NorSea Denmark A/S

Kanalen 1, 6700 Esbjerg

Annual report
2020

Approved at the Company's annual general meeting

on 10 / 5 2021

Kenneth Hansen

CVR no. 49 67 77 15

Contents

Company information

Company	NorSea Denmark A/S Kanalen 1 DK-6700 Esbjerg
	Telephone: + 45 7911 1900 Website: www.norseagroup.dk E-mail: dk@norseagroup.com
	CVR no.: 49 67 77 15 Registered office: Esbjerg
Board of Directors	Lars Haug (Chairman) Peter Smidt Foss Thomas Andre Vang
Executive Board / CEO	Jesper Høj-Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret revisionspartnerselskab Esbjerg Brygge 28 DK-6700 Esbjerg

Financial highlights

	2020* DKK mill.	2019 DKK mill.	2018 DKK mill.	2017 DKK mill.	2016 DKK mill.
Income statement:					
Profit before financial income and expenses	-15,6	1,9	2,7	-20,3	12,4
Financial income and expenses, net	-0,4	-1,4	-1,6	-1,8	-0,7
Profit for the year	-15,1	0,5	1,5	-34,4	0,0
Balance sheet:					
Total assets	115,8	228,1	217,4	219,2	267,2
Investment in property, plant and equipment	0,4	50,1	30,6	16,9	11,9
Equity	19,8	89,9	90,6	89,4	123,2
Employees:					
Average number of employees	217	206	187	207	313
Key figures:					
Return on invested capital (ROIC)	-8,3	0,9	1,6	-10,1	5,0%
Assets/Equity	5,8	2,6	2,4	2,5	2,2
Return on equity (ROE)	-27,8%	0,5%	1,7%	-32,4%	0,1%

*The company's property activities have been with accounting effect demerged per 1 January 2020. Financial highlights are not adjusted.

The financial ratios have been calculated as follows:

Return on invested capital (ROIC) $= \dfrac{\text{Profit before financial income and expenses/profit for year x 100}}{\text{Average invested capital}}$

Assets/Equity $= \dfrac{\text{Total assets}}{\text{Equity}}$

Return on equity (ROE) $= \dfrac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Equity}}$

Management's review

Operating activities

The principal activities in NorSea Denmark A/S are to act as the Offshore Energy Industry's one- stop-service provider of logistics, customs declarations, warehousing, supply chain activities, steel constructions and offshore medic clinics, on- and offshore-manning, offshore and maritime construction and maintenance projects, office and meeting facilities, and lease of buildings and yards.

We structure our business areas in.

- Port services
- Steel'nPaint
- Logistics
- On- and Offshore-Manning / Projects
- Facility

In 2020 we have, despite Covid19, enjoyed expansion in some business areas driven by the team's ability focus and re-focus customer activities on assisting our customers on their additional operational needs by drawing on the full service portfolio of NorSea Denmark, making it easier for our customers to focus on their core capabilities of their business. In addition we have also in 2020 enjoyed inflow of new customers, both from the offshore energy sector and from industries that can benefit from using our core capabilities from above business areas due to our ability to deliver safe, efficient and cost effective solutions.

Development in activities and financial matters

2020 has, like for many danish companies, also for NorSea Denmark, been a tough business year, where both our employees and our business areas have been negatively influenced by Covid19. Our growth strategy for 2020 on both top and bottom line was set back cause by Covid19 early in 2020. We saw a large decrease in demands for project and lower prices as well.

That said we have also been able to re-direct employees and market efforts into business areas where we then harvested a good growth and marked share, hence enabling an overall topline growth and a good contribution to reduction of our losses. Also protecting our business from not seeing worse effects from Covid19, has been our operational and administrative execution of the lean and digitalization strategy we initiated back in 2016, which is assisting in both our customers more optimal execution of their business and in NorSea being able to follow the lower prices in the market, with reduced cost of operations.

2020 was much about adjusting working and operating behaviors for Covid19 restrictions, and unfortunately also we were not able to use much of the governmental Covid19 aid packages thus we had to reduce the operational setup in some areas and layoff good colleagues.

2020 was also very much about investing in the future of the company. In the beginning of the year, we finally could have the Grand Opening of House of Offshore Innovation with representatives from all 24 companies with offices in the community.

In the beginning of 2020, we invested in acquisition of Westco Freight Forwarding to achieve a greater customer offering on our one-stop-shop offering to offshore energy customers across the North Sea.

Middle of the year we were awarded 10 year the extended Supply Base contract from the largest Oil & Gas operator on the Danish Continental Shelf. This was the time a year we also saw the payback from great efforts in re-directing resources towards our on- and offshore manning and projects business, where we earned customers trust from our one-stop-shop ability to cover larger parts of their value chain thus reduce complexity throughout their operating models.
This lead us also to growing out of capacity in our Steel'nPaint, steel fabrication and surface treatment, business, so we could in November move into 10.000m2 new state of the art Steel fabrication and Painting facilities on Falkevej in Esbjerg.
Fourth quarter, was also the time where we could announce the expansion of our Portservice activities with the takeover of "IAT Energy and Base" business and buildings on the harbor of Esbjerg. Adding another +30 customers, employees and 37.000m2 buildings and yard to the portfolio.
The possibilities in the growing renewable sector is of high focus and we are very happy to see significant growth in our quayside activities in wind and projects in 2020.
In general our activity in offshore oil and gas have stabilized at a level that follows the current market conditions which is highly influenced by being largely in a production stage and very little to none exploration projects. We foresee this to continue into 2021, however we will continue to strive to gain larger marked share in all our business areas through attractive products and services. This will in 2021 increase revenue and EBITDA compared to 2020.
As the Covid-19 still is a factor in our daily lives we predict that the outlook of for the business will still be negatively influenced by this and measures taken by governments in most of the world to mitigate the impacts of the outbreak.
Company Management have tried to estimate the effect of COVID-19 on the expected revenue and net profit of the Company. It is, however, too early yet to give an opinion as to the extent of the negative implications for 2021. We are still affected by the circumstances around Covid19, but already see a positive trend in activities with our even more agile business model than ever. Therefore, we again expect a positive result for 2021.
On 29 December 2020, the company's property activities were demerged into a new established property company, NorSea Denmark Property A/S. The demerge has accounting effect from 1 January 2020. Please note that financial highlights and comparative figures not have been adjusted.

Corporate social responsibility

In line with previous years, activities for the year were carried out highly focusing on safety. We have in March 2020 passed 8 years without LTI.
These great results for a safe workplace is carried through by our engaged employees and in execution of "Project Safe NorSea Group".
We have in 2020 followed up on previous years trainings in NorSea corporate compliance policy on Anti-Corruption, Theft and Fraud, Whistleblowing, Competition Law and Data Protection, by adding online trainings in the extended Wilhelmsen training programs on this subject thus creating an alignment across the family of companies on the matter.
We are committed to limit the impact on our external environment to an absolute minimum. Therefore we e.g. invest in CO_2 reducing elements in trucks with a high mileage and in our buildings with LED lightning, increased insulation and heat recovery ventilation, and we have set a target to be the first Offshore Supply Base running at Zero Emission.

We have adopted and participates in the NorSea Group's mutual efforts of documenting and complying with good corporate social responsibility. We have therefore prepared a report on own policies which are Group aligned. Latest report is available at our website.

Particular risks
General risks

Activities in connection with the offshore oil and gas industry are sensitive towards changes in the oil companies' activity levels. Current political developments on climate initiatives holds a potential risk to the oil and gas industry, especially in the North Sea regions.

Financial risks

Currency risks

Activities abroad imply that profit/loss, cash flows and equity are affected by the foreign exchange and interest rate development relating to a number of currencies.

Credit risks

These risks primarily relate to customers. Customers are credit rated on a regular basis and mortgage liabilities are based on a floating rate of interest.

Events after the balance sheet date

Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of NorSea Denmark A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

We recommend the annual report to be approved at the annual general meeting.

Esbjerg, 15/4- 2021

CEO

Jesper Høj-Hansen

Board of Directors

Lars Haug Chairman	Peter Smidt Foss	Thomas Andre Vang

Independent auditor's report

To the shareholders of NorSea Denmark A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NorSea Denmark A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("the 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 Company 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 Financial Statements Act.

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

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as

Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Esbjerg, 15/4 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jannick Kjersgaard
State Authorised Public Accountant
mne29440

Palle H. Jensen
State Authorised Public Accountant
mne32115

Income statement 1 January – 31 December

DKK'000	Note	2020	2019
Gross profit		**128.650**	**142.649**
Staff costs	2	-135.005	-129.776
Depreciation		-9.229	-10.956
Profit before financial income and expenses		**-15.584**	**1.917**
Financial income	3	0	145
Financial expenses	4	-453	-1.599
Profit before tax		**-16.037**	**463**
Tax on profit for the year	5	846	0
Profit for the year		**-15.191**	**463**

Balance sheet at 31 December

DKK'000	Note	2020	2019
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	6	4.602	0
		4.602	0
Property, plant and equipment	7		
Land and buildings		22.269	65.474
Plant and machinery		16.967	20.237
Other fixtures and equipment		2.320	2.674
Property, plant and equipment under construction		265	69.867
		41.821	158.252
Financial assets	8		
Fixed assets investments		1.000	0
Total non-current assets		**47.423**	**158.252**
Current assets			
Inventories			
Raw materials		1.026	995
Finished goods		1.330	2.190
		2.356	3.185
Receivables			
Trade receivables		40.642	55.320
Work in progress	9	1.901	4.559
Receivables from group companies		17.621	632
Deferred tax asset	10	3.197	2.842
Other receivables		1.113	1.364
Prepayments	11	1.533	1.878
		66.007	66.595
Securities and investments		0	0
Cash at bank in hand		106	71
Total current assets		**68.469**	**69.851**
TOTAL ASSETS		**115.892**	**228.103**

Balance sheet at 31 December

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Share capital		15.000	15.000
Reserve for hedging instruments		0	-3.776
Retained earnings		4.846	78.109
Total equity		**19.846**	**89.333**
Non-current liabilities other than provisions	12		
Mortgage credit institutions		0	62.607
Finance lease obligations		6.565	8.320
Other payables		8.344	3.068
		14.909	**73.995**
Current liabilities			
Current portion of non-current liabilities other than provisions	12	3.179	7.736
Work in progress	9	0	4.831
Trade payables		17.004	20.818
Payables to group companies		28.917	5.505
Other payables		27.297	22.582
Accruals		4.740	3.303
Total current liabilities		**81.137**	**64.775**
Total liabilities other than provisions		**96.046**	**138.770**
TOTAL EQUITY AND LIABILITIES		**115.892**	**228.103**

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Cash flow statement

DKK'000	2020	2019
Profit before tax	-16.037	463
Amortisation and depreciation	9.229	10.956
Corporation tax paid	0	0
Profit from sale of non-currents assets	-268	-364
Adjustments on financial instruments and other adjustments	0	-2.199
Cash generated from operations before changes in working capital	**-7.076**	**8.856**
Changes in inventories	829	670
Changes in receivables	19.419	38.249
Changes in trade payables and other payables	16.127	2.487
Cashflow from operating activities	**29.299**	**50.262**
Investments in intangible assets	-5.000	0
Investments in property, plant and equipment	-23.175	-50.172
Disposal of tangible assets	982	608
Securities and investments	0	10
Cashflow from investing activities	**-27.193**	**-49.554**
Proceeds from mortgage loans	0	-4.289
Proceeds from other long-loans	-2.071	3.550
Cashflow from financing activities	**-2.071**	**-739**
Cashflow from operating, investing, and financing activities	**35**	**-31**
Cash and cash equivalents at beginning of year	71	102
Cash and cash equivalents at year-end	**106**	**71**
Breakdown of cash and cash equivalents		
Cash	106	71
Cash and cash equivalents at year-end	**106**	**71**

Equity statement

	Share Capital	Reserve for hedging instruments	Retained earnings	Total
Equity				
Equity at 1 January 2020	15.000	**-3.776**	**78.109**	**89.333**
Net effect from demerger and business sale Under the uniting of interest method	0	3.776	-58.072	-54.296
Adjusted equity at 1 January	**0**	**0**	**20.037**	**35.037**
Result for the year – note 15	0	0	-15.191	-15.191
Equity at 31 December 2020	**15.000**	**0**	**4.846**	**19.846**

The share capital consists of two shares with nominal values of DKK 3,000 thousand and of two shares with nominal values of DKK 4,500 thousand, respectively. No changes in share capital during the last 5 years.

Notes

1 Accounting policies

The financial statements of NorSea Denmark A/S for 2020 have been prepared in accordance with the provisions applying to reporting class C medium enterprises under the Danish Financial Statements Act.

The financial statements have been prepared in accordance with the same accounting policies as last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and the value of such liabilities can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned. Moreover, costs incurred to generate the year's earnings are recognised, including depreciation, amortisation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts that were previously recognised in the income statement.

Merged and demerged

When demerged the company’s property activities the book value method is used. The book value method is a variant of the aggregation method, where the accounting effect of the transaction is at of time of the decision. According to this method, the comparative figures do not change.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from sale of goods is recognised when the risk and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company

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

Work in progress concerning customised production is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Other external costs

Other external costs comprise costs of sale, distribution, administration as well as purchases of services for resale.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item whereas the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost.

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over 5-6 years for strategic acquisitions with a long-term earnings profile.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	3 - 20 years
Plant and machinery	3 - 10 years
Fixtures and fittings, tools and equipment	3 - 5 years

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are initially recognised in the balance sheet at cost, corresponding to the lower of fair value and the net present value of future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are treated as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed in contingencies, etc.

Securities and investments

Securities and investments recognised under non-current assets comprise listed bonds measured at fair value.

Fixed assets investments

Fixed assets investments consist of deposits.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net income from the use of the asset or the group of assets and expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where net realisable value is lower than cost, inventories are written down to this lower value.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is an objective indication that an individual receivable has been impaired, a write-down is made.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress

Work in progress is measured at the selling price of the work performed less any payments received on account of the customer and expected losses.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognised as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Prepayments

Prepayments comprise costs incurred concerning subsequent financial years.

Equity – dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to an insignificant risk of changes in value.

Cash flow statement

The cash flow statement, which is presented according to the indirect method, shows cash flows from operating, investing and financing activities for the year and the cash and cash equivalents at the beginning and end of the year.

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

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises, activities and investments as well as the acquisition, development, optimisation and disposal, etc. of intangible assets and property, plant and equipment, including the acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise securities, cash less short-term bank loans.

Notes

DKK'000

	2020	2019
2 - Staff costs		
Wages and salaries	118.538	113.550
Pensions	15.288	14.855
Other social security costs	1.179	1.371
	135.005	**129.776**
Average number of employees	**217**	**206**

Remuneration of the company Board of Directors and the Executive Board amounts to DKK 2,309 thousand (2019: 2,233 thousand).

	2020	2019
3 **- Financial income**		
Interest from group companies	0	14
Interest from banks	0	0
Other interest	0	2
Foreign exchange gains	0	129
	0	**145**
4 **- Financial expenses**		
Interest and amortisation leasing	179	306
Interest from group companies	90	0
Other interest	85	1.293
Foreign exchange losses	99	0
	453	**1.599**
5 – Tax on profit for the year		
Adjustment of deferred tax	355	0
Tax for the year	491	0
	846	**0**

Notes

DKK'000

	2020
6 - Goodwill	
Cost at 1 January 2020	0
Additions	5.000
Cost at 31 December 2020	5.000
Amortisation at 1 January 2020	0
Amortisation	398
Amortisation at 31 December 2020	398
Carrying amount 31 December 2020	**4.602**

	Land and Buildings	Plant and machinery	Other fix-tures and equipment	PP&E under con-struction	Total
7 - Property, plant and equipment					
Cost at 1 January 2020	189.881	66.905	8.219	69.867	334.872
Net effect from demerger & business sale	-182.558	-1.217	-1.874	-69.769	-255.418
Additions	19.500	2.088	1.420	167	23.175
Disposals	0	-6.902	-99	0	-7.001
Cost at 31 December 2020	26.823	60.874	7.666	265	95.628
Depreciation 1 January 2020	124.407	46.668	5.545	0	176.620
Net effect from demerger & business sale	-123.100	-1.124	-1.133	0	-125.357
Depreciation	564	4.550	1.033	0	6.147
Depreciation on assets sold	0	-6.187	-99	0	-6.286
Impairment losses	2.683	0	0	0	2.683
Impairment losses and depreciation 31 December 2020	4.554	43.907	5.346	0	53.807
Carrying amount at 31 December 2020	**22.269**	**16.967**	**2.320**	**265**	**41.821**
Property, plant and equipment includes finance leases with a carrying amount totalling		11.087			11.087

Notes

DKK'000

8 – Fixed assets investments	**2020**
Cost at 1 January 2020	0
Additions	1.000
Cost at 31 December 2020	1.000
Amortisation at 1 January 2020	0
Amortisation	0
Amortisation at 31 December 2020	0
Carrying amount 31 December 2020	**1.000**

9 - Work in progress	**2020**	**2019**
Work in progress	1.959	7.762
Prepayments from customers	-58	-8.034
Carrying amount at 31 December 2020	**1.901**	**-272**

10 - Deferred tax asset

Deferred tax at 1 January	2.842	2.358
Adjustment of the deferred tax charge for the year	355	484
	3.197	**2.842**

The deferred tax asset comprises primarily from tax loss carry-forwards and differences between the carrying amounts and tax values of property, plant and equipment. The total tax asset amounts to TDKK 7.080 which has been recognised in the balance sheet at TDKK 3.197. Based on operating budgets, Management expects the tax asset to be utilized within the next three to four years.

11 – Prepayments

Deposit	8	8
Other prepaid expenses	1.525	1.870
	1.533	**1.878**

Notes

DKK’000

12 - Mortgage credit institutions and finance lease obligations

Mortgage credit institutions		
Due for payment 0-<1 year	0	4.242
Due for payment 1-5 years	0	17.090
Due for payment > 5 years	0	45.517
	0	66.848
Finance Lease obligations		
Due for payment 0-<1 year	3.179	3.494
Due for payment 1-5 years	6.565	8.320
Due for payment > 5 years	0	0
	9.744	11.814
	9.744	**78.662**

13 - Mortgages and collateral

Collateral security
The Company has provided a company charge of DKK 40,000 thousand to credit institution secured upon trade receivables, plant and machinery and inventories. The company charge is furthermore secured for the parent company accounts with credit institution.

Contingent liabilities
Rent and operating lease obligations amounts to DKK 9.210 thousands of which DKK 5.574 thousand is due in 2021.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the Group. The total amount of corporation tax payable by the Group amounts to TDKK 0. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

14 - Related party disclosures

Norsea Denmark A/S' related parties comprise following parties exercising control
NorSea Group AS holds 100% of the share capital in the Company.
The consolidated financial statements of NorSea Group AS are available at Risavika Havnering 14, 4056 Tanager, Norway.
The consolidated financial statements of the ultimate owner Wilh. Wilhelmsen Holding ASA are available at Strandveien 20, 1366 Lysaker, Norway.

There have not been any related party transactions not carried out on an arm’s length basis.

Notes

DKK'000

15 – Appropriation of profit/loss	**2020**	**2019**
Retained earnings	-15.191	463
	-15.191	**463**