

Fehmarn Belt Contractors I/S

c/o Bird & Bird

Sundkrogsgade 21, 1., 2100 København Ø, Denmark

CVR no. 37 67 20 76

Annual report 2020

Approved at the Company's annual general meeting on 02/07/2021

Chairman:

Bartholomeus Johannes Hubertus Präpper

Contents

| | |
|---|----------|
| Statement by the Executive Board | 2 |
| Auditors statement | 3 |
| Management's review | 5 |
| Financial statements 1 January - 31 December | 6 |
| Income statement | 6 |
| Balance sheet | 7 |
| Statement of changes in equity | 8 |
| Notes to the financial statements | 9 |

Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Fehmarn Belt Contractors I/S for the financial year 1 January - 31 December 2020.

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


In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 02/07/2021

Executive Board:



Bartholomeus Johannes
Hubertus Propper

Herm Christiaan Pol

Independent auditor's report

To the shareholders of Fehmarn Belt Contractors I/S

Opinion

We have audited the financial statements of Fehmarn Belt Contractors I/S for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 as to 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 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 the financial statements.

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 of the Management's review.

Copenhagen, # 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lissen Fagerlin Hammer
State Authorised
Public Accountant
mne27747

Mathias Jessen
State Authorised
Public Accountant
mne46620

Management's review

Company details

| | |
|----------------------------|--|
| Name | Fehmarn Belt Contractors I/S |
| Address, Postal code, City | c/o Bird & Bird Sundkrogsgade 21, 1., 2100 København Ø, Denmark |
| CVR no. | 37 67 20 76 |
| Established | 10 May 2016 |
| Registered office | København |
| Financial year | 1 January - 31 December |
| Executive Board | Bartholomeus Johannes Hubertus Pröpper Herm Christiaan Pol |

Management commentary

Business review

The purpose of the partnership is to carry out work in relation to the future Fehmarn Belt fixed link, which is to be constructed as an immersed tunnel, across the Baltic Sea between the island of Fehmarn in Germany and the island of Lolland in Denmark.

Development of the project

Mid 2020 the works started with execution on the Danish work harbour and coastal protection.

Financial review

The income statement for 2020 shows zero result against a loss of DKK 17,500 last year, and the balance sheet at 31 December 2020 shows equity of DKK 231,626.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year end. COVID 19 has no impact on the project in relation to start of the work or duration.

Outlook

In beginning 2021 received the notice to carry out the remainder of the works as well, with a start in summer 2021. With that notice, the commencement for the total project has been given.

Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2020 | 2019 |
|--|--------------------------|---------------|--------------|
| | Revenue | 496.539.431 | 59.631.086 |
| | Cost of sales | - 500.591.617 | - 59.631.086 |
| | Other external expenses | 4.052.186 | - 17.500 |
| | Gross profit | - 0 | - 17.500 |
| 2 | Staff cost | | - |
| | Profit/loss for the year | - 0 | - 17.500 |
| Recommended appropriation of profit/loss | | | |
| | Boskalis Denmark ApS | - 0 | - 8.750 |
| | Van Oord DMC ApS | - 0 | - 8.750 |
| | | - 0 | - 17.500 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2020 | 2019 |
|------|---|-------------|-------------|
| | ASSETS | | |
| | Non-fixed assets | | |
| | Receivables | | |
| | Trade receivables | - | 3,278,825 |
| | Other receivables | 28,272,888 | - |
| | Receivables from owners | 497,708,920 | 237,767,220 |
| | | 525,981,807 | 241,046,045 |
| | Cash | 56,225,605 | 56,162,135 |
| | Total non-fixed assets | 582,207,412 | 297,208,180 |
| | TOTAL ASSETS | 582,207,412 | 297,208,180 |
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Boskalis Denmark APS | 115,813 | 115,813 |
| | Van Oord DMC APS | 115,813 | 115,813 |
| | Total equity | 231,626 | 231,626 |
| | Current liabilities other than provisions | | |
| | Prepayments | 265,384,342 | 137,041,096 |
| 3 | Construction contracts | 148,633,386 | 121,070,042 |
| | Trade payables | 62,373,574 | 17,501 |
| | Other payables | 105,584,484 | 38,847,915 |
| | | 581,975,786 | 296,976,554 |
| | Total liabilities other than provisions | 581,975,786 | 296,976,554 |
| | TOTAL EQUITY AND LIABILITIES | 582,207,412 | 297,208,180 |
| 1 | Accounting policies | | |
| 4 | Collateral | | |
| 5 | Related parties | | |

Financial statements 1 January - 31 December

Statement of changes in equity

| | Boskalis Denmark ApS | Van Oord DMC ApS | Total |
|--|-------------------------|---------------------|---------|
| Equity at 1 january 2020 | 115.813 | 115.813 | 231.626 |
| Transfer through appropriation of loss | - 0 | - 0 | - 0 |
| Equity at 31 december 2020 | 115.813 | 115.813 | 231.626 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Fehmarn Belt Contractors I/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue from construction contracts

Revenue from construction contracts concerning plant for production of wood products subject to a high degree of individual adaptation is recognised as revenue by reference to the stage of completion, which means that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income and expenses of a construction contract cannot be estimated reliably, revenue assessed recognised solely at the costs incurred in so far as it is assessed that they are likely to be recovered.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Tax

Taxes are not expensed in the Company's accounts as tax is borne by the owners.

Balance sheet

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Construction contracts are measured at the selling price of the work performed less payments received on account and anticipated losses. Construction contracts entail a significant degree of design customisation of produced goods. Moreover, before any work is commenced, a binding agreement must have been entered into, which will imply a penalty or damages on subsequent termination of the agreement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The selling price is measured by reference to the percentage of completion at the end of the reporting period and the total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of contract costs incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is immediately recognised as an expense and a provision.

When income and expenses on a construction contract cannot be determined reliably, the selling price is measured solely at the costs incurred in so far as they are likely to be recovered.

Where the selling price of work performed exceeds payments received on account and anticipated losses, the excess amount is recognised in contract assets. If payments received on account and anticipated losses exceed the selling price of a construction contract, the deficit is recognised in contract liabilities.

Prepayments received from customers are recognised under Prepayments in the balance sheet.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Cash

Cash comprise cash and short-term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate.

Other liabilities are measured at net realisable value.

2 Staff costs

| | 2020 | 2,019 |
|---------------------------------------|------------|-------|
| Staff costs | | |
| Wages and salaries | 1,096,166 | - |
| Pension contribution | 131,962 | - |
| Other social security costs | 10,035 | - |
| Transferred to the contract costs | -1,238,163 | - |
| | - | - |
| Average number of full-time employees | 5 | |

3 Construction contracts

| | | |
|---------------------------------|----------------------|----------------------|
| Selling price of work performed | 649,029,069 | 116,934,110 |
| Progress billings | - 797,662,455 | - 238,004,152 |
| | <u>- 148,633,386</u> | <u>- 121,070,042</u> |

Recognised as follows:

| | | |
|--------------------------------------|----------------------|----------------------|
| Construction contracts (liabilities) | - 148,633,386 | - 121,070,042 |
| | <u>- 148,633,386</u> | <u>- 121,070,042</u> |

4 Collateral

The establishment owners are jointly and severally obligated of any obligations and contingencies belonging to the partnership Fehmarn Belt Contractors I/S.

The company has issued a performance guarantee through a financial institute of DKK 181,5 million.

5 Related parties

Information about consolidated financial statements.

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---|---|--|
| Van Oord Dredging and Marine Contractors BV | Schaardijk 211 3063NH Rotterdam The Netherlands | Schaardijk 211 3063NH Rotterdam The Netherlands |
| Royal Boskalis Westminster N.V. | Rosmolenweg 20, 3356 LK Papendrecht, Holland/the Netherlands | www.boskalis.com |

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

| Name | Domicile |
|---------------------------|---|
| Van Oord DMC ApS, 50% | c/o Bird & Bird, Sundkrogsgade 21, 1., 2100 København Ø |
| Boskalis Denmark ApS, 50% | c/o Bird & Bird, Sundkrogsgade 21, 1., 2100 København Ø |