days beginning of 2022. Through the executed sales process the level of return (cost of equity) has impacted the view on future return requirements and hereby impacted the calculated WACC downwards.

Discount and Growth Rates used in the impairment tests of intangible assets and impairment losses recognized as follows:

	2021		2020	
DKK mio.	Offshore Oil	Offshore Wind	Offshore Oil	Offshore Wind
Amounts				
Impairment Losses	-	-	-	-
Applied Assumptions				
WACC - Discount Rate (pre-tax)	5.71%	5.71%	8.3%	7.3%
Long-term Growth Rate	2.0%	2.0%	2.0%	2.0%

NOTE 11 - CONTINUED

INTANGIBLE ASSETS

Conclusion on impairment test
The impairment test did not identify any need for the impairment losses to be recognized related to goodwill.

Based on the sensitivity analyses, it is Management's opinion that probable or significant changes in key assumptions would not identify any impairment indicator which would cause the carrying amount of Offshore Wind or Offshore Oil & Gas to exceed the recoverable amount.

Sensitivity Analysis
The value-in-use calculations are particularly sensitive to the day rates expected post-contract and to utilization on ERRV spot activities. In addition, discount rate, inflation rate and changes in FX rates are critical variables which have been tested and analyzed.

The sensitivity analysis shows that quite some headroom in impairment on Goodwill for 2021 and can be summarized as:

- No impairment and still a headroom on DKK 1.800 to 3.300 million with a +/- 0,5 percentage points change in the discount rate, keeping all other assumptions unchanged.
- No impairment and close to no change in headroom if FX Rates used from 18th February 2022, keeping all other assumptions unchanged.
- No impairment with 1,5 percentage long-term inflation and growth rate, as only approximately 10% of headroom reduced keeping all other assumptions unchanged.

NOTE 12

PROPERTY, PLANT AND EQUIPMENT

	GROUP				
TDKK	**Vessels**	**Operating Equipment & Fixtures**	**Buildings**	**Pre-payments**	**Total**
Cost:					
At 01.01.2020	4,737,136	34,135	61,858	191,073	5,024,202
Additions during the year	331,132	0	0	74,794	405,926
Disposals	-52,909	0	0	-511	-53,420
Reclasssifications	101,865	0	0	-102,083	-218
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2020	**5,117,224**	**34,135**	**61,858**	**163,273**	**5,376,490**
Amortisation and impairment:					
At 01.01.2020	1,102,787	30,058	18,017	0	1,150,862
Disposals	-50,837	0	0	0	-50,837
Amortisation charge	274,419	2,058	3,095	0	279,572
Impairment losses	200,000	0	0	0	200,000
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2020	**1,526,368**	**32,116**	**21,112**	**0**	**1,579,596**
Carrying amount 31.12.2020	**3,590,856**	**2,019**	**40,746**	163,273	**3,796,894**

The amount of borrowing costs capitalized during 2020 was TDKK 8.296. The rate used to determine the amount of borrowing cost eligible for capitalization was 3,52%.

NOTE 12 - CONTINUED

PROPERTY, PLANT AND EQUIPMENT

	GROUP				
TDKK	Vessels	Operating Equipment & Fixtures	Buildings	Pre-payments	Total
Cost:					
At 01.01.2021	5,117,224	34,135	61,858	163,273	5,376,490
Adjustment to prior year	-61	0	0	0	-61
Additions during the year	584,820	0	0	85,303	670,122
Disposals	0	-222	0	0	-222
Reclasssifications	159,505	0	0	-159,505	0
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2021	**5,861,488**	**33,913**	**61,858**	**89,070**	**6,046,329**
Amortisation and impairment:					
At 01.01.2021	1,526,368	32,116	21,112	0	1,579,596
Adjustment to prior year	0	0	0	0	0
Additions during the year	0	0	0	0	0
Disposals	0	0	0	0	0
Amortisation charge	254,638	802	3,095	0	258,535
Impairment	-322,315	0	0	0	-322,315
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2021	**1,458,692**	**32,918**	**24,207**	**0**	**1,515,816**
Carrying amount 31.12.2021	**4,402,796**	**995**	**37,651**	**89,071**	**4,530,514**

The amount of borrowing costs capitalized during 2021 was TDKK 10.103. The rate used to determine the amount of borrowing cost eligible for capitalization was 3,52%.

Commitments for tangible assets
ESVAGT's Newbuilding programme comprised of delivery of three vessels in 2021 for the wind industry. No Newbuildings ongoing end of 2021.

	GROUP	
TDKK	**2021**	2020
Remaining Commitments, new building programme	0	492.100

Impairment Analysis
After a challenging year in 2020, impacted by the drop-in market activities, negative exchange rate development, and logistics constraints across Europe, ESVAGT recovered and delivered in accordance with last year guiding's and thereby the budget for 2021 despite the continued logistic constraints due to Covid-19. It is our view with the geopolitical challenges that the logistic constraints will continue in most of 2022, and therefore we have allocated resources to crew change activities similar to 2021.

Compared to 2020 there are, however, significant changes in the market climate around ESVAGTs business both in terms of market opportunities and market appetite reflected in a high level of contracted days beginning of 2022. Through the executed sales process the level of return (cost of equity) has impacted the view on future return requirements and hereby impacted the calculated WACC downwards. We have also concluded and documented an increase of the service lifetime of some of the vessel types. Furthermore, the exchange rates have recovered from the low-level in 2020 towards a more normalized level end 2021.

Outcome of the impairment test
The significant changes with favorable impact on ESVAGT both in terms of internal performance, external environment, and market interest rates leading to a conclusion that the CGU ERRV G2/G3 headroom has significantly recovered, which primarily operates in the North Sea. Therefore, 322MDKK is reversed of the impairment loss recognized in previous year as the values in use has increased materially.

DKK mio.	Impairment losses/reversals	Recoverable Amount
Cash generating unit		
CGU ERRV G2/G3	-322	974
Total	**-322**	

An impairment loss of 200MDKK recognized in 2020 and a reversal of 188MDKK in 2021 represents the net of the 200MDKK minus depreciations for one year. Furthermore, an impairment loss of 271MDKK recognized from prior years and the reversal of 134MDKK in 2021 represents the net of the 271MDKK minus depreciations for years in between. This together gives the reversal of 322mDKK in 2021.

NOTE 12 - CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Basis for impairment test
ESVAGT considers vessels with similar functionality as cash generating units (CGU) due to largely interdependent cash flows.

The recoverable amount for each CGU is determined as the present value of future net cash flow from each or fair value less cost to sell if higher. ESVAGT applies value-in-use calculations in the Impairment Analysis.

The value-in-use is calculated based on cash flow projections in financial budgets and key assumptions for the coming 5 years period as approved by management. For the period after the 5-year period an expected inflation rate of 2,0% (2020: 2,0%) p.a. is applied, and specific day-rate assumptions post-contract. These cash flow projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. Below different sensitivity analysis for certain key assumptions applied in the expected future cash flows.

The discount rate applied in the value-in-use calculation is 5,71% (2020: 7,72%) p.a. after tax. The discount rate applied reflect the specific risks relating to the relevant CGU's.

The FX rates applied is based on the FX rate level on 31 December 2021:
GBP: 886.04 (2020: 823.78)
NOK: 74.59 (2020: 70.53)
EUR: 743.65 (2020: 743.93)

Sensitivity analysis
The value-in-use calculations for the individual CGU's are particularly sensitive to the day rates expected post-contract and to utilization on ERRV spot activities. In addition, discount rate, inflation rate and changes in FX rates are critical assumptions.

The headroom between the recoverable amount and the carrying amount for the whole fleet is DKK 1.823 million in 2021 and the sensitivity analysis shows that the headroom would have been:

- DKK 1,500 million and DKK 2,173 million with a +/- 0.5 percentage point change in the discount rate, keeping all other assumptions unchanged.
- DKK 2,033 million and DKK 1,613 million with a +/- 5 percentage point change in the Market spot rate, keeping all other assumptions unchanged.
- DKK 1,824 million with FX Rates (except EUR) from 18th of February, keeping all other assumptions unchanged.
- DKK 1,754 million with a 1.5 percentage inflation rate, keeping all other assumptions unchanged.

NOTE 13

FINANCIAL ASSETS AND LIABILITIES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Carrying Amount				
Financial assets:				
Financial assets at amortised cost:				
Trade receivables	157,825	109,236	0	0
Receivables from Group companies	0	0	170	166
Other Receivables	9,495	10,000	19	151
Cash and cash equivalents	229,657	316,332	288	316
Total Financial assets at amortised cost	**396,977**	**435,568**	**477**	**633**
Financial liabilities:				
Financial liabilities at fair value				
Foreign currency forwards (used for hedging)	11,432	23,840	0	0
Total financial liabilities at fair value	**11,432**	**23,840**	**0**	**0**
Financial liabilities at amortised cost				
Borrowings	2,449,200	2,291,875	0	0
Loan from parent company	4,539,191	3,922,577	491,993	256,500
Trade payables	73,639	37,203	136	136
Payables to Group companies	0	0	2,726	2,338
Lease liabilities	257,729	25,678	0	0
Other Payables	51,803	57,569	0	0
Total Financial liabilities at amortised cost	**7,371,560**	**6,334,902**	**494,855**	**258,974**
Total Financial liabilities	**7,382,992**	**6,358,742**	**494,855**	**258,974**

Fair value of financial instruments is approximately the same as the carrying amount.

NOTE 14

INVENTORIES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Bunker oil	16,199	9,461	0	0
	16,199	**9,461**	**0**	**0**

During 2021 TDKK 74,603 (2020: TDKK 59,550) was recognized as an expense for the group, and TDKK 0 (2020: TDKK 0) for the parent company.

NOTE 15

TRADE RECEIVABLES

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Trade receivables at 31 December	157,925	109,336	0	0
Expected credit loss	-100	-100	0	0
Trade receivables net	**157,825**	**109,236**	**0**	**0**
The maturity of the trade receivables is specified as follows:				
Not overdue	133,660	80,887	0	0
Up to 30 days	17,630	25,318	0	0
Between 31 and 90 days	6,153	3,031	0	0
Between 91 and 365 days	382	0	0	0
Other	0	0	0	0
Total	**157,825**	**109,236**	**0**	**0**

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2021 or per 31 December 2021 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GBP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The expected credit losses for all trade receivables and contract assets, 95,9% less than 30 days overdue, 3,9% 30-90 days overdue and 0,2% over 90 days overdue, are immaterial and therefore not recognize. During the year no losses has been realized, similar to 2020.

NOTE 16

SHARE CAPITAL

The share capital comprise of:

	No. shares	Nominal value per share	2021 TDKK	2020 TDKK
	150,000	1	150	150
			150	**150**

No shares carry any special rights. There are no restrictions connected to the transferability or voting rights of the shares. All shares have been paid in full.

No movements on share capital have occurred in 2020 and 2021.

All shares in ERRV Holdings ApS are owned by ERRV Luxembourg Holdings S.á r.l.

Capital management
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Normal covenant demands applies such as "Leverage Ratio", "ICR Ratio" etc., which we have been compliant with during the year.

The Group has not adopted a specific key ratio, but Management and Board of Directors monitor the share and capital structure to ensure that the group's capital resources support the strategic goals. The overall target is to have secured long term financing with fixed interest rates at competitive rates. During the year, through a close dialogue with its main lenders and with the shareholders, the Group was able to decide on funding of current operation and future strategic initiatives in line with overall target.

The group's policy for managing capital is unchanged from last year.

NOTE 17

DEFERRED TAX

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
At 1 January	4	17	0	0
Deferred tax recognized in the income statement	0	-11	0	0
Exchange Rate Adjustment	3	-1		
At 31 December	8	4	0	0
Deferred tax relates to:				
Provisions	8	4	0	0
	8	**4**	**0**	**0**

NOTE 18

BANK AND CREDIT INSTITUTIONS ETC.

The borrowings comprise of vessel financing related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Currency	Maturity	2021 TDKK	2020 TDKK
Group				
Floating rate loans	EUR	2022	318,282	318,402
Floating rate loans	DKK	2022	393,168	243,168
Fixed-rate loans	EUR	2024-2027	1,747,578	1,748,235
Fixed-rate parent loans	DKK	On demand	4,539,191	3,922,577

NOTE 19

LEASING

The group has entered leases on land, properties, cars, equipment and two Multipurpose ERRV's. The remaining lease period for land is 21 years + 5 months. ESVAGT can terminate the contract of the leased land with a 6 months' notice. The non-cancellable lease period for cars is typically 36 months. In general car leases do not include any extension options. The two Multipurpose ERRV's are leased on a bareboat charter for 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements in general do not impose any covenants but leased assets may not be used as security for borrowing purposes. Exception for main rule is the two Multipurpose ERRV's as they comply with the covenant requirements in force at any time towards the external lenders.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 pandemic-related rent concession from a lessor is a lease modification. ESVAGT applies the IASB amendments to IFRS 16 in regard to rent concessions that simplify how lessee accounts for rent concessions that are direct consequence of Covid-19 and where all conditions of the practical expedient are met.

The Group recognized the following amounts relating to leases:

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Lease liabilities				
Current	37,008	10,217	0	0
Non-current	220,720	15,461	0	0
	257,728	**25,678**	**0**	**0**
Right-of-use assets				
Land	7,228	7,565	0	0
Cars	297	513	0	0
Equipment	7,429	17,092	0	0
Vessels	240,225	0	0	0
	255,178	**25,169**	**0**	**0**

Additions to the right-of-use assets during the 2021 financial year were TDKK 243.322 (2020: TDKK 23.956) for the Group and TDKK 0 (2020: TDKK 0) for the parent company, respectively.

The statement of profit or loss show the following amounts relating to leases:

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Depreciation charge of right-of-use assets				
Land	337	337	0	0
Cars	425	414	0	0
Equipment	10,693	14,402	0	0
Vessels	1,857	0	0	0
	13,313	**15,154**	**0**	**0**

The total cash outflow for leases in 2021 was TDKK 11,271 (2020: TDKK 14,452) for the Group and TDKK 0 (2020: TDKK 0) for the parent company.

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Interest expense (included in finance expenses)	5,196	917	0	0
Expense relating to short-term leases (included in other operating expenses)	9,141	1,892	0	0
	14,337	**2,809**	**0**	**0**

NOTE 20

FEE TO THE STATUTORY AUDITORS

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Statutory audit	832	925	60	65
Tax and VAT advisory services	1,140	1,772	0	0
Other services	1,725	3,111	218	316
Total fees to PwC	**3,697**	**5,808**	**278**	**381**

NOTE 21

DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.

The group has entered foreign exchange options and forwards used to hedge currency risk on contracted long-term revenue, fuel consumption and committed purchase of vessels.

Information about the group's exposure to financial risk is provided in note 26.

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Reclassified from other comprehensive income				
Gains/losses arising on currency forward contracts (cash flow hedges) reclassified to revenue/other operating expenses during the year	-10,456	5,675	0	0
	-10,456	**5,675**	**0**	**0**

NOTE 22

RELATED PARTIES

The ultimate controlling party is the parent company ERRV Luxembourg Holdings S.á.r.l., Luxembourg.

During 2021 there have been a non-cash contribution from parent of 34,7MDKK. The disclosure of "Key management compensation" is presented in note 5.

The following balances arising from financing and reimbursements and are outstanding at the end of the period in relation to transactions with related parties:

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Related parties				
Loans from parent company				
Beginning of the period	3,922,577	3,319,968	256,500	0
Loans advanced	200,000	250,000	200,000	250,000
Interest charged	416,613	352,609	35,493	6,500
End of year	**4,539,191**	**3,922,577**	**491,993**	**256,500**
Loans to subsidiaries				
Beginning of the period	0	0	166	163
Loans advanced	0	0	0	0
Loans repayments received	0	0	0	0
Interest charged	0	0	3	3
End of year	**0**	**0**	**170**	**166**
Loans from subsidiaries				
Beginning of the period	0	0	2,338	1,831
Loans advanced	0	0	336	465
Loans repayments	0	0	0	0
Interest charged	0	0	52	42
End of year	**0**	**0**	**2,726**	**2,338**

Terms and conditions

Receivables from the Group companies primarily arises from ordinary operations and carry an interest of 2% and can be settled in any time with no agreed maturity. Loans from the parent company and to and from subsidiaries carry an interest hence of 9-10% and 2% (2020: 10% and 2%) and the loans are expected to be settled in cash with no agreed maturity.

NOTE 23

INVESTMENTS IN JOINT VENTURES

The group has interest in a number of individually immaterial joint ventures that are accounted for using the equity method.

	GROUP	
TDKK	**2021**	2020
Summarised balance sheet		
Aggregated carrying amount of individually immaterial joint ventures	0	0
Aggregate amounts of the group's share of		
Loss from continuing operations	6	7
Total comprehensive income	**6**	**7**

No further information is disclosed due to the materiality of the investment.

NOTE 24

CONTINGENT LIABILITIES

Litigation
None

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Bank loans secured in vessels				
Bank and other credit institutions - amount secured	2,459,028	2,309,806	0	0
Carrying amount of vessels provided as security	4,268,482	3,590,856	0	0

Other contingent liabilities
Since 17 September 2015 ERRV Holding ApS is part of national joint taxation in Denmark and is jointly liable with other Danish companies owned by ERRV Holding ApS.

NOTE 25

CASH FLOW STATEMENT

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Change in working capital				
Change in inventories	-6,738	8,219	0	0
Change in trade receivables and receiv. from parent	-48,916	47,208	0	0
Change in other receivables and prepayments	-4,072	-6,264	385	538
Change in trade payables, excl. payables related to fixed assets	35,134	-39,359	0	26
Change in other payables	-5,114	-24,426	0	0
Change in received prepayments	4,152	1,314	0	0
Exchange gains and losses on working capital	-256	1,890	0	0
	-25,809	**-11,419**	**385**	**564**
Changes in liabilities arising from financing activities				
Bank and credit institutions at 1 January	2,291,875	2,232,493	0	0
Proceeds from loans from credit institutions	150,000	60,000	0	0
Amortized loan cost	8,103	7,827	0	0
Foreign currency	-778	-8,445	0	0
Bank and credit institutions at 31 December	**2,449,200**	**2,291,875**	**0**	**0**
Loan from related parties 1 January	3,922,576	3,319,968	256,500	0
Proceeds from loans from related parties	200,000	250,000	200,000	250,000
Accrued interest rates	416,615	352,608	35,493	6,500
Loan from related parties 31 December	**4,539,191**	**3,922,576**	**491,993**	**256,500**
Lease liabilities at 1 January	25,678	17,425	0	0
Recognised on adoption of IFRS 16	0	0	0	0
Repayment of leases	-17,966	-14,452	0	0
New leases	250,017	23,956	0	0
Adjustment of initial recognition	0	-1,251	0	0
Lease liabilities at 31 December	**257,729**	**25,678**	**0**	**0**
Financing liabilities at 31 December	**7,246,119**	**6,240,129**	**491,993**	**256,500**

NOTE 26

FINANCIAL RISK MANAGEMENT

Financial risk factors
The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the Board of Directors. Group Finance/Treasury department identifies and evaluates exposures in close co-operation with the group's operating units. The board provides written principles for overall risk management.

Market Risk
Foreign exchange risk
The revenue is mainly denominated in other currencies than DKK, mainly EUR, GBP and NOK. Part of these transactions is hedged according to the Group policy. Increases or decreases in the exchange rate of GBP and NOK against the functional currency, can affect the group's results and cash position negatively or positively.

The cost of goods sold, and operating expenses are mainly incurred in DKK. The Group has transactions in other currencies, mainly EUR, but the foreign exchange risks related to this are not considered material, due to fixed change rate policy in Denmark against EUR. Increases or decreases in the exchange rate of such foreign against the functional currency, can affect the group's results and cash position negatively or positively.

Exposure
The group's exposure to foreign currency risk at the end of the reporting period, in the different currency units converted to TDKK, was as follows:

	GROUP			
Currency amounts converted to TDKK	**EUR**	**GBP**	**NOK**	**USD**
2021				
Trade receivables	50,320	33,533	17,981	674
Cash and cash equivalents	128,138	25,879	14,982	7,378
Bank loans	-2,065,860	0	0	0
Trade payables	-10,035	-1,056	-13,150	-16,230
	-1,897,437	**58,356**	**19,813**	**-8,178**
2020				
Trade receivables	25,177	23,041	7,529	3,385
Cash and cash equivalents	54,549	25,507	148,778	34,950
Bank loans	-2,066,638	0	0	0
Trade payables	-8,680	-630	-2,048	-7,799
	-1,995,592	**47,917**	**154,259**	**30,536**

Interest rate risk
The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest risk. Group policy is always to ensure that a minimum of 75 percent of total outstanding debt is fixed rate or effectively bears a fixed rate pursuant to a hedging agreement. The group is compliant with the policy at 31 December 2021.

Sensitivity analysis
Profit or loss is sensitive to higher/lower interest from borrowings and fair value changes of interest rate derivatives as a result of changes in interest rates. The sensitivity analysis is based on financial instruments recognized at the balance sheet date. Effects from hedging is not included in these calculations and sensitivity figures.

	2021		2020	
TDKK	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**
Group				
GBP/DKK exchange rate - increase 10%	5,836	5,836	4,792	4,792
NOK/DKK exchange rate - increase 10%	1,981	1,981	15,426	15,426
USD/DKK exchange rate - increase 10%	-818	-818	3,054	3,054
Group				
Interest rates – increase by 100 basis points	-7,115	0	-5,631	0
Interest rates – decrease by 100 basis points	7,115	0	5,631	0

The calculation is based on an increase in both short- and long-term interest. All other variables are held constant.

NOTE 26 – CONTINUED

FINANCIAL RISK MANAGEMENT

Credit risks
Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-'are accepted. For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying number of receivables and cash.

Liquidity risk
Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the group's debt financing plans and compliance with loan documentation. The group has undrawn borrowing facilities of TDKK 289.400 hereof TDKK 99.400 that may be available for future operating activities and 190.000TDKK for Capex investments. The borrowing facilities is part of the current bank facilities attached to the same covenants as mentioned in note 16.

The tables below analyzes the Group's derivatives and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	GROUP			
TDKK	**Less than 1 year**	**1-5 years**	**> 5 years**	**Total**
Non-derivatives				
At 31.12.2020				
Credit institutions	89,063	2,367,849	194,404	2,651,315
Loan from related parties	3,922,577	0	0	3,922,577
Lease liabilities	10,217	15,461	0	25,678
Trade payables	37,203	0	0	37,203
Other payables	57,569	0	0	57,569
	4,116,629	**2,383,309**	**194,404**	**6,694,343**
At 31.12.2021				
Credit institutions	804,051	1,561,665	185,913	2,551,629
Loan from related parties	4,539,119	0	0	4,539,119
Lease liabilities	37,008	220,720	0	257,729
Trade payables	73,419	0	0	73,419
Other payables	51,803	0	0	51,803
	5,505,692	**1,782,385**	**185,913**	**7,473,990**
Derivatives				
At 31.12.2020				
Foreign exchange options / forwards used to hedge currency risk	18,834	5,006	0	23,840
	18,834	**5,006**	**0**	**23,840**
At 31.12.2021				
Foreign exchange options / forwards used to hedge currency risk	10,177	1,255	0	11,432
	10,177	**1,255**	**0**	**11,432**

NOTE 26 – CONTINUED

FINANCIAL RISK MANAGEMENT

	PARENT			
TDKK	**Less than 1 year**	**1-5 years**	**> 5 years**	**Total**
Non-derivatives				
At 31.12.2020				
Loan from related parties	256,500	0	0	256,500
Payables to Group companies	2,338	0	0	2,338
Trade payables	136	0	0	136
	258,974	**0**	**0**	**258,974**
At 31.12.2021				
Loan from related parties	491,993	0	0	491,993
Payables to Group companies	2,726	0	0	2,338
Trade payables	136	0	0	136
	494,855	**0**	**0**	**494,855**

Fair value
Financial instruments measured at fair value can be divided into three levels:

Level 1 – Quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability
Level 3 – Input for the asset or liability that are not based on observable market data.

The fair value of derivatives is calculated on level 2 in the fair value hierarchy using direct quotes.

	GROUP		PARENT	
TDKK	**2021**	2020	**2021**	2020
Significant other observable inputs (Level 2)				
Forwards used to hedge currency risk	11,432	23,840	0	0
	11,432	**23,840**	**0**	**0**

Measurement of derivatives
The valuation techniques used to measure derivatives include:

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty and as differences between the spot rate and the forward rate of a contract.

The group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

The group designates the forward rate of foreign currency forwards in hedge relationships. The intrinsic value of foreign currency is determined with reference to the relevant spot market exchange rate.

The group operates internationally and is exposed to foreign exchange risk, primarily the NOK, GBP and USD. Foreign exchange risk arises from future commercial transactions denominated in currencies that are not DKK or EUR. The risk is measured through forecasts of highly probable expenditures in NOK, GBP and USD. The risk is hedged with the objective of minimizing the volatility of currency cost of highly probable revenue and purchases of property, plant and equipment.

The group treasury's risk management policy is to hedge up to 80% of forecast income and expenses in currencies other than DKK and EUR up to two years in advance.

NOTE 26 – CONTINUED

FINANCIAL RISK MANAGEMENT

The effects of the foreign currency related hedging instruments on the Group's financial position and performance are as follows:

	GROUP		
	NOK	**GBP**	**USD**
Foreign currency forwards as at 31 December 2020			
Carrying amount in TDKK	-16,680	-989	-6,144
Notional amount	340,454	226,764	117,914
Maturity date	jan-2021	feb-2021	jan-2021
	dec-2022	dec-2022	dec-2022
Weighted average hedged rate for the year (incl. forward points)	72.86	816.28	633.95
Foreign currency forwards as at 31 December 2021			
Carrying amount in TDKK	-5,494	-9,433	2,205
Notional amount	60,612	164,275	126,215
Maturity date	jan-2022	jan-2022	jan-2022
	jun-2023	dec-2023	dec-2023
Weighted average hedged rate for the year (incl. forward points)	67.58	829.67	637.45

NOTE 27

EVENTS AFTER THE BALANCE SHEET DATE

The company has concluded refinancing of the facilities subsequent to the balance sheet date. The new financing package supports the further growth of the business with duration of 7 years loan facilities of 2.950MDKK, capex facility of 1.185MDKK and a revolving facility of 150MDKK.

As a result of the sales process, 3i Infrastructure plc agreed in December 2021 to acquire the shares owned by its co-investor AMP Capital. In relation to the acquisition, the ultimate controlling party ERRV Luxembourg Holdings S.á.r.l., Luxembourg have been liquidated, so 3i Infrastructure plc directly holding 100% of the equity in ERRV Holdings ApS per 31-03-2022.

No other events have occurred with significant effect on the financial statements of 31 December 2021.

NOTE 28

COMPOSITION OF THE GROUP

Name	Ownership and Voting Rights	Place of Reg. Office
Investments in subsidiaries		
ERRV ApS	100%	Denmark
ESVAGT A/S	100%	Denmark
ESVAGT Holdings Limited	100%	Great Britain
ESVAGT UK Limited	100%	Great Britain
ESVAGT Norge AS	100%	Norway
ESVAGT HOLDINGS Inc	100%	United States
P/F ESVAGT-THOR	51%	Faroe Islands
Investments in Joint Ventures		
EWPL Ocean ApS	50%	Denmark

ERRV Holdings ApS

ERRV Holdings ApS
Hammerensgade 1, 2. Sal,
DK-1100 Copenhagen K
Registration No. 36 94 10 30