

Fehmarn Belt Contractors I/S

c/o Bird & Bird

Sundkrogsgade 21, 1., 2100 København Ø, Denmark

CVR no. 37 67 20 76

Annual report 2021

Approved at the Company's annual general meeting on 30th June 2022

Chairman:

Bartholomeus Johannes Hubertus Präpper

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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 2021.

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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, 30/06/2022

Executive Board:



Bartholomäus Johannes
Hubertus Pröpper



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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 30 June 2022
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	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 Präpper 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. 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 2021 the Early Works continued comprising of two Work Harbours, one on the German side at Fehmarn and one on the Danish side on Lolland. The Work Harbours are used to provide a safe haven for marine construction equipment, to facilitate the transport of personnel and to provide facilities for supply, stockpiling, and load-out of materials and equipment. The Work Harbours are integrated into the planned reclamation areas and, upon completion of the Tunnel Construction Works, they are dismantled/removed and backfilled.

All the dredged material, from the excavation of the Tunnel trench as well as the Work Harbours, will be 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 m into the sea. The containment dikes surrounding the future reclamation areas are constructed by excavators and stones supplied by rock carriers.

IN July 2021 the construction started on the approximately 17.6 kilometre 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 m wide by 16 m 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. 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 in preparation of 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, at the moment transport barges have no longer access due to reduced water depths as a consequence of material placement. 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 sea bed 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 2021 shows a loss of 231,626 (2020: zero), and the balance sheet at 31 December 2021 shows equity of DKK 0.

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 year will remain a high activity level. In the second half of the year the level of activities will start to decrease when parts of the works are being completed.

Special risks apart from generally occurring risks in the industry

After half a year 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 2021, 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."

Environmental & Climate

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 before actual deployment for Tunnel trench excavation. These include the development of a recirculation system for process water used for hydraulic dredging by TSHD's, 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. The recirculation system for process water basically reduces the amount of water spilled into the environment during dredging and loading of the water. By recirculating water from the hopper of the dredge towards the draghead, the time before start of overflow is lengthened and the amount of water spilled through the overflow of the hopper is reduced. This minimises the release of fine sediments into the environment. A dashboard was developed this year to monitor the effect of the measures taken. The actual spill is below the estimated spill.

The grab dredges deployed for Tunnel trench dredging are purpose built for the project. Using existing sea going multipurpose pontoons and newly built wire cranes, optimized production rates for the specific conditions of the Fehmarnbelt Project (offshore workability, optimized dredging cycle times, optimized bucket loads) could be achieved. Specific developments included the design and construction of purpose-built grabs for specific geological units and a system for recovery of energy while lowering the bucket to minimize fuel consumptions and related CO2 release.

The Company engaged in monthly climate meeting and had a Greenhouse Gasses & Energy opportunities register in place. The expectation for next year is to further reduce Greenhouse Gas emissions and reduce our environmental footprint.

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 monitor the implementation of our Supplier Code of Conduct, working with suppliers on improvements where necessary. The use of EU-based suppliers last year contributes to Companies 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 Labour 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 collaborate with the trade unions 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. The risk in relation to human rights issue is considered low in Denmark due to well-established governmental controls. During the year the Company has changed over to mostly European based suppliers (except for United Kingdom suppliers) which improves the quality of human rights fundamentals. The Company plans to continue to engage EU-based suppliers and manpower.

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 activities and training at all levels. This year a NINA expedition program was started where quarterly workshops are conducted under all supervisory positions. The NINA expedition program will continue through next fiscal year. 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.

Preparation was started to found a workers committee and it is expected the committee will be installed early 2022. A goal is to organise and engage in various social activities from soccer matches to food festivals.

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 99% men and 1% women. At management level 15% is women and 85% men. The Company wants to increase the representation of women at the management level and therefore strives to have at least 1 of each gender among the final candidates in application processes.

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 Highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2021	2020	2019	2018	2017
	DKK	DKK	DKK	DKK	DKK
Key figures					
Revenue	2,008,642,319	496,539,431	59,631,086	0	0
Gross result	(231,626)	0	(17,500)	(17,500)	(33,000)
Profit/loss before net financials	0	0	(17,500)	(17,500)	(33,000)
Net financials	0	0	0	0	329,626
Profit/loss for the year	(231,626)	0	(17,500)	(17,500)	296,626
Balance sheet total	469,991,526	582,207,412	297,208,180	26,445,124	9,912,453
Investment in property, plant and equipment	0	0	0	0	0
Equity	0	231,626	231,626	249,126	266,626
Number of employees	12	5	0	0	0
Financial ratios					
Gross margin	0%	0%	0%	0%	0%
Solvency ratio	0%	0%	0%	1%	3%
Return on equity	0%	0%	-8%	-7%	111%

Financial statements January - 31 December

Income statement

Note	DKK	2021	2020
	Revenue	2,008,642,319	496,539,431
	Cost of sales	- 2,008,873,946	- 500,591,617
2	Other external expenses	0	4,052,186
	Gross loss	- 231.626	0
3	Staff cost	0	0
	Profit/loss for the year	- 231.626	0
Recommended appropriation of profit/loss			
	Boskalis Denmark ApS	- 115.813	0
	Van Oord DMC ApS	- 115.813	0
		- 231.626	0

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK	2021	2020
	ASSETS		
	Non-fixed assets		
4	Construction contracts	196,291,502	0
	Receivables		
	Trade receivables	123,200,989	0
	Other receivables	9,302,892	28,272,888
	Receivables from owners	49,941,284	497,708,920
		<u>378,736,669</u>	<u>525,981,807</u>
	Cash	91,254,857	56,225,605
	Total non-fixed assets	<u>469,991,526</u>	<u>582,207,412</u>
	TOTAL ASSETS	<u>469,991,526</u>	<u>582,207,412</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
	Boskalis Denmark APS	0	115,813
	Van Oord DMC APS	0	115,813
	Total equity	0	231,626
	Current liabilities other than provisions		
4	Prepayments	175,168,073	265,384,342
4	Construction contracts	0	148,633,386
	Trade payables	157,222,160	62,373,574
	Other payables	137,601,293	105,584,484
		<u>469,991,526</u>	<u>581,975,786</u>
	Total liabilities other than provisions	469,991,526	581,975,786
	TOTAL EQUITY AND LIABILITIES	<u>469,991,526</u>	<u>582,207,412</u>
1	Accounting policies		
5	Collateral and contingencies		
6	Related parties		

Financial statements 1 January - 31 December

Statement of changes in Equity

	DKK		Total
	Boskalis Denmark ApS	Van Oord DMC ApS	
Equity at 1 January 2021	115,813	115,813	231,626
Transfer through appropriation of loss	(115,813)	(115,813)	(231,626)
Equity at 31 Dec 2021	0	0	0

Financial statements 1 January - 31 December

Cash flow statement

Notes	DKK	2021	2020
	Net Profit/ Loss for the Year	-231,626	0
7	Change in Working Capital	35,260,878	63,470
	Cash flows from operating activities BFIE	35,029,252	63,470
	Interest Expense and Similar Charges	0	0
	Cash flows from operating activities	35,029,252	63,470
	Change in cash and cash equivalents	35,029,252	63,470
	Cash and cash equivalents at beginning of the year	56,225,605	56,162,135
	Cash and cash equivalents at the end of the year	91,254,857	56,225,605
Analysis of cash and cash equivalents			
	Cash at bank and in hand	91,254,857	56,225,605
	Cash and cash equivalents at the end of the year	91,254,857	56,225,605

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Fehmarn Belt Contractors I/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying large enterprises of reporting class C entities, as well as provisions applying to larger entities.

Reporting currency

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

Income statement

Revenue from construction contracts

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.

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 Other external expenses

Pursuant to section 96 in the Danish Financial Statement Act, the company does not disclose audit fee.

3 Staff costs

	2021	2020
Wages and salaries	4,593,248	1,096,166
Pensions	522,883	131,962
Other social security costs	79,251	10,035
Transferred to the contract costs	- 5,228,579	- 1,238,163
Average number of full-time employees	12	5

Executive board does not receive remuneration

4 Construction contracts

	2021	2020
Selling price of work performed	2,630,103,466	648,843,793
Progress billings	(2,608,980,036)	(1,062,861,517)
	21,123,430	(414,017,728)
Construction contracts	196,291,502	148,633,386
Prepayments on work in progress	(175,168,073)	(265,384,342)

5 Collateral and contingencies

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.

6 Related parties

Information about consolidated financial statements. All transactions are carried out on arms-length.

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	Schaardijk 211 3063 NH Rotterdam The Netherlands
Royal Boskalis Westminster N.V.	Rosmolenweg 20 3356 LK Papendrecht The Netherlands	www.boskalis.com

Ownership

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

Name	Domicile
Van 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

7 Cashflow

Note 7- Cash Flow- Change in Working Capital

Decrease in Receivable	147,246,131	(284,935,762)
Decrease in Payables	(111,985,253)	285,999,232
Total Change in Working Capital	35,260,878	63,470