Polytech Test & Validation A/S

Industrivej 37
6740 Bramming
CVR No. 40013792

Annual report 2019

The Annual General Meeting adopted the annual report on 25.08.2020

Knud Andersen
Conductor

Contents

Entity details

Entity

Polytech Test & Validation A/S

Industrivej 37

6740 Bramming

CVR No.: 40013792

Registered office: Esbjerg

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Knud Andersen, Chairman

Bjarne Kveim Lie

Erik Laursen

Matthias Albert Harmen Schubert

Executive Board

Mads Kirkegaard, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
P. O. Box 200
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Polytech Test & Validation A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Bramming, 25.03.2020

Executive Board

Mads Kirkegaard
CEO

Board of Directors

Knud Andersen
Chairman

Bjarne Kveim Lie

Erik Laursen

Matthias Albert Harmen Schubert

Independent auditor's report

To the shareholder of Polytech Test & Validation A/S

Opinion

We have audited the financial statements of Polytech Test & Validation A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 25.03.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Mikael Grosbøl
State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

Primary activities
The objective of Company is are to carry on business within the fields of testing, validation and inspection of polymeric and metal products and any associated equipment and tools as well as any other activities that the board of Directors deems ancillary or related hereto.

Development in activities and finances
Profit for the year amounts to EUR 171k. On 31 December 2019 equity stands at EUR 383k.

At January the first 2019 all lightning test activities from PolyTech Lightning A/S were acquired completing the Company's service offerings.

Environmental performance
The Company is certified to

ISO 9001:2015 Quality Management System
ISO 14001:2015 Environmental Management System
ISO 29001 Quality Management System within the Oil & Gas Industry
ISO 17025:2017 General requirements for the competence of testing and calibration laboratories

which is subject to inspection on a current basis to ensure a constant monitoring of the Company's quality.

The management systems are examined and updated on a current basis to ensure improvement on key parameters.

Events after the balance sheet date
The spread of COVID-19 throughout the world can potentially have an influence on the business for PolyTech Test & Validation A/S in 2020. Year to date, the spread of COVID-19 has not materially impacted PolyTech Test & Validation A/S business activities. However at this time it is not possible to predict the influence in the coming months. As the potential impact is unknown at this time, this has not been included when setting expectations for activity and earnings in 2020.

Income statement for 2019

	Notes	2019 EUR'000	2018 EUR'000
Gross profit/loss		**1,672**	**482**
Staff costs	2	(684)	(289)
Depreciation, amortisation and impairment losses	3	(612)	(102)
Operating profit/loss		**376**	**91**
Other financial expenses	4	(158)	(1)
Profit/loss before tax		**218**	**90**
Tax on profit/loss for the year	5	(47)	(20)
Profit/loss for the year		**171**	**70**
Proposed distribution of profit and loss			
Retained earnings		171	70
Proposed distribution of profit and loss		**171**	**70**

Balance sheet at 31.12.2019

Assets

	Notes	2019 EUR'000	2018 EUR'000
Acquired intangible assets		16	0
Goodwill		688	0
Intangible assets	6	**704**	**0**
Other fixtures and fittings, tools and equipment		3,133	263
Leasehold improvements		12	14
Property, plant and equipment in progress		591	205
Property, plant and equipment	7	**3,736**	**482**
Deposits		61	0
Other financial assets	8	**61**	**0**
Fixed assets		**4,501**	**482**
Manufactured goods and goods for resale		2	0
Inventories		**2**	**0**
Trade receivables		89	17
Contract work in progress	9	135	0
Receivables from group enterprises		0	389
Income tax receivable		67	0
Prepayments		10	0
Receivables		**301**	**406**
Cash		**60**	**0**
Current assets		**363**	**406**
Assets		**4,864**	**888**

Equity and liabilities

	Notes	2019 EUR'000	2018 EUR'000
Contributed capital		67	67
Retained earnings		316	145
Equity		**383**	**212**
Deferred tax		114	1
Provisions		**114**	**1**
Finance lease liabilities		27	29
Non-current liabilities other than provisions	10	**27**	**29**
Current portion of non-current liabilities other than provisions	10	13	25
Trade payables		58	52
Payables to group enterprises		4,019	523
Income tax payable		0	22
Other payables		250	24
Current liabilities other than provisions		**4,340**	**646**
Liabilities other than provisions		**4,367**	**675**
Equity and liabilities		**4,864**	**888**
Events after the balance sheet date	1		
Contingent liabilities	11		
Related parties with controlling interest	12		
Transactions with related parties	13		
Group relations	14		

Statement of changes in equity for 2019

	Contributed capital EUR'000	Retained earnings EUR'000	Total EUR'000
Equity beginning of year	67	145	212
Profit/loss for the year	0	171	171
Equity end of year	**67**	**316**	**383**

Notes

1 Events after the balance sheet date

The spread of COVID-19 throughout the world can potentially have an influence on the business for PolyTech Test & Validation A/S in 2020. Year to date, the spread of COVID-19 has not materially impacted PolyTech Test & Validation A/S business activities. However at this time it is not possible to predict the influence in the coming months. As the potential impact is unknown at this time, this has not been included when setting expectations for activity and earnings in 2020.

2 Staff costs

	2019 EUR'000	2018 EUR'000
Wages and salaries	605	242
Pension costs	61	26
Other social security costs	14	21
Other staff costs	4	0
	684	**289**
Average number of full-time employees	**11**	**4**

3 Depreciation, amortisation and impairment losses

	2019 EUR'000	2018 EUR'000
Amortisation of intangible assets	139	0
Depreciation of property, plant and equipment	473	102
	612	**102**

4 Other financial expenses

	2019 EUR'000	2018 EUR'000
Financial expenses from group enterprises	154	0
Other financial expenses	4	1
	158	**1**

5 Tax on profit/loss for the year

	2019 EUR'000	2018 EUR'000
Current tax	(67)	22
Change in deferred tax	114	(2)
	47	**20**

6 Intangible assets

	Acquired intangible assets EUR'000	Goodwill EUR'000
Additions	35	808
Cost end of year	**35**	**808**
Amortisation for the year	(19)	(120)
Amortisation and impairment losses end of year	**(19)**	**(120)**
Carrying amount end of year	**16**	**688**

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment EUR'000	Leasehold improvements EUR'000	Property, plant and equipment in progress EUR'000
Cost beginning of year	348	29	205
Transfers	205	0	(205)
Additions	3,123	13	591
Cost end of year	**3,676**	**42**	**591**
Depreciation and impairment losses beginning of year	(85)	(15)	0
Depreciation for the year	(458)	(15)	0
Depreciation and impairment losses end of year	**(543)**	**(30)**	**0**
Carrying amount end of year	**3,133**	**12**	**591**
Recognised assets not owned by entity	12	0	0

8 Financial assets

	Deposits EUR'000
Additions	61
Cost end of year	**61**
Carrying amount end of year	**61**

9 Contract work in progress

	2019 EUR'000	2018 EUR'000
Contract work in progress	208	0
Progress billings regarding contract work in progress	(73)	0
	135	**0**

10 Non-current liabilities other than provisions

	Due within 12 months 2019 EUR'000	Due within 12 months 2018 EUR'000	Due after more than 12 months 2019 EUR'000
Finance lease liabilities	13	25	27
	13	**25**	**27**

11 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where VC VII Jupiter Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12 Related parties with controlling interest

VC VIII Polytech Holding ApS, Denmark owns all the shares and thus controls the Company.

13 Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm's length basis.

14 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
JBP Holding AS, reg. no. 822 262 252, Oslo, Norway.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Own work capitalised
Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Costs of raw materials and consumables
Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses
Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs
Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.
The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	7 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Finance lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.