

ERRV ApS

**Østergade 1, 2. Sal
1100 Copenhagen K**

CVR no. 36 94 12 27

Annual report for

01.01.2019

-

31.12.2019

The Annual Report was presented and adopted at the Annual General Meeting of the Company on July 9th 2020

Chairman of the meeting



Per Niklas Ljungström

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Company Information

Company

ERRV ApS
Østergade 1, 2. sal
1100 Copenhagen K

Company no. / CVR no.	36 94 12 27
Municipality of reg. office	Copenhagen
Phone no.	+45 20 29 38 47

Executive Management

Scott B. M. Moseley
Philip Pacey
Zion Oved
Per Niklas Ljungström

Audit

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
2900 Hellerup

Management review

Activities

ERRV's primary activity is to hold shares in the ESVAGT Group who delivers safety and support at sea.

Activity 2019

Result for the year

The loss for the year was MDKK -338 compared to MDKK -357 in 2018. Interest costs on loans from related parties exceeds the result from subsidiaries as in 2018. The result from subsidiaries ended slightly below expectations, however management considers the result for the year as fair, given the continuing difficult market conditions during 2019.

Market and activities

ERRV ApS operates primarily through its subsidiary ESVAGT, who operates within the oil & gas and wind industry primarily in the North Sea.

Equity

On 31 December 2019 the equity of is MDKK -772 with an equity ratio of -30,3 % compared to MDKK -442 and a ratio of -17,2% in 2018.

Loss of equity and going concern

The lenders have expressed their continuing interest in assuring that 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 the company, unless the liquidity position of the company is adequate to justify such repayment. The equity will be re-established through the subsidiary future earnings.

Expectations for 2020

Due to the COVID-19 pandemic and the subsequent reduction in the world's oil consumption Esvagt expect the drilling market to be significantly reduced in 2020 leading to fewer opportunities for ERRVs operating on spot. Pending the full impact of the pandemic and the full consequence of the reduced oil consumption it could be a necessity to lay-up certain ERRVs until the situation normalizes.

Within the wind industry we expect the operations of offshore wind farms to continue unaffected by the COVID-19 pandemic and general downturn in the economy and consequently we also expect our SOVs, all on long charters, to remain on contracts unaffected.

Currently, it is not possible to assess the effect of Covid-19 on the 2020 Financial Statements, however Management considers the company as a going concern.

Uncertainties regarding recognition and measurement

As a natural consequence of the currently low activity in the oil and gas industry, returns on investments within the industry in general have declined.

ERRV ApS regularly assess the valuation of its subsidiaries, including also impairment testing. When performing such assessments and tests, future outlooks are considered. The ERRV management expects the oil and gas industry to recover over the coming years and based upon the impairment tests performed, concludes that there is no need for impairment of the investment in the subsidiary. Management believes that the ESVAGT Group with its asset base, experience and skills is well positioned when the market recovers.

Risks

ERRV ApS is, in the opinion of the Management, not exposed to commercial, operational or financial risks beyond what is common and natural for its business and the industry in which it operates.

Subsequent events

The outbreak of Covid-19 and the actions taken by governments across the world to mitigate the effects, will have a great impact on the global economy. Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's non-current assets, receivables, etc., at 31 December 2019 are based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

Currently, it is not possible to assess the effect of Covid-19 on the 2020 Financial Statements. Reference is also made to note 0 "Covid-19 and the financial situation of the Company.

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 2019 ESG Report, which can be found at https://esvagt.com/files/4515/8745/4506/ESVAGT_Safety_Quality_and_ESG_Report_2019.pdf.

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 2019 ESG Report, which can be found at https://esvagt.com/files/4515/8745/4506/ESVAGT_Safety_Quality_and_ESG_Report_2019.pdf.

Management's Statement

The Executive Management have today considered and adopted the Annual Report of ERRV ApS for the financial year 1 January – 31 December 2019.

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.

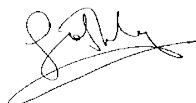
In our opinion the Financial Statements give a true and fair view of the Company's financial position at 31 December 2019 and the results of the Company's operations for the financial year 1 January – 31 December 2019.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company.

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

Copenhagen, July 9th 2020

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Copenhagen, July 9th 2020

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Independent Auditor's Report

To the Shareholders of ERRV ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019, and of the results of the Company's operations for the financial year 1 January - 31 December 2019 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 Financial Statements of ERRV ApS for the financial year 1 January - 31 December 2019, 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 ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Copenhagen, July 9th 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Martin Lunden
State Authorized Public Accountant
mne32209

Statement of profit and loss

	Notes	2019 TDKK	2018 TDKK
Other operating expenses		(467)	(526)
Operating profit		(467)	(526)
Share of profit/loss in subsidiaries	6	(25.094)	(73.239)
Profit before financial items		(25.562)	(73.765)
Financial expenses	4	(312.673)	(283.225)
Profit before income tax		(338.235)	(356.990)
Income tax	5	(116)	116
Loss for the year		(338.351)	(356.874)

Statement of comprehensive income

Loss for the year		(338.351)	(356.874)
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of other comprehensive income of subsidiaries accounted for using the equity method		8.116	(17.175)
Total comprehensive income for the year		(330.235)	(374.049)

Balance sheet

		2019	2018
	Notes	TDKK	TDKK
Investment in subsidiaries	6	2.550.256	2.567.234
Total non-current assets		2.550.256	2.567.234
Income tax receivable		0	116
Cash and cash equivalents		0	98
Total current assets		0	214
Total assets		2.550.256	2.567.448
		2019	2018
	Notes	TDKK	TDKK
Share capital	8	100	100
Retained earnings		(771.850)	(441.615)
Total equity		(771.750)	(441.515)
Loan from related parties	9	3.319.968	3.007.330
Trade payables		84	135
Payables to Group companies		1.954	1.497
Total current liabilities		3.322.006	3.008.963
Total liabilities		3.322.006	3.008.963
Total equity and liabilities		2.550.256	2.567.448

Statement of changes in equity

	Share Capital	Retained Earnings	Total Equity
	TDKK	TDKK	TDKK
Equity at 01.01.2018	100	(67.566)	(67.466)
Profit for the year	0	(356.874)	(356.874)
Other comprehensive income	0	(17.175)	(17.175)
Total comprehensive income for the year	0	(374.049)	(374.049)
Equity at 31.12.2018	100	(441.615)	(441.515)
Profit for the year	0	(338.351)	(338.351)
Other comprehensive income	0	8.116	8.116
Total comprehensive income for the year	0	(330.235)	(330.235)
Equity at 31.12.2019	100	(771.850)	(771.750)

No dividend has been proposed for the year (2018: DKK 0).

Cash flow statement

	Notes	2019	2018
		TDKK	TDKK
Operating profit		(467)	(526)
Change in working capital	12	521	408
Cash flows from operating activities before financial income and expenses		53	(118)
Financial expenses paid		(36)	(27)
Income taxes paid/received		(116)	74
Net cash flow from operating activities		(98)	(72)
Net cash flow for the year		(98)	(72)
Cash and cash equivalents, beginning of the year		98	170
Cash and cash equivalents, end of the year		0	98

The information in the cash flow statement cannot directly be reconciled to the statement of profit or loss. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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Notes

0. Covid-19 and financial situation of the Company

The outbreak of the Coronavirus disease (COVID-19) is unfortunate and critical to the global society. Due to the measures introduced by the Governments where we operate, we have taken several measures in the subsidiary to keep employees and our seafarers safe during this unusual situation. This includes moving more vessels into the crew change fleet reducing the number of vessels available for the spot market resulting in reduced revenue from these vessels.

Before the COVID-19 outbreak the subsidiary had started a process of refinancing the current loan agreements to prepare for future growth in form increased CAPEX facilities, change of covenants to allow for CAPEX investments and to secure the long term financing.

The COVID-19 situation has postponed this refinancing process as well putting pressure on the subsidiary's financial position, amongst others due to a slowdown in the spot market and the mentioned measures taken to mitigate COVID-19 including the changes in the crew change procedures, etc. The COVID-19 situation has a negative impact on the subsidiary's revenue, earnings and liquidity for 2020 and 2021.

To mitigate the negative impact from COVID-19, Management in the subsidiary have initiated a "response to the market situation" program that entails several savings initiatives, which amongst others include salary reductions for the Management and other Onshore employees, postponed salary increases for Offshore crew, lay up of 4 ERRV vessels, postponement of non-critical capex investments, etc. The subsidiary has also applied and received approval for postponing dockings. The subsidiary do not expect to lay off crews on idle and laid up vessels, but instead to be able to use this crew to mobilize the upcoming delivery of the three new build vessels and thereby postpone hiring of new crew.

The updated forecast for the subsidiary for 2020 and 2021 shows a tight liquidity situation in the beginning of 2021 as well as pressure on loan covenants. At the moment there is not expected any covenant breaches that will lead to repayment of the loan balances and it is also expected that the current credit facilities in place will be sufficient to cover the necessary liquidity needs based on the current forecast for the subsidiary.

The forecasts are encumbered with some uncertainty. Therefore, Shareholders have indicated to continue to support both Esvagt A/S and ERRV ApS in case the negative COVID-19 impacts should exceed the managements expectation, and the Management team in Esvagt A/S is also prepared to take further actions to mitigate this by expanding the saving initiatives taken. At this point the impact of COVID -19 is difficult to quantify, as it will depend on how long time the situation with measures to reduce spreading the virus will continue, but it is Management's expectation that the capital resources needed are present or will be contributed by its shareholders to ensure that Esvagt A/S and ERRV ApS have sufficient capital resources to continue their operations.

1. Capital position and going concern

The purpose of ERRV ApS is to hold the shares in ESVAGT A/S. The investment had a carrying value of MDKK 2.550 at 31 December 2019 (2018: MDKK 2.567) and is mainly financed via interest bearing loans from related parties amounting to MDKK 3.320 (2018: MDKK 3.007). The income from ESVAGT A/S amounted to MDKK -25 in 2019 (2018: MDKK -73) deducting the interests on the loans from related parties amounted to MDKK 313 resulting in a loss for the year of MDKK 338 (2018: 357 MDKK).

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

Interests on the loans from group companies are accruing; hence no payments of installments or interests are taking place. The lenders have expressed their continuing interest in assuring that 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 the company, unless the liquidity position of the company is adequate to justify such repayment.

2. Accounting policies

The Annual Report for the period 1 January – 31 December 2019 comprises the separate financial statement of ERRV ApS and have been prepared on a going concern basis and in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

These separate financial statements contain information of ERRV ApS an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under IFRS 10 *Consolidated financial statements* from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent ERRV Holdings ApS, cf. note 10 Related parties.

Measurement basis

The financial statements have been prepared on the historical cost basis.

Adoption of new and amended standards

The company has adopted all new IFRSs, amendments and interpretations effective from 1 January 2019.

None of these standards, amendments and interpretations have had a material impact on the financial statements.

The IASB has issued several new or amended standards and interpretations effective for financial years beginning after 1 January 2020. Some of these have not yet been endorsed by the EU. None of these standards or interpretations is expected to have material effect for ERRV ApS.

Foreign currency translation

Functional and presentation currency

The functional currency of ERRV ApS is DKK.

The financial statements are presented in Danish Kroner (DKK) and 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.

Other operating expenses

Other operating expenses comprise administration, office expenses etc.

Financial income and expenses

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

Income 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 on the basis of 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, on the basis of amounts expected to be paid to the tax authorities.

Investment in subsidiaries

Investments in subsidiaries are recognized according to the equity method after initially beginning measured at cost.

Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the company's share of profits or losses of the investee in profit or loss, and the company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from subsidiaries are recognized as a reduction in the carrying amount of the investment.

Adjustments are made for unrealized group internal gains and losses. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Subsidiaries with negative equity are recognized at DKK 0, provided ERRV ApS has not provided guarantees or otherwise is liable for the subsidiary.

The carrying amount of equity-accounted investments is tested for impairment 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 costs of disposal and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Equity

Dividend distribution

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

Loans from related parties

Loans from related parties are initially recognized at fair value, net of transaction costs incurred and 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 loans using the effective interest method.

Other liabilities

Other 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 company'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 operating profit adjusted for changes in working capital and non-cash operating items. 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 as well as payments to and from shareholders.

Cash and cash equivalents

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

3. Critical accounting estimates and judgements

ERRV ApS makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions 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.

Impairment testing of investments in subsidiaries

ERRV ApS tests annually whether investments in the subsidiary has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of investments have been determined based on value-in-use calculations. Estimates are made of development in revenues, gross profits, operating margins, future capital expenditures, discount rates and growth expectations in the terminal period. These estimates are based on an assessment of current and future developments in the subsidiary and on historical data and assumptions of future expected market developments, including expected long-term average market growth rates.

4. Financial expenses

	2019	2018
	TDKK	TDKK
<i>Interest expenses on financial liabilities not measured at fair value:</i>		
Interest expenses to parent	35	26
Interest expenses to related parties	312.638	283.197
Interest expenses, credit institutions	0	1
	312.673	283.225

5. Tax on profit for the year

	2019	2018
	TDKK	TDKK
<i>Income tax:</i>		
Tax on profit/loss for the year	116	(116)
Total tax for the year	116	(116)
<i>Tax on profit/loss for the year can be broken down as follows:</i>		
Current tax	116	(116)
Tax on profit/loss for the year	116	(116)
<i>Income tax is specified as follows:</i>		
Calculated 22.0% tax on profit for the year before income tax	(74.412)	(78.538)
Tax effects of:		
Non-deductible expenses	74.412	78.422
Adjustments in respect of prior years	116	0
	116	(116)
Effective tax rate	0%	0%

6. Investments in subsidiaries

	2019	2018
	TDKK	TDKK
Costs at 01.01.	2.840.908	2.840.908
Costs at 31.12.	2.840.908	2.840.908
Net adjustment at 01.01.	(273.674)	(183.260)
Adjustement prior period	68	0
Share of net result for the year	(25.162)	(73.239)
Share of other comprehensive income for the year	8.116	(17.175)
Total adjustment at 31.12.	(290.653)	(273.674)
Carrying amount 31.12.	2.550.256	2.567.234

Name	Owner- ship and Voting Rights	Place of Reg. Office
<i>Investments in subsidiaries:</i>		
ESVAGT A/S	100%	Denmark
ESVAGT Holdings Limited	100%	Great Britain
ESVAGT UK Limited	100%	Great Britain
ESVAGT Norge AS	100%	Norway
P/F ESVAGT-THOR	51%	Faroe Islands
<i>Investments in joint ventures:</i>		
EWPL Ocean ApS	50%	Denmark

On 10 December 2018 the ESVAGT Group acquired 50% of the shares in the newly founded entity EWPL Ocean ApS. The ESVAGT Group holds substantive participating rights over the significant financial and operating decisions of the above entity, which enables the in 2018. There are no significant commitments or contingent liabilities of the joint venture. Group to exercise joint control with the other shareholder. The first financial period for EWPL Ocean ApS ends 31 December 2019. There wasn't any activity in 2018. There are no significant commitments or contingent liabilities of the joint venture.

7. Financial assets and liabilities

Carrying amount	2019 TDKK	2018 TDKK
Cash and cash equivalents	0	98
Total financial assets at amortised cost	0	98
Loan from related parties	3.319.968	3.007.330
Trade payables	84	135
Payables to group companies	1.954	1.497
Total financial liabilities at amortised cost	3.322.006	3.008.963

Fair values are approximately the same as the carrying amounts, due to variable loans.

8. Share capital

The share capital comprises of:	No shares	Nominal value per share	2019 TDKK	2018 TDKK
	100.000	1	100	100

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

All shares in ERRV ApS is owned by ERRV Holdings ApS.

Capital management

The company's objectives when managing capital are to safeguard the company'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.

The management monitor the share and capital structure to ensure that the company's capital resources support the strategic goals. The overall target is to having secured long term financing with fixed interest rates at competitive rates.

The company has not adopted any specific key ratios.

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

9. Loan from related parties

	Effective Interest Rate	Currency	Maturity	Carrying Amount
2019				
Fixed-rate loans	10,000%	DKK	on demand	3.319.968
2018				
Fixed-rate loans	10,000%	DKK	on demand	3.007.330

10. Related parties

The Company is included in the consolidated financial statements for its parent company ERRV Holding ApS, Østergade 1, 2nd floor, 1100 Copenhagen, Denmark.

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

The following balances arising from sales/purchases of goods and services are outstanding at the end of the period in relation to transactions with related parties:

	2019 TDKK	2018 TDKK
Loans from related parties		
<i>Loans from related parties</i>		
Beginning of the period	3.003.330	2.724.133
Interest charged	312.638	283.197
End of year	3.319.968	3.007.330
<i>Loans from subsidiaries</i>		
Beginning of the period	1.497	1.090
Loans repayments received	422	381
Interest charged	35	26
End of year	1.954	1.497

Terms and conditions Receivables from Group companies primarily arises from ordinary operations and are in general repaid in full on a monthly basis. The receivables do thus not carry any interest. Loans to the parent company and to and from subsidiaries carry an interest of 2% and the loans are expected to be settled in cash.

The board of directors have not received any remuneration during the year.

11. Contingent liabilities

Litigation

None.

Other contingent liabilities

None.

12. Cash flow statement

Change in working capital	2019 TDKK	2018 TDKK
Change in trade payables	(51)	0
Change in payables to Group companies	572	408
	521	408
<i>Changes in liabilities arising from financing activities</i>		
Loan from related parties at 01.01	3.007.330	2.724.133
Accrued interests	312.638	283.197
Loan from related parties at 31.12	3.319.968	3.007.330

13. Financial risk management

Financial risk factors

The financial risks the company is exposed to is managed centrally by the ERRV Holdings ApS group. The overall risk management guidelines and policies have been approved by the board of directors in the Group. 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

As all transactions are in DKK, the company is not exposed to any foreign exchange rate risk.

Interest rate risk

As all loans are issued at a fixed rate, the income statement is not sensitive to higher/lower interest rates on borrowings.

Credit risks

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB' are accepted. The maximum exposure corresponds to the carrying amount of cash.

Liquidity risk

Cash flow forecasting is performed by management. The management monitors forecasts of the liquidity requirements to ensure it has sufficient cash to meet the company's operational needs. Such forecasting takes into consideration the company's debt financing plans and compliance with loan documentation.

For 2019 and 2018, the company's financial liabilities do all have contractual maturities of less than one year. However, loans from related parties, due on demand, will not be called unless the liquidity position of the company is adequate to justify repayment.

14. Events after the balance sheet date

The outbreak of Covid-19 and the actions taken by governments across the world to mitigate the effects, will have a great impact on the global economy. Management considers the implications of Covid-19 as a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the company.

This means that the valuation of the company's non-current assets, receivables, etc., at 31 December 2019 are based on assumptions which may differ from Management expectations at the time of adoption of the Annual Report.

Currently, it is not possible to assess the effect of Covid-19 on the 2020 Financial Statements. Reference is also made to note 0 "Covid-19 and the financial situation of the Company."