# P-RelyOn Nutec 2018 A/S

Malmøgade 3

DK-2100 Copenhagen

CVR-nr. 39 82 66 58

Annual Report 2018

31.08-31.12 2018

The annual report has been presented and adopted at the Company's Annual General Meeting on 21 June 2019

Henrik Bonnerup

# Content



P-RelyOn Nutec 2018 A/S
CVR-nr. 39 82 66 58
Malmøgade 3
DK-2100 Copenhagen

# Management review

*"A solid start for us as an independent company"*

RelyOn Nutec Holding A/S (formerly Falck Safety Service Holding A/S) were successfully carved out of the Falck Group on 20 September 2018 and acquired by Polaris Private Equity via P-RelyOn Nutec 2018 A/S as the ultimate holding company.

The Annual Report covers the period from 31 August 2018, where the RelyOn Nutec were formed to acquire Falck Safety Services Holding A/S (Now RelyOn Nutec Holding A/S). However, the Annual Report only includes consolidated numbers for the RelyOn Nutec Group from closing, i.e. 20 September to 31 December 2018.

Following the effect of the downturn in the oil and gas sector, we have in recent years conducted a thorough and necessary global cost adjustment and carved out more than one third of the cost base. In parallel we initiated a process of streamlining and commercializing our business. This has now started to pay off, and we are well on track with our plan as a stand alone business.

For 2018 our full year (unaudited) proforma revenue increased from DKK 756 million in 2017 to DKK 831 million in 2018, while EBITDA increased from DKK 69 million in 2017 to DKK 97 million in 2018.

**Outlook**

We have a real opportunity to leverage our leading international position by driving commercial excellence, service expansions and global alignment.

We see signs of recovery of the Oil & Gas sector within the next one to three years, and long term supportive growth in the offshore wind and the maritime sectors.

Furthermore there are interesting acquisition opportunities that can further strengthen our position both in terms geographic expansion, service portfolio expansions and digitalization.

**Safety**

We have instructed and guided in safety training for decades. Safety is our DNA and is of outmost importance to us. We continuously strive to provide a safe environment for our employees and delegates and we encourage them to think about safety in their daily work.

**Preparation**

The annual report has been prepared in accordance with IFRS as adopted by the EU and additional requirement from the Financial Statement act. Further, recommendation from Danish Venture Capital Association have been adopted.

**Operation**

The Annual Report for P-RelyOn Nutec 2018 A/S (the parent company) and subsidiaries (the Group) consist of the consolidated numbers from closing, i.e. 20 September – 31 December 2018.

In 2018 the primary source of revenue derives from safety training. Revenue and EBITDA for the period amounts to DKK 248 million and DKK 35 million respectively.

The result for the year amounts to DKK -19 million and includes one cost of DKK 27 million related to the acquisition.

Further, the annual report comprises the parent company.

The result for the year is deemed as satisfactory.

**Cash flow**

Operating activities in the period generated a net outflow of DKK -11 million. There was a net cash outflow from investing activities of DKK 482 million, where of DKK 413 million is related to the acquisition of Falck Safety Services Holding A/S. Cash inflow from Financing activities was DKK 600 million. The vast majority, DKK 624 million, related to the financing of the acquisition mentioned before.

**Acquisition**

RelyOn Nutec has acquired the remaining 75% of the shares in Aberdeen Drilling School Ltd. as of October 2018.

*"Changing our name signals an acceleration of our transformation and expansion"*

**Henrik Bonnerup**

# Key figures - Group

### Financial highlights

| Profit and loss accounts | DKKm |
|---|---|
| Revenue | 248 |
| Operating profit before depreciation, amortization, and impairment losses (EBITDA) | 35 |
| Operating profit before other items (EBITA) | 24 |
| Net financials | (6) |
| Profit/loss for the year | (19) |

| Balance sheet | |
|---|---|
| Total assets | 1,002 |
| Investments | 369 |
| Total equity attributable to owners of the parent company | 248 |

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

| Cash flows | DKKm |
|---|---|
| Operating activities | (11) |
| Investing activities | (482) |
| Hereof investments in intangible and tangible fixed assets | (21) |
| Financing activities | 600 |
| Net cash flow for the year | 107 |

| Employees | |
|---|---|
| Average number of employees | 1,043 |

| Key Ratios | |
|---|---|
| Solvency ratio (%) (Equity / Assets) | 25% |

**5** Continents

**20** Countries

**+30** training centres

**+250K** trained annually

## Locations and sectors (% of revenue 2018)

| | |
|---|---|
| Offshore Oil & Gas | ~65% |
| Renewables | ~4% |
| Maritime | ~3% |
| Industrial | ~28% |

# Our legacy

# RelyOn Nutec evolved from a Danish fire training provider to an international multi-service safety, survival and skills training provider

RelyOn Nutec has grown steadily to be the world's leading international training provider. With operations in key locations worldwide, we continue to build on the foundations of the past, as we look to future.

*Focused on our mission*
Our mission is to manage and deliver training for our customers, so that they can focus on their core business. We want to ensure that your people are competent and compliant at the right time to the right level. We ensure they have the skills to deliver your business goals.

*True to our foundation*
Our business was founded on the belief that real life, practical training is the key to acquiring the competences needed to execute complex and dangerous tasks. Whether the challenge is focused on fire or water, we will train your people to better understand their own emotional reactions in stressful situations. By ensuring people are familiar with these emotions under expertly managed conditions, we give them the skills to respond under any crisis situation.

*Responding to customer needs*
Our extensive experience has given us an unrivalled insight into the ever-changing needs of our customers in the market. As more and more customers look to outsource their training management needs, we have developed Training Management Services as a core part of our business today. Indeed, our expertise in navigating and administering the complex landscape of training regulations, and turning it into a seamless, structured training process has proven to be the most cost effective and efficient way to ensure personnel are compliant.

*Embracing new technologies*
Technological advances are driving our industry to new levels of effectiveness. New tools and approaches such as 3D digital platforms, e-learning and blended training are making the training experience increasingly realistic – and increasingly efficient. We have formed a series of partnerships with technology partners to help our customers embrace the many benefits of these exciting new training techniques.

*Driving our expertise forward*
Many of the sectors in which we operate have experienced major changes and challenges in recent years. Increasingly we have seen short-term global economic pressures impact on our customers' long-term business forecasts. Many businesses worldwide have had to rationalise and reinvent themselves. To ensure that we continue to help our customers to navigate this landscape, we look to drive continuous improvement in our own business. Our ambition is to always be at the forefront of innovation in training and skills development to ensure our customers are among the first to benefit from the new solutions of the future.

**1997** Falck acquires shares in Esbjerg Brandstation

**2004** Global Safety Group (NUTEC) acquired

**2006** Establishes training as a separate division

**2008** Acquires Alford Group in Louisiana, Onsite in United Kingdom and a facility in Nigeria

**2009** Establishes new facilities in Thailand, Vietnam, Singapore and Abu Dhabi

**2010** Acquires shares in P.T. Samson Tiara in Indonesia. Opens new facilities in Texas and New Orleans

**2012** Acquires Caspian Safe in Azerbaijan

**2013** Opens new facilities in Germany, Mexico & Netherlands. Acquiring Survival System Training in Canada

**2014** Acquires Sørlandets Sikkerhet in Norway & OST in Houston. Opens new facilities in Belgium, Netherlands & Dubai

**2016** Establishes training center in Qatar

**2017** Acquires Aberdeen Drilling School

**2018** Acquired by Polaris

**2019** Changed name to RelyOn Nutec

# Risk management

# Risk management

RelyOn Nutec is required to consistently identify, manage and monitor risks globally and rapidly share risk mitigation solutions against critical risks.

RelyOn Nutec maintains a reporting and review process to create an overview of risks and full transparency into mitigating controls for the entire Group and its constituent entities, divisions and business streams.

The objective is to demonstrate that RelyOn Nutec is aware of risks and is actively managing top risks in order to deliver the best possible service to customers, protect the value of the business, safeguard future earnings and reduce costs associated with risk events.

Risk is defined as "*all threats to the current value of the business and its future cash flows*".

*Identification*
Identification is made in a joint effort between HQ and the local teams. Evaluation and control are performed through the global risk management platform.

*Evaluation*
All identified risks are evaluated through the global risk management platform. Risk assessment is rated for impact and likelihood.

*Control*
Risk response actions depend on the evaluation. Response actions have the nature of control, awareness, communication and/or other preventing actions.

*Report*
Communication and monitoring are made through the global risk management platform.

An overall report is presented to the Executive Management, which includes risk assessment and risk response for the following risks:

- Safety incidents
- Material slowdown in exploration or industry
- Change in industry standards
- Competition
- Technology disruption
- Claims and litigations
- Taxes and charges
- Employment related matters
- IT breakdown
- Loss of certificates and accreditation

Definition and mitigation of risk are outlined on page 9 and 10. Financial risk are outlined in note 3.1


## Risk management principles

The Board of Directors assist the Executive Management in overviewing the Company's overall risk-taking while the Executive Management is responsible for identifying and analyzing material risks and developing the Company's risk management. Exposures and the utilization of the framework are reported to the Board of Directors on a monthly basis.

# Risk Management

### Safety incidents

| Risk | Mitigation |
|---|---|
| Incident occurs where student is severely injured or even killed. | Safety instructions prior to the start of any training sessions. Documentation of incidents and close communication with customers about any incidents. |

### Material slowdown in exploration or industry

| Risk | Mitigation |
|---|---|
| The majority of activities is related to the Oil and Gas market, ref. note 4. Profitability and cash flow are dependent on the level of oil and gas capital spending by such companies who are dependent on the market price of oil and gas. | Roll-out of Compliance Management Systems are ongoing, which ensures volume, stickiness and market intelligence.<br>Product development and entry into new industries are ongoing, however, with a decreased focus towards the oil and gas market. |

### Change in industry standards

| Risk | Mitigation |
|---|---|
| The Group is affected by various legislation, regulations and standards, including, global industry standards, environmental regulations and service liability regulations with regards to safety and security. Amendments or restatements of laws, regulations and standards, leading to stricter requirements and changed conditions regarding safety, health and environment, or a development to a stricter implementation and application by the authorities of existing laws and regulations may have several negative implications for the Group. | The QHSE departments are responsible for ensuring compliance with existing standards and for implementing new standards.<br>The QHSE departments ensure test of new standards prior to enforcing the change in the training sessions. After the change in standards, the regulator is to approve the change in industry standards before they are reflected in practice. |

### Competition

| Risk | Mitigation |
|---|---|
| The Group's competitors compete on price, location, quality and range of services, and service offering availability in a generally commoditized market, with small differences between the service providers. There is a risk that an increase in competition will lead to price pressure within the industry as a whole and for individual customers with regards to seeking out new customers, as well as retaining current customers. | Roll-out of Complimentary Management Systems are ongoing, which ensures volume, stickiness and market intelligence. |

# Risk Management

### Technology disruption

| Risk | Mitigation |
|---|---|
| There is a risk that new technologies will be developed, and that the Group will be unable to implement these technologies or adapt its service range and business model in time to exploit the benefits of new or existing technologies. There is also a risk of future new technologies making the Group's services less competitive and more difficult to sell. | The Group monitors the demand for training through market intelligence and requests from the market. The Group invests in the areas needed to keep up with market developments and technology requirements. |

### Taxes and charges

| Risk | Mitigation |
|---|---|
| The Group conducts its business in accordance with its interpretation of applicable tax regulations, including the applicable tax rates, and applicable requirements and decisions. There is a risk that changes in legislation or practice or any challenge by the tax authorities of the Group's interpretation of applicable laws will lead to an increase in the Group's tax liabilities and/or lead to sanctions by the tax authorities, resulting in adverse effects on the Group's business, earnings and financial position. | The Group acknowledges its responsibility to pay accurate taxes and/or charges which are related to the operation.<br>The Group is cooperating with local advisors to ensure compliance with local legislation. |

### IT breakdown

| Risk | Mitigation |
|---|---|
| The Group depends on information technology to manage critical business processes, including administrative and financial functions. Failure of the Group's information technology systems could cause transaction errors and loss of customers, and could have an adverse effect on the Group's business, earnings, and financial position as well as future prospects. | The Group has a dedicated IT Department to monitor business critical application.<br><br>The Group aims at using standard systems, whenever possible. The purpose is to lower exposure and increase the ability to receive assistance from external resources. |

### Claims and litigation

| Risk | Mitigation |
|---|---|
| The Group is and may in the future become involved in different disputes in connection with its operations. Disputes may relate to inter alia agreements, intellectual property and failure to deliver stipulated services. Such disputes may be costly, time consuming, relate to large amounts and may disrupt the normal business of the Group. | The exposure is mitigated through two elements:<br><br>- The Legal Counsel has approved the possibility for larger contracts with customers to lower potential new exposures.<br><br>- Insurance is used as mitigation. |

### Employment related matters

| Risk | Mitigation |
|---|---|
| As the Group employs staff in different countries, there are demanding requirements for the Group to comply with many different labour regulations and requirements regarding pension schemes, salaries, working hours, etc. | The Group employs staff according to local legislation. The Group aims at avoiding cross-border employment to lower the risk for incorrect employment. |

### Loss of certificates and accreditation

| Risk | Mitigation |
|---|---|
| Several certificates and accreditation are business critical for the operation. | The Group has enforced a QHSE department to ensure compliance with standards. The department is responsible for internal and external quality audits. |

# Corporate Social Responsibility

RelyOn Nutec was carved-out from Falck in 2018 and is undergoing a significant transformation. Corporate Social Responsibility is one of the key areas of focus and in 2018 the focus was on preparing and establishing an appropriate governance and framework around CSR. This work will continue and be developed in 2019, which will also entail improved and more detailed reporting for 2019.

**Approach to CSR**
RelyOn Nutec does not have a separate CSR policy as elements that may be included in a CSR policy are already an integral part of RelyOn Nutec's business behavior, including the company's Code of Conduct and other relevant specific policies and procedures.

However, RelyOn Nutec is committed to respect human rights, to manage environmental impacts and manage anti-corruption. RelyOn Nutec adheres to all applicable laws as well as internal policies and procedures.

Therefore, RelyOn Nutec is in the process of introducing an improved culture on compliance and complete a review of the existing framework and governance. This also entails that new targets and objectives for the corporate social responsibility area will be defined during 2019.

Governance documents and procedures have been prepared and implemented to support and ensure that the above vision is complied with. Further, a management system is in place in order to support and ensure due implementation, improving performance and ensure an appropriate culture with respect to the policies and procedures in place.

*Code of Conduct and UN Global Compact*
RelyOn Nutec has a Code of Conduct, outlining the expectations to and reflecting the principles on how we conduct our business, and how our providers and employees are expected and required to act.

It has been decided that the RelyOn Nutec Group will work towards signing up to the UN Global Compact, hence initiatives will be initiated to ensure that this will be achieved in due course. This will also entail that the Code of Conduct will be reviewed and updated during 2019.

**Primary CSR Related Risks and Policies**
*Labour*
RelyOn Nutec believes that an engaged and motivated workforce that is offered development opportunities will produce better quality work and be more satisfied. RelyOn Nutec invests in the development of employee skills, knowledge and competencies as this is essential for the success of the group and continued satisfaction of the employees.

RelyOn Nutec has numerous policies in place to ensure the well-being, health, safety and security of our employees, including policy on health and safety, on safe driving and on human rights. With respect to health, safety and security we have in 2018 continued to work systematically to implement improvements across the Group.

The RelyOn Nutec Group wishes to contribute to the society and to the people that we engage with when conducting our business. Our commitment to respect and protect human rights is among other things following the UN Guiding Principles on Business and Human Rights and inspired by ILO Declaration on Fundamental Principles and Rights at Work.

*Human Rights and Data Protection*
Further, RelyOn Nutec has great focus on ensuring that the employees and customers' personal data is not misused. This is ensured by compliance initiatives and ongoing projects with respect to processing and protecting personal data to continuously ensure the highest standard of data protection. All such data protection projects and initiatives continued throughout 2018 and are anchored with the Group General Counsel.

*Environment and climate*
RelyOn Nutec does not have a separate policy on environment and climate as this is not deemed appropriate. However, some environmental elements are already an integral part of RelyOn Nutec's business behavior, including the company's Code of Conduct and other relevant specific policies and procedures.

*Anti-corruption*
RelyOn Nutec conducts business in accordance with all relevant laws and regulations in all counties including the FCPA and the UK Bribery Act and adheres to all policies and procedures. The RelyOn Nutec Group operates in areas of the world where corruption is not an uncommon practice. Therefore, it is crucial that appropriate policies and procedures are duly implemented and that measures are taken to mitigate this risk and to prevent non-compliant practices. One initiative implemented in 2018 to mitigate the risk in this area is a roll-out of business ethics through e-learning sessions across the RelyOn Nutec Group. Continuous focus will remain on anti-corruption and additional initiatives will be implemented in order to mitigate and prevent non-compliant practices.

**Activities and Results in 2018**
It is assessed by Group Management that the continued work with and focus on human rights and corporate social responsibility contributes positively to the Group's reputation and performance.

Due to the transformation RelyOn Nutec has undergone in 2018, and due to that our CSR related activities in 2018 were all about creating the proper set up and governance around CSR, we do not have results to report area by area. It is our ambition that this will be possible in 2019.

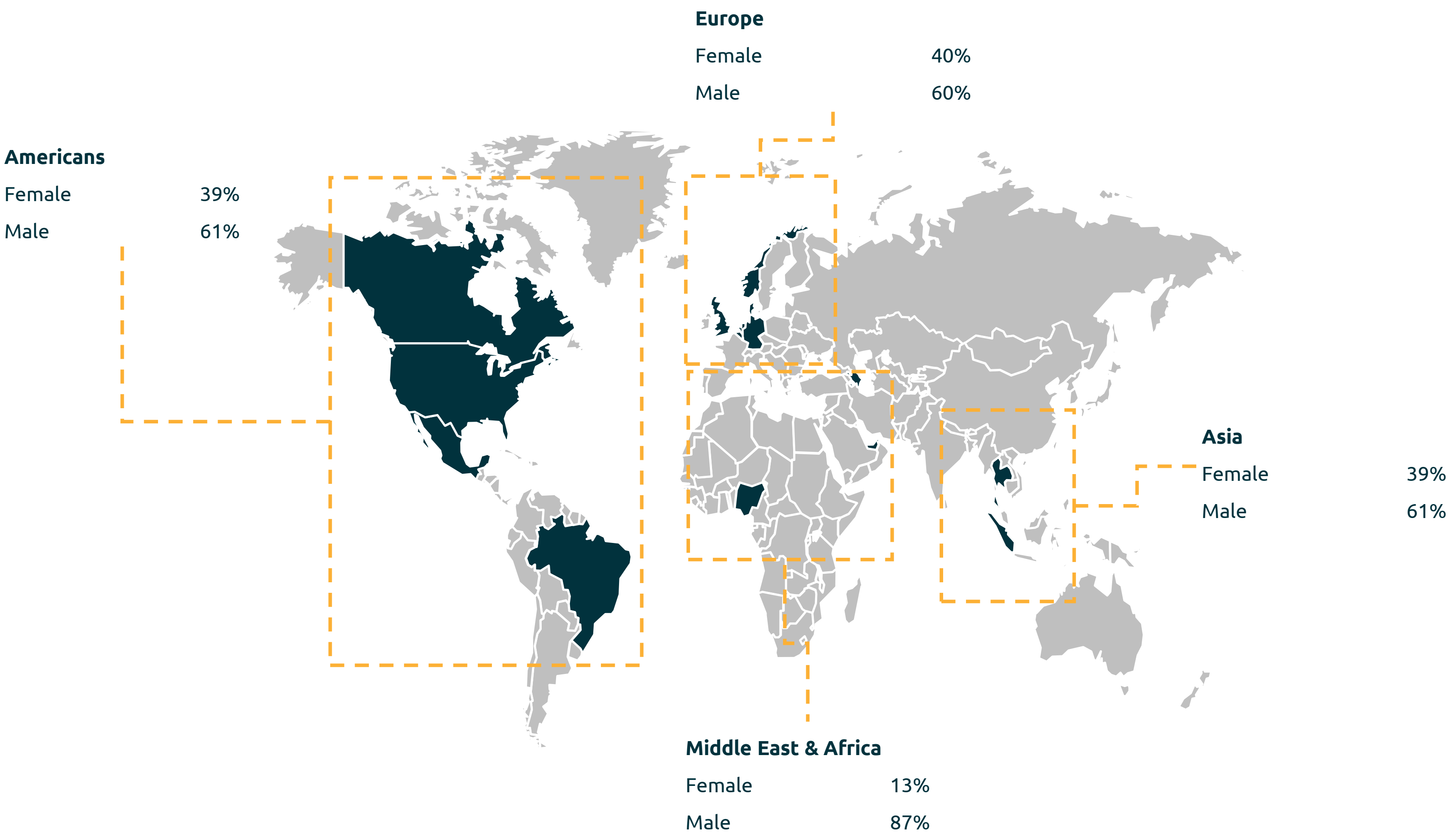
# Diversity

RelyOn Nutec's core principle for diversity is to ensure equal conditions and opportunities for every individual, including gender diversity. Following this principle, RelyOn Nutec's approach to gender diversity is that the composition of the management levels, over a number of years, should reflect the composition of the wider group of employees.

The core principle for diversity is that there must be equal conditions for all, this applies e.g. both with respect to external candidates applying for leadership positions within the RelyOn Nutec Group and regarding internal promotions.

The composition of employees of the RelyOn Nutec Group consists of 34% women and 66% men. The management level below Group Management consists of 21% women and 79% men. The Board of Directors consist of three men, while Group Management in 2018 consisted of 3 men and one woman. The target in relation to gender composition of Group Management is that at least 20% of Group Management underrepresented gender. It is the target within five years, that the Board of Directors must consider at least 1/3 of the underrepresented gender.

RelyOn Nutec has continuous focus on diversity including gender composition across the Group. Further assessments will be initiated to monitor diversity within the Group and RelyOn Nutec will in 2019 define a more detailed policy for this area.



# Financials

# Consolidated Financial Statements 2018

# Consolidated financial statements

## Income statement

| | Note | 31.08 - 31.12.2018 DKKm |
|---|---|---|
| Revenue | 1.1 | 248 |
| Other income | | 3 |
| Cost of sales and external assistance | | (59) |
| Employee costs | 1.2 | (113) |
| Other operating costs | | (44) |
| **Operating profit before depreciation, amortization, impairment losses and other items (EBITDA)** | | **35** |
| Depreciation and impairment losses on property, plant and equipment | 1.3 | (11) |
| **Operating profit before other items (EBITA)** | | **24** |
| Special items | 1.4 | (36) |
| Amortization of intangible assets | 1.3 | (2) |
| **Operating profit (EBIT)** | | **(14)** |
| Financial income | 1.5 | 4 |
| Financial expenses | 1.6 | (10) |
| **Profit/loss before tax** | | **(20)** |
| Income tax | 1.7 | 1 |
| **Profit/loss for the period** | | **(19)** |
| **Profit/loss for the year is attributable to:** | | |
| Owners of P-RelyOn Nutec 2018 A/S | | (22) |
| Non-controlling interests | | 3 |
| **Total** | | **(19)** |

## Statement of comprehensive income

| | 31.08 - 31.12.2018 DKKm |
|---|---|
| Profit for the period | (19) |
| ***Other comprehensive income*** | |
| *Items that will be subsequently reclassified to profit or loss* | |
| Exchange rate adjustments of foreign entities | (2) |
| **Total comprehensive income for the period** | **(21)** |
| **Total comprehensive income for the period is attributable to:** | |
| Owners of P-RelyOn Nutec 2018 A/S | (24) |
| Non-controlling interests | 3 |
| **Total** | **(21)** |

**Supplementary information**

The consolidated financial statements include consolidated figures from 20 September 2018 to year-end.

# Consolidated financial statements

| | Notes | 31 December 2018 DKKm |
|---|---|---|
| Goodwill | 2.1 | 136 |
| Brands | 2.1 | 55 |
| Customer contracts | 2.1 | 60 |
| Knowhow | 2.1 | 27 |
| Other intangible assets | 2.1 | 8 |
| Property and plant | 2.2 | 205 |
| Equipment | 2.2 | 117 |
| Leasehold improvement | 2.2 | 30 |
| Asset under construction | 2.2 | 17 |
| Deferred tax asset | 2.3 | 13 |
| Other non-current assets | | 4 |
| **Total non-current assets** | | **672** |
| Trade receivables | 2.4 | 162 |
| Contract assets | | 19 |
| Prepayments | | 18 |
| Other receivables | | 24 |
| Cash and cash equivalents | | 107 |
| **Total current assets** | | **330** |
| **Total assets** | | **1,002** |

| | Notes | 31 December 2018 DKKm |
|---|---|---|
| Share capital | | 3 |
| Foreign currency translation reserve | | (2) |
| Retained earnings | | 247 |
| **Total equity attributable to owners of the parent company** | | **248** |
| Non-controlling interests | | 32 |
| **Total equity** | **2.5** | **280** |
| Bond | 3.6 | 326 |
| Provisions | 4.3 | 92 |
| Financial lease | 4.4 | 35 |
| Deferred consideration | | 25 |
| Other non-current debt | | 16 |
| **Total non-current liabilities** | | **494** |
| Provisions | 4.3 | 12 |
| Credit facility | 3.4 | 12 |
| Trade payables | | 93 |
| Deferred consideration | | 50 |
| Financial lease | 4.4 | 4 |
| Other liabilities | | 57 |
| **Total current liabilities** | | **228** |
| **Total liabilities** | | **722** |
| **Total equity and liabilities** | | **1,002** |

# Consolidated financial statements

**Statement of changes in equity**

| DKKm | Share capital | Foreign currency translation reserve | Retained earnings | Total equity attributable to owners of P-RelyOn RelyOn Nutec 2018 A/S | Non-controlling interests | Total |
|---|---|---|---|---|---|---|
| **Equity at 30.03.2018** | 0 | | | 0 | | 0 |
| Profit for the period | | | (22) | (22) | 3 | (19) |
| Other comprehensive income | | (2) | | (2) | | (2) |
| **Total comprehensive income for the period** | **0** | **(2)** | **(22)** | **(24)** | **3** | **(21)** |
| *Transactions with owners in their capacity as owners* | | | | | | |
| Capital increase | 3 | | 269 | 272 | 5 | 277 |
| Non-controlling interests on acquisition of subsidiary | | | | | 29 | 29 |
| Dividend | | | | | (5) | (5) |
| **Total transactions with shareholders** | **3** | **0** | **269** | **272** | **29** | **301** |
| **Equity at 31.12.2018** | **3** | **(2)** | **247** | **248** | **32** | **280** |

# Consolidated financial statements

## Cash flow statement

| | Notes | 31.08 - 31.12.2018 DKKm |
|---|---|---|
| Operating profit before depreciation, amortization, impairment losses and other items (EBITDA) | | 35 |
| Changes in net working capital | 4.5 | 12 |
| Interests paid | | (10) |
| Income taxes paid | 1.6 | (2) |
| Special items paid | | (43) |
| **Net cash flow from operating activities** | | **(11)** |
| Purchase of property, plant and equipment | 2.2 | (19) |
| Purchase of intangible assets | 2.1 | (2) |
| Proceeds from sale of property, plant and equipment | | 3 |
| Purchase of shares from minority shareholders | | (42) |
| Purchase of subsidiaries, net of cash | 4.2 | (413) |
| Change in other investment activities | | (9) |
| **Net cash flow from investing activities** | | **(482)** |
| Proceeds from borrowings | 3.7 | 348 |
| Capital increase | | 277 |
| Dividend paid, non-controlling interest | | (5) |
| Change in other financing activities | | (20) |
| **Cash flow from financing activities** | | **600** |
| **Net cash flow for the period** | | **107** |
| Cash and cash equivalents, beginning of the year | | 0 |
| Effects of exchange rate changes on cash and cash equivalents | | 0 |
| **Cash and cash equivalents at end of the year** | **4.5** | **107** |

# Notes

# Notes

## Note 1.1 - Revenue

| DKKm | Offshore Oil and gas | Renewable | Maritime | Industrial | 31.08 - 31.12.2018 |
|---|---|---|---|---|---|
| Americas | 51 | 0 | 5 | 4 | 60 |
| Asia | 22 | 0 | 2 | 6 | 30 |
| Europe | 59 | 9 | 1 | 53 | 122 |
| Middle East & Africa | 31 | 0 | 0 | 5 | 36 |
| **Total** | **163** | **9** | **8** | **68** | **248** |

**Accounting policy**

The Group generates revenue from delivering of safety training services to its customers within the oil and gas, wind and maritime industry globally.

Revenue from providing services is recognized in the accounting period in which the services are rendered.

The activity is pay-per-use, and the payment terms for customers are 30-60 days, and invoicing is shortly after completion of courses.

If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized. A receivable is recognized when the receipt of payment is conditional on passage of time only.

Where another party is involved in providing the services to the customer, the Group assesses on a contract by contract basis, whether the Group is acting as a principal or as an agent. The Group is acting as a principal when the nature of its promise is a performance obligation to provide the specified services itself. On the contrary the Group is acting as an agent when it is arranging for the services to be provided by the other party.

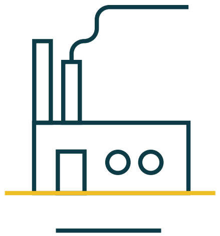
When the Group obtains control over the specified service before it is transferred to the customer, it is a principal and thus recognizes revenue on a gross basis. When the Group is acting as an agent, the commission rather than the gross income is recognized as revenue.

## Offshore Oil & Gas

Everything from basic safety courses to high-level crisis management and contingency plans for entire organisations. The ideal combination of global consistency and local flexibility.

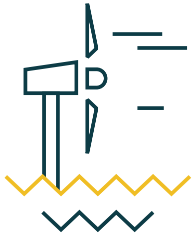
## Maritime

We have trained personnel from the maritime industry for over 30 years. Including the management of passenger safety in the cruise sector.



## Industrial

A wide range of training and competency solutions for construction, engineering, manufacturing, aerospace and aviation, food and drink, and defence.



## Renewables

Practical and realistic safety training designed specifically for the renewables sector. Dedicated facilities including wind turbine training towers and boat transfer simulators.

# Notes

| | 31.08 - 31.12.2018 DKKm |
|---|---|
| **Note 1.2 – Staff costs** | |
| Wages and salaries | 88 |
| Pensions, defined contribution plans | 4 |
| Other social security costs | 8 |
| Other staff costs | 13 |
| Total | **113** |
| | |
| Average number of full-time employees | 1,043 |

**Key Management Compensation**
Key Management consists of Board of Directors and Executive Management. None of the members have received any compensation.

**Accounting policy**
Employee costs comprise wages and salaries as well as expenses for payroll and pensions.

| | 31.08 - 31.12.2018 DKKm |
|---|---|
| **Note 1.3 - Amortization, depreciation and impairment losses** | |
| Depreciation on property, plant and equipment, cf. note 2.2 | (11) |
| Amortisation, cf. note 2.1 | (2) |
| **Total** | **(13)** |
| | |
| **Note 1.4 - Special items** | |
| Transactions costs | (27) |
| Restructuring costs | (9) |
| **Total** | **(36)** |

**Accounting policy**
Special items consist of non-recurring income and expenses that the Group does not consider to be part of its ordinary operations such as restructuring projects. The use of special items entails Management judgement in the separation from the ordinary operations of the Group. When using special items, it is essential that these constitute items that cannot be attributed directly to the Group's ordinary operating activities.

# Notes

| | 31.08 - 31.12.2018<br>DKKm |
|---|---|
| **Note 1.5 - Financial income** | |
| Exchange rate gain | 4 |
| Total | **4** |
| **Note 1.6 - Financial expenses** | |
| Bond interest (amortized cost) | (7) |
| Other financial expenses | (3) |
| **Total** | **(10)** |

**Accounting policy**

Financial income and expenses represent interest income and interest expense, realized and unrealized exchange rate gains and losses and amortization related to financial assets and liabilities. Dividends to capital holders who have received put options in connection with business combinations are recognized as a financial expense in cases where the option price is independent of dividend payments. Financials are recognized at the amounts related to the year.

# Notes

| | 31.08 - 31.12.2018 DKKm |
|---|---|
| **Note 1.7 - Tax on profit for the period** | |
| Current tax: | |
| Current tax on profits for the period | (1) |
| Deferred tax on profit for the period | 2 |
| **Total** | **1** |
| | |
| Tax for the period has been recognized as follows: | |
| Tax on profit for the period | 1 |
| **Total** | **1** |
| | |
| **Calculated 22.0% tax on profit for the period before income tax** | **4** |
| | |
| **Tax effects of:** | |
| Non-taxable income | 5 |
| Non-deductible expenses | (7) |
| Deferred tax adjustment | (3) |
| Difference in foreign tax rates | 2 |
| **Total** | **1** |
| | |
| **Effective tax rate** | **5%** |

**Accounting policy**

P-RelyOn Nutec 2018 A/S and the Group's Danish subsidiaries are jointly taxed. Danish corporation tax is allocated among the jointly taxed companies according to the taxable income of these companies. Income tax for the year, consisting of current tax for the year and changes in deferred tax, is recognized in profit for the year with respect to the part that can be attributed to profit for the year and in other comprehensive income with respect to the part that can be attributed to other comprehensive income or directly to equity.

Corporation tax payables include corporation taxes made up on the basis of estimated taxable income for the financial year and prior-year adjustments.

Deferred tax is calculated according to the balance sheet liability method and is based on all timing differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognized on goodwill that is not tax deductible, and deferred tax is not recognized on undistributed profits in subsidiaries and timing differences that arose at the time of recognition in the balance sheet other than for acquisitions, if such differences will not affect profit or taxable income. When alternative tax rules can be applied to determine the tax base, deferred tax is measured based on planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax assets and liabilities are offset within the same legal tax entity or jurisdiction. Deferred tax assets are measured at the value at which they are expected to be realized. Deferred tax is measured using the tax rate expected to apply when timing differences are reversed. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

# Notes

**Note 2.1 - Intangible assets**

| DKKm | Goodwill | Brands | Customer contracts | Knowhow | Other intangible assets | Total |
|---|---|---|---|---|---|---|
| Cost: | | | | | | |
| At 31.08.2018 | 0 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of business, cf. note 4.2 | 136 | 55 | 63 | 27 | 6 | 287 |
| Additions | 0 | 0 | 0 | 0 | 2 | 2 |
| **At 31.12.2018** | **136** | **55** | **63** | **27** | **8** | **289** |
| Accumulated amortisation and impairment: | | | | | | |
| At 31.08.2018 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation for the period | 0 | 0 | (2) | (0) | 0 | (2) |
| Exchange rates | 0 | 0 | (1) | (0) | 0 | (1) |
| **At 31.12.2018** | **0** | **0** | **(3)** | **(0)** | **0** | **(3)** |
| **Carrying amount 31.12.2018** | **136** | **55** | **60** | **27** | **8** | **286** |
| Remaining expected economic lifetime | Indefinite | Indefinite | 10 years | 10 years | 3 -5 years | |

**Supplementary information**

Brand includes active brands within RelyOn Nutec Group; RelyOn Nutec, Aberdeen Drilling School and MSTS. Nutec is our heritage. Nutec is dated back to 2004 and it is a symbol for safety training in multiple parts of the world. Aberdeen Drilling School is a world known-brand to deliver well-control training. MSTS is the local brand in the Asian region, which is associated with high quality safety training. Nutec is the only material brand, which carrying amount is DKKm 38.

Knowhow includes the knowledge for obtaining business critical certificates, such as OPITO, GWO, ISO etc.

**Accounting policy**

*Goodwill*

Goodwill is recognized in the balance sheet at cost on initial recognition as described under "Business combinations", note 4.2. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortized, but is tested for impairment at least once a year.

On initial recognition, goodwill is allocated to those of the Group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the Group's management structure and internal financial management and reporting.

*Brands*

Brands acquired in a business combination are recognized at fair value at the acquisition date. They have an indefinite useful life and are subsequently carried at cost less accumulated impairment losses.

*Customer contracts and knowhow*

Customer contracts and knowhow acquired in a business combination are recognized at fair value at the acquisition date. Knowhow are based on obtaining business required certificates to perform the operation. They have an finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Intangible assets acquired on acquisitions are amortized over the expected economic life, estimated to be 10 years.

*Other intangible assets*

Other intangible assets include software etc. Other intangible assets are measured at cost including costs which can be directly or indirectly attributed to the assets in question less accumulated impairment and amortization are amortized on a straight-line basis over the expected economic life, estimated to be 3 to 5 years.

# Notes

**Accounting policy**

Each year, the assets are reviewed in order to assess whether there are indications of impairment. If such indications exist, the recoverable amount, determined as the higher amount of the fair value of the asset adjusted for expected costs to sell and the value in use of the asset, is calculated. The value in use is calculated based on the estimated future cash flows, discounted by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or its cash-generating unit is lower than the carrying amount, an impairment charge is recognized in respect of the asset. The impairment loss is recognized in the income statement. In addition, for goodwill and other intangible assets with indefinite useful lives, impairment tests are performed at each balance sheet date, regardless of whether there are any indications of impairment. For acquisitions, the first impairment test is performed before the end of the year of acquisition.

In addition, for goodwill and brands with indefinite useful lives, impairment tests are performed at each balance sheet date, regardless of whether there are any indications of impairment. For acquisitions, the first impairment test is performed before the end of the year of acquisition.

Impairment losses are reversed if the recoverable amount increases. Impairment losses will only be reversed to the extent that the value in use does not exceed the carrying amount of the asset if the impairment loss had never been charged. Impairment losses on goodwill are not reversed.

**Impairment test**

Goodwill and Brands are monitored by management at the CGU level. As of 31 December 2018, allocation of goodwill by CGU is preliminary. Goodwill and brands are preliminarily allocated to CGU's, as per below.

| | Carrying amount | | |
|---|---|---|---|
| **CGU** | **Goodwill** | **Brand** | **Total** |
| Asia | 43 | 24 | 67 |
| Americans | 44 | 12 | 58 |
| Europe | 40 | 17 | 57 |
| Middle East & Africa | 9 | 2 | 11 |
| **Total** | **136** | **55** | **191** |

Due to the short period between the acquisition date and the balance sheet date, management has determined the recoverable amount as fair value less costs to sell by considering the key assumptions underlying the transaction price and changes, if any changes to these assumptions during the ownership period.

Fair value less costs to sell is determined on the basis of a discounted cash flow model. In the calculation future free net cash flow is estimated based on budgets and financial forecasts reflecting expectations as of the acquisition date adjusted for changes, if any, during the ownership period. Cash flows comprise a four year forecast period and a terminal value. The key parameters in determining expected cash flows costs to sell are revenue, EBITDA margin and, capital expenditure. The revenue growth rate in the forecast period is between 5% and 9%, and the EBITDA margin is expected to be constant over the period. Annual Investments are expected to amount to 3-7% of revenue.

The post tax discount rate applied is 11.9% and the growth rate in the terminal period is 1.5%

Fair value is determined on the basis of unobservable input (level 3)

**Critical accounting estimates**

Goodwill and Brands have a indefinite lifetime since there is no foreseeable limit to the period over which Goodwill and Brands are expected to generate net cash inflows. The group tests whether goodwill has suffered any impairment on an annual basis. For the 2018 reporting period, the recoverable amount of the cash generating units (CGUs) was determined based on fair value less costs to sell which require the use of assumptions. The calculations use cash flow projections for multiple years with extrapolation beyond the forecast period using the estimated growth rates.

Factors that played a significant role in the determining that brands have an indefinite useful lifetime; 1) brands have existed in decades, 2) the strategy is based on the brands, and 3) the brands have a low maintenance costs attached.

# Notes

### Note 2.2 - Property, plant and equipment

| DKKm | Land and buildings | Equipment | Leasehold improvement | Assets under construction | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 30.03.2018 | 0 | 0 | 0 | 0 | 0 |
| Acquisition of business | 163 | 123 | 32 | 51 | 369 |
| Additions | 12 | 5 | 1 | 2 | 20 |
| Transferred | 38 | 0 | 0 | (38) | 0 |
| Disposals | (5) | (8) | 0 | 0 | (13) |
| Exchange difference | 0 | (2) | (1) | 2 | (1) |
| **At 31.12.2018** | **208** | **118** | **32** | **17** | **375** |
| Accumulated depreciation and impairment: | | | | | |
| At 30.03.2018 | 0 | 0 | 0 | 0 | 0 |
| Depreciation for the period | (3) | (7) | (1) | 0 | (11) |
| Impairment for the period | 0 | 0 | 0 | 0 | 0 |
| Reversals regarding disposals | 0 | 8 | 0 | 0 | 8 |
| Exchange difference | 0 | (2) | (1) | 0 | (3) |
| **At 31.12.2018** | **(3)** | **(1)** | **(2)** | **0** | **(6)** |
| **Carrying amount 31.12.2018** | **205** | **117** | **30** | **17** | **369** |
| Of which relates to finance leases, cf. note 4.4 | 12 | 15 | 4 | 0 | 31 |

**Supplementary information**
Committed CAPEX on December 31, 2018 are related to completion of the new facility in Asia, total DKKm 2

**Accounting policy**
Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes direct costs related to the asset and the initial estimate of the costs related to dismantling and removing the item and restoring the site on which it is located, if the costs meet the definition of a liability. Cost further includes borrowing costs from specific and general borrowings directly relating to the acquisition, construction or development of the individual qualifying asset during the period that is required to complete and prepare the asset for its intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items.

Depreciations are calculated using the straight-line method to allocate their cost, net of their residual values over their estimated useful lives, as follows:

| | |
|---|---|
| Land and buildings | 25 - 30 years |
| Equipment | 3 - 10 years |
| Leasehold improvements | Term of lease |
| Land | Not depreciated |

The residual value and useful life is determined at the date of acquisition and revalued each year. Where the residual value exceeds the carrying amount, the asset ceases to be depreciated.

Gains and losses on the disposal or scrapping of property, plant and equipment are determined as the difference between the sales price less dismantling, selling and re-establishing costs and the carrying amount. Gains and losses are recognized in the income statement as other operating income and external expenses, respectively.

The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life, as described above, or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Each year, the assets are reviews in order to assess, whether there are any indicators of impairment, cf. note 2.1

# Notes

| | 2018 DKKm |
|---|---|
| **Note 2.3 – Deferred tax asset** | |
| Deferred tax at 31.08.2018 | 0 |
| Acquisition of business, cf. note 4.2 | 14 |
| Deferred tax reccognised in the income statement | (1) |
| **Deferred tax at 31.12.2018** | **13** |
| | |
| **Deferred tax relates to:** | |
| Intangible assets | 8 |
| Tax loss carry forward | 5 |
| **Total** | **13** |

**Supplement information**

The Group has unrecognized tax losses to carry forward, total DKKm 46. The Group is of the opinion, that utilization within 3-5 years is not possible. There is no expire on the tax losses to carry forward. Further, there are unrecognized deferred tax assets related to property, plant and equipment, and trade receivable, total DKKm 12.

**Note 2.4 - Trade receivable and contract assets**

| The Group has recognized the following assets related to contracts with customers | Trade receivable | Contracts assets |
|---|---|---|
| Balance as of 31.08.2018 | 0 | 0 |
| Balance as of 31.12.2018 | 162 | 19 |

**Supplementary information**

The increase in balances of receivables and contracts assets are primarily related to business combinations, which increased trade receivables with DKKm 143 and contracts assets DKKm 24. Please refer to note 4.2 for further information.

| | Trade receivable | Contracts assets |
|---|---|---|
| Total at 31 December | 164 | 20 |
| Expected credit loss | (2) | (1) |
| **Total net** | **162** | **19** |

**Accounting policy**

On initial recognition, receivables are measured at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost.

Trade receivables and contract assets are written down for expected credit losses. The Group applies the simplified approach in IFRS 9 to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and contract assets. The Group's impairment policies are further described in note 3.3. A write-down is recognized in other external costs.

# Notes

### Critical Accounting Estimate

To measure the expected credit losses trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a 12 month period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information affecting the ability of the customers to settle the receivables.

| DKKm | Expected loss rate | Gross carrying amount, trade receivables | Expected credit loss | Net |
|---|---|---|---|---|
| Contracts assets | 5% | 20 | (1) | 19 |
| Not due | 1% | 71 | (1) | 70 |
| More than 1 day past due | 2% | 45 | (1) | 44 |
| More than 30 days past due | 0% | 23 | (0) | 23 |
| More than 60 days past due | 0% | 9 | 0 | 9 |
| More than 90 days past due | 0% | 16 | 0 | 16 |
| **Total** | | **184** | **(3)** | **181** |
| | | | | |
| **Opening balances of loss allowance** | | | | 0 |
| Expected credit loss during the year | | | | (3) |
| **Expected credit loss allowance at 31 December 2018** | | | | **(3)** |

### Supplementary information

As described in note 4.2, the trade receivables acquired as part of the business combination were recognized by the Group at their fair value of DKKm 167, net of an amount of DKKm 26 which were expected to be uncollectible. Accordingly, the remaining balances of the trade receivables originating from the acquisition of business are included in the gross carrying amount in the table above by their acquisition date fair value.

## Note 2.5 – Share capital

| The share capital comprise: | Number of shares | Nominal value (DKK'000) |
|---|---|---|
| Share capital 31.08.2018 | 500,000 | 1 |
| Capital increase 18.09.2018 | 2,549,000 | 3 |
| Capital increase 09.10.2018 | 167,000 | 0 |
| **Share capital 31.12.2018** | **3,216,000** | **3** |
| | | |
| Share capital is distributed as follows: | | |
| A-shares | 1,582,508 | 1 |
| B-shares | 1,633,492 | 2 |
| **Total** | **3,216,000** | **3** |

### Supplementary information

All shares have nominal value of DKK 0,01.
The different share types have same rights.
All shares are fully paid up.

# Notes

**Note 3.1 - Financial risk management**

**Financial risk factors**
As part of a global operation, the Group is exposed to cash flow in multiple different currencies. The Group has adopted an expected credit loss model to calculate credit exposure relating to trade receivable. Liquidity risk arises from the financing facility for the Group. Financing facilities are in EUR, which are based on 3M Euribor rate.

**Note 3.2 - Market risk**
The Group is exposed to foreign exchange risk. Changes in currency exchange rates result from various factors such as macro-economic factors, speculative transactions and interventions by central banks and governments. In addition, government and monetary authorities may impose exchange controls that could adversely affect an applicable currency exchange rate. The risk arises as per change in exchange rates.

The objective is to minimize impact from change in exchange rates:

- Natural hedges (income and expenses in same currency) minimize the impact in the profit and loss.
- The majority of the current cash position is within low risk foreign currency; GBP, MYR, EUR, TTD and USD.
- The Bond and credit facility are in EURO.

*Sensitivity*
As describe above, the Group is primarily exposed to changes in GBP, MYR, NOK, TTD and USD exchange rates. The sensitivity – as per below - to reasonably possible changes in the exchange rates and impact in profit and loss and equity. Impact on profit after tax, trade receivable, cash and trade payables are based on change to exchange rates applied in the Group. The following rates have been applied:

| | **- 10 %** | **Year-end rates** | **+ 10 %** |
|---|---|---|---|
| DKK / GBP | 744.5 | 827.2 | 909.9 |
| DKK / MYR | 141.3 | 157.0 | 172.7 |
| DKK / NOK | 67.4 | 74.9 | 82.4 |
| DKK / USD | 586.7 | 651.9 | 717.1 |
| DKK / TTD | 86.3 | 95.9 | 105.4 |

| | **Impact on Equity** | | **Impact on total assets or total liabilities** | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Profit after tax | | Trade receivable | | Cash | | Trade payable | |
| **DKKm** | -10% | 10% | -10% | 10% | -10% | 10% | -10% | 10% |
| DKK / GBP | 0 | 1 | -2 | 2 | -1 | 1 | -1 | 1 |
| DKK / MYR | -1 | 2 | -2 | 2 | -2 | 2 | 0 | 0 |
| DKK / NOK | 1 | 0 | -1 | 1 | 0 | 0 | 0 | 0 |
| DKK / USD | 1 | 0 | -2 | 2 | 0 | 0 | 0 | 0 |
| DKK / TTD | 0 | 3 | -1 | 1 | -3 | 3 | 0 | 0 |

*Interest rate risk*
Interest rates on Bonds and credit facility depends on several factors, one of the most significant over time being the level of market interest. The interest rate on the Bonds is based on the 3M Euribor rate.

Sensitivity
The sensitivity of profit or loss is based on changes in in the interest rates.

| | **Profit after tax / Equity** | |
|---|---|---|
| **DKKm** | **- 0.5%** | **+ 0.5%** |
| Change in 3M Euribor | 2 | -2 |

Senisitivity analysis are based on annual interest expenses.

The Group is not using hedging instrument to mitigate the risk.

# Notes

**Note 3.3 - Credit risk**

In accordance with IFRS 9, the Group is to recognize a loss allowance for expected credit loss ("ECL") on its trade receivables.

The ECL for the Groups "private and commercial" customers and "major oil companies or public companies" customers is estimated separately in the model due to differences in the credit characteristics of these customer segments. Expected credit losses are estimated on customers categoried as "private and commercial". Based on experience, actual credit losses for customers categorized as "major oil companies or public companies" are limited.

The impairment model is based on a roll rate method. The roll rate method is derived from the provision matrix described in IFRS 9 as a historical credit loss matrix based on number of days a trade receivable is overdue.

Probability of default (“PD”) is based on historical roll rate for each category and based on Moody's' country-specific PDs.

Loss Given Default is estimated using a loss ratio calculated as the incurred loss divided by the outstanding balance of trade receivables.

The risk in monitored local, and global follow-up as per development in outstanding.

For further information about the Group's credit loss allowance, refer to note 2.4.

**Note 3.4 - Liquidity risk**

The Group has Bond facility available with a maximum of DKKm 745. The Bond is expected to be listed on the Norwegian Stock Exchange during 2019. The interest is based on 3M Euribor rate plus a margin. The bond facility expire in 2023.

The Group has credit facility facility available with a maximum of DKKm 42 for financing of working capital. The interest is based on 3M Euribor rate plus a margin. Drawings on the credit facility expire less than one year.

*Maturity analysis*
The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows incl. interest payments calculated under current conditions.

| Note 3.5 – Maturity analysis<br>DKKm | Less than 1 year | Between 1 and 5 year | More than 5 years | Total | Net book value |
|---|---|---|---|---|---|
| **As at 31.12.2018** | | | | | |
| Bond | 24 | 94 | 354 | 472 | 326 |
| Credit facility | 12 | 0 | 0 | 12 | 12 |
| Deferred consideration | 52 | 28 | 0 | 80 | 75 |
| Trade payables | 93 | 0 | 0 | 93 | 93 |
| Finance lease liabilities | 5 | 19 | 25 | 49 | 39 |
| **Total** | **186** | **141** | **379** | **706** | **540** |

**Financial assets and liabilities per measurement category**

| | |
|---|---|
| **Financial assets** | |
| Financial assets at amortized cost: | |
| Trade receivables | 162 |
| Contract assets | 19 |
| Prepayments | 18 |
| Other receivable | 24 |
| Cash and cash equivalents | 107 |
| **Total** | **330** |
| | |
| **Financial liabilities** | |
| Liabilities at amortised cost: | |
| Bond | 326 |
| Trade payables | 93 |
| Bank loans | 12 |
| Deferred consideration | 75 |
| Finance lease liabilities | 39 |
| **Total** | **545** |
| | |
| Liabilities at fair value | |
| Contingent consideration, non-controlling interest (part of other liabilities in the balance sheet) | 8 |
| **Total** | **553** |

# Notes

### Note 3.6 - Measurement and fair value hierarchy

Financial instruments measured at fair value are shown in accordance with the following accounting hierarchy:

- Level 1; Observable market prices of identical instruments.
- Level 2; Valuation models primarily based on observable prices or trading prices of comparable instruments.
- Level 3; Valuation models primarily based on non-observable prices.

| | Carrying Amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|
| Fair value: | | | | |
| Contingent consideration | 8 | 0 | 0 | 8 |
| Amortised cost: | | | | |
| Finance lease | 39 | 0 | 49 | 0 |
| Bond | 326 | 0 | 0 | 336 |
| **Total** | **373** | **0** | **49** | **344** |

**Supplementary information**

The fair value of contingent considerations to non-controlling interests amounts to DKKm 8 at 31 December 2018. The fair value of the contingent consideration is determined as the present value of the EBITDA multiple less net debt. Significant unobservable inputs include assumptions about the expected development in EBITDA and the discount rate. The estimated fair value will increase, if the expected EBITDA increases or if the present value is based on a lower discount rate. Contingent consideration is based on current EBITDA and expected EBITDA until date of utilization. Management does not expect a reasonable possible change in one or more of the significant unobservable inputs will have a material impact of the estimated fair value.

As the bond was recently issued in September 2018 and carries a variable interest rate, the fair value of the bond has been assessed to approximate the principal amount of DKKm 336. The bond is classified as level 3 fair value in the fair value hierarchy due to the use of unobservable inputs, including own credit risk, which has been reassessed at year-end.

Finance lease is calculated according to minimum lease payment and interest rates. Changes in the interest rates will not have a significant impact.

The fair value of other financial instruments is approximately equal to the carrying amounts due to short maturity.

### Note 3.7 - Changes in liabilities arising from financing activities

| DKKm | 31.08.2018 | Cash | Non-cash changes | | 31.12.2018 |
|---|---|---|---|---|---|
| | | | Acquisitions | Other | |
| Current interest bearing debt | 0 | 12 | 0 | 0 | 12 |
| Non-current interest bearing debt | 0 | 336 | 0 | (10) | 326 |
| Finance lease liabilities | 0 | 0 | 39 | 0 | 39 |
| **Total liabilities from financing activities** | **0** | **348** | **39** | **(10)** | **377** |

Other includes amortized loans cost and accrued interest.

### Note 3.8 - Capital management

The Group's objectives when managing capital are to;

- Safeguarding the ability to continue as a going concern, so entities can continue to provide returns for shareholders and benefits for other stakeholders,
- Maintain an optimal capital structure on a global scale,
- Cash pool is used within some areas to optimize cash position,
- Cash flow forecasting on a bi-weekly frequency.

As part of the bond, the Group have to comply with the following covenants:

- LTM EBITDA / NIDB < 4,5
- Finance lease < DKKm 11

One lease contract have change from operational lease liability to finance lease liability as part the purchase price allocation. The contract origin back to 2014 and were present at the time of completion of the term of condition. Beside it, the Group are in compliance with the covenants.

# Notes

**Note 4.1 - Fee to auditors appointed at the general meeting**

| | 31.08 - 31.12.2018 DKKm |
|---|---|
| Audit fee to PwC | 2 |
| Other assurance engagements | 0 |
| Tax advisory services | 0 |
| Non-audit services | 4 |
| **Total** | **6** |

**Note 4.2 - Business combination**
On 20 September 2018, the parent company acquired the entire share capital of RelyOn Nutec Holding A/S, former known as Falck Safety Services Holding A/S, which operates in the business of safety training services to the oil and gas, wind and maritime industry globally, and other related business.

Details of the purchase consideration, the net asset acquired and goodwill are described below. Purchase price allocations are preliminary, however the Management does not expect any changes.

| Purchase consideration: | DKKm |
|---|---|
| Cash paid for shares  and deferred consideration including group contribution | 116 |
| Settlement of acquires debt to seller | 448 |
| Deferred consideration | 75 |
| **Total purchase consideration** | **639** |

| The assets and liabilities recognized as a result of the acquisition are as follows: | Fair value DKKm |
|---|---|
| Cash | 126 |
| Trade receivables | 143 |
| Contracts assets | 24 |
| Tangible assets: Property, plant and equipment | 369 |
| Intangible assets: customer contracts | 63 |
| Intangible assets: brand | 55 |
| Intangible assets: knowhow | 27 |
| Intangible assets: other | 6 |
| Deferred tax assets | 14 |
| Other assets | 52 |
| Trade payables | (118) |
| Onerous contracts | (83) |
| Finance lease | (40) |
| Other liabilities | (106) |
| **Net identifiable assets acquired** | **532** |
| | |
| Non-controlling interests | (29) |
| Goodwill | 136 |
| **Net assets acquired** | **639** |

# Notes

The Group has elected to measure non-controlling interests in the RelyOn Nutec Group at its proportionate share of the net assets acquired. The goodwill amounting to DKKm 136 is attributable to workforce etc. It will not be deducted for tax purposes. The fair value of acquired trade receivables is DKKm 167. The gross contractual amount for trade receivables due is DKKm 193, of which DKKm 26 is expected to be uncollectable.

The acquired RelyOn Nutec business contributed revenues of DKKm 248 and net profit of DKKm (19). If the acquisition had occurred on 30 March 2018, consolidated pro-forma revenue and profit for the year ended 31 December 2018 would have been DKKm 620 and DKKm (12), respectively.

**Cash flow on acquisition**

| Outflow of cash to acquire RelyOn Nutec | DKKm |
|---|---|
| Cash consideration | 91 |
| Settlement of acquires debt to seller | 448 |
| Less cash acquired | -126 |
| Net outflow of cash - investing activities | 413 |

Acquisition-related costs of DKKm 27 have been recognized in the income statement within special items.

**Note 4.3 - Provisions**

The movement in each class of provision during the year is set out below:

| DKKm | Onerous contracts | Refurbishment provision | Other provisions | Total |
|---|---|---|---|---|
| At 31.08.2018 | 0 | 0 | 0 | 0 |
| Acqusition of business | 83 | 20 | 5 | 108 |
| Change during the period | (3) | 0 | (1) | (4) |
| At 31.12.2018 | **80** | **20** | **4** | **104** |

**Accounting policy**

Provisions are recognized when, as a consequence of an event occurring before or on the balance sheet date, the Group has a legal or constructive obligation and it is probable that an outflow of resources will be required to settle the obligation. The amount recognized as a provision is Management's best estimate of the present value of expenses required to settle the obligation.

Provisions for restructuring are recognized when a detailed, formal plan for the restructuring has been made before or on the balance sheet date and has been announced to the parties involved.

Provisions for retained risks related to occupational injuries are recognized at the time of the claim and include an estimate of claims incurred but not reported based on actuarial calculations.

A provision for onerous contracts is made when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

**Supplementary information**

Provision for refurbishment obligation are related to clean up on the facilities within the Group. Refurbishment provision will be an obligation prior relocation. Relocation is not highly likely, hence all provisions are non-current. Onerous contracts expire within 0 - 15 years.

# Notes

## Note 4.4 - Leases

Commitments related to finance leases as of 31 December 2018 are payable as follows:

The fair value of lease liabilities are determined by discounting the future cash flows using a current borrowing rate.

| DKKm | Minimum lease payment | Present value of minimum lease payments |
|---|---|---|
| Within one year | 5 | 3 |
| Later than one year but not later than five years | 19 | 15 |
| Later than five years | 25 | 21 |
| **Total** | **49** | **39** |
| Future finance charges | (10) | |
| **Present value of minimum lease payments** | **39** | |

**Accounting policy**

For financial reporting purposes, lease liabilities are classified as either finance or operating lease liabilities.

Leases are classified as finance leases when substantially all risks and rewards of ownership of the leased assets are transferred to the Group. Other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and the related liability is described in the sections on property, plant and equipment and financial liabilities respectively.

Assets held under operating leases are not recognized in the balance sheet. Lease liabilities under operating leases are disclosed as contingent liabilities. Lease payments concerning operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

**Supplement information**

The Group leases some equipment globally and a facility in Norway, which are classified as finance leases.

| Minimum lease payments on the Group's operating lease obligations amount to: | 31.08 - 31.12.2018 DKKm |
|---|---|
| Less than 1 year | 66 |
| 1 to 5 years | 119 |
| More than 5 years | 151 |
| **Total** | **330** |

**Supplementary information**

The Group leases property, plant and equipment under non-cancellable operating leases expiring within 1 to 25 years. The leases have varying terms, escalation clauses and renewal rights.

During the period, the Group has recognized operating lease expenses amounting to DKKm 21 in the income statement within other external costs.

# Notes

### Note 4.5 - Cash flow specification

| | 31.12.2018<br>DKKm |
|---|---|
| Change in trade receivables | (26) |
| Change in contract assets | 12 |
| Change in prepaid expenses | 1 |
| Change in trade payables | 20 |
| Change in other receivables | 6 |
| Change in other operating liabilities | (1) |
| **Total** | **12** |

**Accounting policy**
Cash and cash equivalents comprise cash at bank and in hand.

**Supplementary information**
Some of the cash and cash equivalents are not available for general use to other Group entities within the Group, total DKKm 26 on Trinidad & Tobago.

### Note 4.6 - Related parties

The Group is controlled by the following entities:

| | |
|---|---|
| Parent entity and controlling party: | Polaris Private Equity IV K/S |

Note 4.9 includes information about the Group's structure and the Group's related parties. Information about management's remuneration has been disclosed in note 1.2.

The following transactions occurred with the immediate other related parties:

- Capital increase, DKKm 276

The parent entity, Polaris Private Equity IV K/S, have paid for some of the transactions cost, total DKKm 1. There are no balance on 31 December 2018.

### Note 4.7 - Commitments and contingent liabilities

*Joint taxation scheme*
The Danish Group companies are jointly and severally liable for tax on the jointly taxed income etc. of the Group. The total amount of corporation tax payable by the Group is disclosed in the financial statements of P-RelyOn Nutec 2018 A/S, which is the management company of the joint taxation. The Danish companies are jointly and severally liable for the joint taxation liability. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest.

*Contingent liabilities and guaranties*
As part of the bond agreement, share pledges regarding subsidiaries of BidCo RelyOn Nutec A/S have been issued.

Shares in P-Holding RelyOn Nytec A/S of nominal DKK 2,548,775 is pledged as security for deferred consideration debt.

The Group has guaranties related to the operation, of which non of the guaranties are material.

Claims have been made against the Group, primarily concerning construction of a facility, etc. The Group and its legal advisors consider the claims unjustified and do not perceive that the Group will incur any losses as a result of the actions for damages.

### Note 4.8 - Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

# Notes

**Note 4.9 – Group companies**

| Country | Legal name | Equity interest |
|---|---|---|
| Azerbaijan | Falck Caspian Safe LLC | 100% |
| Belgium | RelyOn Nutec Belgium BVBA | 100% |
| Brazil | Falck Nutec Brasil Participacoes Ltda | 100% |
| Brazil | RelyOn Nutec Brasil Participacoes Ltda | 100% |
| Canada | Falck Safety Services Canada Incorporated | 68% |
| Canada | Falck Safety Services Canada (NL) Incorporated | 100% |
| Canada | Falck Safety Services Canada (LA) Incorporated | 100% |
| Denmark | BidCo RelyOn Nutec A/S | 100% |
| Denmark | RelyOn Nutec Holding A/S | 100% |
| Denmark | RelyOn Nutec Denmark A/S | 100% |
| Denmark | P-Holding RelyOn Nutec A/S | 98% |
| Malaysia | MSTS Asia Sdn. Bhd. | 60% |
| Malaysia | Risktec (M) Sdn. Bhd. | 60% |
| Malaysia | Falck Bestari Healthcare Sdn Bhd | 60% |
| Malaysia | Falck Nutec Malaysia Sdn. Bhd. | 60% |
| Malaysia | Aberdeen Drilling International (Malaysia) SDN BHD | 100% |
| Mexico | Falck Holding de México, S.A. de C.V. | 100% |
| Mexico | Falck Safety Services de México, S.A.P.I. de C.V. | 60% |
| Nigeria | Falck Safety Services Nigeria Limited | 49% |
| Nigeria | Falck Prime Atlantic Limited | 49% |

| Country | Legal name | Equity interest |
|---|---|---|
| Norway | RelyOn Nutec Norway AS | 100% |
| Oman | Aberdeen Drilling International Co. LLC | 70% |
| Qatar | Falck Safety Services LLC | 49% |
| Singapore | MSTS Asia (S'pore) Pte. Ltd. | 100% |
| Thailand | Southfield Ltd | 49% |
| Thailand | Falck Nutec (Thailand) Ltd | 65% |
| The Netherlands | Falck Global Safety B.V. | 100% |
| The Netherlands | Falck B.V. | 100% |
| The Netherlands | RelyOn Nutec Netherlands B.V. | 100% |
| Trinidad & Tobago | Falck Safety Services Limited | 100% |
| Trinidad & Tobago | Haztec Services Trinidad, Ltd. | 100% |
| UAE | Falck Safety Services LLC | 49% |
| UAE | Aberdeen Drilling International Limited | 100% |
| United Kingdom | Falck Nutec Ltd. | 100% |
| United Kingdom | Aberdeen Drilling School Ltd | 100% |
| USA | RelyOn Nutec USA Holdings, LLC | 100% |
| USA | RelyOn Nutec Services,  Inc. | 100% |
| USA | RelyOn Nutec USA, LLC | 100% |
| Vietnam | Falck Nutec Vietnam Limited | 88% |

* For these companies, the group holds an equity interest of less than 50%. However, due to rights arising from shareholders' agreements, the Group has determined that it has control of those companies, which are thus classified as subsidiaries and fully consolidated.

# Notes

**Note 5.1 – Basis of preparation**
The activity of P-RelyOn Nutec 2018 A/S and group companies (the Group), consists of holding shares in subsidiaries and through the subsidiaries operate in the business of safety training services to the oil and gas, wind and maritime industry globally, and other related business.

The annual report has been prepared under the historical cost convention, except that derivatives and financial instruments are measured at fair value. The financial statements are presented in Danish Kroner (DKK), as this is the Company's functional currency. The financial statements have been rounded to the nearest million.

The annual report comprises the first financial year, ie 31 August – 31 December 2018.

**Note 5.2 - Accounting policies**
The consolidated financial statements for P-RelyOn Nutec 2018 A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union as well as additional Danish disclosure requirements applying to entities of reporting class C for large enterprises.

*Adoption of new and amended standards*
The IASB has issued a number of new or amended standards and interpretations effective for financial years beginning after 31 December 2018. Some of these have not yet been endorsed by the EU. Most relevant to the Group is the following:

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

At the commencement date of a lease, a lessee is required to recognize a liability to make lease payments over the lease term (i.e. the lease liability) and an asset representing the right-to-use the underlying asset during the lease term (i.e. the right-of-use asset). Interest expense on the lease liability and the depreciation expense on the right-of-use asset will be separately recognized.

*Adopting IFRS 16*
The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

*Impact*
The Group has reviewed its leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases.

The Group leases include properties and various equipment, such as office equipment and cars. The portfolio of rental contracts are made for varying periods of years but may have extension options, which will be included in the lease term if the Group is reasonably certain to exercise the extension options.

As at the reporting date, the Group has non-cancellable operating lease commitments of DKK 330. The balance will be affected by "*rights of use assets*", total DKKm 259, and "*rights of use liabilities*", DKKm 330. Of these commitments, DKK 0 relate to short-term leases and low value leases which will be recognized on a straight-line basis as expense in profit or loss. Adjusted EBITDA is expected to increase by approximately by DKKm 44.

**Basis of consolidation**
The consolidated financial statements include the parent company, P-RelyOn Nutec 2018 A/S and its subsidiaries. Subsidiaries are entities that are controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

On consolidation, investments in subsidiaries, intra-group income and expenses, intra-group balances and dividends and realized and unrealized gains and losses on transactions between Group entities are eliminated. The line items of the financial statements of subsidiaries are fully consolidated in the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

*Business combination*
Companies acquired or established during the financial year are recognized as from the date of acquisition or inception. The comparative figures are not restated to reflect companies acquired. Acquisitions of subsidiaries apply the acquisition method. Identifiable assets, liabilities and contingent liabilities of acquires are recognized at their fair value at the date of acquisition.

Identifiable intangible assets are recognized if they are separable or derive from a contractual right. Deferred tax on fair value adjustments is recognized.

The acquisition date is the date on which the Group obtains control of the acquire.

# Notes

Any positive difference between the consideration and the value of non-controlling interests in the acquirer and the fair value of any previously held interests in the acquirer, on the one hand, and the fair value of the identifiable assets, liabilities and contingent liabilities, on the other hand, is recognized in the balance sheet as goodwill. Goodwill is not amortized, but is tested for impairment at least once a year. On acquisition, goodwill is allocated to the cash-generating units which will subsequently form the basis for future impairment tests.

Any negative difference is recognized in the income statement on the date of acquisition.

The consideration for an entity consists of the fair value of the agreed purchase price. For business combinations in which the agreement includes a provision on adjustment of the consideration conditional on future events, the fair value of this part of the consideration is recognized at the date of acquisition. Any changes in the fair value of the contingent consideration after initial recognition are recognized in the income statement. Put options issued to minority shareholders in connection with acquisitions for them to sell their remaining shares to the Group, the value of which is contingent on future events, will be recognized as part of the consideration at the date of acquisition. The put options issued are subsequently measured at the present value of the expected exercise price. Any changes in the value of the issued put options after initial recognition are recognized in equity. Acquisition costs and the interest element of discounting are recognized in the income statement.

If uncertainties regarding the measurement of acquired identifiable assets, liabilities, contingent liabilities or the consideration for the business combination exist at the acquisition date, initial recognition takes place on the basis of preliminary fair values. If identifiable assets, liabilities, contingent liabilities and the consideration for the business combination are subsequently determined to have had a different fair value at the acquisition date than first assumed, goodwill is adjusted until 12 months after the acquisition date. The effect of the adjustments is recognized in the opening equity, and the comparative figures are restated accordingly. Goodwill is not adjusted subsequently except in the event of material errors.

*Non-controlling interests*
Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

On initial recognition, non-controlling interests are measured either at fair value (including the fair value of goodwill related to non-controlling interests in the acquiree) or as non-controlling interests' proportionate share of the acquiree's identifiable assets, liabilities and contingent liabilities measured at fair value (excluding the fair value of goodwill related to non-controlling interests' share of the acquiree). The measurement basis for non-controlling interests is selected for each individual transaction.

When the Group assumes an obligation from a put option to acquire shares from a non-controlling interest a financial liability is recognized, which is measured at the present value of the expected redemption amount. Where the significant risks and rewards of the shares related to the put option have not transferred to the Group, the non-controlling interest remains being recognized. Otherwise, a corresponding entry is made against the Group's share of equity.

**Foreign currency translation**
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

*Transactions and balances*
On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Exchange differences arising between the exchange rate at the transaction date and the exchange rate at the date of actual payment are recognized in the income statement under financial income or financial expenses.

Receivables, payables and other monetary items in foreign currency are translated to the functional currency at the exchange rate at the balance sheet date. The difference between the exchange rate at the balance sheet date and the exchange rate at the date when the receivable or payable arose or the exchange rate applied in the most recent financial statements is recognized in the income statement under financial income or financial expenses.

On recognition in the consolidated financial statements of entities with a functional currency other than DKK, income and expenses for the statement of comprehensive income are translated at the exchange rates at the transaction date. Average exchange rates for the month are used as the exchange rate at the transaction date to the extent that this does not significantly change the presentation of the underlying transactions. Assets and liabilities are translated at the exchange rates at the closing rate of the balance sheet date. All resulting exchange differences are recognized in other comprehensive income, and classified in equity in a separate currency translation reserve.

**Income Statement**
*Cost of sales and external assistance*
Cost of sales and external assistance comprise expenses for related to course material and subcontractors.

*Other external costs*
Other external costs comprise marketing, external consultancy, facilities etc.

*Other operating income and expenses*
Other operating income and other expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes

**Balance**
*Fair value*
Fair value is the price that would be received when asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value of financial instruments that are not traded in an active market is determined using generally accepted valuation technics based on observable inputs from active markets. For financial liabilities where the fair value is disclosed, the fair value is estimated by discounting future contractual cash flows at the current market interest rate.

*Financial liabilities*
Financial liabilities primarily comprise of bonds, banks loans, trade payables and deferred considerations are initially recognised at fair value less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost.

Residual lease commitments from finance leases and other financial liabilities are recognised and subsequently measured at amortised cost.

**Cashflow statement**
The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the operating profit before other items (EBITA) adjusted for changes in working capital and non-cash operating items such as depreciation, amortization and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long term debt as well as payments to and from shareholders.

**Key figures**
The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society.

**Note 5.3 - Critical accounting estimates and judgements**
In the preparation of the consolidated financial statements according to IFRS, Management is required to make certain estimates. Many financial statement items cannot be reliably measured, but must be based on estimations as the value of assets and liabilities often depends on future events that are somewhat uncertain.

The judgements, estimates and assumptions made are based on historical experience and other factors that Management considers to be reliable, but which by their very nature are associated with uncertainty and unpredictability. These assumptions may prove incomplete or incorrect, and unexpected events or circumstances may arise. The most critical judgments, estimates and assumptions for the individual items are described below.

*Critical accounting estimates*
In connection with acquisitions, the identifiable net assets acquired from the seller are recognized at fair value. This includes an assessment of the value of e.g. customer relations and customer contracts. The valuation thereof is based on the "Multi-Period Excess Earnings Method (MEEM method)" in which the value is calculated on the basis of an expected future cash flow. The principal assumptions are expected lives of the existing agreements and portfolios, earnings and contribution for using associated assets and employees.

Critical accounting estimes related to;

- Goodwill, cf. Note 2.1
- Business combination, cf. note 4.2

# Parent Company Financial Statements 2018

# Parent Company Financial Statements

**Income statement**

| | Note | 31.08 - 31.12.2018 DKKm |
|---|---|---|
| Other operating costs | | (0) |
| **Operating profit (EBIT)** | | **(0)** |
| Finance expenses | | (0) |
| **Profit/loss before tax** | | **(0)** |
| Income tax | | 0 |
| **Profit/loss for the year** | | **(0)** |

**Changes in equity**

| | Note | Share capital | Retained earnings | Total DKKm |
|---|---|---|---|---|
| **Equity at 31.08.2018** | | **0** | | **0** |
| Profit for the period | | | (0) | **(0)** |
| Capital increase | | 3 | 269 | **272** |
| **Equity at 31.12.2018** | **2.2** | **3** | **269** | **272** |

# Parent Company Financial Statements

| | Notes | 31 December 2018 DKKm |
|---|---|---|
| Investments in subsidiaries | 2.1 | 272 |
| Receivables from subsidiaries | | 0 |
| Deferred tax asset | | 0 |
| **Total non-current assets** | | **272** |
| Cash and cash equivalents | | 0 |
| **Total current assets** | | **0** |
| **Total assets** | | **272** |

| | Notes | 31 December 2018 DKKm |
|---|---|---|
| Share capital | 2.2 | 3 |
| Retained earnings | | 269 |
| **Total equity** | | **272** |
| Trade payables | | 0 |
| **Total current liabilities** | | **0** |
| **Total liabilities** | | **0** |
| **Total equity and liabilities** | | **272** |

# Notes

**Section 1**

Balance



**Section 2**

Other notes



**Section 3**

Basis of preparation

# Notes

| Note 1.1 - Investment in subsidiaries | 31.08 - 31.12.2018 DKKm |
|---|---|
| Cost: | |
| At 31.08.2018 | 0 |
| Acquisition of business | 272 |
| **At 31.12.2018** | **272** |
| Accumulated impairment: | |
| At 31.08.2018 | 0 |
| Impairment for the period | 0 |
| **At 31.12.2018** | **0** |
| **Carrying amount 31.12.2018** | **272** |

**Subsidiaries comprise:**

| | |
|---|---|
| P-Holding RelyOn Nutec A/S | 98,5% |

**Accounting policy**

Investment in subsidiaries are measured at cost or at a lower recoverable amount. If indications of impairments are identified, an impairment test as described in the accounting policies for the consolidated financial statements is prepared. If the recoverable amount is lower than the carrying amount, the asset is written down to its lower recoverable amount.

**Note 1.2 - Share capital**

| *The share capital comprise:* | Number of shares | Nominal value (DKK'000) |
|---|---|---|
| Share capital 31.08.2018 | 500,000 | 0 |
| Capital increase 19.09.2018 | 2,549,000 | 3 |
| Capital increase 09.10.2018 | 167,000 | 0 |
| **Share capital 31.12.2018** | **3,216,000** | **3** |

# Notes

**Note 2.1 - Related parties**

The Group is controlled by the following entities:

| | |
|---|---|
| Parent entity and controlling party: | Polaris Private Equity IV K/S |

Note 4.9 in consolidated financial statement includes information about the Group's structure and the Group's related parties.

All transactions with related parties have been carried out on arm’s length terms.

**Note 2.2 - Commitments and contingent liabilities**

*Joint taxation scheme*
The Danish Group companies are jointly and severally liable for tax on the jointly taxed income etc. of the Group. The total amount of corporation tax payable by the Group is disclosed in the financial statements of P-RelyOn Nutec 2018 A/S, which is the management company of the joint taxation. The joint taxation liability covers income taxes and withholding taxes on dividends, royalties and interest.

*Contingent liabilities and guaranties*
Shares in P-Holding RelyOn Nytec A/S of nominal DKK 2,548,775 is pledged as security for deferred consideration debt.

**Note 2.3 - Events after the balance sheet date**

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

# Notes

**Note 3.1 – Basis of preparation**
P-RelyOn Nutec 2018 A/S prepares the parent company financial statements in accordance with the Danish Financial Statements Act applying to enterprises of reporting class C.

The annual report has been prepared under the historical cost convention, except that derivatives and financial instruments are measured at fair value. The financial statements are presented in Danish Kroner (DKK), as this is the Company's functional currency. The financial statements have been rounded up/down to the nearest million.

The annual report comprises the first financial year, ie 31 August – 31 December 2018.

**Note 3.2 - Accounting policies**
*Other accounting policies*
With reference to the provisions of the Danish Financial Statements Act, the Company has refrained from both preparing a cash flow statement and presenting segment information in the parent company financial statements. For this information, see the consolidated financial statements for P-RelyOn Nutec 2018 A/S. Please see note 1 “Basis of preparation” in the consolidated financial statements for other accounting policies.

**Income statement**
*Revenue*
Income from the sale of services is recognized in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

*Financial income and expenses*
Financial income and expenses represent interest income and interest expense, realized and unrealized capital gains and losses and amortization related to financial assets and liabilities.

Furthermore, realized and unrealized gains and losses on derivative financial instruments which cannot be classified as hedging arrangements are included.

*Income tax and deferred tax*
P-RelyOn Nutec 2018 A/S and the Group’s Danish subsidiaries are jointly taxed. Danish corporation tax is allocated among the jointly taxed companies according to the taxable income of these companies. Income tax for the year, consisting of current tax for the year and changes in deferred tax, is recognized in profit for the year with respect to the part that can be attributed to profit for the year and in other comprehensive income with respect to the part that can be attributed to other comprehensive income or directly to equity.

Corporation tax payables include corporation taxes made up on the basis of estimated taxable income for the financial year and prior-year adjustments.

Deferred tax is calculated according to the balance sheet liability method and is based on all timing differences between the carrying amount and the tax base of assets and liabilities. Deferred tax is not recognized on goodwill that is not tax deductible, and deferred tax is not recognized on undistributed profits in subsidiaries and timing differences that arose at the time of recognition in the balance sheet other than for acquisitions, if such differences will not affect profit or taxable income. When alternative tax rules can be applied to determine the tax base, deferred tax is measured based on planned use of the asset or settlement of the liability respectively.

Deferred tax assets, including the tax base of tax losses carried forward, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity and jurisdiction. Deferred tax assets and liabilities are offset within the same legal tax entity or jurisdiction. Deferred tax assets are measured at the value at which they are expected to be realized. Deferred tax is measured using the tax rate expected to apply when timing differences are reversed. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

**Balance**
*Receivables*
Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

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

# Statement of the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of P-RelyOn Nutec 2018 A/S for the financial year 31 August – 31 December 2018.

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. The Parent Company Financial Statements and Management Review have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position as of 31 December 2018 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 31 August - 31 December 2018.

In our opinion, the Management Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

**Copenhagen, 21 June 2019**

**Executive Management**

Henrik Bonnerup

**Board of Directors**

Allan Bach Pedersen
Chairman

Jan Johan Kühl

Henrik Bonnerup

# Independent Auditor's Report

To the Shareholder of P-RelyOn Nutec 2018 A/S

**Opinion**
In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position as of 31 December 2018 and of the results of the Group's operations and cash flows for the financial year 31 August to 31 December 2018 in accordance with the International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2018 and of the results of the Parent Company's operations for the financial year 31 August to 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of P-RelyOn Nutec 2018 A/S for the financial year 31 August - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("financial statements").

**Basis of Opinion**
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled any other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement of Management Review**
Management is responsible for the Management Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether the Management 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 Review provides the information required under the Danish Financials Statements Act.

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

**Management Responsibilities for the Financial Statements**
Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of Parent Company 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 of the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

**Auditor's Responsibilities for the Audit of the Financial Statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

# Independent Auditors Report

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Copenhagen, 21 June 2019**

**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Bo Schou-Jacobsen
State Authorised Public Accountant
mne28703

Thomas Wraae Holm
State Authorised Public Accountant
mne30141

# Additional information

# Company information

**The company**
P-RelyOn Nutec 2018 A/S
Malmøgade 3
DK-2100 Copenhagen

CVR no. 39 82 66 58
Financial year 31.08.2018 - 31.12.2018
Established 31 August 2018
Municipality of headquarter; Copenhagen

**Board of directors**
Allan Bach Pedersen
Jan Johan Kühl
Henrik Bonnerup

**Executive Management**
Henrik Bonnerup

**Auditor**
PriceWaterhouseCoopers
Statusautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

# Board of directors

**Allan Bach Pedersen**

| | |
|---|---|
| Position | Chairman |
| Other directorsships | PWT Holding A/S<br>Menu A/S<br>CONFIGIT A/S<br>And other companies related to Polaris A/S |
| Relevans skils | Experience with management, M&A, financial and strategy |
| Board member since | 2018 |
| Gender | Male |
| Nationality | Danish |
| Independence | Represents Polaris A/S and is not regarded as independent |

**Jan Johan Kühl**

| | |
|---|---|
| Position | Board member |
| Other directorsships | BabySam A/S<br>PWT Holding A/S<br>Inter Primo A/S<br>Brøndum Holding A/S<br>Part Unique A/S<br>Det danske Madhus A/S<br>Molslinjen A/S<br>And other companies related to Polaris A/S |
| Relevans skils | Experience with management, M&A, financial and strategy |
| Board member since | 2018 |
| Gender | Male |
| Nationality | Danish |
| Independence | Represents Polaris A/S and is not regarded as independent |

**Henrik Bonnerup**

| | |
|---|---|
| Position | Board member |
| Other directorsships | Allianceplus Holding A/S<br>Jetpak Top Holding AB<br>Companies related to P-RelyOn Nutec 2018 A/S<br>And other companies related to Polaris A/S |
| Relevans skils | Experience with management, M&A, financial and strategy |
| Board member since | 2018 |
| Gender | Male |
| Nationality | Danish |
| Independence | Represents Polaris A/S and is not regarded as independent |

# Technical terms and abbreviations

A **Americas** Comprise Brazil, Canada, Mexico, Trinidad & Tobago and USA

**Asia** Comprises Malaysia, Thailand and Singapore

C **CAPEX** Investments in intangible assets and property, plant and equipment

**CGU** Cash Generating Units

**CSR** Corporate social responsibility

E **EBIT** Earnings before interest and tax

**EBITA** Earnings before interest, tax and amortization

**EBITDA** Earnings before interest, tax, depreciation and amortization

**Europe** Comprises Belgium, Denmark, Germany, Netherlands, Norway and United Kingdom

F **FCPA** Foreign Corrupt Practices Act

G **GWO** The global industry standard in wind organization for safety, skills, and competence.

I **IAS** International Accounting Standards

**IFRS** International Financial Reporting Standards

**ILO** International Labour Organization

**ISO** The International Organization for Standardization is an international standard-setting body composed of representatives from various national standards organizations.

M **Middle East & Africa** Comprises Azerbaijan, Nigeria, UAE and Qatar

**MSTS** Malaysia Safety Training & Competence Services

N **NUTEC** Norwegian Underwater Training Emergency Center

O **OPITO** The global industry standard in oil and gas safety, skills, and competence. Setting industry standards for oil and gas training providers and courses.

R **Return on assets** Ratio that shows the percentage of profit a company earns in relation to its overall resources

S **Solvency ratio** Ratios used to measure the ability of a company to meet its long term debt

U **UK Bribery Act** The UK Bribery Act 2010 establishes company liability for corrupt acts committed by persons acting on behalf of the company.

**UN Global Compact** The UN's social charter for enterprises, etc.