

Fehmarn Belt Contractors I/S

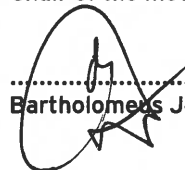
Sundkrogsgade 21, 1., 2100 København Ø

CVR no. 37 67 20 76

Annual report 2022

Approved at the Company's annual general meeting on 31 March 2023

Chair of the meeting:



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Bartholomeus Johannes Hubertus Pröpper

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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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 2022.

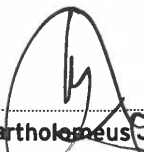
The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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, 31 March 2023
Executive Board:



Bartholomaeus Johannes
Huertus Pröpper



Gabriël Johannes Aloisius
Maria Mens

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 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 2022 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 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 the financial statements.

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

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

Independent auditor's report

- ▶ 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.

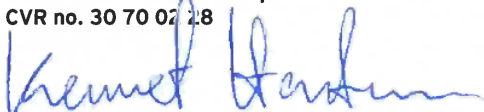
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 March 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Kennet Hartmann
State Authorised Public Accountant
mne40036

Management's review

Company details

Name	Fehmarn Belt Contractors I/S
Address, Postal code, City	Sundkrogsgade 21, 1., 2100 København Ø
CVR no.	37 67 20 76
Established	10 May 2016
Registered office	København Ø
Financial year	1 January - 31 December

Executive Board	Bartholomeus Johannes Hubertus Pröpper Gabriel Johannes Aloisius Maria Mens
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Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
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Financial highlights

DKK'000	2022	2021	2020	2019	2018
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Key figures

Revenue	1,917,397	2,008,642	496,539	59,631	0
Gross profit	0	-232	0	-18	-18
Operating profit/loss	0	-232	0	-18	-18
Net financials	0	0	0	0	0
Profit/loss for the year	0	-232	0	-18	-18

Total assets	384,346	469,992	582,207	297,208	26,445
Equity	0	0	232	232	249

Cash flows from operating activities	-61,117	35,029	0	0	0
Total cash flows	-61,117	35,029	0	0	0

Financial ratios

Gross margin	0.0%	0.0%	0.0%	0.0%	0.0%
Return on equity	0.0%	0.0%	0.0%	-7.5%	-7.2%

Average number of full-time employees	29	12	5	0	0
Number of employees at the end of the year	18	16	0	0	0

Management's review

Financial highlights (continued)

The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

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. FBC is responsible not only for the dredging of the entire Tunnel trench and the construction of the Work Harbour in front of the Tunnel Element casting yard (the factory), but also for creating Reclamation areas, mainly in front of the coast on Lolland and to lesser extent on Fehmarn east of the ferry harbour at Puttgarden, using the dredged Materials from the Tunnel trench and thereby adding value to the existing area's nature and recreational facilities.

Development of the project

In 2022 the off- and onshore scope continued operations. On the German side at Fehmarn and on the Danish side on Lolland. Dredging of soil by TSHD, BHD and GD continued and dry earth moving finished mid-2022.

All the dredged material, from the excavation of the Tunnel trench as well as the Work Harbours, is placed into reclamation areas at Lolland and at Fehmarn. On both sides of the Fehmarnbelt, reclaimed land will be constructed in the form of artificial land reclamations that extend approximately 500 meters into the sea. The containment dikes surrounding the future reclamation areas are constructed by excavators and stones supplied by rock carriers.

In 2022 the construction continued on the approximately 17.6 kilometer long trench which has to be dredged into the seabed of the Fehmarnbelt between Lolland and Fehmarn, representing the majority of the dredging work in terms of the quantity of dredged material and the associated construction time. It will be up to about 90 meters wide by 16 meters deep from the existing seabed and the estimated volume is around 14,500,000 m³ in-situ to be dredged to construct the Tunnel trench. Dredging of the Tunnel trench will run over a period of 18 months. 75% completion was reached nearing the end of 2022.

The dredging process comprises dredging of material from the Tunnel trench, transportation of the dredged material to the reclamation areas and unloading of the excavated material into the reclamation areas. The dredging methodology is a combination of mechanical dredging with backhoe dredgers and grab dredgers and hydraulic dredging and placement deploying trailing suction hopper dredgers (TSHD). The backhoe dredgers (BHD) will dredge the shallower parts of the tunnel trench at both the German and Danish sides of the Fehmarnbelt to a depth of approximately -25 meter. The deeper parts below this depth will be dredged by a combination of grab dredgers (GD) and trailing suction hopper dredgers (TSHD). The TSHD's will make use of a special draghead for handling of the very hard clay-till, combined with a re-circulation system that pumps water from the hopper back to the draghead in order to minimise spill of fine sediments into the environment and to optimise the dredging process. The mechanically dredged material is loaded into transport barges that are subsequently sailing to the nearshore reclamation areas where the soil is unloaded in various different fashions. Both towed barges and self-propelled (split hopper barges) are deployed for the project.

The reclamation works are executed on both the German and Danish sides of the Fehmarnbelt. The largest share of the dredged material will be placed at the Danish side in newly constructed land reclamations. A smaller part of the dredged material will be placed at the German side or in specific stockpiles on shore. The reclamation areas on both sides consist of bunds constructed of mechanically dredged upper till, quarry run, filter layers and armour layers. The reclamation basins are specifically designed for the purpose of receiving the dredged material from the tunnel trench, which is placed both mechanically by direct offloading from barges or dump trucks and hydraulically by pumping ashore material from hopper dredges. All reclamation areas are initially accessible for direct placement from transport barges by leaving parts of the reclamation bunds open for marine access. Some reclamation areas are subsequently closed off for hydraulic placement of material, for which raised bunds are constructed in order to manage process water and contained fine sediments. Other reclamation areas are closed due to reduced water depths as a consequence of material placement.

Management's review

Development of the project (continued)

Those areas are subsequently filled to final design levels using dump trucks that are loaded at several temporal or more permanent offloading quays receiving the transport barges. Specific placement methods, planning and locations are depending on a number of criteria, which are all considered into details during design and work preparation stage. Each geological unit-dredged in the trench features specific strength and other characteristics, making it more or less suitable for placement at certain locations. In the following named Unit 1-8 being:

Unit 1: U1 - Postglacial sand

Unit 2: U2 - Postglacial gyttja and freshwater peat

Unit 3: U3 - Postglacial/late glacial clay and silt

Unit 4: U4 - Postglacial/late glacial sand

Unit 5: U5 - Upper till

Unit 6: U6 - Meltwater deposits

Unit 7: U7 - Lower till

Unit 8: U8 - Palaeogene clay

Unit 1 (sand found at seabed level) becomes available in the early stages of the Tunnel trench dredging and can be used for (intermediate) bund construction or drainage layers between other units.

Unit 2 (gyttja, commonly found at higher levels in the Tunnel trench) has relatively low strength after dredging and needs to be covered at all times to avoid the material to oxidize. It is therefore placed as fill material in the lower parts of the reclamation areas mainly.

Unit 5 (upper till, found at all levels in the tunnel trench) has significant strength when dredged mechanically and transported carefully and can be used for bund construction or construction of the erosion cliff featured at the Eastern extreme of the reclamation areas at Lolland.

Unit 3 and unit 8 (silty clays and Paleogene clays) are dredged mechanically primarily and placed as fill material in view of anticipated lower strength after dredging mainly.

Hydraulically dredged material (unit 5 upper till, unit 4 silty sands and unit 7 lower tills) are found at lower levels in the tunnel trench and therefore dredged in later stages of the trench excavation process. These are placed at higher levels in the reclamation areas, as fill or surface covering material only.

Financial review

The income statement for 2022 shows a net result of DKK 0 (2021: 231,626), and the balance sheet at 31 December 2022 shows equity of DKK 0. The income statement and balance sheet for 2022 results were in line with our expectation. Due to the nature of our business, it is too early in the year to predict an expected result for 2023. The project will continue in 2024.

Income attributable to Germany in 2022

FBC has opened in 2021 an administrative entity in Germany as work commenced in Germany in 2021.

FBC had a meeting with German Tax authorities as recent as the 12th of September 2022 on the way forward for income allocation. During this meeting FBC presented the approach of the administrative entity for Germany with a cost plus mark-up of 3-5% added to the cost, to calculate a profit in light of the activities performed. The German authorities accepted FBC's approach for the mark-up on administrative cost. FBC will apply a mark-up of 5%.

Management's review

Income attributable to Germany in 2022 (continued)

Income to be allocated to Germany will be deducted from the Danish taxable income for the income 2022 in accordance with the territorial principle.

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 the work or duration.

Outlook

The first half of the year activities remain low and will decrease as the German side of the tunnel entrance is finishing up activities. In spring the dredging of the special elements will commence increasing activity for GD. Due to the nature of our business, it is too early in the year to predict an expected result for 2023. The project will continue in 2024.

Special risks apart from generally occurring risks in the industry

After a year and a half of work on the excavation of the Tunnel trench, experience has shown the dredging and reclamation process is as challenging as ever anticipated. Governed by strict environmental requirements, cumbersome COVID-19 challenges and the local climate conditions, the works can be seen as progressing according to schedule. At the same time, the Tunnel trench deposits to be excavated sometimes tend to deviate slightly from original estimates, which were based on extensive soil investigation campaigns, laboratory research efforts and geological modelling that resulted in a detailed soil model describing predicted distribution of soil units and related characteristics as in-situ strength and remoulded strength (relevant for placement in the reclamation areas). These small but sometimes relevant deviations from predictions result in the need for highly adaptive management of dredging and reclamation activities, which are implemented in close concert with the Client.

Statutory reporting on corporate social responsibility

Through our central procurement office, we maintain relationships with around 1,500 direct suppliers. A reliable and efficient supply chain is essential to our business. We expect all our suppliers to act responsibly and with integrity, in line with our values. In addition, our supply chain partners can be a source of sustainable innovations.

Throughout all our activities we pay particular attention to any impact our vessels may have on the environment. This impact covers areas that include fuel type, safety, waste, ballast water and energy management.

In many cases the presence of our activities creates a positive socio-economic impact on the nearby communities. This could take the form of local job creation, procurement, or community investment. Wherever we can, we seek to enhance the positive impacts of our projects. At the same time, we pay close attention to potential adverse impacts our activities could have on the local communities.

In 2022, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. The Company has put great focus on protecting our employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

Management's review

Environmental & Climate (continued)

The Company has an environmental policy in place where the key commitments are to comply with all environmental contractual, legal and other regulatory requirements. The Company will strive to exceed its environmental objectives and will make continuous improvements in its environmental processes. In spite of the large fleet of existing dredges available for the project, several technical developments took place in 2022 before actual deployment for Tunnel trench excavation. These include a system for boulder catching on board of the TSHD's, the development of purpose-built grab dredges and the development of draining excavation buckets for backhoe dredges. On board the TSHD active heave, or QDAS, accounts for roll of the vessel during trailing. This reduces the roughness of dredged soil bed caused by vessel movement on X and Y axle. Consequently this diminishes the movement of the draghead on the soil bed and minimises the release of fine sediments into the environment. A dashboard was developed to monitor the effect of the measures taken. In the past and in 2022, the actual spill is below the estimated spill.

Anticorruption

The Company advocates the Code of Conduct and the Supplier Code of Conduct as best practice standards in business ethics among partners, suppliers, consultants, and employees. The fundamental principles of the Code of Conduct are compliance with and adjustment to the Laws, Rules and Culture in Denmark, Anti-Bribery and Anti-Corruption policies. The Company has controls in place on procurement and payments to reduce any risks. We monitored the implementation of our Supplier Code of Conduct in 2022, working with suppliers on improvements where necessary. We did not register any breaches on our Supplier Code of Conduct in 2022. The use of EU-based suppliers in 2022 contributes to Company policy. There are no changes in our policy foreseen in the future.

Human rights

The Company supports the protection of fundamental human rights in all its operations. It is therefore our responsibility to comply with applicable national and international employment laws and standards, including respecting the conventions of the International Labor Organization. We do not tolerate any form of forced or involuntary labor and any form of (modern) slavery or human trafficking and the Company is committed to preventing these practices in its operations. The Company also does not tolerate child labor and applies the national laws on the applicable statutory minimum age for workers. We are committed to preventing child labor in our operations. We respect our employees' right to freedom of association and the right to collective bargaining. We continued to collaborate with the trade unions in 2022 and endorse the guidelines of the OECD Guidelines for Multinational Companies. Through our Supplier Code of Conduct, our strategic suppliers are required to observe fair labor practices. In 2022, we did not register any breaches on human rights among our strategic suppliers. In the future, we will continue to collaborate with trade unions and demand our current and new strategic suppliers to focus on fair labor practices. The risk in relation to human rights issue is considered low in Denmark due to well-established governmental controls.

Social and employee conditions

Safety is our top priority in everything we do. We want to ensure that our people and the people we work with return home safely every day. To help us achieve this goal, more than a decade ago we developed our NINA (No Injuries, No Accidents) safety program. NINA develops people's awareness with regard to their own responsibility towards safety and stimulates a working environment in which safety responsibilities and potentially hazardous situations are both discussed openly and reported. We ensure that safety remains foremost in people's minds through regular staff engagement

Management's review

Social and employee conditions (continued)

activities and training at all levels. This year the NINA expedition program was finished where quarterly workshops were conducted under all supervisory positions. We aim to ensure and safeguard healthy working conditions for our employees on projects, vessels and in our offices. We have integrated occupational health into our NINA program via the Fit for Duty statement and consolidated our eight Fit for Duty policies into one. The company is helping young people with their education by keeping apprentices. The aim is to have 10-15 apprentices at any given time.

In 2022 the workers safety committee was realized. Four times per year minuted meetings are held where compiled information from worker reports are shared with senior management. The purpose is to make sure that there is continuous focus on a healthy and safe working environment on FBC's site.

FBC is committed to the well-being of their employees. Everyone who works for the company must therefore feel safe in their work environment. Safe in the sense that employees are not having to work in a situation where they are psychologically or physically being treated in a way that causes stress impacting their wellbeing. Therefore the company appointed an external professional independent trust person where colleagues can anonymously express their grievances and receive counseling in a neutral and confidential set up. Next to that, several courses on harassment will be given to people in management on how to detect, talk about, and deal with cases of harassment.

Gender distribution in the management

The Company relies on a team of dedicated, experienced professionals to achieve its ambitions. That is why the Company is committed to creating a diverse and inclusive workplace that challenges and inspires its employees to build their careers and achieve their potential within the Company. The importance of diversity is reflected within the Company's Code of Conduct and underlying Human Rights and Labor Policy. The Company does not accept discrimination in the workplace and has a strong practice throughout the organization of equal opportunities for all regardless of race, color, nationality, ethnic background, age, religion, political opinion, gender, pregnancy, sexual orientation, marital status, disability, trade union membership or any other characteristics protected by applicable law. The employee population, partly due to the nature of its business activities is predominantly male, especially in the core processes on the fleet and in the reclamation. The current board of directors consist of 2 men. The workforce of the company consists of 93% men and 7% women in 2022. At management level, being responsible for controlling and administering a department or team, 15% is women and 85% men. Both statistics are FTE based. The Company wants to increase the representation of women at the management level and therefore strived to have at least 1 of each gender among the final candidates in application processes in 2022.

Data ethics

The Company complies with all legal requirements but acknowledges and respects that use of data (both personal data and non-personal data) may create risks for users that applicable laws do not cover. The Company strives for high data ethics standards. The Company uses a variety of technologies when processing data. All data collection involves human decisions. Therefore, the Company strives to implement mechanisms to control the context in which data is collected, the systems that are used and the methods for ensuring data quality.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
2	Revenue	1,917,397	2,008,642
	Cost of sales	-1,917,397	-2,008,874
	Gross profit	0	-232
4	Staff costs	0	0
	Profit/loss before tax	0	-232
	Tax for the year	0	0
	Profit/loss for the year	0	-232

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Non-fixed assets		
	Receivables		
	Trade receivables	301,390	123,201
5	Construction contracts	0	196,292
	Receivables from participating interests	51,253	49,941
	Other receivables	1,565	9,303
		<u>354,208</u>	<u>378,737</u>
	Cash	30,138	91,255
	Total non-fixed assets	<u>384,346</u>	<u>469,992</u>
	TOTAL ASSETS	<u>384,346</u>	<u>469,992</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
	Boskalis Denmark ApS	0	0
	Van Oord DMC ApS	0	0
	Retained earnings	0	0
	Total equity	0	0
	Liabilities other than provisions		
	Current liabilities other than provisions		
5	Prepayments on work in progress	84,180	175,168
5	Construction contracts	122,254	0
	Trade payables	65,083	157,223
	Other payables	112,829	137,601
		384,346	469,992
	Total liabilities other than provisions	384,346	469,992
	TOTAL EQUITY AND LIABILITIES	384,346	469,992

- 1 Accounting policies
- 6 Collateral
- 7 Related parties
- 3 Fee to the auditors appointed in general meeting
- 8 Appropriation of profit/loss

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Boskalis Denmark ApS	Van Oord DMC ApS	Retained earnings	Total
	Equity at 1 January 2021	116	116	0	232
8	Transfer, see "Appropriation of profit/loss"	0	0	-232	-232
	Equity at 1 January 2022	0	0	0	0
8	Transfer, see "Appropriation of profit/loss"	0	0	0	0
	Equity at 31 December 2022	0	0	0	0

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	2022	2021
	Profit/loss for the year	0	-232
	Cash generated from operations (operating activities)	0	-232
9	Changes in working capital	-61,117	35,261
	Cash flows from operating activities	-61,117	35,029
	Net cash flow	-61,117	35,029
	Cash and cash equivalents at 1 January	91,255	56,226
	Cash and cash equivalents at 31 December	30,138	91,255

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Fehmarn Belt Contractors I/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

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'000).

Income statement

Revenue

Revenue from construction contracts concerning land reclamation and capital dredging 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.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Tax

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial 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.

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.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
2 Segment information		
Breakdown of revenue by business segment:		
Construction contracts	1,917,397	2,008,642
	<u>1,917,397</u>	<u>2,008,642</u>
3 Fee to the auditors appointed in general meeting		
Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act.		
4 Staff costs		
Wages/salaries	8,626	4,593
Pensions	859	523
Other social security costs	65	79
Staff costs transferred to non-current assets	-9,550	-5,195
	<u>0</u>	<u>0</u>
	2022	2021
Average number of full-time employees	29	12
Number of employees at the balance sheet date	18	16

The Company did not pay any remuneration to Management during the financial year. Remuneration paid in the year of comparison is DKK 0.

DKK'000	2022	2021
5 Construction contracts		
Selling price of work performed	4,547,500	2,630,104
Progress billings	-4,753,934	-2,608,980
	<u>-206,434</u>	<u>21,124</u>
recognised as follows:		
Construction contracts (assets)	0	196,292
Construction contracts (liabilities)	-206,434	-175,168
	<u>-206,434</u>	<u>21,124</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 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 is from time to time involved in disputes regarding material amounts that are normal for its business. This is not expected to impose significant liabilities upon the Company, and the outcome is not expected to have significant impact on the Company's financial position.

7 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Van Oord Dredging and Marine Contractors B.V	Schaardijk 211 3063 NH Rotterdam The Netherlands	www.Vanoord.com
Royal Boskalis N.V.	Rosmolenweg 20 3356 LK Papendrecht The Netherlands	www.Boskalis.com

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Ownership

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

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

DKK'000	2022	2021
8 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	0	-232
	0	-232

Financial statements 1 January - 31 December

Notes to the financial statements

9	Changes in working capital		
	Decrease in Receivable	24,529	147,246
	Decrease in Payables	-85,646	-111,985
		<u>-61,117</u>	<u>35,261</u>