RelyOn Nutec
360° Safety

(P-RelyOn Nutec 2018 A/S)

# ANNUAL REPORT

## 2019


Address:

Malmøgade 3

DK-2100 Copenhagen

Company reg. no 39 82 66 58


The Annual Report was presented and adopted at the Annual General Meeting of the Company 31 August 2020.

Birgitte Poulsen
Chairman of the General Meeting

## Our purpose

*Through our **international reach** we are our customers' **preferred partner** providing complete and **lasting safety competencies** that go **beyond compliance***

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www.relyonnutec.com

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

# Introduction

# 2019 AT A GLANCE

The world's largest provider of specialist safety training for the offshore, maritime and renewables industries

Certified by **+30** international certification bodies

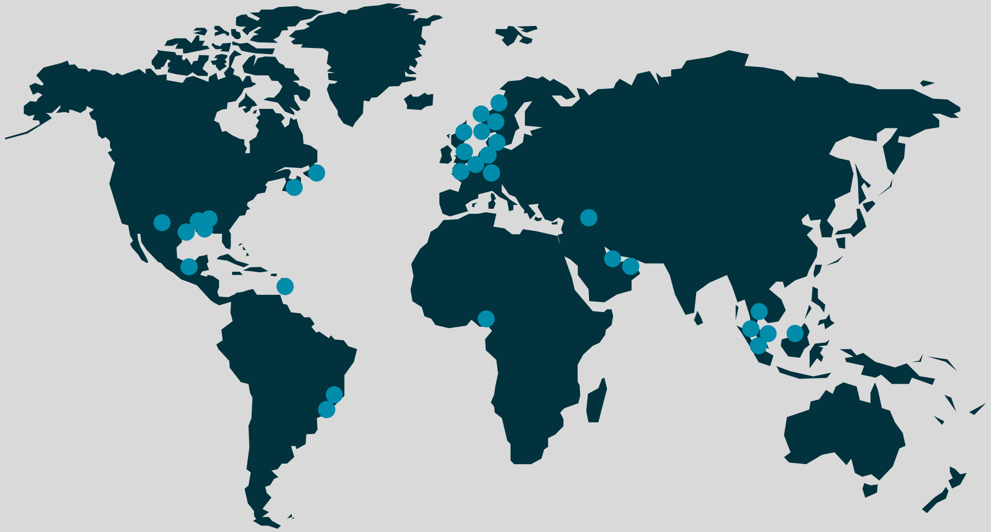
**+250K**
Trained annually

**1,103**
Average number of employees

## Industries

| | |
|---|---|
| Oil and gas | **~71%** |
| Maritime | **~6%** |
| Renewables | **~6%** |
| Other high risk industries | **~17%** |

## Locations



**5**
Continents

**21**
Countries

**+30**
Training centres

DKK **870m**
Revenue in 2019

DKK **155m**
EBITDA in 2019

DKK **76m**
EBITA in 2019

DKK **1,301m**
In total assets, 2019

DKK **747m**
In NIBD, 2019

# MANAGEMENT'S SUMMARY

In 2019 we continued our performance improvement and took a number of initiatives to strengthen and transform our international delivery platform.

Revenue for the year was DKKm 870, which was an increase of 5% compared to the proforma accounts for 2018.

EBITDA (before special items) in 2019 was DKKm 155, which is an improvement of 12% from 2018 (excluding impact from IFRS 16 adoption). The EBITDA effect of implementing IFRS16 is an increase of DKKm 44. Since 2017 EBITDA (excluding impact rom IFRS16 adoption), has increased by 58%.

| DKKm | 2019 | 2018[1] | 2017[1] |
|---|---|---|---|
| Revenue | 870 | 831 | 759 |
| EBITDA | 155 | 97 | 69 |
| EBITA | 76 | 50 | 7 |

The improvement in EBITDA compared to last year was in line with our expectations and we consider the results satisfactory.

In 2019 we generated a positive cashflow from operating activities of DKKm 102 (2018 negative DKKm 1). The improvement was driven by increased operating profit, partly offset by increased income taxes paid.

The negative cashflow from investing activities amounted to DKKm 119, which mainly was related to the purchase of equipment and acquisitions of subsidiaries. The negative cashflow from investing activities amounted to DKKm 482 in 2018 of which DKK 413m was related to the acquisition of Falck Safety Services Holding A/S. The cashflow from financing activities was DKKm -23 (2018 DKKm 590). In 2018 the vast majority related to the financing of the acquisition mentioned before. The negative net cash flow for the year amounted to DKKm 40 (2018 positive DKKm 107).

The solvency ratio was 15% (2018 25%) at the end of December 2019.

### New name

In January we launched our new name RelyOn Nutec and initiated a rebranding process of the companies in the group. On a global scale we launched a digital awareness campaign targeting relevant customer groups with a consistent and clear messaging across digital and social media: "New name, still your global trusted safety partner We have received good feedback from partners and customers for our new name.

### Expanding our digital service offering

Building a strong digital service platform and global digital presence is a key element in our strategy and has been of highest priority in 2019. We have a unique opportunity to become the leading full service solution provider, supported by digital expansion.

### Three strategic important digital acquisitions

Our digital strategy consist of three elements

1) Digital learning,
2) Simulation technology and
3) Competence and workforce management software

In 2019 we made three digital acquisitions that provide us a great starting point to meet our digital aspiration international. The three acquisitions are Cresent (for digital learning), Oiltec (for simulation technology) and Rider (for competence and workforce management software).

In August, we acquired **Cresent (Red Oak Ltd.)** based in Aberdeen. The company has a 37 years history within digital safety training, Control of Work and safety consultancy. Cresent has successfully been rebranded to RelyOn Nutec Digital. Acquiring Cresent was the first of many steps in building a world class digital learning capability. The digital learning capability will build on the platform and could potentially also include further acquisitions. We plan to build a globally accessible digital safety training offering, which enables us to deliver both the very important traditional hands-on training and the digital knowledge-based learning all from the same reliable source, supported by our global teams across the world.

In August, We acquired **Oiltec Solutions**, a Stavanger based company active within advanced simulation technology.

Over the past decades Oiltec has developed a cutting edge Drilling and Well simulation platform, as well as on- and offshore crane simulator capabilities. These services are being rolled out in select training centres across our footprint and Oiltec will form the basis of our future development within training simulation technology. The activities in Oiltec are integrated into our service offerings in Aberdeen Drilling School.

In October we acquired **Rider International B.V**. (Rider). They have developed the advanced workforce performance platform called 'Rider'. This technology is geared towards Competence Management, Learning Management and real-time Workflow Management.

The Training and Competence Management aspects of the platform fit tightly with our rapidly increasing digital product portfolio. Expanding our services with this scalable purpose built workforce performance platform is one of our initiatives to become a full service provider in our segment and to bring more value to our customers. Rider is in the process of being rebranded and fully integrated under the RelyOn Nutec Group.

### Global aligned business model

In 2019 we finalised the re-organisation of our business and started a global business transformation to deliver profitable growth. We have a real opportunity to leverage our leading international position by driving commercial excellence, service expansions and global alignment.

To build a solid foundation for transforming our business we initiated a strategically important project of migrating into the same ERP platform globally.

***"We have kicked off our digital journey, both within simulation technology, digital enablement and online learning"***

This is an important first step in aligning our IT structure globally. We went live in the second quarter. The roll-out was nearly completed by the end of December 2019.

In 2019 we have successfully integrated our businesses in the Netherlands by bringing together the Fire academy and our traditional safety training business.

We have also started further regionalising our business, driving synergies and learnings across borders and regions. We have made rotations and new hires in the global management team in order to serve the customer needs in all our markets.

### Acquisitions and investments in training centers

We have facilities in 21 countries on five continents. We continuously evaluate our facilities and assess the quality and maintenance needs in order to live up to the standards that we and our customers require. We also assess if our sites are strategically correctly placed in order to be where the market is and moving towards.

That means that we from time to time need to refurbish or rebuild our sites, build new sites or as our history proves acquire companies to ensure that we keep our position as a the leading global safety and survival training provider.

In 2019 we finalised and opened a new facility in Cherating, Malaysia. The facility is strategically located at the gateway to the east coast of the Malaysian Peninsula and only few hours' drive from Kuala Lumpur.

In 2019 we concluded that our facilities in the US had fallen behind our standards. We evaluated several options and concluded that acquiring the training facilities from Safety Management Systems LLC was the best option. The deal was concluded late December giving us state of the art training facilities in a very attractive area in Lafayette.

We have also significantly upgraded our training facilities in Houston and our facilities in Houma is currently being completely rebuild giving us up to date and state of the art facilities across our US operation.

[1]P-RelyOn Nutec 2018 A/S was established on 31 August 2018, and acquired RelyOn Nutec on 20 September 2018. Due to limited comparability, we have prepared unadited pro-forma adjusted comparatives figures for 2017 and 2018. The comparative figures have been prepared in accordance with the international accounting standards at that time, i.e. before adoption of IFRS 16.

### Tailored booking engine and website to drive online

We launched our new integrated website and sales engine. The new platform will make it easier for customers to find and book courses at our more than 30 training centres. It will also facilitate sale of our increasing online learning catalogue and it will enable further digitalisation of services.

### Safety is in our heart

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.

As a global safety and survival training company we feel it is our obligation to lead the industry. We have therefore initiated a global safety awareness program in 2019 that will continue into 2020. The program will share best practices and learnings across all of our regions.

### Financing

Our leverage (NIBD-to-LTM EBITDA) has increased from 3.3 in Q3 2019 to 4.8 at the end of the year due to the acquisitions made as the EBITDA of the acquired entities were not fully included.

Bond financing has increased with DKKm 45 as a consequence of the tap issue. The total financing therefore increased with DKKm 113.

### Preparation

The annual report for 2019 has been prepared on the basis of IFRS as adopted by the EU as well as additional Danish disclosure requirements.

IFRS 16 was adopted with effect from 1 January 2019. Right of use assets accounts for DKKm 242 and the right-of-use liabilities amounts to DKKm 330 as of 31 Dec 2019 cf. note 3.3. to the financial statements.

P-RelyOn Nutec 2018 A/S was established on 31 August 2018, and acquired RelyOn Nutec on 20 September 2018, and due to this only limited comparable figures are available.

### Outlook

We have had a very strong start of 2020. Bookings were strong through to last week of February and we entered March with the best order book for many years.

The outbreak of the Coronavirus disease (COVID-19) is unfortunate and critical to the global society. Management is committed to the health and safety of our customers and of course our own staff. Due to the measures introduced by the Governments in several countries, management has taken several measures since January 2020 to keep customers and employees safe during this unusual situation.

We have examined the various local government aid programs available and applied as applicable to counter the negative impact from COVID-19. In H1 2020 we have received DKKm 23 from government aid programs, of which DKKm 22 is included in EBITDA.

To parry a potential liquidity shortfall to occur during the summer, management has secured additional financing of approximately DKKm 100 in June 2020.

The financial impacts of COVID-19 requires significant judgement and estimation and are included in the estimates of the activity of the group and the valuation of our asset base.

Obviously, the outbreak of the COVID-19 will have a negative impact on the Group's revenue as well as net profit for 2020, however at this point we see no negative changes on EBITDA and cash flow compared to the COVID-19 scenario we communicated on 29 May 2020 as part of the written resolution to our bondholders.

## KEY EVENTS IN 2019

**January**
Changed name to RelyOn Nutec and initiated global rebranding

**February**
Kicked off Business Central implementation

**August**
Acquired Oiltec Solutions

**August**
Acquired Cresent

**August**
Launched our new global website including a B2C booking engine

**October**
Acquired Rider International B.V.

**December**
Acquired the training activities of Safety Management Systems LLC

# Our business

# RELYON NUTEC AT A GLANCE

RelyOn Nutec
360° Safety

## TRAINING CENTERS

Training at
**30+**
Centers across the world

*Offering*

**Safety and survival training**

**Advanced & industrial fire training**

**Skills and technical training**

## DIGITAL SOLUTIONS

Digital solutions tailored to high risk industries

RelyOn Nutec
Digital

*Offering*

**Digital learning**

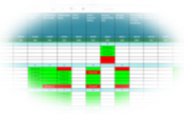
**Competence and workforce management software**

**Simulation technology**

## VALUE ADDED SERVICES

Services utilising our expert knowledge


*Offering*



**Outsourced Training Management Services**

**Safety consultancy**

**Emergency response and stand by services**

# OUR BUSINESS AND INDUSTRIES

**Safety, survival and skills training services for hazardous work environments**
We provide safety, survival and skills training and services, helping organisations in high risk industries, improve safety for their employees and their customers.

***We are the world's leading provider of multi-service safety, survival and skills training***

From the principles of realistic and fully immersive training, we have grown to more than 30 sites in 21 countries and moved beyond basic safety and survival training, to include more advanced and technical training and corporate services to help companies better manage their overall training and competence needs. Knowledge and experience are transferable and we play an increasingly significant role in developing a safe workplace helping clients in high risk industries improve safety.

We emphasise preparedness in our training helping people to better understand their own emotional reactions in stressful situations knowing how the individual could react as well as what to do. We do realistic, real-life simulations to trigger emotional reactions and decision making under pressure in a controlled environment as close to reality as possible. By ensuring people are familiar with these emotions under expertly managed conditions, we give them the skills to respond under any crisis situation.

***Our business is founded on the belief that real life practical training is the key to acquiring the competences needed to execute complex and dangerous tasks***

**Lead industry development and respond to new customer needs by embracing new technology**
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. As our customers' operations and people have become more technical, we have invested in new digital ways of learning, making the training experience increasingly realistic – and increasingly efficient.

***We have steadily evolved from a Danish fire training provider founded in 1968, to a global multi-service safety, survival and skills training provider. We continue to be innovative building on the solid foundation of past experience***

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

**Reliable and rock-solid**
We serve more than 10,000 companies every year, from the sole employee contractor to some of the biggest companies operating in the high-risk industries across the world.

More than 250,000 course participants trust us with their safety development year after year because we put reliability and competence first. They trust us not only to improve their safety through training, but also in cases of emergency where experts are needed immediately to handle incidents and manage crises. Our maritime emergency response team react to critical and acute customer situations around the world, because they know we can be trusted even under the most difficult circumstances.

**Drive safety with a 360 perspective and mindset**
Our fundamental belief is that safety requires a 360 degree perspective and mindset. We apply this principle to how we develop our business, investing in new technology, services and types of training to cover an increasing breadth of risk. We apply it to how we develop our training, to implementing new ways of improving training effectiveness and how we work with our customers to help them cover risk from all angles.


## The industries we serve

### Oil and 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.

### Renewables

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

### Other high risk industries

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

# TRAINING CENTERS

## Our people

Our people are the backbone of the organisation; rock solid and dependable. Our more than 1,200 capable people around the world includes experienced instructors with relevant safety experience formed in military, industrial or professional safety and survival environments. Our instructors have more than 17 years of experience on average. We focus on helping people develop lifelong careers in our organisation. Our expert instructors have personal experience and insights that create an engaging and powerful training experience.

## Our training facilities

Our modern training facilities are easily accessible for delegates in the global energy and maritime hubs and they play an important role in our offering. They are built to simulate real-life environments, including modern classrooms and training simulators.

Our facilities include training vessels, launching installations for rescue capsules, free-fall launching towers, fast rescue boats and indoor training pools equipped with wave, rain and wind machines, as well as helicopter underwater egress simulators.

We have advanced fire fighting facilities ranging from small basic fire scenarios to large advanced fires and fire and rescue in confined spaces.

We have a global footprint combined with a local anchoring and a unique understanding of the local regulatory, cultural and business environment.

## Global accreditations and national standards

We have more than 30 internationally recognised accreditations to meet the global training needs. Our training is also tailored to meet national standards when required.

## Our courses

We have more than 750 courses delivered in more than 30 centers.

Safety and survival courses teach delegates to survive and handle themselves in case of an emergency. Typically not specific to a certain job role.

Advanced and industrial fire courses teach delegates in advanced fire fighting methods and courses related to the emergency response team onboard a rig, platform, ship or onshore plant.

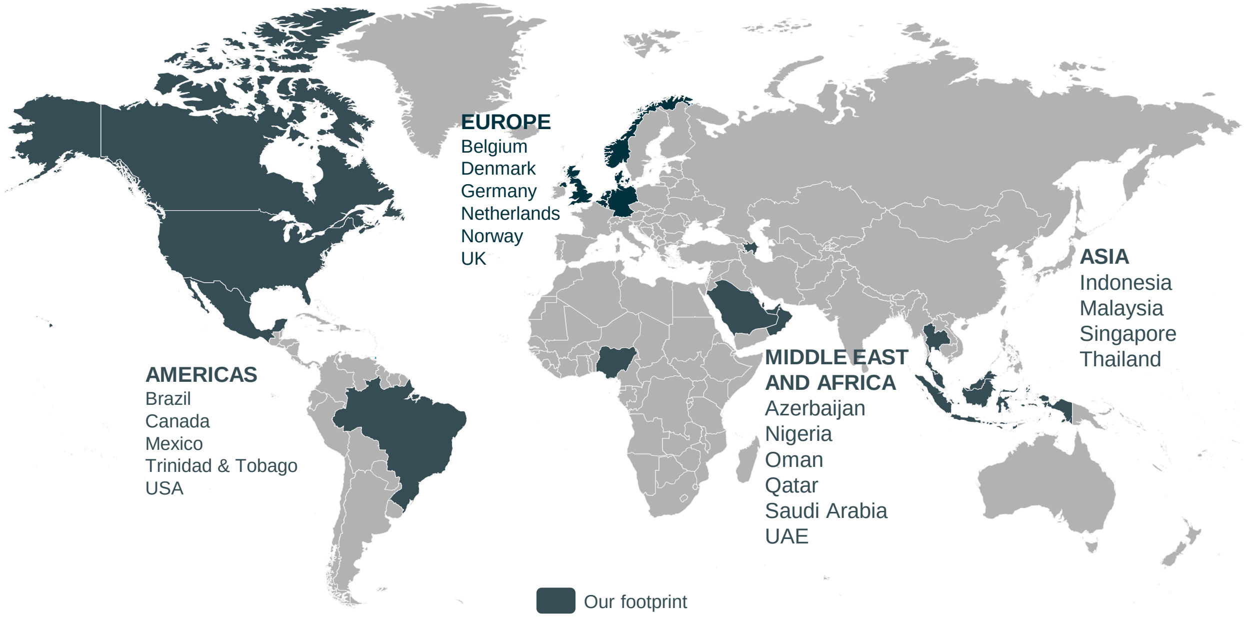
Skills and technical courses teaching job related skills such as drilling, lifting, rigging, crane and working at heights.

Crisis management courses aimed at the people responsible for the crisis management part of the organization, training and assessing their ability to manage major emergencies.

We train people in all aspects of training including, Life boat free fall simulation, first aid, sea survival, search and rescue, cruise ship evacuation, basic and advanced fire fighting, major emergency management, working at height, well control, lifting and rigging as well as related and client bespoke courses.

## Our clients

We are the trusted global safety partner to more than 10,000 companies and more than 250,000 people trained every year in oil and gas, maritime, wind and other high risk industries. We work at all levels of the organisation to improve safety, from the executive suite to the worker on the floor, helping organisations address safety with a 360 degree perspective and mindset.




## A SNAPSHOT OF OUR GLOBAL ACCREDITATIONS

ISO-45001 | OPITO | IMO-STCW | IADC | IWCF | GWO | API | USCG | NOGEPA | NOROG

ISO-9001 | BML | CAA | ECITB | CITB | CCNSG | RYA | MCA | DMA | NSI | JOIFF | ISO-14001

# DIGITAL SOLUTIONS

Building a solid digital service platform with digital solutions to supplement the core classroom based training services is an essential element in our business model.

Our digital solutions are centered around digital learning, competence and workforce management software and simulation technologies supported by the acquisitions of Cresent, Oiltec and Rider.

## Digital learning

In 2019 we acquired Cresent as our starting point to enter the digital learning market. Cresent is rebranded to RelyOn Nutec Digital and has been through a significant ramp-up to become the cornerstone in our future digital learning aspirations. Cresent is a pioneer in digital learning and control of work systems to the oil and gas industry.

We have a strong portfolio of generic courses based on industry standards that we sell to our client in high risk industries. The portfolio of nearly 100 course titles covers the most demanded digital learning courses for the high risk industries and has the appropriate accreditations.

Our Learning Management Services (LMS) and digital learning offering portfolio is brand new and our content library is rapidly growing. The development roadmap for 2020 includes regional specific content and content to serve all our industries.

## Competence and workforce management software

Our competence and workforce management software tracks the workforce compliance, competence and training requirements of the customers workforce. It is able to operationalise complex procedures and policies safely and in line with policies and regulations.

The software is a purpose build state of the art workforce performance management software to be sold stand alone and additionally forms the digital backbone of our Training Management Services (TMS) and Competence Management Services (CMS)

The software is integrated with our booking system, with training calendars of all our training centre's, realtime booking and availability checking and our digital learning content is preloaded within the software.

The software is developed specifically for oil and gas drilling, production and refinery operations, however it can be seamlessly deployed across all high risk industries.

The software has a modular approach, where the customer can pick and choose what they need, and overtime add more modules as required.

It integrates with the customers existing IT systems including all the major ERP systems and it has on and offline capabilities. The product is compatible with all modern devices for offline and online and it can be deployed as: SaaS, cloud, on premise, central or decentral installation

The software can generate customizable dashboards and reporting adjusted to customer specific KPI's and contains powerful data analysis.

## Simulation technology

Simulator training, is a proven method of enriching the learning experience and increasing knowledge retention.

### Our digital solutions

| | Digital learning | Competence and workforce management software | Simulation technology |
|---|---|---|---|
| DESCRIPTION | • *Library of online training courses*<br>• *Combine physical and digital training* | • *Manage and overview of workforce competences, experience levels and training requirements*<br>• *Certificate handling and compliance monitoring*<br>• *Booking of own or third party training* | • *Training via simulation technologies*<br>• *Utilising technology acquired to expand future simulation offering* |
| OFFERING | • *E-learning / Online courses*<br>• *Blended learning*<br>• *Transformational learning* | • *Workforce management*<br>• *Control of Work*<br>• *Digital procedures*<br>• *Epermit to work* | • *Drilling simulation*<br>• *Offshore crane simulation*<br>• *Port crane simulation* |

Our simulator technology is currently focused around drilling and crane simulation. The technology is state of the art and widely accepted as industry leading. Furthermore, the technology is capable of being utilised in the other high-risk industries we serve which represents new business opportunities for RelyOn Nutec.

Our simulator training enhances a team's practical understanding of changes which occur during drilling operation. Our highly qualified facilitators and practical instructors encourage the participants to work as a team through group decision making, problem solving, and general team building.

By utilising our simulators, we can fully immerse teams into the real drilling conditions they would experience offshore – enabling them to drill a well, react to changes as they happen, and take actions necessary to restore the well, all in a safe environment. The training employs real-time incident scenarios on the simulator, followed up by class-based feedback discussions and reflection. The simulators can incorporate the client's actual well data which is used to create realistic well-specific scenarios.

The client's virtual well can be drilled from the safety of our full-size simulator room, ensuring that the participants' new found knowledge is relevant to their upcoming operations and their learning can be applied to real life scenarios.

The combination of a world class simulation development team and our operationally experienced coaches and market leading technical expertise is bringing our unique solutions to the forefront of advanced drilling and well engineering training.

With total ownership of advanced simulator technology, we can now produce, manage and customise our simulators to our clients' specifications, creating the high quality drilling and crane simulation that international operators and contractors have long been asking for. The simulation technology gives us the opportunity to offer our clients the same world class and true-to-life training facilities wherever their operations are located.

# VALUE ADDED SERVICES

### Outsourced Training Management Services

With Training Management Services (TMS) we help our customers in high risk industries manage their training and licensing, while reducing administration costs and ensuring compliance, controlled and deployed via our workforce management system.

Effectively managing company-wide training needs is a complex task. TMS is the full or partial outsourcing of these tasks, to let the customer focus on its core business.

With access to over 750 training courses (classroom, online, onsite) our TMS specialises in the management of all the customer organisations training and competence requirements, to allow them to free up valuable company resources. We map training needs against company and regulatory requirements and manage the customers organisation's certifications. We identify the most suitable vendors and offer the benefit of a larger consolidated volume.

We are equipped to handle all aspects from initial bookings, communication with participants to invoicing. We are available to handle travel and accommodation arrangements. We offer consolidated invoicing and payment management with the capability to produce detailed reports and spend overview.

With our outsourced TMS the customers global workforce is always properly trained and certified in the most cost-effective way. The key benefits for our customers of our TMS is reduced administrative work, improved operational efficiency, reduced training and logistics costs, reduce risk from non-compliance and competitive advantage by responding quickly to ever changing requirements.

### Safety consultancy

All safety consultancy for high risk industries are aimed at safe working practices, guaranteeing safety for people, economic continuity, and preserving the reputation of the company. At each level people involved are taught to act effectively and bring the incident under control as soon as possible by taking the correct (control) measures.

Our safety consultancy can consult in all aspects of safety related to working in high risk industries including processes, policy review, procedures, culture, equipment, environment, risk management, preplanning, scenario management, emergency planning, contingency planning and other foreseen and unforeseen risk to safety that a customer might face.

What steps must be taken in order to implement a policy? What should you do tomorrow to achieve future goals? It is this comprehensive expertise that distinguishes our consultants from the rest. The realization and implementation of these plans will further optimise safety.

Our consultants are based all over the world and can perform assessment and analysis onsite or where ever it is most appropriate given the customer need. A structured methodology is required to ensure that all areas have been addressed.

### Emergency response and stand by services

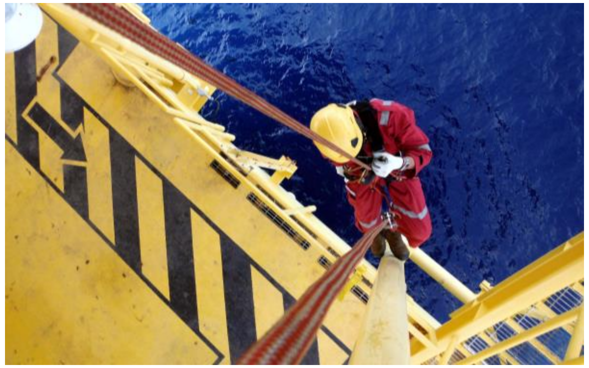
Our Emergency Response Team (ERT) in the Netherlands is on hand to assist with all of the following 24 hours a day, 7 days a week and 365 days a year:

- Fires on board ships;
- Industrial fires;
- Incidents involving hazardous substances;
- Damping down fires or spontaneous combustion;
- Assistance of fire service operations;
- Aftercare following initial firefighting activities;
- Fire safety during and after a fire;
- Providing firefighters;
- Providing firefighting specialists.

Our team consists of a number of (firefighting) specialists. It is always available to assist with emergencies, wherever they might happen in the world. It has its own personal protective equipment and the relevant specialist materials.

The ERT is available to assist with fires on board ships, industrial fires and incidents involving hazardous substances. The team:

- is led from Rotterdam in the Netherlands;
- consists of a number of skilled and well-trained specialists who are familiar with the maritime and industrial sectors and know how to respond to incidents involving hazardous substances;
- has more than 30 years of experience in the provision of emergency assistance to the maritime and petrochemical industries;
- has gained extensive experience, having attended over 115 incidents in every corner of the world;
- is able to assemble at Amsterdam or Rotterdam airport within three hours of an initial call-out and virtually always arrives at the scene of an accident within 24 hours;
- works with global maritime salvage companies when incidents involve ships.



# KEY FIGURES

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| **Income statement** | | |
| Revenue | 870 | 248 |
| Operating profit before depreciation, amortization, impairment losses and special items (EBITDA) | 155 | 35 |
| Operating profit before amortization and special items (EBITA) | 76 | 24 |
| Operating profit (EBIT) | 28 | (14) |
| Loss before tax | (26) | (20) |
| Net financials | (54) | (6) |
| Loss for the year | (49) | (19) |
| **Balance sheet** | | |
| Total assets | 1,301 | 1,002 |
| Property, plant and equipment | 342 | 369 |
| Total equity attributable to owners of the parent company | 192 | 248 |
| Net Working Capital | 78 | 80 |
| Net interest bearing debt (NIBD) | 747 | 346 |
| **Cash flows** | | |
| Operating activities | 102 | (1) |
| Investing activities | (119) | (482) |
| Hereof investments in tangible fixed assets | (47) | (19) |
| Financing activities | (23) | 590 |
| Net cash flow for the year | (40) | 107 |
| **Employees** | | |
| Average number of employees | 1,103 | 1,043 |
| of which are employeed in Denmark | 55 | 45 |
| **Key Ratios** | | |
| Return on assets (%) | -4% | -2% |
| Solvency ratio (%) | 15% | 25% |
| Leverage ratio | 4.8 | 3.3 |

### Supplementary information

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

Figures in 2018 includes figures from the acquisition of Falck Safety Service Holding A/S of 20 September 2018 to 31 December 2018.

The development in average number of employees are related to organic growth and acquisition of companies.

# Governance and risk

# BOARD OF DIRECTORS

## ALLAN BACH PEDERSEN

Chairman

Male

Board member since 2018

Danish

Represents Polairs and is not regarded as independent

Experience with management, M&A, financial and strategy

### Other directorships

PWT Holding A/S, Menu A/S, Configit A/S, and other companies related to Polaris

## JAN JOHAN KÜHL

Board member

Male

Board member since 2018

Danish

Represents Polairs and is not regarded as independent

Experience with management, M&A, financial and strategy

### Other directorships

BabySam A/S, PWT Holding A/S, Inter Primo A/S, Brøndum Holding A/S, Part Unique A/S, Det Danske Madhus A/S, Molslinjen A/S, and other companies related to Polaris

## HENRIK BONNERUP

Board member

Male

Board member since 2018

Danish

Represents Polaris A/S and is not regarded as independent

Experience with management, M&A, finance and strategy

### Other directorships

Allianceplus Holding A/S, Jetpak Top Holding AB, and other companies related to Polaris

# RISK MANAGEMENT

RelyOn Nutec consistently identifies, manages and monitors risks globally and rapidly shares 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 manage 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 group functions 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 management, which includes risk assessment and risk response for the following risks:

1. Global economic crisis
2. Material slowdown in the oil and gas industry
3. Safety incidents
4. Cybercrime and IT breakdown

The above risks are not prioritized or ranked. Definition and mitigation of risk are outlined on page 18. Financial risk are outlined in the notes section 4.

Reference is also made to note 1.1 in the financial statements.

## 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.

## Financial reporting and internal controls

The Board of Directors and the Executive Management regularly assess material risks and internal controls in connection with the Group's financial reporting process. The Board of Directors monitors the process of financial reporting on an ongoing basis, as well as the adequacy and effectiveness of the established internal controls.

The Board of Directors and the Executive Board define the guidelines for procedures and internal controls to which compliance must be kept.

The adopted policies, guidelines and procedures are updated and communicated internally on a regularly basis. Any material weaknesses, inadequacies and violation of adopted policies, business procedures and internal controls are reported to the Board of Directors.

## Recommendation outlined by Danish Venture Capital Association

Polaris Private Equity IV K/S (Polaris) is a private equity company. Polaris is a member the Danish Venture Capital Association (DVCA) and therefore covered by DVCA's guidelines and recommendations for responsible ownership and corporate governance for private equity companies and their portfolio companies.

Thus, RelyOn Nutec must disclose how we address the recommendations, using a "comply or explain" approach. RelyOn Nutec complies with all the recommendations of September 2019 except recommendation 3.1. with respect to establishment of an audit committee. Considering the size and structure of RelyOn Nutec, the Board of Directors has decided not to establish a formal Audit Committee. Instead the such tasks are undertaken by the Board of Directors.

For further information of the recommendations, please refer to www.DVCA.dk.

# RISK MANAGEMENT - continued

## 1 Global economic crisis

### Risk

Our operation and activities are global and a global economic crisis could effect us by customers cutting resources, lowering activity and limit travel.

### Mitigation

Variable and flexible cost base

Distributed foot print and global multiskilled workforce

## 2 Material slowdown in the oil and gas industry

### Risk

The majority of activities is related to the oil and gas market. 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.

### Mitigation

Roll-out of Competence and workforce management software and Outsourced TMS, which ensures volume, stickiness and market intelligence.

Product development and entry into new industries are ongoing, however, with a decreased focus towards the oil and gas market.

## 3 Safety incidents

### Risk

Incident occurs where student is severely injured or even killed.

### Mitigation

Safety instructions prior to the start of any training sessions. Documentation of incidents and close communication with customers about any incidents.

## 4 Cybercrime and IT breakdown

### Risk

The Group depends on information technology to manage critical business processes, including administrative and financial functions. Cyber attack or 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.

### Mitigation

The Group has a dedicated IT Department to monitor business critical application.

The Group aims at using standard systems, whenever possible and implementation of additional cyberattack mitigation measures. The purpose is to lower exposure and increase the ability to receive assistance from external resources.

# CORPORATE SOCIAL RESPONSIBILITY

RelyOn Nutec has effected a significant transformation and optimisation in 2019. Corporate Social Responsibility (CSR) and Environmental Social Governance (ESG) has been – and will continue to be - one of the key areas of focus.

We are the leading provider in safety and survival training and services, helping organisations in the oil and gas, maritime, renewables and other high risk industries to improve safety for their employees and their customers. Our purpose is to transfer knowledge and experience needed to execute complex and dangerous tasks and provide an emergency response team in cases of crisis where experts are needed immediately. We are committed to do so in a safe, responsible and sustainable way.

## Signatory to the UN Global Compact and approach to CSR

The board of directors of RelyOn Nutec approved in 2019 a Policy on Corporate Social Responsibility, which reflects RelyOn Nutec's business behaviour. The policy is supplemented by the Code of Conduct and the Code of Conduct for business partners supported by specific policies and procedures.

The policies and codes of conduct are aligned with the UN Guiding Principles on Business and Human Rights to (UNGPs) and the OECD Guidelines for Multinational Enterprises (OECD) and are the foundation  to ensure that we have a proper framework for our sustainability and CSR efforts.

UN GLOBAL COMPACT

COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

We have also become a signatory to the UN Global Compact. This commitment and work will continue and be further developed and improved in 2020 also with increased focus on sustainability.

The Policy on Corporate Social Responsibility provides the framework for RelyOn Nutec's work with Corporate Social Responsibility and sustainability and shall ensure that RelyOn Nutec contributes to and shows the necessary care by mitigating any adverse impacts to core principles for sustainability.

RelyOn Nutec's Policy and Codes 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.

The Policy on Corporate Social Responsibility and the Codes of Conduct can be found on our website

## Commitment and implementation

RelyOn Nutec's commitment is based on the agreed core principles for sustainable development;
human rights (including labour rights), environment (including climate), and anti-corruption.

We naturally comply with local legislation, wherever we operate. In addition to this, our commitment means that RelyOn Nutec continuously identifies, prevents or mitigates our risks of adverse impacts in relation to the core principles for sustainability. We will make impact assessments and communicate how we manage such impacts.

We will seek to contribute proactively to sustainable development, where it makes most sense and where we can have the best impact. The UN's Sustainable Development Goals (SDGs) also play a part in assessing where our business activities have the greatest and in conveying to our stakeholders how we seek to make a difference. All SDGs are relevant to RelyOn Nutec, however our business activities have a bigger impact on reaching some goals more than other. We wish to help by doing what we do best.

## Primary CSR Related Risks and Policies

### LABOUR

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 International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

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. We want our employees to be successful in their jobs and to grow their careers.

RelyOn Nutec has numerous policies in place to ensure the well-being, health and safety of our delegates and employees, including policy on health and safety, on safe driving and on human rights. With respect to health and safety we have in 2019 continued to work systematically to implement improvements across the RelyOn Nutec Group. We focus on minimising risks and raising awareness about health and safety for our employees, both physical and mental.

We are committed to ensure that every employee feels valued and safe in their jobs, and we work continuously to bring out the best in our people by:

- offering development opportunities for all employees and
- providing safe and healthy workplaces

As an example, we have in 2019 initiated a new partnership regarding travel safety to ensure that our employees are safe, also when travelling, and that all appropriate precautionary measures are in place.

### HUMAN RIGHTS

Further, RelyOn Nutec has continuous focus on ensuring that the employees and customers' personal data is not misused. This is ensured by compliance initiatives and ongoing projects to continuously ensure the highest standard of data protection. Data protection projects initiated in 2017 and 2018 were continued throughout 2019, including implementation of an improved IT tool to support the data protection governance and life cycle.

In 2019 we implemented a dataprotection module in our risk and compliance tool. The Data Protection governance and compliance work is anchored with the Group General Counsel.

### ENVIRONMENT

RelyOn Nutec's vision on environment and climate is included in the Policy of Corporate Social Responsibility and will be a significant part of the impact assessments. In addition, a number of environmental elements are already an integral part of our business behaviour, such as ensuring cleaning of and reuse of water at training facilities, and the focus on the environmental and sustainable efforts and initiatives will be increased in 2020.

Several of our sites has been environmental certified in 2019 and we have implemented the environmental standard in all of our sites to comply with increasingly stringent environmental laws and regulations.

### 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. RelyOn Nutec operates in areas of the world where corruption is not an uncommon practice. Therefore, it remains crucial that appropriate policies and procedures are duly implemented and that measures are taken to mitigate this risk and to prevent non-compliant practices.

In 2019 a revised Code of Conduct was approved by the board of directors and implemented across RelyOn Nutec. In addition a new reporting process has been implemented to ensure that appropriate reporting measures are available.  When an incident is reported – regardless of where in the world it has occurred – we investigate thoroughly and make sure that appropriate action is taken.

Continuous focus will remain on anti-corruption and additional initiatives will be implemented in order to mitigate and prevent non-compliant practices.

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 the conduct of the impact assessments and ensure due implementation, improving performance and ensuring an appropriate culture complying with the policies and procedures in place.

## Business model

For a description of our business model please refer to *our business* section from page 8.

## Activities and results 2019

It is assessed by Executive and Group Management that the continued work with and focus on human rights, ESG and CSR contributes positively to RelyOn Nutec's reputation and performance.

The governance and processes around the CSR and sustainability related activities were established and implemented during 2019 and will further be improved during 2020.

Conducting impact assessments to further understand our impact is key to development and improvement. We wish to increase transparency in our sustainability efforts and to improve the data quality and reporting as we improve the governance across the business.

By knowing the material topics for our corporate responsibility efforts, we can focus our efforts on improvement and change. Within each of the key areas we will work to minimise our impacts and, where possible, make a positive difference. In any scenario, our corporate responsibility efforts follow the company's strategy of pursuing profitable growth and value creation for all stakeholders.

RelyOn Nutec ascertains that the fundamental work with respect to assessing and mitigating potential negative impacts on the international principles in itself will ensure that RelyOn Nutec contributes to fulfill a number of the sustainable development goals (2015-2030).

The overall aim of RelyOn Nutec's CSR and ESG is mainly to create the foundation and the framework for a trusting, appropriate and evolving cooperation, where social responsibility becomes a natural and core part of the RelyOn Nutec business.

## Outlook and activities 2020

As part of RelyOn Nutec's continued transformation, management will, in 2020 continue its dedicated work with CSR and ESG following the UN Guiding Principles on Business and Human Rights and the OECD Guidelines.

By committing to sustainable development and by establishing due diligence, RelyOn Nutec wishes to demonstrate its ability to effectively prevent or mitigate adverse impacts on international principles of key importance to sustainable development; i.e. principles on human rights, on environment and on anti-corruption.

Following the completion of the first two impact assessments during 2020 we will be able to report more detailed area by area and to report on and measure our outcome and progress to be included in the future annual Communication of Progress in terms of the UN Global Compact.

RelyOn Nutec appreciates that transparency and accountability in CSR will improve its ability to attract and retain customers, partners, employees and investments.

The key initiatives for the work with CSR and sustainability in 2020 are i.a.:

1. Perform two impact assessments
2. Effect global employee survey
3. Implement and roll-out of the Code of Conduct requirement towards business partners
4. Initiate and prepare CSR strategy and vision with specific targets

The continued transition has offered us an opportunity to strengthen the corporate responsibility area – both within the organisation and in terms of setting more ambitious targets – so at the end of 2020, we introduce a CSR strategy with more ambitious targets. The CSR strategy will be serving as a guide for RelyOn Nutec's future sustainability efforts.

We are also going to refocus our efforts around an even stronger global focus on HSEQ (Health, Safety, Environment and Quality), and higher ambitions for sustainability. We have a global dedicated HSEQ team to develop and uphold a high-quality and transparent framework for HSEQ standards that local entities must follow. This includes continued implementation of the global ISO certifications.

# DIVERSITY

RelyOn Nutec's core principle for diversity is to ensure equal conditions and opportunities for every individual, including gender diversity. RelyOn Nutec's employees have different culture, backgrounds and religion and we are continuously committed to and promoting an inclusive and balanced workforce.

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

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. We always make jobs postings gender neutral also for our management team and we strive to include at least 50% of the underrepresented gender in the field of candidates.

The composition of employees of RelyOn Nutec 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 four men, while Group Management in 2019 consisted of four men and one woman. The target in relation to gender composition of Group Management is that at least 30% of Group Management is of the underrepresented gender.

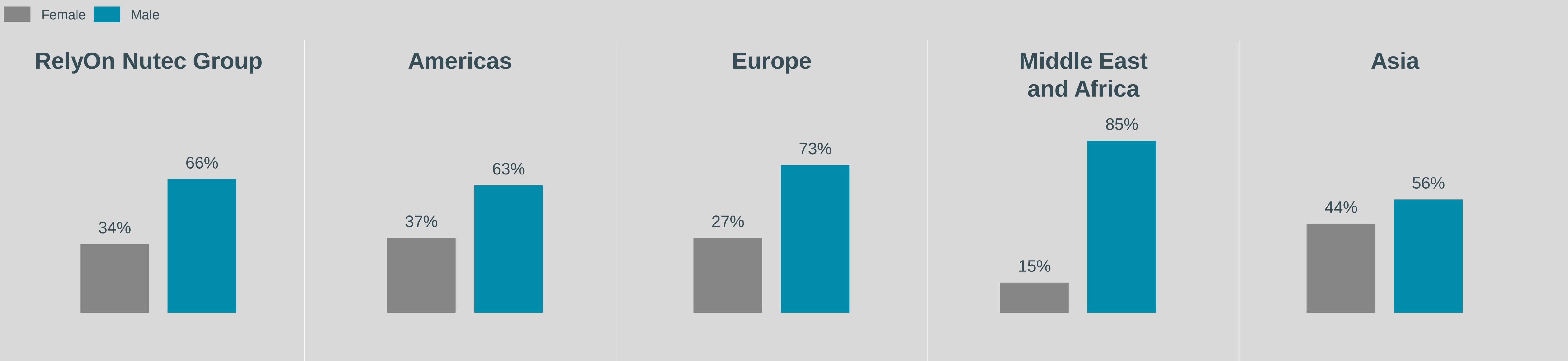
As mentioned RelyOn Nutec currently has no female board members. The board of directors are aware of this underrepresentation and wishes to support and contribute to the composition of the board being more diverse. It is the target that before 2023 the board of directors must consist of at least 1/3 of the underrepresented gender. In 2019, we added one new board member. In the search process it was a focus area to consider candidates of the underrepresented gender. The chosen board member was assessed to be the most qualified candidate for the position.

The target for the composition of the board of directors is ambitious considering the industry and the fact that women have traditionally not had a high representation. If new candidates are considered for the board of directors, gender will be part of the assessment, but the relevant and necessary professional competences will remain the most important.

A diverse organisation, reflecting the composition of the customers and the society in general, will ensure a stronger company, increased competitiveness and a good and innovative working environment. RelyOn Nutec wishes to develop and utilize the full potential with all employees and that all employees can develop their full potential in an expedient work-life balance.

RelyOn Nutec continuous to focus on diversity including gender composition and equal rights across the group. Further assessments will be initiated to monitor and improve diversity within RelyOn Nutec and will also be part of the impact assessments that will be performed on entity level across the group.

## DIVERSITY IN OUR REGIONS



# Consolidated financial statements 2019

## 1 January – 31 December

# INCOME STATEMENT

| DKKm | Notes | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|---|
| Revenue | 2.1 | 870 | 248 |
| Other income | | 9 | 3 |
| Cost of sales | | (239) | (59) |
| Staff costs | 2.2 | (410) | (113) |
| Other external costs | | (75) | (44) |
| **Operating profit before depreciation, amortization, impairment losses and special items (EBITDA)** | | **155** | **35** |
| Depreciation and impairment losses on property, plant and equipment | 2.4 | (79) | (11) |
| **Operating profit before amortization and special items (EBITA)** | | **76** | **24** |
| Amortization of intangible assets | 2.4 | (13) | (2) |
| **Operating profit before special items** | | **63** | **22** |
| Special items | 2.5 | (35) | (36) |
| **Operating profit (EBIT)** | | **28** | **(14)** |
| Financial income | 2.6 | 5 | 4 |
| Financial expenses | 2.7 | (59) | (10) |
| **Loss before tax** | | **(26)** | **(20)** |
| Income tax | 2.8 | (23) | 1 |
| **Loss for the year** | | **(49)** | **(19)** |
| **Loss for the year is attributable to:** | | | |
| Owners of P-RelyOn Nutec 2018 A/S | | (52) | (22) |
| Non-controlling interests | | 3 | 3 |
| **Total** | | **(49)** | **(19)** |

# STATEMENT OF COMPREHENSIVE INCOME

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Loss for the year | (49) | (19) |
| ***Other comprehensive income*** | | |
| *Items that will be subsequently reclassified to profit or loss* | | |
| Exchange rate adjustments of foreign entities | (3) | (2) |
| **Total comprehensive income for the year** | **(52)** | **(21)** |
| **Total comprehensive income for the year is attributable to:** | | |
| Owners of P-RelyOn Nutec 2018 A/S | (56) | (24) |
| Non-controlling interests | 4 | 3 |
| **Total** | **(52)** | **(21)** |

**Supplementary information**

The consolidated financial statements include comparison figures from 31 August 2018, but the acquisition and hence figures from Falck Safety Service Holding A/S only took place at 20 September 2018.

# BALANCE SHEET

| DKKm | Notes | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| Goodwill | 3.1 | 186 | 136 |
| Brands | 3.1 | 57 | 55 |
| Customer contracts | 3.1 | 58 | 60 |
| Knowhow | 3.1 | 24 | 27 |
| Software | 3.1 | 53 | - |
| Other intangible assets | 3.1 | 8 | 8 |
| Property and plant | 3.2 | 196 | 205 |
| Equipment | 3.2 | 107 | 117 |
| Leasehold improvement | 3.2 | 38 | 30 |
| Asset under construction | 3.2 | 1 | 17 |
| Right-of-use asset | 3.3 | 242 | - |
| Deferred tax asset | 3.5 | 17 | 13 |
| Other non-current assets | | 6 | 4 |
| **Total non-current assets** | | **993** | **672** |
| | | | |
| Trade receivables | 3.4 | 170 | 162 |
| Contract assets | 3.4 | 13 | 19 |
| Prepayments | | 15 | 18 |
| Other receivables | | 33 | 24 |
| Cash and cash equivalents | 4.4 | 77 | 107 |
| **Total current assets** | | **308** | **330** |
| **Total assets** | | **1,301** | **1,002** |

| DKKm | Notes | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| Share capital | 3.6 | 3 | 3 |
| Foreign currency translation reserve | | (6) | (2) |
| Retained earnings | | 195 | 247 |
| **Total equity attributable to owners of the parent company** | | **192** | **248** |
| Non-controlling interests | | 43 | 32 |
| **Total equity** | | **235** | **280** |
| | | | |
| Bond | 4.4 | 371 | 326 |
| Provisions | 6.2 | 21 | 92 |
| Lease liabilities | 3.3 | 301 | 36 |
| Deferred tax liabilities | 3.5 | 10 | - |
| Deferred consideration | | 27 | 25 |
| Other payables | 4.4 | 41 | 15 |
| **Total non-current liabilities** | | **771** | **494** |
| | | | |
| Provisions | 6.2 | - | 8 |
| Credit facility | 4.4 | 42 | 12 |
| Trade payables | 4.4 | 96 | 93 |
| Deferred consideration | 6.1 | 5 | 50 |
| Lease liabilities | 3.3 | 29 | 4 |
| Other payables | 4.4 | 123 | 61 |
| **Total current liabilities** | | **295** | **228** |
| **Total liabilities** | | **1,066** | **722** |
| **Total equity and liabilities** | | **1,301** | **1,002** |

# STATEMENT OF CHANGES IN EQUITY

| DKKm | Share capital | Foreign currency translation reserve | Retained earnings | Total equity attributable to owners of P-RelyOn Nutec 2018 A/S | Non-controlling interests | Total |
|---|---|---|---|---|---|---|
| Equity at 31.08.2018 | - | - | - | - | - | - |
| Loss for the year | - | - | (22) | (22) | 3 | (19) |
| Other comprehensive income | - | (2) | - | (2) | - | (2) |
| **Total comprehensive income for the year** | **-** | **(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** | **-** | **269** | **272** | **29** | **301** |
| **Equity at 31.12.2018** | **3** | **(2)** | **247** | **248** | **32** | **280** |
| Loss for the year | - | - | (52) | (52) | 3 | (49) |
| Other comprehensive income | - | (4) | - | (4) | 1 | (3) |
| **Total comprehensive income for the year** | **-** | **(4)** | **(52)** | **(56)** | **4** | **(52)** |
| *Transactions with owners in their capacity as owners* | | | | | | |
| Capital increase | - | - | - | - | 11 | 11 |
| Dividend | - | - | - | - | (4) | (4) |
| **Total transactions with shareholders** | **-** | **-** | **-** | **-** | **7** | **7** |
| **Equity at 31.12.2019** | **3** | **(6)** | **195** | **192** | **43** | **235** |

# CASH FLOW STATEMENT

| DKKm | Notes | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|---|
| Operating profit before depreciation, amortization, and impairment losses (EBITDA) | | 155 | 35 |
| Changes in net working capital | 6.3 | 5 | 12 |
| Income taxes paid | | (25) | (2) |
| Special items paid | | (33) | (46) |
| **Net cash flow from operating activities** | | **102** | **(1)** |
| Purchase of property, plant and equipment | 3.2 | (47) | (19) |
| Purchase of intangible assets | 3.1 | (9) | (2) |
| Proceeds from sale of property, plant and equipment | | - | 3 |
| Purchase of shares from minority shareholders | | - | (42) |
| Purchase of subsidiaries, net of cash | 6.1 | (63) | (413) |
| Change in other investment activities | | - | (9) |
| **Net cash flow from investing activities** | | **(119)** | **(482)** |
| Interests paid | | (52) | (10) |
| Proceeds from borrowings | 5.2 | 47 | 336 |
| Drawdown on credit facilities | 5.2 | 79 | 12 |
| Installments on lease liabilities | 3.3 | (40) | - |
| Capital increase | | 11 | 277 |
| Dividend paid, non-controlling interest | | (4) | (5) |
| Deferred consideration paid | 6.1 | (47) | - |
| Change in other financing activities | | (17) | (20) |
| **Cash flow from financing activities** | | **(23)** | **590** |
| **Net cash flow for the year** | | **(40)** | **107** |
| Cash and cash equivalents, beginning of the year | | 107 | - |
| Effects of exchange rate changes on cash and cash equivalents | | 10 | - |
| **Cash and cash equivalents at end of the year** | 4.4 | **77** | **107** |

# Notes

# Section 1:
# Basis of preparation

## NOTE 1.1 CAPITAL RESOURCES AND GOING CONCERN

The outbreak of the Coronavirus disease (COVID-19) is unfortunate and critical to the global society. We are committed to the health and safety of our customers and of course our own staff. Due to the measures introduced by the Governments in several countries, we have taken several measures since January 2020 to keep customers and employees safe during this unusual situation. This includes scaling down and closing temporarily some training sites and to lay off employees temporarily. The majority of the training centers has been reopened.

Management is monitoring the impact of COVID-19 very closely to be able to take the necessary measures to mitigate adverse effects on the operating results, net working capital and liquidity. Management has developed a number of scenarios and are prepared to implement contingency plans as and when deemed necessary.

Obviously, the outbreak of the COVID-19 will have a negative impact on the company's revenue as well as net profit for 2020; however, at this point the effect is still too early to quantify reliably. The extent of the impact will depend on how long the situation will continue.

During Q2 2020 BidCo RelyOn Nutec A/S initiated and obtained a refinancing package. On this basis, Management assesses that the capital resources are sufficient.

Please refer to the separate company announcements of 29 May 2020 and 8 June 2020, respectively, for further information regarding the refinancing elements and written resolution. Reference is also made to the Interim financial report Q2 2020 for the subsidiary BidCo RelyOn Nutec A/S published on 18 august 2020 and written resolution (go to: https://relyonnutec.com/en/investor/).

Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), which is therefore a non-adjusting event to the Company and the Group . Management has not subsequently identified any material remeasurements of assets and liabilities.

## NOTE 1.2 – 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 financial statements 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), which is the parent company's functional currency. The financial statements are presented in DKK million.

The financial statements comprise the financial year 1 January – 31 December 2019. The consolidated financial statements include comparative figures from 31 August 2018 to 31 December 2018, which comprise the first financial year. The Group was established as of 20 September 2018.

P-RelyOn Nutec 2018 A/S is a private limited company incorporated in Denmark and it's subsidiary, BidCo RelyOn Nutec A/S, is listed on Oslo Stock Exchange (Oslo Børs) due to a bond issue.

In general, the accounting policies are described in each of the specific notes to the financial statements, which also include additional description of the most significant accounting estimates and judgements.

## NOTE 1.3 - 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.

Besides the below mentioned adoption of IFRS 16, the accounting policies applied remain unchanged compared to last year.

Interest payments has been reclassified from investing to financing activities in the cash flow statement. In addition, minor reclassifications and adjustments have been made in the comparative figures.

*Adoption of new and amended standards*

We have implemented International Financial Reporting Standards (IFRS) as issued by the IASB and amendments effective as of 1 January 2019 as adopted by the European Union. Of the new standards and amendments implemented in 2019, only IFRS 16 Leases has had a material impact on the Group's financial statements .

*Adopting of IFRS 16*

IFRS 16 was issued in January 2016 and has resulted in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (a right-to-use) and a financial liability to pay rentals are recognized.

## NOTE 1.3 - ACCOUNTING POLICIES - Continued

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.

The Group has applied IFRS 16 using the modified retrospective approach. Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4.

Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease based on the assessment of whether: fulfilment of the arrangement was dependent on the use of a specific asset or assets; and the arrangement had conveyed a right to use the asset.

*Impact*

On transition to IFRS 16, the Group has applied the following practical expedients on adoption of IFSR 16 Leases permitted by the standard

- Lease contracts with a remaining term of 12 months or less and low-value assets below TDKK 35 has not been recognized as leased assets.
- The carrying amount of the provision for onerous operating lease contracts has been offset against the carrying amount of the right-of-use assets.
- The use of hindsight has not been applied.

Implementation of the standard has impacted the 2019 opening balance as highlighted in the following:

| DKKm | 31.12.2018 | Change | 01.01.2019 |
|---|---|---|---|
| Property, plant and equipment | 117 | (30) | 87 |
| Right-of-use assets | - | 259 | 259 |
| Financial lease liabilities | 40 | (40) | - |
| Provisions | 80 | (80) | - |
| Lease liabilities | - | 349 | **349** |

Differences between the operating lease commitments on 31 December 2018 and lease liabilities recognised in the opening balance on 1 January 2019 in accordance with IFRS 16 specify as follows:

| DKKm | 31.12.2019 |
|---|---|
| **Total operating lease commitments** | **344** |
| Discounted using incremental borrowing rate at 1 January 2019 | (54) |
| Finance lease liabilities recognised at 31 December 2018 | 40 |
| **Disclosed in the 2018 financial statements** | **330** |
| Prior year adjustment etc. | 19 |
| **Right-of-use lease liability as of 1 January 2019** | **349** |
| Provision for onerous contracts | (80) |
| Fair value adjustment of finance lease assets | (10) |
| **Right-of-use assets as of 1 January 2019** | **259** |

*New accounting regulations*

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2019 consolidated financial statements. RelyOn Nutec expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the consolidated financial statements when implemented .

### 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.

*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 have transferred to the Group, no non-controlling interest is recognised, and the liability related to the put option is treated as a contingent consideration liability. If risks and rewards related to the put option have not transferred to the Group, the non-controlling interest remains being recognized, and 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.

## NOTE 1.3 - ACCOUNTING POLICIES - Continued

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*
Cost of sales comprise expenses for related to course material and subcontractors.

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

### Balance

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

Contingent consideration liabilities arising from business combinations are subsequently measured at fair value.

### 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 depreciation, amortization, impairment losses and special items (EBITDA) 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 interests paid cash flows from the raising and repayment of long term debt including payments related to lease liabilities as well as payments to and from shareholders and non-controlling interests.

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

### Key figures

The financial ratios have been computed in accordance with the latest Guidelines issued by the Danish Finance Society. Further reference is made to page 71.

## NOTE 1.4 - 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 and judgements related to:

*Accounting estimates:*

- Goodwill and brands, cf. note 3.1
- Business combination, cf. note 6.1

*Management judgements:*

- Incentive program, cf. note 2.3
- Special items, cf. note 2.5
- Leases, cf. note 3.3

Additional description of management judgements and estimates made are described in the relevant notes.

# Section 2: Income statement

## NOTE 2.1 – SEGMENTS AND REVENUE

| 01.01 - 31.12.2019<br>DKKm | Americas | Asia | Europe | Middle East and Africa | Non-allocated items and elimination | Total |
|---|---|---|---|---|---|---|
| **Revenue from external customers** | 236 | 103 | 423 | 108 | - | **870** |
| **Operating profit before depreciation, amortization, impairment losses and special items (EBITDA)** | 55 | 46 | 39 | 28 | (13) | **155** |
| **Non-current assets excl. deferred tax asset** | 270 | 117 | 582 | 75 | (68) | **976** |

| 31.08 - 31.12.2018<br>DKKm | Americas | Asia | Europe | Middle East and Africa | Non-allocated items and elimination | Total |
|---|---|---|---|---|---|---|
| **Revenue from external customers** | 60 | 30 | 122 | 36 | - | **248** |
| **Operating profit before depreciation, amortization, impairment losses and special items (EBITDA)** | 11 | 17 | 6 | 11 | (10) | **35** |
| **Non-current assets excl. deferred tax asset** | 101 | 65 | 410 | 83 | - | **659** |

### § | Accounting policy

*Segment*

The accounting policies of the reportable segments are the same as the Group's accounting policies described throughout the notes. Segment revenue and costs are based on the internal reporting and comprise items that can be directly referred to the individual segments. Unallocated items mainly consist of costs related to group functions.

For the purpose of segment reporting, segment profit has been identified as EBITDA.

When presenting geographical information, segment revenue are based on the geographical location of the individual subsidiary from which the sales transaction originates.

*Revenue*

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

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

The activity is pay-per-use, and the payment terms for customers are up to 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.

### Supplementary information

RelyOn Nutec is a global operator, that operates in more than 20 countries around the world. Operations are generally managed based on a geographical structure comprising 8 geographical areas. Management has concluded that the 8 geographical areas can be aggregated into 4 regions according to IFRS 8. An overview of the grouping of countries into regions is presented in note 6.8 - Group companies.

The regions have been identified based on a key principle of grouping countries that share market conditions resulting in similar expectations in respect of revenue growth, rates of return on assets and capital investments. Management has based the assessment that the 8 geographical areas can be aggregated into 4 reportable primarily on the following shared characteristics:

- The nature of the products is the same,
- The customers within the same class, primarily customers within the offshore oil industry operating in the same geographical area. There are subject to the same the same macroeconomic development: despite being located in different countries.

The segment reporting is prepared in a manner consistent with the Group's internal management and reporting structure. Transactions between reportable segments are made on market terms. Revenue and EBITDA can be reconciled directly to the income statement. The remaining reconciliation items to the loss for the year are disclosed directly in the income statement.

## NOTE 2.1 – SEGMENTS AND REVENUE - continued

| DKKm | Oil and gas | Renewables | Maritime | Other high risk industries | 01.01 - 31.12.2019 |
|---|---|---|---|---|---|
| Americas | 220 | - | 7 | 9 | 236 |
| Asia | 89 | - | 6 | 8 | 103 |
| Europe | 208 | 50 | 36 | 129 | 423 |
| Middle East and Africa | 105 | - | - | 3 | 108 |
| **Total** | **622** | **50** | **49** | **149** | **870** |

| DKKm | Oil and gas | Renewables | Maritime | Other high risk industries | 31.08 - 31.12.2018 |
|---|---|---|---|---|---|
| Americas | 51 | - | 5 | 4 | 60 |
| Asia | 22 | - | 2 | 6 | 30 |
| Europe | 59 | 9 | 1 | 53 | 122 |
| Middle East and Africa | 31 | - | - | 5 | 36 |
| **Total** | **163** | **9** | **8** | **68** | **248** |

### Supplementary information

Geographies (except Denmark) with more than 10% of the Group revenue:

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| United Kingdom | 125 | 30 |
| Netherlands | 105 | 42 |
| Norway | 99 | 26 |
| United States of America | 94 | 25 |
| Denmark | 48 | 10 |
| Other | 399 | 115 |
| **Total** | **870** | **248** |

## NOTE 2.2 – STAFF COSTS

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Wages and salaries | (328) | (94) |
| Pensions, defined contribution plans | (13) | (4) |
| Other social security costs | (26) | (8) |
| Other staff costs | (53) | (13) |
| **Total** | **(420)** | **(119)** |
| of which is classified as special item, cf. note 2.5 | 10 | 6 |
| **Total** | **(410)** | **(113)** |
| **Average number of employees** | **1,103** | **1,043** |

### Supplementary information

Key management consist of Board of Directors and Executive Management. None of the members have received any compensations.

### § | Accounting policy

Staff costs comprise wages and salaries as well as expenses for payroll and pensions.

## NOTE 2.3 – INCENTIVE PROGRAM

In 2019, the company offered a share investment and warrant program to certain key employees in the subsidiary BidCo RelyOn Nutec A/S. Under the program, participants made a combined share and warrant investment in P-Holding RelyOn Nutec A/S. The company holds all shares in Bidco RelyOn Nutec A/S and has no other activities.

As of 31 December 2019, the outstanding number of shares amount to 1.6% of the share capital in P-Holding RelyOn Nutec A/S and outstanding number of warrants amount to potential shares equal to 2.9% of the current share capital in P-Holding RelyOn Nutec A/S. None of the members of Management in P-Holding RelyOn Nutec A/S are members of the program.

The shares and warrants were acquired at fair value and consequently, no cost is recognized. The warrants are exercisable upon an exit event such as transfer of at least 50% of the share capital/voting rights or an initial public offering. If no such exit event takes place before 20 September 2023, the participants are entitled to exercise the warrants. The warrants are subject to customary leaver provisions.

If a participant leaves the company (bad leaver) the company has a right but not an obligation to acquire the shares and warrants at the lower of cost price, fair value and intrinsic value. If the company terminates an employee (good leaver) the participant is entitled to sell the shares and warrants to the company at their fair value. During 2019, P-Holding RelyOn Nutec A/S reacquired shares equal to 0.04% of the share capital and warrants equal to a potential shareholding of 0.4% due to a participant leaving the BidCo RelyOn Nutec A/S.

As of 31 December 2019, the settlement amount for all outstanding shares and warrants under the program is approx. DKK 10 million.

### § | Accounting policy

The incentive program comprising a combined share and warrant investment made by the Executive Board and a number of senior employees in the subsidiary BidCo RelyOn Nutec A/S is classified as a cash settled share-based payment arrangement due to the call and put options in the arrangement. The amount initially paid in is classified as a liability. The liability is subsequently measured at the probability weighted value of the amount payable to a participant becoming a good leaver on the balance sheet date and the amount payable to a participant becoming a bad leaver on the balance sheet date.

The carrying amount of the liability as of 31 December 2019 is DKKm 6.5. The liability is classified as other payables in the balance sheet. The liability was reduced by DKKm 2.6 during 2019. This gain is classified as staff costs in the income statement.

Fair value of the shares and warrants is determined is based on the price from the latest leaving member of the program in 2019.

## NOTE 2.4 – AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Depreciation on property, plant and equipment cf. note 3.2 | (41) | (11) |
| Depreciation on property, plant and equipment - right-of-use asset cf. note 3.3 | (38) | - |
| **Total depreciation** | **(79)** | **(11)** |
| Amortization of intangible assets, cf. note 3.1 | (13) | (2) |
| **Total amortization** | **(13)** | **(2)** |

## NOTE 2.5 – SPECIAL ITEMS

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Transactions costs | (5) | (27) |
| Costs associated with listing of bond | (4) | - |
| Rebranding costs | (6) | - |
| Restructuring costs, termination benefits and severance payments etc. | (20) | (9) |
| **Total** | **(35)** | **(36)** |

Special items reconcile to the income statement in items as specified in the table below:

| | 01.01 - 31.12.2019 | | | 31.08 - 31.12.2018 | | |
|---|---|---|---|---|---|---|
| | Before | Special items | After | Before | Special items | After |
| Revenue | 870 | - | 870 | 248 | - | 248 |
| Other income | 9 | - | 9 | 3 | - | 3 |
| Cost of sales | (239) | - | (239) | (59) | - | (59) |
| Staff costs | (420) | 10 | (410) | (119) | 6 | (113) |
| Other external costs | (104) | 29 | (75) | (74) | 30 | (44) |
| **Operating profit before depreciation, amortization, impairment losses and special items (EBITDA)** | **116** | **39** | **155** | **(1)** | **36** | **35** |
| Depreciation and impairment losses on property, plant and equipment | (79) | - | (79) | (11) | - | (11) |
| **Operating profit before amortization and special items (EBITA)** | **37** | **39** | **76** | **(12)** | **36** | **24** |
| Amortization of intangible assets | (13) | - | (13) | (2) | | (2) |
| **Operating profit before special items** | **24** | **39** | **63** | **(14)** | **36** | **22** |
| Special items | - | (35) | (35) | - | (36) | (36) |
| **Operating profit (EBIT)** | **24** | **4** | **28** | **(14)** | **-** | **(14)** |
| Financial income | 5 | - | 5 | 4 | - | 4 |
| Financial expenses | (55) | (4) | (59) | (10) | - | (10) |
| **Loss before tax** | **(26)** | **-** | **(26)** | **(20)** | **-** | **(20)** |

### § | Accounting policy

Special items are used in connection with the presentation of income statement for the year to distinguish operating profit from non-recurring income and expenses, which by their nature are not related to the Group's ordinary operations e.g. re-branding costs, restructuring costs relating to structural, procedural and managerial re-organisations as well as transaction and restructuring costs relating to acquisition of businesses.

### ≈ | Critical accounting judgements

The use of special items entails Management judgement in the separation from the ordinary operations of the Group. In the classification of special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

## NOTE 2.6 – FINANCIAL INCOME

| DKKm | | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|---|
| Exchange rate gain | | 1 | 4 |
| Fair value adjustment of contingent consideration, non-controlling interest | cf. note 5.1 | 3 | - |
| Other financial income | | 1 | - |
| **Total** | | **5** | **4** |

## NOTE 2.7 – FINANCIAL EXPENSES

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Bond interest | (26) | (7) |
| Interest on lease liabilities, cf. note 3.3 | (24) | (1) |
| Other financial expenses | (9) | (2) |
| **Total** | **(59)** | **(10)** |

### § | Accounting policy

Financial income and expenses represent interest income and interest expense, realized and unrealized exchange rate gains and losses, amortization related to financial liabilities including lease liabilities and fair value adjustments of contingent consideration liabilities.

## NOTE 2.8 – TAX

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Current tax on loss for the year | (22) | (1) |
| Deferred tax on loss for the year and previous years | (1) | 2 |
| | **(23)** | **1** |
| **Calculated 22.0% tax on loss for the year before income tax** | (6) | 4 |
| **Tax effects of:** | | |
| Non-taxable income | 6 | 5 |
| Non-deductible expenses | (2) | (7) |
| Adjustment of tax relating to previous years | (3) | - |
| Revaluation of deferred tax assets | (26) | - |
| Difference in foreign tax rates | (4) | (1) |
| | **(23)** | **1** |
| **Effective tax rate** | **Neg.** | **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 measured using the tax rate expected to apply when timing differences are reversed.

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. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

### ≈ | Accounting estimates

Deferred tax assets are measured at the value at which they are expected to be realized. Deferred tax assets, including the tax base of tax loss carryforwards are recognised if it is assessed that there will be sufficient future taxable income against which the temporary differences and unutilised tax losses can be utilised. This assessment is based on budgets and business plans for the following years, including planned business initiatives .

The Group is subject to tax legislation in the countries in which it operates. Any significant accounting estimates relating to the statements of current tax, deferred tax and pending tax matters in the individual countries have been provided.

Further reference is made to note 1.1. in the financial statements.

# Section 3: Balance sheet

## NOTE 3.1 – INTANGIBLE ASSETS

| DKKm | Goodwill | Brands | Customer contracts | Knowhow | Software | Other intangible assets | Total |
|---|---|---|---|---|---|---|---|
| Cost: | | | | | | | |
| At 31.08.2018 | - | - | - | - | - | - | - |
| Acquisition of business, cf. note 6.1 | 136 | 55 | 63 | 27 | - | 6 | 287 |
| Additions | - | - | - | - | - | 2 | 2 |
| Disposals | - | - | - | - | - | - | - |
| Exchange difference | - | - | - | - | - | - | - |
| **At 31.12.2018** | **136** | **55** | **63** | **27** | **-** | **8** | **289** |
| Accumulated amortisation and impairment: | | | | | | | |
| At 31.08.2018 | - | - | - | - | - | - | - |
| Amortisation for the year | - | - | (2) | - | - | - | (2) |
| Impairment for the year | - | - | - | - | - | - | - |
| Reversals regarding disposals | - | - | - | - | - | - | - |
| Exchange difference | - | - | (1) | - | - | - | (1) |
| **At 31.12.2018** | **-** | **-** | **(3)** | **-** | **-** | **-** | **(3)** |
| **Carrying amount 31.12.2018** | **136** | **55** | **60** | **27** | **-** | **8** | **286** |
| Cost at. 01.01.2019 | 136 | 55 | 63 | 27 | - | 8 | 289 |
| Prior year adjustment, cf. note 6.1 | 17 | - | - | - | - | - | 17 |
| Transfer from other asset classes | - | - | - | - | 5 | (5) | - |
| Acquisition of business, cf. note 6.1 | 30 | - | 6 | - | 41 | 5 | 82 |
| Additions | - | - | - | - | 9 | - | 9 |
| Exchange difference | 3 | 2 | (1) | - | 1 | - | 5 |
| **At. 31.12.2019** | **186** | **57** | **68** | **27** | **56** | **8** | **402** |
| Accumulated amortisation and impairment: | | | | | | | |
| At 01.01.2019 | - | - | (3) | - | - | - | (3) |
| Amortisation for the year | - | - | (9) | (3) | (1) | - | (13) |
| Exchange difference | - | - | 2 | - | (2) | - | - |
| **At 31.12.2019** | **-** | **-** | **(10)** | **(3)** | **(3)** | **-** | **(16)** |
| **Carrying amount 31.12.2019** | **186** | **57** | **58** | **24** | **53** | **8** | **386** |

## § | Accounting policy

*Goodwill*

Goodwill is recognized in the balance sheet at cost on initial recognition as described under "Business combinations", note 6.1. 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), however, not a higher level than operating segments.

*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. Customer contracts and knowhow are amortized over the expected economic life, estimated to be 10 years.

*Software*

Software acquired in a business combination is recognized at replacement cost at the acquisition date. Software bought or developed for internal use is measured at the lower of cost less accumulated amortisation and impairment losses and the recoverable amount. Cost comprises payments for the software and other directly attributable expenses of preparing the software for its intended use. Software is amortized over the expected economic life, estimated to be 3 to 5 years.

*Other intangible assets*

Other intangible assets mainly include assets (software) under construction.

### Supplementary information

**Brands** 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 39 (DKKm 38 in 2018). **Knowhow** includes the knowledge for obtaining business critical certificates, such as OPITO, GWO, ISO etc.

## NOTE 3.1 – INTANGIBLE ASSETS - continued

*Impairment test*

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.

Goodwill and brands are monitored by Management at an operating segment level. Goodwill and brands are allocated to CGU's, as per below. Allocation of goodwill from 2019 acquisitions, DKKm 43, cf. note 6.1., is preliminary. Goodwill is mainly allocated to operating Portfolio and Partnerships.

Goodwill and brands with an indefinite life have been tested for impairment at 31 December 2019.The tests did not result in any impairment of carrying amounts. The impairment test is based on value in use. The impairment test for 2018 was based on fair value less costs to sell due to the short period between acquisition of RelyOn Nutec and the balance sheet date.

For the year 2020 and projections for subsequent years up to and including 2022, the expected future net cash flows are determined based on budgets and business plans approved by Management. From 2023 onwards, a perpetual cash flow increasing by the terminal growth rate is used.

The below table provides an overview of the carrying amount and key assumptions applied for each cash generating unit for which the carrying amount of goodwill and brands is material.

The key assumptions for each cash generating unit are annual revenue growth and EBITDA margin as well as net working capital and investments. The assumptions are based on past experience, internal as well external benchmarks and statistics, management's expectations for the market development, market trends and initiated digitalization projects and projects in general.

The terminal growth rate is in line with industry expectations.

Notice should be given to the fact that the assumption applied are assumption deemed appropriate by Management as of 31 December 2019. As discussed in note 1.1, the outbreak of the Coronavirus disease is expected to have adverse impact on our business. Consequently, future impairment tests may be impacted.

### ≈ | 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. Goodwill and Brands with indefinite lifetime are not amortized, but subject to an impairment test once a year. 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. For 2019 the impairment tests have been based on value-in-use calculations, which also require the use of management 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.

| DKKm | Asia | Golf of Mexico | Partnerships | Portfolio | Other | Total |
|---|---|---|---|---|---|---|
| Carrying amount of goodwill | 43 | 49 | 36 | 26 | 32 | 186 |
| Carrying amount of brands | 25 | 7 | 5 | 5 | 15 | 57 |
| | | | | | | |
| Average annual revenue growth rate | 3.7% | 1.8% | 2.2% | 13.6% | 9.0% - 4.0% | |
| Average EBITDA margin | 42.7% | 21.7% | 23.8% | 34.9% | 9.0% - 52.0% | |
| Terminal period growth rate | 2.0% | 1.5% | 4.0% | 1.5% | 1.5% - 2.5% | |
| Pre-tax discount rate | 9.9% | 10.5% | 11.4% | 10.0% | 9.7% - 10.7% | |

### Supplementary information

The category ”other” contains operation in Brazil, Central Europe, Middle East, Scandinavia and United Kingdom as these are assessed individually insignificant.

## NOTE 3.2 – PROPERTY, PLANT AND EQUIPMENT

| DKKm | Property and plant | Equipment | Leasehold improvement | Assets under construction | Total |
|---|---|---|---|---|---|
| Cost: | | | | | |
| At 31.08.2018 | - | - | - | - | - |
| Acquisition of business, cf. note 6.1 | 163 | 123 | 32 | 51 | 369 |
| Additions | 11 | 5 | 1 | 2 | 19 |
| Transferred | 38 | - | - | (38) | - |
| Disposals | (5) | (8) | - | - | (13) |
| Exchange difference | 1 | (2) | (1) | 2 | - |
| **At 31.12.2018** | **208** | **118** | **32** | **17** | **375** |
| | | | | | |
| Accumulated depreciation and impairment: | | | | | |
| At 31.08.2018 | - | - | - | - | - |
| Depreciation for the year | (3) | (7) | (1) | - | (11) |
| Impairment for the year | - | - | - | - | - |
| Reversals regarding disposals | - | 8 | - | - | 8 |
| Exchange difference | - | (2) | (1) | - | (3) |
| **At 31.12.2018** | **(3)** | **(1)** | **(2)** | **-** | **(6)** |
| | | | | | |
| **Carrying amount 31.12.2018** | **205** | **117** | **30** | **17** | **369** |
| | | | | | |
| Of which relates to finance leases | 12 | 16 | 2 | 0 | 30 |
| | | | | | |
| Cost: | | | | | |
| At 01.01.2019 | 208 | 118 | 32 | 17 | 375 |
| Prior year adjustment, cf. note 6.1 | (3) | - | - | - | (3) |
| Acquisition of business, cf. note 6.1 | - | 3 | - | - | 3 |
| Right-of-use assets - reclassification | (12) | (16) | (2) | - | (30) |
| Additions | 8 | 28 | 6 | 4 | 46 |
| Transferred | 15 | - | 5 | (20) | - |
| Disposals | (12) | (6) | (1) | - | (19) |
| Exchange difference | 1 | 9 | 5 | - | 15 |
| **At 31.12.2019** | **205** | **136** | **45** | **1** | **387** |
| | | | | | |
| Accumulated depreciation and impairment: | | | | | |
| At 01.01.2019 | (3) | (1) | (2) | - | (6) |
| Depreciation for the year | (5) | (31) | (5) | - | (41) |
| Impairment for the year | - | - | - | - | - |
| Reversals regarding disposals | 2 | 4 | 1 | - | 7 |
| Exchange difference | (3) | (1) | (1) | - | (5) |
| **At 31.12.2019** | **(9)** | **(29)** | **(7)** | **-** | **(45)** |
| | | | | | |
| **Carrying amount 31.12.2019** | **196** | **107** | **38** | **1** | **342** |

### § | 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:

| | |
|---|---|
| **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 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 reviewed in order to assess, whether there are any indicators of impairment, cf. note 3.1.

### Supplementary information

Committed CAPEX on December 31, 2019 was related to completion of upgrade on facility in USA, total DKKm 4. Committed CAPEX on December 31, 2018, was related to completion of the new facility in Asia, total DKKm 2.

## NOTE 3.3 – LEASES

| DKKm | Property and plant | Equipment | Total |
|---|---|---|---|
| Cost: | | | |
| At 01.01.2019 (previously included as land and buildings & equipment) | 12 | 18 | 30 |
| Adjustment on transition to IFRS 16 | 220 | 9 | 229 |
| **Restated opening net book amount 01.01.2019** | **232** | **27** | **259** |
| Additions | 17 | 1 | 18 |
| Net exchange differences | 5 | - | 5 |
| **At 31.12.2019** | **254** | **28** | **282** |
| Depreciation and impairment: | | | |
| At 01.01.2019 | - | - | - |
| Depreciation for the year, cf. note 2.4 | (33) | (5) | (38) |
| Impairment for the year | - | - | - |
| Exchange difference | 1 | (3) | (2) |
| **At 31.12.2019** | **(32)** | **(8)** | **(40)** |
| **Carrying amount 31.12.2019** | **222** | **20** | **242** |

## § | Accounting policy

**Lease assets**

Lease assets are 'right-of-use assets' arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred by RelyON Nutec as the lessee.

RelyOn Nutec has primarily these types of leases:

- Rental of premises
- Equipment

The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less at inception. Low-value assets typically comprise IT-equipment and small items of office furniture with an initial value of TDKK 35 or less.

Each year, the assets are reviewed in order to assess, whether there are any indicators of impairment, cf. note 3.1

**Lease liabilities**

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet due.

At initial recognition RelyOn Nutec assesses for each contract individually the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably likely that RelyOn Nutec will exercise the option. When calculating the net present value RelyOn Nutec use a discount rate corresponding to the incremental borrowing rate. The weighted average discount rate was 8.5% as of 1 January 2019. In order to calculate the incremental borrowing rate, reference interest rates were derived – for a period of up to 4 years – from the yields of corporate bond.

## NOTE 3.3 – LEASES - continued

| DKKm | 31.12.2019 | 31.12.2018 |
|---|---|---|
| **Maturity analysis - contractual undiscounted cash flows** | | |
| Less than one year | 46 | 5 |
| One to five years | 178 | 19 |
| More than five years | 138 | 25 |
| **Total undiscounted lease liabilities at 31 December** | **362** | **49** |
| **Lease liabilites included in the statement of financial position at 31 December** | **330** | **40** |
| Current | 29 | 4 |
| Non-current | 301 | 36 |

### ≈ | Accounting judgements

In accounting of lease contracts, various judgements are applied in determining right-of-use assets and lease liabilities. Judgements include assessment of periods and applicable discount rates.

### Supplementary information

At inspection of a contract, The Group assesses whether a contract contains a purchases, termination or extension option. For the contracts that contains either purchase, termination or extension options, the management have assessed the reasonably certain to exercise the options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.  The carrying out amount of the recognized extensions and terminations options on lease liabilities amounts to DKKm 29 and on right-of-use assets DKKm 28.

**Amounts recognised in profit or loss**

| DKKm | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Interest on lease liabilities, cf. note 2.7 | (24) | (1) |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | (1) | - |
| **Total** | **(25)** | **(1)** |

**Amounts recognised in the statement of cashflows**

| DKKm | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Repayment of lease liabilities | (40) | - |
| Interest on lease liabilities, cf. note 2.7 | (24) | (1) |
| **Total** | **(64)** | **(1)** |

## NOTE 3.4 – TRADE RECEIVABLES AND CONTRACT ASSETS

The Group has recognised the following assets and liabilities related to contracts with customers

| DKKm | Contracts assets | Trade receivables |
|---|---|---|
| **Balance at 31.12.2018** | **19** | **162** |
| **Balance at 31.12.2019** | **13** | **170** |

| | Expected loss rate | Gross carrying amount, trade receivables | Expected credit loss | Trade receivables |
|---|---|---|---|---|
| *As of 31 December 2018* | | | | |
| Current | 5% | 20 | (1) | 19 |
| More than 1 day past due | 1% | 71 | (1) | 70 |
| More than 30 days past due | 2% | 45 | (1) | 44 |
| More than 60 days past due | 2% | 23 | - | 23 |
| More than 90 days past due | 0% | 25 | - | 25 |
| | | **184** | **(3)** | **181** |
| *As of 31 December 2019* | | | | |
| Current | 2% | 64 | (1) | 63 |
| More than 1 day past due | 0% | 53 | - | 53 |
| More than 30 days past due | 2% | 25 | (1) | 24 |
| More than 60 days past due | 5% | 13 | (1) | 12 |
| More than 90 days past due | 20% | 6 | (1) | 5 |
| More than 120 days past due | 12% | 30 | (4) | 26 |
| | | **191** | **(8)** | **183** |

### § | 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 4.3. A write-down is recognized in other external costs.

During 2019, the Group has entered into trade receivables transfer agreements in which the buyer takes on credit risk whereas the Group retains some late payment risk. Under the arrangements, the Group obtains an up-front payment of 80-85% of the nominal value of the trade receivables transferred. As of 31 December 2019, outstanding trade receivables in the amount of DKK 11 million has been transferred. Management has assessed that the late payment risk in the transferred portfolio is limited, and consequently, that transfer of the credit risk results in substantially all risks and rewards have been transferred to the counterpart. Consequently, the up-front amounts received are treated as a reduction of the outstanding trade receivables.

### ≈ | Accounting estimates

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. Further reference is made to note 1.1. in the financial statements.

Movement on the Group's provision for impairment of trade receivables

| DKKm | 2019 | 2018 |
|---|---|---|
| **Opening balances** | (3) | - |
| Increase during the year | (5) | (3) |
| Receivables written off as uncollectible | - | - |
| **Expected credit loss at 31 December** | **(8)** | **(3)** |

## NOTE 3.5 – DEFERRED TAX

| DKKm | Asset | Liability |
|---|---|---|
| Deferred tax at 31.08.2018 | - | - |
| Addition of business, cf. note 6.1 | 14 | - |
| Deferred tax recognised in the income statement | (1) | - |
| **Deferred tax at 31.12.2018** | **13** | **-** |
| | | |
| **Deferred tax at 01.01.2019** | **13** | **-** |
| Addition of business, cf. note 6.1 | - | 7 |
| Deferred tax recognised in the income statement | 4 | 3 |
| **Deferred tax at 31.12.2019** | **17** | **10** |
| | | |
| **Deferred tax relates to:** | **Asset** | **Liability** |
| Intangible assets | 1 | 7 |
| Property, plant and equipment | - | - |
| Tax loss carry forwards | 14 | 1 |
| Other | 2 | 2 |
| **Total** | **17** | **10** |

### § | Accounting policy

Accounting policy are listed within note 2.8.

### Supplementary information

The Group have unrecognized tax losses to carry forwards, total DKKm 56 (DKKm 46 in 2018). The Group is of the opinion, that utilization within 3-5 years is not possible within a foreseeable future. There are no expiry date 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 8 (DKKm 12 in 2018).

Tax assets related to the tax loss carried forward have be recognized in countries where we expect to generate positive taxable income from 2020 and with the amount expected to utilized within 3-5 years.

## NOTE 3.6 – SHARE CAPITAL

| The share capital comprise: | Number of shares | Nominal value (DKK'000) |
|---|---|---|
| Share capital 31.08.2018 | 500,000 | - |
| Capital increase 19.09.2018 | 2,548,759 | 3 |
| Capital increase 09.10.2018 | 167,484 | - |
| **Share capital 31.12.2018** | **3,216,243** | **3** |
| | | |
| **Share capital 31.12.2019** | **3,216,243** | **3** |
| | | |
| **Share capital is distributed as follows:** | | |
| A-shares | 1,582,508 | 1 |
| B-shares | 1,633,735 | 2 |
| **Share capital 31.12.2019** | **3,216,243** | **3** |

### Supplementary information

All shares have nominal value of DKK 1.
All shares have the same rights, preferences and restrictions.
All shares are fully paid up.

# Section 4:
# Financial Risk Management

## NOTE 4.1 – FINANCIAL RISK MANAGEMENT

The Group's activities give rise to exposure to a variety of financial risks, including market risk (currency risk and interest risk), credit risk and liquidity risk. These financial risks are managed centrally by Group Finance.

Financial risks are described in the following sections:

- Market risk: note 4.2
- Credit risk: note 4.3
- Liquidity risk: note 4.4

It is the Group's policy to mitigate risk exposure derived from its business activities. Group Policy does not allow taking speculative positions in the financial markets.

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.

At 31 December 2019, the exposure to credit risk related to cash and cash positions equivalents was DKKm 77 (2018: DKKm 106). It is the Group's Policy to upstream as much cash as possible to its relationship bank with a credit rating A and keep local cash positions on a level only needed for the operations.

## NOTE 4.2 – MARKET RISK

### Currency risk

Fluctuating currency rates influence the Group's reported income statement, balance sheet and value of future cash flows denominated in foreign currencies. 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.

Foreign exchange exposure in the Group consists of two types of risk (a) translation risk and (b) transaction risk. The objective is to minimize impact from change in exchange rates.

**Translation risk** arises from the translation of subsidiaries' income statement and net assets into the Group's functional currency DKK. The majority of the current cash position is within low risk foreign currency; GBP, MYR, EUR, TTD and USD). No hedges were in place for currency translation risks at the end of 2019 and 2018.

**Transaction risk** arises from cash flows in currencies other than the functional currencies of the Group's subsidiaries. This can be due to the contracts with limited customers or suppliers paying/requiring payments in other currencies than functional currencies. This is mainly currencies USD, GBP and EUR. The Group does not hedge with financial contracts against transaction risk, although natural hedges (income and expenses in same currency) minimize the impact in the profit and loss.

The internal borrowings/deposits are primarily done in local currencies.

The Group's Bond and credit facility are in EURO. The Group considers both DKK and EUR as base currencies due to the historically fixed currency band between DKK/EUR.

Due to the above no sensitive analysis is included for both the translation and transaction risks.

## NOTE 4.2 – MARKET RISK - continued

**Interest rate risk**

Interest rates on Bonds and revolving 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 and credit facility is based on the 3M Euribor rate.

*Sensitivity analysis*

The sensitivity of profit or loss is based on changes in in the interest rates on the borrowings on Group level only.

| | **Profit after tax / Equity** | |
|---|---|---|
| Change in 3M EURIBO | -0.50% | 0.50% |
| (DKKm) | 1.92 | -1.92 |

If the market rate at 31 December 2019 had been 1 percentage point higher, net finance cost would have increased by DKKm 2. The analysis assumes a parallel shift in the relevant yield curves. Sensitivity analysis are based on annual interest expenses.

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

## NOTE 4.3 – 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 categorised 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 3.4.

Maximum credit risk is outlined below:

| DKKm | Gross | Expected credit loss | Net, amount |
|---|---|---|---|
| Cash and cash equivalents | 77 | - | 77 |
| *Trade receivables:* | | | |
| Major oil companies or public companies | 79 | (1) | 78 |
| Private and commercial | 112 | (7) | 105 |
| **Total** | **268** | **(8)** | **260** |

## NOTE 4.4 - LIQUIDITY RISK

Liquidity risk results from the Group's potential inability or difficulty in meeting the contractual obligations associated with its financial liabilities due to insufficient liquidity.

*Liquidity reserves*

The Group's liquidity reserves mainly of liquid funds (cash and cash equivalents less not readily available or restricted cash) and unused credit facility. As at 31 December 2019 the Group's liquid reserves consisted of readily available liquid funds of DKKm 61 (2018: DKKm 80) and unused revolving credit facility of DKKm 26 (DKK 2018: DKKm 31), where it is available for drawing until  20 June 2021. The undrawn facility amounted to DKKm 25 at the end of December 2019.

DKKm 16 (2018: DKKm 26) of the total cash position at 31 December 2019 was placed on bank accounts  in Trinidad with limited availability due to legal and local circumstances.

Credit facility is available with a maximum of DKKm 67 for financing of working capital. The interest is based on 3M Euribor rate plus a margin (4%). Drawings on the credit facility expire less than one year.

In addition, the Group has a Bond facility available with a maximum of DKKm 745. The Bond is listed on the Norwegian Stock Exchange (NO0010831373 named "BidCo nr. 2 af 15. marts 2018 A/S FRN Senior Secured Callable Bonds 2018/2023"). The interest is based on 3M Euribor rate plus a margin (7%).

The bond facility expires in 2023. Upon expiry the settlement of the bond is expected to be made with cash flow from operating activities,  through re- refinancing or in connection with a sale of the company.

## NOTE 4.4 - LIQUIDITY RISK - continued

To centralise and optimise liquidity the Group utilises cash pooling in most of the entities in Western Europe as well as intercompany lending and borrowing between RelyOn Nutec Holding and subsidiaries.

*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, and thus summarises the gross liquidity risk.

The risk implied by the values reflects the one-sided scenario of cash outflows only. Trade payables and other financial liabilities originate from the financing of assets in ongoing operations, such as property, plant and equipment, and investments in working capital, for example inventories and trade receivables.

| Non-derivatives 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 | - | - | 12 | 12 |
| Deferred consideration | 50 | 25 | - | 75 | 75 |
| Contingent consideration, non-controlling interest | - | 8 | - | 8 | 8 |
| Trade payables | 93 | - | - | 93 | 93 |
| Lease liabilities | 5 | 19 | 25 | 49 | 40 |
| Other payables | 61 | 7 | - | 68 | 68 |
| **Total** | **245** | **153** | **379** | **777** | **622** |
| **As at 31.12.2019** | | | | | |
| Bond | 24 | 450 | - | 474 | 371 |
| Credit facility | 42 | - | - | 42 | 42 |
| Deferred consideration | 5 | 32 | - | 37 | 32 |
| Contingent consideration, non-controlling interest | - | 22 | - | 22 | 22 |
| Trade payables | 96 | - | - | 96 | 96 |
| Lease liabilities | 29 | 195 | 138 | 362 | 330 |
| Other payables | 123 | 19 | - | 142 | 142 |
| **Total** | **319** | **718** | **138** | **1,175** | **1,035** |

| Financial assets and liabilities per measurement category | As of 31.12.2019 | As of 31.12.2018 |
|---|---|---|
| *Financial assets* | | |
| Financial assets at amortised cost: | | |
| Trade receivables | 170 | 162 |
| Contract assets | 13 | 19 |
| Prepayments | 15 | 18 |
| Other receivable | 33 | 24 |
| Cash and cash equivalents | 77 | 107 |
| **Total** | **308** | **330** |
| *Financial liabilities* | | |
| Liabilities at amortised cost: | | |
| Bond | 371 | 326 |
| Trade payables | 96 | 93 |
| Credit facility | 42 | 12 |
| Deferred consideration | 32 | 75 |
| Lease liabilities | 330 | 40 |
| Other payables | 142 | 68 |
| | **1,013** | **614** |
| Liabilities at fair value | | |
| Contingent consideration, non-controlling interest (part of other liabilities in the balance sheet) | 22 | 8 |
| **Total** | **1,035** | **622** |

# Section 5:
# Capital Structure

## NOTE 5.1 – 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.

| DKKm | Carrying Amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|---|---|---|---|---|
| As of 31. December 2018 | | | | |
| *Fair value* | | | | |
| Contingent consideration, non-controlling interest | 8 | - | - | 8 |
| *Amortised cost* | | | | |
| Bond | 326 | - | - | **336** |
| **Total financial liabilities at fair value** | **334** | **-** | **-** | **344** |
| As of 31. December 2019 | | | | |
| Fair value: | | | | |
| Contingent consideration, non-controlling interest | 22 | - | - | 22 |
| Amortised cost: | | | | |
| Loan from related party | 49 | - | - | 49 |
| Deferred consideration | 27 | - | - | 28 |
| Bond | 371 | 384 | - | - |
| **Total financial liabilities at fair value** | **469** | **384** | **-** | **99** |

**Fair value Level 3 development**

| | |
|---|---|
| **As of 31.12.2018** | **8** |
| Prior year adjustment cf. note 6.1 | 17 |
| Fair value adjustment recognized in the income statement cf. note 2.6 | (3) |
| **As of 31.12.2019** | **22** |

### § | Accounting policy

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.

### Supplementary information

The Group has entered into contingent consideration arrangements and has put option liabilities related to non-controlling interests treated as contingent consideration. The liabilities are measured at fair value and based on unobservable input (level 3). The amounts to be paid are based on earnings multiples. Fair value is determined on the basis of earnings forecasts for the respective subsidiaries. Fair value adjustment recognized in financial items an amounted to DKKm 3 in 2019, cf. note 2.6. An 10% percentage increase or decrease in forecasted earnings will increase or decrease the liability by DKKm 2.

## NOTE 5.2 – CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

| DKKm | 31.08.2018 | Cash flows | Non-cash changes | | 31.12.2018 |
|---|---|---|---|---|---|
| | | | Acquisitions | Other | |
| Current interest bearing debt | - | 12 | - | - | 12 |
| Non-current interest bearing debt | - | 336 | - | (10) | 326 |
| Lease liabilities | - | - | 40 | - | 40 |
| **Total liabilities from financing activities** | **-** | **348** | **40** | **(10)** | **378** |

| DKKm | 31.12.2018 | Cash flows | Non-cash changes | | 31.12.2019 |
|---|---|---|---|---|---|
| | | | IFRS 16 | Other | |
| Current interest bearing debt | 12 | 30 | - | - | 42 |
| Non-current interest bearing debt | 326 | 47 | - | (2) | 371 |
| Loan from related party | - | 49 | - | - | 49 |
| Lease liabilities | 40 | (40) | 309 | 21 | 330 |
| **Total liabilities from financing activities** | **378** | **86** | **309** | **19** | **792** |

## NOTE 5.3 – CAPITAL MANAGEMENT

The overall objective is to ensure the ability to continue as a going concern, so entities can continue to provide solid returns for shareholders and benefits for other stakeholders.

The Group's objectives when managing capital are to;

- 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 and accuracy analysis
- Full cash transparency on daily basis

The Group’s bond and credit facilities do not include specific covenant provisions. The agreements include requirement about performing incurrence test if certain events arise.

Reference is made to note 1.1. in the financial statements.

# Section 6: Other notes

## Note 6.1 – BUSINESS COMBINATION

*2019*

RelyOn Nutec has acquired the full share capital of four companies in 2019. RelyOn Nutec has invested in an asset deal to strengthen the core marked in USA within onsite training. Further, RelyOn Nutec has invested in three digital companies; Oiltec AS, Red Oak Ltd and Rider International B.v. Red Oak Ltd. And Rider International B.V. are the corner stone of the digital journey for RelyOn Nutec.

None of the acquisition are material compared to the value of RelyOn Nutec Group. The total purchase consideration for all acquisition were DKKm 68; DKKm 63 are paid, and DKKm 5 are deferred.

A goodwill in the amount of DKKm 30, of which DKKm 13 is deductible for tax purposes, has been recognized. The value of the acquisition comes from integration and creation of digital platform to grow in the future.

The acquired entities have as from the date of acquisition contributed with revenue of DKKm 12 and loss of DKKm 12. If all entities had been acquired as of 1 January 2019, the Group's revenue would have been DKKm 60 and loss before tax DKKm -1.

Transaction costs related to the acquisitions, recognized as special items in the income statement cf. note 2.5, amount to DKKm 5.

The assets and liabilities recognised as a result of the acquisition are as follows:

| DKKm | SMS | Oiltec AS | Red Oak Ltd | Rider International B.V. | Fair value |
|---|---|---|---|---|---|
| Cash | - | - | 2 | - | 2 |
| Trade receivables | - | 1 | 3 | - | 4 |
| Property, plant and equipment | 1 | - | - | 2 | 3 |
| Intangible assets: customer contracts | 2 | - | 4 | - | 6 |
| Intangible assets: software | - | 5 | 10 | 26 | 41 |
| Intangible assets: knowhow | - | - | - | - | - |
| Intangible assets: other intangible assets | - | - | - | 5 | 5 |
| Deferred tax assets | - | - | - | - | - |
| Other assets | - | 2 | 1 | 1 | 4 |
| Trade payables | - | (1) | (3) | - | (4) |
| Deferred tax liability | - | - | (1) | (6) | (7) |
| Other liabilities | - | (9) | (3) | (4) | (16) |
| **Net identifiable assets acquired** | **3** | **(2)** | **13** | **24** | **38** |
| Goodwill | | | | | 30 |
| **Net assets acquired** | | | | | **68** |

The purchase price allocations are preliminary, however the Management does not expect any changes.

*Adjustments to the 2018 purchase price allocation:*

Outflow of cash to the acquired companies amounts to DKKm 22, less balances of acquired cash, DKKm 2. The total net outflow of cash from investing activities are recognized to DKKm 20.

The purchase price allocation related to the 2018 acquisition of the RelyOn Nutec Group have been finalized in 2019. This has resulted in the below fair value adjustments to the opening balance. During 2019, the remaining part of the purchase consideration in total DKK 47m has been settled.

| DKKm | Adjustment |
|---|---|
| Tangible assets: Property, plant and equipment | (3) |
| Contingent consideration, non-controlling interest | (17) |
| Goodwill | 17 |
| Deferred consideration | 3 |

## Note 6.1 – BUSINESS COMBINATION – continued

*2018*

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 consideration: | DKKm |
|---|---|
| Cash paid for shares and deferred consideration including group contribution | 116 |
| Settlement of acquires debt to seller | 448 |
| Deferred consideration | 50 |
| **Total purchase consideration** | **614** |

| The assets and liabilities recognised as a result of the acquisition are as follows: | Fair value DKKm |
|---|---|
| Cash | 126 |
| Trade receivables | 143 |
| Contract assets | 24 |
| 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) |
| Unfavorable contracts | (83) |
| Finance lease | (40) |
| Other liabilities | (131) |
| **Net identifiable assets acquired** | **507** |
| Non-controlling interests | (29) |
| Goodwill | 136 |
| **Total purchase consideration** | **614** |

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 31 August 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 acquired 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 cf. note 2.4.

## Note 6.1 – BUSINESS COMBINATION – continued

### § | Accounting policy

Businesses acquired from unrelated parties during the financial year are recognized as from the date of acquisition, i.e. the date when the Group obtains control over the acquire. The comparative figures are not restated to reflect businesses acquired. The acquisition method is applied, i.e. 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. Fair values may be determined provisionally up until 12 months after the acquisition date. Adjustments, if any, within this period are treated as prior period adjustments.

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 an adjustment of the consideration conditional on future events (contingent consideration), 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 within financial items.

Businesses acquired from parties who are under common control with the Group are recognised at the predecessor values as if the Group had owned the business as of the first day of the comparative period, however no earlier than as of the date the selling party obtained control over the business.

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 if risks and rewards have transferred to the non-controlling interests have transferred to the Group. 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 the income statement within financial items.

Acquisition costs are recognized in the income statement as special items.

### ≈ | 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.

Further reference is made to note 1.1 in the financial statements.

## NOTE 6.2 – PROVISIONS

| DKKm | Onerous contracts | Refurbishment provision | Total |
|---|---|---|---|
| At 31.08.2018 | - | - | - |
| Addition of business , cf.note 6.1 | 83 | 20 | 103 |
| Change during the period | (3) | - | (3) |
| **At 31.12.2018** | **80** | **20** | **100** |
| Change in accounting policy, IFRS 16 | (80) | - | (80) |
| Exchange difference | - | 1 | 1 |
| **Balance at 31.12.2019** | **-** | **21** | **21** |
| Of which is classified as non-current | - | 21 | 21 |

### 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.

### § | 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.

## NOTE 6.3 – Change in net working capital

| DKKm | 31.12.2019 | 31.12.2018 |
|---|---|---|
| Change in trade receivables | 8 | (26) |
| Change in contract assets | - | 12 |
| Change in prepaid expenses | (3) | 1 |
| Change in trade payables | (5) | 20 |
| Change in other receivables | 9 | 6 |
| Change in other operating liabilities | (4) | (1) |
| **Total change in working capital** | **5** | **12** |

## NOTE 6.4 – FEE TO AUDITORS

| DKKm | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|
| Audit fee to PwC | (4) | (2) |
| Other assurance engagements | (1) | - |
| Tax advisory services | - | - |
| Non-audit services | (1) | (4) |
| **Total** | **(6)** | **(6)** |

### Supplementary information

Non-audit services provided by PricewaterhouseCoopers, Statsautoriseret revisionspartnerselskab, amounts to DKKm 2 in 2019 relating to due diligence services, assurance services i relation the prospectus and sundry tax advisory services.

## NOTE 6.5 – RELATED PARTIES

The Group is controlled by the following entities:

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

Note 6.8 includes information about the Group's structure and the Group's related parties. Information about key management's personnel remuneration has been disclosed in note 2.2.

The following transactions occurred in 2019 with the immediate other related parties:

**Group Contribution:** **DKKm 68**

**Loans:** **DKKm 49**

| Lender | Principal DKKm | Interests 2019 DKKm | Carrying amount DKKm |
|---|---|---|---|
| Polaris Private Equity IV K/S | 48.5 | 0.5 | 49.0 |

Loans are included in other payables in the Balance Sheet. Interests are included in other financial expenses.

The ultimate parent entity, Polaris Private Equity IV K/S, did pay for some of the transactions cost in 2018, total DKKm 1. There is no balance as of 31 December 2019.

## NOTE 6.6 - 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 have been issued. Total carrying amount of the net assets in the subsidiaries pledged as at 31 December 2019 was DKKm 570.

## NOTE 6.7 - EVENTS AFTER THE BALANCE SHEET DATE

Reference is made to note 1.1 in the financial statements.

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

## NOTE 6.8 – GROUP COMPANIES

| Region | Country | Legal name | Equity interest |
|---|---|---|---|
| Middle East and Africa | Azerbaijan | RelyOn Nutec Azerbaijan LLC | 100% |
| Europe | Belgium | RelyOn Nutec Belgium BVBA | 100% |
| Americas | Brazil | RelyOn Nutec Brasil Participacoes Ltda | 100% |
| Americas | Brazil | RelyOn Nutec Brasil Treinamentos em Segurança Marítima Ltda | 100% |
| Americas | Canada | RelyOn Nutec Canada Incorporated | 68% |
| Americas | Canada | RelyOn Nutec Canada (NL) Incorporated | 68% |
| Americas | Canada | RelyOn Nutec Canada (LA) Incorporated | 68% |
| Europe | Denmark | P-RelyOn Nutec 2018 A/S | 100% |
| Europe | Denmark | BidCo RelyOn Nutec A/S | 100% |
| Europe | Denmark | RelyOn Nutec Holding A/S | 100% |
| Europe | Denmark | RelyOn Nutec Denmark A/S | 100% |
| Europe | Denmark | RelyOn Nutec Digital A/S | 100% |
| Europe | Denmark | P-Holding RelyOn Nutec A/S | 94% |
| Europe | Germany | RelyOn Nutec Germany GMBH | 100% |
| Europe | Germany | RelyOn Nutec Germany - Zweigniederlassung der RelyOn Nutec Denmark A/S | Branch |
| Asia | Malaysia | MSTS Asia Sdn. Bhd. | 60% |
| Asia | Malaysia | Risktec (M) Sdn. Bhd. | 60% |
| Asia | Malaysia | RelyOn Bestari Healthcare Sdn Bhd | 60% |
| Asia | Malaysia | RelyOn Nutec Malaysia Sdn. Bhd. | 60% |
| Asia | Malaysia | Aberdeen Drilling International (Malaysia) SDN BHD | 100% |
| Americas | Mexico | RelyOn Nutec Holding de México, S.A. de C.V. | 100% |
| Americas | Mexico | RelyOn Nutec de México, S.A.P.I. de C.V. | 60% |
| Middle East and Africa | Nigeria | Falck Safety Services Nigeria Limited * | 49% |
| Middle East and Africa | Nigeria | Falck Prime Atlantic Limited * | 49% |

| Region | Country | Legal name | Equity interest |
|---|---|---|---|
| Europe | Norway | Oiltec Solutions AS | 100% |
| Europe | Norway | RelyOn Nutec Norway AS | 100% |
| Middle East and Africa | Oman | Aberdeen Drilling International Co. LLC | 70% |
| Middle East and Africa | Qatar | RelyOn Nutec (Safety Training & Services) LLC * | 49% |
| Middle East and Africa | Saudi Arabien | Aberdeen Drilling School LLC Co. | 100% |
| Asia | Singapore | MSTS Asia (S'pore) Pte. Ltd. | 100% |
| Asia | Thailand | RelyOn Nutec Thailand Holding Ltd. * | 49% |
| Asia | Thailand | RelyOn Nutec (Thailand) Ltd | 65% |
| Europe | The Netherlands | RelyOn Nutec Holding B.V. | 100% |
| Europe | The Netherlands | RelyOn Nutec Netherlands B.V. | 100% |
| Europe | The Netherlands | Rider International B.V. | 100% |
| Americas | Trinidad & Tobago | RelyOn Nutec Services Limited | 100% |
| Americas | Trinidad & Tobago | Haztec Services Trinidad, Ltd. | 100% |
| Middle East and Africa | UAE | RelyOn Nutec Safety Services LLC * | 49% |
| Middle East and Africa | UAE | Aberdeen Drilling International Limited | 100% |
| Europe | United Kingdom | RelyOn Nutec Ltd. | 100% |
| Europe | United Kingdom | Aberdeen Drilling School Ltd | 100% |
| Europe | United Kingdom | RelyOn Nutec Digital Ltd. (formerly Red Oak Ltd.) | 100% |
| Americas | USA | RelyOn Nutec USA Holdings, LLC | 100% |
| Americas | USA | RelyOn Nutec Services, Inc. | 100% |
| Americas | USA | RelyOn Nutec USA, LLC | 100% |

* 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.

# Parent company financial statements

# INCOME STATEMENT

| TDKK | Notes | 01.01 - 31.12.2019 | 31.08 - 31.12.2018 |
|---|---|---|---|
| Other extenal expenses | | (201) | (31) |
| **Operating loss (EBIT)** | | **(201)** | **(31)** |
| Financial expenses | | (4) | - |
| **Loss before tax** | | **(205)** | **(31)** |
| Income tax | | - | - |
| **Loss for the year** | | **(205)** | **(31)** |

# STATEMENT OF CHANGES IN EQUITY

| TDKK | Share capital | Retained earnings | Total |
|---|---|---|---|
| **Equity at 31.08.2018** | **-** | **-** | **-** |
| Loss for the year | - | (31) | (31) |
| Capital increase | 3,216 | 268,904 | **272,120** |
| **Equity at 31.12.2018** | **3,216** | **268,873** | **272,089** |
| Loss for the year | - | (205) | (205) |
| **Equity at 31.12.2019** | **3,216** | **268,668** | **271,884** |

# BALANCE SHEET

| TDKK | Notes | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| Investments in subsidiaries | 1.1 | 271,624 | 271,624 |
| **Total non-current assets** | | **271,624** | **271,624** |
| | | | |
| Cash and cash equivalents | | 376 | 496 |
| **Total current assets** | | **376** | **496** |
| **Total assets** | | **272,000** | **272,120** |

| TDKK | Notes | 31 December 2019 | 31 December 2018 |
|---|---|---|---|
| Share capital | 1.2 | 3,216 | 3,216 |
| Retained earnings | | 268,668 | 268,873 |
| **Total equity** | | **271,884** | **272,089** |
| | | | |
| Other payables | | 116 | 31 |
| **Total current liabilities** | | **116** | **31** |
| **Total liabilities** | | **116** | **31** |
| **Total equity and liabilities** | | **272,000** | **272,120** |

# Notes

## NOTE 1.1 – INVESTMENTS IN SUBSIDIARIES

| TDKK | 2019 | 2018 |
|---|---|---|
| Cost: | | |
| At 1 January | 271,624 | - |
| Addition of business | - | 271,624 |
| Additions | - | - |
| **At 31 December** | **271,624** | **271,624** |
| Accumulated impairment: | | |
| At 1 January | - | - |
| Impairment for the year | - | - |
| **At 31 December** | **-** | **-** |
| **Carrying amount at 31.12** | **271,624** | **271,624** |
| **Subsidiaries comprise:** | | |
| P-Holding RelyOn Nutec A/S | 94.01% | 98.51% |

The company's share of P-Holding RelyOn Nutec A/S is at 94.11% after the capital increase in P-Holding RelyOn Nutec A/S in January 2020.

## NOTE 1.2 – SHARE CAPITAL

Please refer to note 3.6 to the consolidated financial statements.

## NOTE 2.1 – RELATED PARTIES

Please refer to note 6.5 to the consolidated financial statements.

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

## NOTE 2.2 - COMMITMENTS AND CONTINGENT LIABILITIES

**Joint taxation scheme**

Please refer to note 6.6 to the consolidated financial statements.

**Contingent liabilities and guaranties**

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

In addition, please refer to note 6.6 to the consolidated financial statements.

## NOTE 2.3 - EVENTS AFTER THE BALANCE SHEET DATE

Please refer to note 6.7 to the consolidated financial statements.

## 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 financial statements comprise the financial year 1 January – 31 December 2019. The financial statements include comparative figures from 31 August 2018 to 31 December 2018, which comprise the first financial year of the company. The Group was established as of 20 September 2018.

The financial statements are presented in TDKK.

## NOTE 3.2 - ACCOUNTING POLICIES

The accounting policies of the parent company are identical with the policies for the consolidated financial statements, unless otherwise are listed. The accounting policies applied remain unchanged compared to last year.

*Investments in subsidiaries*

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Dividends from subsidiaries are recognised as income in the income statement when adopted at the general meeting of the subsidiary.

*Other*

With reference to the provisions of the Danish Financial Statements Act, the parent company has refrained from preparing a cash flow statement information in the parent company financial statements. For this information, see the consolidated financial statements for P-RelyOn Nutec 2018 A/S.

# Management statement, auditor's reports and definitions

# STATEMENT BY 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 1 January – 31 December 2019.

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 2019 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 1 January – 31 December 2019.

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, 31 August 2020**

## Executive Management

**Henrik Bonnerup**

## Board of Directors

**Allan Bach Pedersen**
Chairman

**Jan Johan Kühl**

**Henrik Bonnerup**

# INDEPENDENT AUDITOR'S REPORT

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

## Our opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2019 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2019 in accordance with 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 2019 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2019 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 1 January - 31 December 2019, 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 for opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's 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's Review.

## Management's 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 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.

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, 31 August 2020
**PricewaterhouseCoopers**
Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

**Bo Schou-Jacobsen**
State Authorised Public Accountant
mne28703

**Thomas Wraae Holm**
State Authorised Public Accountant
mne30141

# COMPANY INFORMATION

## The company

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

CVR no. 39 82 66 58
Financial year 01.01.2019 - 31.12.2019
Established 31 August 2018
Municipality of headquarter; Copenhagen, Denmark

Website: www.relyonnutec.com
E-mail: contact@relyonnutec.com

## Board of Directors

Allan Bach Pedersen, Chairman
Jan Johan Kühl
Henrik Bonnerup

## Executive Management

Henrik Bonnerup

## Auditor

PricewaterhouseCoopers
Statusautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Denmark

# DEFINITIONS AND KEY FIGURES

## Definitions

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

**API** American Petroleum Institute. API is the only national trade association representing all facets of the natural gas and oil industry in the US.

**Asia** Comprises Indonesia, Malaysia, Thailand and Singapore.

B **BML** Brazilian Ministry of Labour. The Ministry of Labour and Social Welfare (Portuguese: Ministério do Trabalho e Previdência Social, abbreviated MTPS) is a cabinet-level federal ministry in Brazil.

C **CAA** Civil Aviation Authority. CAA is the statutory corporation which oversees and regulates all aspects of civil aviation in the United Kingdom.

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

**CCNSG** Client Contractor National Safety Group. CCNSG is a formal sub-committee of the Engineering Construction Industry Training Board (ECITB) reporting to the ECITB through the ECITB Management Board.

**CITB** Construction Industry Training Board.

**CGU** Cash Generating Units.

**CSR** Corporate social responsibility.

D **DMA** Danish Maritime Authority. DMA is a part of the Ministry of Industry, Business and Financial Affairs. As the responsible authority, the Danish Maritime Authority determines the number of crew members and issues so-called safe manning documents.

E **EBIT** Earnings before interest and tax.

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

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

**ECITB** Engineering Construction Industry Training Board. ECITB works with employers and training providers to attract, develop and qualify the engineering construction workforce in a wide range of craft, technical and professional disciplines.

**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.

**IADC** International Association of Drilling Contractors. IADC is dedicated to enhancing the interests of oil-and-gas and geothermal drilling contractors worldwide.

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.

**IMO-STCW** International Maritime Organisation - Standards of Training, Certification and Watchkeeping for Seafarers. The STCW Convention for Seafarers was adopted in 1978 by conference at the International Maritime Organization (IMO) in London, and entered into force in 1984 and was amended in 1995 & 2010.

**IWCF** International Well Control Forum. IWCF is the only independent body focused on oil and gas well control training, accreditation and certification.

J **JOIFF** Joint Oil Industry Fire Forum. JOIFF is The International Organisation for Industrial Emergency Response and Fire Hazard Management.

L **Leverage ratio** Defined as NIBD divided by LTM EBITDA

**LTM** Last Twelve Months

M **MCA** Maritime and Coastguard Agency.

**Middle East and Africa** Comprises Azerbaijan, Nigeria, Oman, Qatar, Saudi Arabia and UAE.

**MSTS** Malaysia Safety Training & Competence Services.

N **NIBD** Net Interest Bearing Debt. Defined as All liabilities minus current assets

**NOGEPA** Netherlands Oil and Gas Exploration and Production Association. In the Netherlands, the association of companies licensed to research and explore for oil and gas in the North Sea is called NOGEPA. NOGEPA defines the safety standards of the operations and related safety training.

**NOROG** Norwegian Oil and Gas Association. The NOROG is a professional body and employer's association for oil and supplier companies.

**NSI** National Security Inspectorate. NSI is a certification body for the security and fire protection sectors in the UK.

**NUTEC** Norwegian Underwater Training Emergency Center.

O **OPITO** Offshore Petroleum Industry Training Organisation. Since 1991 the organisation OPITO has set the standards for safety training in the oil and gas industry.

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

**RYA** Royal Yachting Association. The RYA is the national body for dinghy, yacht and motor cruising, all forms of sail racing, RIBs and sports boats, windsurfing and personal watercraft and a leading representative for inland waterways cruising.

S **Solvency ratio** Ratio 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.

**USCG** United States Coast Guard. The United States Coast Guard is the coastal defense and maritime law enforcement branch of the United States Armed Forces and one of the country's seven uniformed services.

# DEFINITIONS AND KEY FIGURES - continued

## Key figures

| Key figure | Definition |
|---|---|
| Net working capital | Trade receivables less trade payables less other operating assets and liabilities |
| Net interest bearing debt (NIBD) | Interest bearing debt less cash and cash equivalents |
| Return of assets (%) | Result for the period / Total assets |
| Solvency ratio (%) | Equity / Total assets |
| Leverage ratio | NIBD / LTM EBITDA |

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