ESVAGT
SAFETY & SUPPORT AT SEA

ANNUAL REPORT
2020

MAKING THE SEA A SAFE PLACE TO WORK

COMPANY NO. / CVR NO. 60698813

ESVAGT delivers safety and support at sea making the sea a safe place to work.

ESVAGT is actively engaged in the green transition, protecting today's environment and making tomorrow better.

SEE OUR VIDEO PRESENTATION

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ABOUT ESVAGT

ESVAGT was established in 1981 and is today a leading provider of safety and support at sea for the offshore wind and oil industry.

ESVAGT's fleet comprises of 42 modern offshore support vessels built to the best standards and operated by approximately 1000 professional crew members all trained for safe and efficient operations in harsh weather conditions.

Established	Offshore employees	Onshore employees
1981	**+1000**	**75**
Revenue 2020	**Total Fleet**	**SOV fleet / Arriving in 2021**
977 MDKK	**42**	**7/2**
Walk-to-Work gangway transfers	**Boat transfers**	**Rescued people**
145,000	**234,000**	**148**

The services ESVAGT offer comprises of Wind Service Operation Vessels (SOV) supporting the offshore wind turbine operators, and Emergency Response and Rescue Vessels (ERRV) working as standby and service vessels for the oil companies.

Offshore Wind

50%

Offshore Oil & Gas

50%

MANAGEMENT REVIEW

CEO statement

THE GREEN TRANSITION

ESVAGT is actively supporting the Green transition and it is the company's declared strategy to continue investing into emission free Service Operations Vessels supporting the growing offshore wind industry in the North Sea and in the US. During 2020 the strategy has proven to be even more relevant with a continued and even increased focus on the green transition from the Governments and the Customers we are serving.

100%

Emission free vessel
Concept developed and offered in current tenders

In many ways 2020 became an extraordinary year where the Covid-19 pandemic suddenly became high on the agenda, and we all had to adapt to the new reality. For Esvagt, where SAFETY is an absolute core value, the Covid-19 pandemic was taken seriously from day one, and all measures were taken to limit the impact for our customers and our employees. This also included allocating dedicated vessels to undertake crew changes at ports in lieu of traveling by air or land for the seafarers, limiting the exposure for the virus and avoiding complications related to quarantine requirements. By end of 2020, our investment has paid off, and so far, all crew changes have been done timely, the infections amongst our seafarers have been limited, and also importantly, our customers operations have been unaffected.

On December 2020 we took delivery of a new Service Operation Vessel, ESVAGT SCHELDE, now servicing the wind industry. The project was impacted by Covid-19 restrictions limiting the workforce at Cemre Shipyard in Turkey, responsible for the hull construction, and at Havyard Shipyard in Norway responsible for the outfitting. However, through good cooperation between Cemre and Havyard and through financially support from Esvagt the project was essential kept on track and the impact of Covid-19 limited to approximately 3-month delay for the customer. On the 9th of January 2021, ESVAGT SCHELDE officially commenced operations for Vestas on the Borssele 3-4 Wind Park offshore Belgium.

The relevance of the ESVAGT mission – making the sea a safe place to work – was demonstrated several times during 2020 where Esvagt participated in various rescue operations. In August ESVAGT CAROLINE launched a Fast Rescue Boat and rescued three sailors from a capsized dinghy outside Esbjerg and in September ESVAGT AURORA was mobilised to combat a fire at Equinor's LNG plant at Melkøya in Norway using its state-of-the-art fire monitors. Later in December the Service Operation Vessel, ESVAGT NJORD, servicing Equinor at the Dudgeon Offshore Wind Farm, received an emergency call and rescued seven severely injured fishermen from a sinking trawler having recovered an old WW2 bomb by the net and accidently exploding.

In continuation of the strategy to become CO2 emission free in 2050 a detailed plan for achieving the goal has been formulated during the year and detailed for each vessel. The plan is encompassing several initiatives, ranging from scrapping the older Emergency, Rescue and Recovery Vessels to upgrading the newer Service Operations Vessels with alternative power systems as batteries or engines driven by hydrogen or ammonia. Further a design for a newbuilt CO2 emission free Service Operation Vessels has been developed jointly with Havyard and can be offered to Esvagt's customers in future tenders.

2021 is going to be an exciting year for Esvagt. During the summer period we will take delivery of further two new Service Operation Vessels, both operating for Vestas, one at the offshore wind farm Moray East and one at the offshore wind farm Triton Knoll, both located in UK. We also expect the activity level will remain high for the existing fleet of Service Operations Vessels and further expect to see new tenders for Service Operations Vessels to future North Sea Wind farm projects being launched. In the US 2021 will be the pivot year where offshore wind will take off strongly supported by the ambitious targets set by the US administration. Esvagt welcome this development and is well prepared to play a leading role in the growing wind industry in the US through the newly formed joint venture with Crowley Maritime.

Finally, on 2020, I will send my gratitude to the dedicated ESVAGT team both offshore and onshore. Despite the challenges related to the Covid-19 pandemic we delivered the services to our customers in a safely and professional manner.

Peter Lytzen
CEO, ESVAGT A/S

HIGHLIGHTS 2020

1. Esvagt NJORD secures contract extension
Equinor and ESVAGT have extended their good cooperation with a 5-year contract extension for the vessel 'Esvagt Njord' at Dudgeon Offshore Wind Farm
>> See more

2. Esvagt NJORD saves 7 fishermen
The crew at 'Esvagt Njord' responded a distress signal from a fishing vessel nearby.
>> See more

3. The 'Esvagt Aurora' put out fire at gas processing station
The fire broke out in a turbine at the gas processing station Melkøya; a facility for receiving and processing natural gas from the Snøhvit field in the Barents Sea. **>> See more**

4. ESVAGT's new SOV for Vestas is ready
Despite a lengthy corona shutdown 'Esvagt Schelde' is now ready to start working for Vestas at Borsselle 3-4
>> See more

5. Digitalization on vessels makes a positive difference
Smart data and incorporating digital data collection into daily operations is helping ESVAGT grow.
>> See more

6. Crowley and ESVAGT partner for the U.S. Offshore Wind Industry
Crowley and ESVAGT are targeting the emerging offshore wind energy market in the U.S. bringing together two leading maritime solutions providers to serve the renewable industry.
>> See more

BUSINESS PERFORMANCE

ESVAGT delivers safety and support at sea making the sea a safe place to work. With our efficient fleet of Service Operation Vessels (SOVs) providing services for the Offshore Wind industry and Emergency Response and Rescue Vessels (ERRVs) servicing the drilling rigs and production platforms of the Oil and Gas production.

EXPECTATIONS FOR 2021

Following deliveries of the three new-build SOVs for Vestas Offshore Wind and expected increase in Exploration and Production Oil market activities leads to an expected result before depreciation, amortization, and financial items etc. in the range of DKK 344-384 million improved compared to last year.

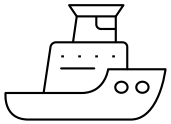
Wind

The SOV activities in Europe are expected to further increase, and ESVAGT is well prepared to participate in upcoming tenders. But as main part of ESVAGT SOVs is on long contracts reaching well beyond 2021, therefore the short-term result will mainly be positively impacted by committed new buildings whereof ESVAGT SCHELDE was delivered in December 2020 and remaining two new-building will be delivered during 2021.

Further, ESVAGT expects several tenders for new build SOVs for the emerging Offshore Wind industry in the U.S. ESVAGT has therefore formed a Jones Act compliant joint venture with U.S. partner Crowley and plan to bid together for these projects. All SOV projects are for wind parks located East Coast of U.S. under similar environmental conditions as the North Sea.

Oil and Gas

Supported by the recovery of the Oil and Gas prices and that the Covid-19 vaccination in Europe becomes effective by 2nd half 2021 it is the company's expectation that the activity level in the North Sea will return to the 2019 levels - with a temporary boost during 2nd half of 2021 and beginning 2022 for completion of outstanding priority drilling and maintenance work held back by the Covid-19 pandemic.



99.70%

0.30% Unplanned breakdown
Unplanned breakdown (%) – Key Performance Indicator 0.90%

ACTIVITY FOR 2020

Result for the year

The Revenue for the ESVAGT Group in 2020 was MDKK 977 against MDKK 1.029 in 2019. The loss for the year was MDKK 246 compared to a profit of MDKK 14 in 2019.

In line with the guidance given last year, the activities in 2020 were impacted by the Covid-19 pandemic due to a significant drop in the oil and gas exploration activities across the North Sea and major logistic constraints across Europe. Especially the ERRV fleet was impacted by a reduced requirement for our services causing lower utilization and day-rates for the vessels on spot. Furthermore, air travel restrictions across borders led the company to use dedicated relief vessels in addition to the normal crew change vessels.

At Havyard in Norway the newbuilding program of the three SOVs to Vestas Offshore Wind faced challenges due to a bankruptcy of Havyard Ship Technoloy. In close cooperation between the impacted parties, including ESVAGT, the yard was successfully restructured, and the delivery secured. The restructuring also included support from ESVAGT and an adjustment of the contractual delivery time in agreement with the customer. In addition, Havyard was also impacted by the Covid-19 pandemic where restrictions traveling into Norway made it difficult for the yard to maintain its required workforce and progress without the support from the pool of foreign workers. Consequently, the first newbuilding ESVAGT SCHELDE was a couple of months delayed.

During 2020 the Pound Sterling and Norwegian Kroner lost value relative to Danish kroner, further impacting the result negatively.

To counterbalance the financial impact of the Covid-19 pandemic, ESVAGT management, and the employees (both onshore and offshore) jointly entered into a voluntary one-year salary reduction and standstill agreement on April 1st, 2020 reducing the general cost base of the company.

At the end of 2020, an impairment assessment of the fleet was carried out, leading to an impairment of the ERRV fleet of MDKK 200. The impairment was partly driven by the low value of the Pound Sterling and Norwegian Kroner, and the drop in oil prices as derived of the Covid-19 pandemic.

5.4

ESVAGT Customers
Overall satisfaction level
on a scale from 1.0 (lowest) to 6.0 (highest)

Market and activities

Wind

Despite the Covid-19 pandemic, the wind market continued its positive trend during 2020 and several wind projects across the North Sea were announced to be developed within the next 5 years. Also, the governmental ambitions in Europe were significantly lifted, especially within UK, where the UK government doubled its target, now generating 60 gigawatt of wind power by 2030.

The performance of the existing SOV fleet was satisfactory throughout the year and ESVAGT successfully secured a 5-year extension of ESVAGT NJORD in direct continuation of its current 5-year contract on the Dudgeon Wind Park with Equinor. The contract was secured in tough competition with several other SOV providers.

On the spot market, the only SOV on spot, ESVAGT DANA, delivered a good result reaching an average utilization of approximately 92%.

Oil and Gas

The North Sea ERRV market was disappointing, driven by the low activity level within the Oil and Gas companies as derived of the Covid-19 pandemic. Especially the UK drilling activities, where ESVAGT traditionally deploy a major part of its ERRV fleet, experienced a significant drop in the activity level and consequently the company decided to temporary lay-up three ERRVs.

During 2020, negotiations commenced with TOTAL Denmark for replacing the older Group 3 ERRVs when their current contracts expire by August 2021 with a new spread including two multipurpose ERRVs and one combined W2W/ERRV vessel.

148

Saved lives since early 1980s

Development activities

ESVAGT intensified the work on digitalization and during 2020 the Company held expenses of MDKK 5.0 (2019: MDKK 6.9).

Financial Risks

A consolidated overview of the ESVAGT Groups financial risks is included in note 25.

Statutory statement regarding environment, social issues and governance in accordance with section 99a of the Danish Financial Statements Act

For our statutory statement regarding environment, social issues and governance, we refer to our 2020 ESG Report.

Statutory statement regarding the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act

For our statutory statement regarding the underrepresented gender, we refer to our 2020 ESG Report.

SUSTAINABILITY & ESG REPORT 2020

Read our report here
>>

KEY FIGURES FOR THE CONSOLIDATED GROUP

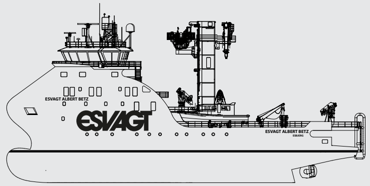
5 YEARS KEY FIGURES

	2020	2019*	2018	2017	2016
Profit and Loss accounts					
Net revenue	976.788	1.028.568	985.695	905.537	966.166
Profit before financial items	(161.390)	89.964	95.011	114.605	197.556
Net financials	(84.112)	(81.748)	(93.745)	(75.345)	(38.829)
Profit for the year	(246.140)	14.353	1.012	43.169	155.506
Balance sheet					
Total assets	4.199.245	4.190.808	4.153.013	4.124.318	3.663.359
Equity	1.752.137	1.762.940	1.740.471	1.756.705	1.327.149
Investment in property, plant and equipment	405.926	403.263	607.285	260.137	403.534
Key Ratios					
Profit Margin %	-17%	9%	10%	13%	20%
Return on equity	-14%	1%	0%	3%	12%
Equity ratio	41,7%	42,1%	41,9%	42,6%	36,2%

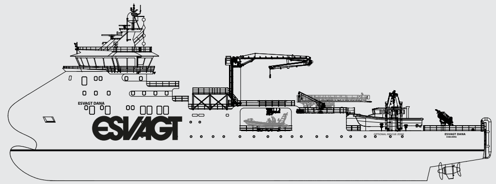
*) The company has adopted IFRS 16 as per 1.1.2019, the comparative figures have not been adjusted.

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

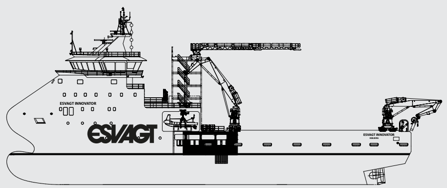
ACQUIRED VESSELS FROM 2016 TO 2020



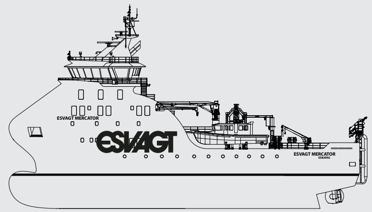
ESVAGT Albert Betz



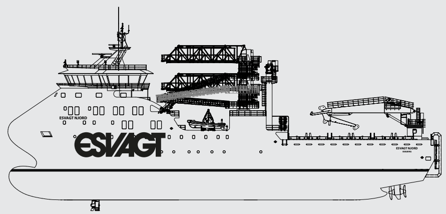
ESVAGT Dana



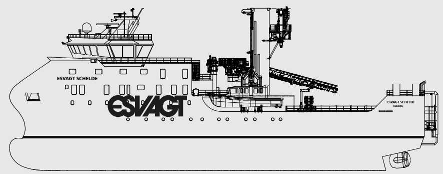
ESVAGT Innovator



ESVAGT Mercator



ESVAGT Njord



ESVAGT Schelde

SIGNATURES

MANAGEMENT'S STATEMENT

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ESVAGT A/S for the financial year 1 January – 31 December 2020.

The Financial Statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU, and further requirements in the Danish Financial Statements Act.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Esbjerg, 29 April 2021

Executive Management

Peter Lytzen
Chief Executive Officer

Kristian Ole Jakobsen
Deputy Chief Executive Officer

Board of Directors

Jakob Bo Thomasen
Chairman

Scott B. M. Moseley

Lars Oscar Tylegård

Philip Pacey

Christine Hui Min Leung

Henrik Gorzelak Pedersen

Svend Bech Poulsen

To the Shareholder of ESVAGT A/S

INDEPENDENT AUDITOR'S REPORT

Opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ESVAGT A/S for the financial year 1 January - 31 December 2020, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 and Parent Company 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 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.

Esbjerg, 29 April 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab,
CVR No 33 77 12 31

Thomas Wraae Holm
State Authorized Public Accountant
mne30141

Palle H. Jensen
State Authorized Public Accountant
mne32115

FINANCIAL STATEMENTS

Consolidated and parent company financial statements

STATEMENT OF PROFIT AND LOSS

		GROUP		PARENT	
TDKK	Note	**2020**	2019	**2020**	2019
Net revenue	3	976,788	1,028,568	973,813	1,025,054
Other income		2,573	-124	2,573	-124
External expenses		-272,559	-294,917	-272,143	-294,830
Gross profit		**706,802**	**733,528**	**704,243**	**730,101**
Staff expenses	5	-378,769	-377,027	-377,729	-376,131
Share of profit/loss in subsidiaries		0	0	1,285	2,034
Share of profit/loss in joint ventures	22	-7	-19	-7	-19
Profit before depreciation, amortization, and financial items etc.		**328,026**	**356,482**	**327,792**	**355,986**
Amortization, depreciation, and impairment losses	6	-489,416	-266,519	-489,416	-266,519
Profit/loss before financial items		**-161,390**	**89,964**	**-161,624**	**89,467**
Financial income	7	5,089	9,938	5,058	9,976
Financial expenses	8	-89,201	-91,686	-89,222	-91,731
Profit/loss before income tax		**-245,501**	**8,215**	**-245,788**	**7,711**
Tax	9	-638	6,137	-345	6,636
Profit/loss for the year		**-246,140**	**14,353**	**-246,133**	**14,347**
Profit is attributable to:					
Non-controlling interests		-6	5	0	0
Owners of ESVAGT A/S		**-246,133**	**14,347**	**-246,133**	**14,347**

Consolidated and parent company financial statements

STATEMENT OF COMPREHENSIVE INCOME

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Profit for the year	**-246,140**	**14,353**	**-246,133**	**14,347**
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Exchange diff. on translation of subsidiaries	-787	528	-787	528
Income related to adjustment of subsidiaries	0	0	0	0
Cash flow hedges:				
Value adjustment of hedges for the year	-17,971	11,909	-17,971	11,909
Reclassified to income statement				
- Revenue	2,469	-1,368	2,469	-1,368
- Operating costs	0	0	0	0
- Financial expenses	-3,076	-2,954	-3,076	-2,954
Reclassified to non-current assets	4,702	0	4,702	0
Other comprehensive income for the year, net of tax	**-14,664**	**8,116**	**-14,664**	**8,116**
Total comprehensive income for the year	**-260,803**	**22,468**	**-260,797**	**22,463**
Profit is attributable to:				
Non-controlling interests	-6	5	0	0
Owners of ESVAGT A/S	**-260,798**	**22,463**	**-260,798**	**22,463**

Consolidated and parent company financial statements

BALANCE SHEET - ASSETS

		GROUP		PARENT	
TDKK	Note	**2020**	2019	**2020**	2019
Development projects	10	9,671	6,882	9,671	6,882
Intangible assets		**9,671**	**6,882**	**9,671**	**6,882**
Vessels	11	3,502,391	3,538,157	3,502,391	3,538,157
Other operating equipment and fixtures	11	2,019	4,078	2,019	4,078
Buildings on leased land	11	40,746	43,841	40,746	43,841
Prepayments for tangible assets	11	163,273	191,073	163,273	191,073
Right-of-use assets	18	25,169	16,367	25,169	16,367
Tangible assets		**3,733,599**	**3,793,516**	**3,733,599**	**3,793,516**
Investment in subsidiaries		0	0	12,827	12,330
Investment in joint ventures	22	0	6	0	6
Investments in other entities		**0**	**6**	**12,827**	**12,336**
Total non-current assets		**3,743,270**	**3,800,404**	**3,756,097**	**3,812,734**
Bunker oil and other consumables	13	9,461	17,679	9,461	17,679
Inventories		**9,461**	**17,679**	**9,461**	**17,679**
Trade receivables	14	109,236	156,227	84,593	106,233
Receivables from parent company		4,453	3,621	4,453	3,621
Receivables from Group companies		0	0	33,080	46,092
Other receivables		10,000	7,518	9,974	7,514
Prepayments		6,809	2,889	6,809	2,889
Receivables		**130,498**	**170,255**	**138,909**	**166,348**
Cash and cash equivalents		**316,016**	**202,469**	**296,298**	**195,608**
Total current assets		**455,975**	**390,404**	**444,667**	**379,636**
Total assets		**4,199,245**	**4,190,808**	**4,200,764**	**4,192,370**

LIABILITIES

		GROUP		PARENT	
TDKK	Note	**2020**	2019	**2020**	2019
Share capital	15	2,100	2,000	2,100	2,000
Other reserves		-24,942	-10,278	-15,270	-3,395
Retained earnings		1,774,708	1,770,941	1,765,036	1,764,058
Equity attributable to owners of ESVAGT		**1,751,866**	**1,762,663**	**1,751,866**	**1,762,663**
Non-controlling interests		271	277	0	0
Total equity		**1,752,137**	**1,762,940**	**1,751,866**	**1,762,663**
Deferred tax liabilities	16	4	17	0	0
Bank and credit institutions	17	2,291,875	2,232,493	2,291,875	2,232,493
Lease liabilities, non current	18	15,461	8,419	15,461	8,419
Other non current liabilities		3,300	2,850	3,300	2,850
Derivatives, non current	20	5,006	5,373	5,006	5,373
Total non-current liabilities		**2,315,647**	**2,249,152**	**2,315,642**	**2,249,135**
Lease liabilities, current	18	10,217	9,006	10,217	9,006
Received prepayments		7,529	6,215	7,529	6,215
Trade payables		36,958	79,991	36,776	79,813
Payables to Group companies		0	0	2,080	2,362
Income tax liabilities		353	525	250	198
Other payables		57,569	79,114	57,569	79,114
Derivatives, current	20	18,834	3,864	18,834	3,864
Total current liabilities		**131,461**	**178,716**	**133,256**	**180,572**
Total liabilities		**2,447,108**	**2,427,868**	**2,448,898**	**2,429,707**
Total equity and liabilities		**4,199,245**	**4,190,808**	**4,200,764**	**4,192,370**

Consolidated and parent company financial statements

STATEMENT OF CHANGES IN EQUITY

	GROUP						
TDKK	Share Capital	Reserve for Foreign Currency Translation	Cash Flow Hedges	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Equity at 01.01.2019	**2,000**	**-1,218**	**-17,176**	**1,756,594**	**1,740,200**	**272**	**1,740,472**
Profit for the year	0	0	0	14,347	**14,347**	5	**14,353**
Other comprehensive income	0	528	7,587	0	**8,116**	0	**8,116**
Total comprehensive income for the year	**0**	**528**	**7,587**	**14,347**	**22,463**	**5**	**22,468**
Equity at 31.12.2019	**2,000**	**-690**	**-9,589**	**1,770,941**	**1,762,663**	**277**	**1,762,940**
Profit for the year	0	0	0	-246,133	**-246,133**	-6	**-246,140**
Other comprehensive income	0	-787	-13,876	0	**-14,664**	0	**-14,664**
Total comprehensive income for the year	**0**	**-787**	**-13,876**	**-246,133**	**-260,797**	**-6**	**-260,803**
Transactions with owners in their capacity as owners							
Capital increase	100	0	0	249,900	**250,000**	0	**250,000**
Equity at 31.12.2020	**2,100**	**-1,477**	**-23,465**	**1,774,708**	**1,751,866**	**271**	**1,752,137**

Consolidated and parent company financial statements

STATEMENT OF CHANGES IN EQUITY

	PARENT					
TDKK	Share Capital	Reserve for Foreign Currency Translation	Cash Flow Hedges	Develop-ment Cost Reserve	Retained Earnings	Total Equity
Equity at 01.01.2019	**2,000**	**-1,218**	**-17,175**	**357**	**1,756,236**	**1,740,200**
Profit for the year	0	0	0	6,525	7,822	**14,347**
Other comprehensive income	0	528	7,587	0	0	**8,116**
Total comprehensive income for the year	**0**	**528**	**7,587**	**6,525**	**7,822**	**22,463**
Equity at 31.12.2019	**2,000**	**-690**	**-9,588**	**6,882**	**1,764,058**	**1,762,663**
Profit for the year	0	0	0	2,789	-248,923	**-246,133**
Other comprehensive income	0	-787	-13,876	0	0	**-14,664**
Total comprehensive income for the year	**0**	**-787**	**-13,876**	**2,789**	**-248,923**	**-260,797**
Transactions with owners in their capacity as owners						
Capital increase	100	0	0	0	249,900	**250,000**
Equity at 31.12.2020	**2,100**	**-1,477**	**-23,464**	**9,671**	**1,765,036**	**1,751,866**

Consolidated and parent company financial statements

CASH FLOW STATEMENT

		GROUP		PARENT	
TDKK	Note	**2020**	2019	**2020**	2019
Profit before depreciation, amortization and financial items etc.		328,026	356,482	327,792	355,986
Other expenses		-975	287	-975	287
Adjustment for non-cash transactions		0	5,202	0	5,202
Change in working capital	24	-12,453	13,447	-24,696	34,954
Share of profit/loss in subsidiaries		0	0	-1,285	-2,034
Share of profit/loss in joint ventures		7	19	7	19
Cash flows from operating activities before financial income and expenses		**314,605**	**375,437**	**300,843**	**394,413**
Financial income received		709	1,279	709	1,398
Financial expenses paid		-88,767	-108,213	-88,788	-108,259
Income taxes paid		-816	5,551	-294	5,992
Net cash flow from operating activities		**225,732**	**274,054**	**212,470**	**293,545**

		GROUP		PARENT	
TDKK	Note	**2020**	2019	**2020**	2019
Payments for intangible assets and property, plant and equipment		-402,618	-407,186	-402,618	-430,830
Sale of intangible assets and property, plant and equipment		2,308	5,223	2,308	5,223
Net cash flow from investing activities		**-400,310**	**-401,962**	**-400,310**	**-425,607**
Proceeds from loans from credit institutions		60,000	0	60,000	0
Principle element of lease payments		-14,452	-10,114	-14,452	-10,114
Share Capital and Share Premium paid		250,000	0	250,000	
Cash flow from financing activities		**295,548**	**-10,114**	**295,547**	**-10,114**
Net cash flow for the year		**120,970**	**-138,022**	**107,708**	**-142,176**
Effects of exchange rate changes on cash and cash equivalents		-7,423	2,010	-7,018	2,011
Cash and cash equivalents, beginning of the year		202,469	338,481	195,608	335,773
Cash and cash equivalents, end of the year		**316,016**	**202,469**	**296,297**	**195,608**

The information in the cash flow statement cannot directly be reconciled to the statement of profit or loss. The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

INDEX OF NOTES

NOTE 1

ACCOUNTING POLICIES

The Annual Report for the period 1 January - 31 December 2020 comprise the consolidated financial statement of the parent company ESVAGT A/S and subsidiaries controlled by the parent company (the group) and the separate financial statements of the parent company and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act.

Measurement basis

The consolidated and separate financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 16 "Covid-19 Related Rent Concessions"
- Revised Conceptual Framework for Financial Reporting

The amendments listed above did not have any material impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standard and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future periods and on foreseeable transactions.

Basis of consolidation

Subsidiaries are all entities over which the group has control. 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.

Consolidation is performed by summarizing the financial statements of the parent company and its subsidiaries which have been prepared in accordance with ESVAGT A/S accounting policies. On consolidation, elimination is made of intra-group income and costs, shareholdings, intra-group balances and dividend and realized and unrealized profits or losses on transactions between the consolidated companies.

Non-controlling interests' share of profit/loss for the year and of equity in subsidiaries are included as part of ESVAGT A/S profit and equity respectively but shown as separate items.

Foreign currency translation

Functional and presentation currency

Items in the financial statements of each of the reporting companies of the Group are measured in the currency of the primary economic environment in which the company operates (the functional currency).

The functional currency of the Parent company, ESVAGT A/S is DKK.

The financial statements are presented in Danish Kroner (DKK). The financial statements have been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
b) Income and expenses for each income statement are translated at average exchange rates; and
c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

NOTE 1 - CONTINUED

ACCOUNTING POLICIES

Derivatives
Derivatives are initially recognized at fair value on the date a derivative contract is entered and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Foreign exchange forwards are used to hedge the currency risk related to recognized and unrecognized transactions.

The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized. At that time, the cumulated gains/losses are transferred to the items under which the hedged transactions are recognized. The effective portion of changes in the value of derivative financial instruments used to hedge the value of the recognized financial assets and liabilities is recognized in the income statement together with changes in the fair value of the hedged assets or liabilities which can be attributed to the hedging relationship. The ineffective portion of hedge transaction are recognized in the income statement as financial income or expenses for interest and currency-based instruments.

Revenue recognition
ESVAGT provides support and services (ERRV and SOV) to the offshore industry comprising standby and emergency response and rescue, oil spill contingency, tanker assist, rig move and supply duties. Revenue from providing services is recognized in the accounting period in which the services are rendered. Revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the days spent relative to the total number of days the contract covers.

Support and service contracts include multiple deliverables, such as charter, crew, fuel and services. Except for fuel, the deliverables are integrated in the services and cannot be provided separately. The services in a charter excluding fuel are therefore accounted for as one performance obligation. A part of the contract price is allocated to a separate performance obligation for fuel based on its stand-alone selling price, which is directly observable.

The contracts do not contain any variable elements.

Other income
Other income comprises of other activities, e.g. property rent and gains/losses of sales of fixed assets. Other income is recognized when the agreed service or asset is delivered, and the control has been transferred to the purchaser.

Other operating expenses
Other operating expenses comprise repair and maintenance, stores, vessel fuel, training and travel costs, expenses related to marketing, administration, office expenses, bad debt etc.

Staff expenses including pensions and similar liabilities
Staff expenses comprise wages and salaries, pensions, social security costs and other staff costs to the company’s employees.

ESVAGT A/S has entered into pension and similar agreements with most employees. Obligations relating to defined contribution plans are recognized in the income statement in the period in which they are earned.

Government Grants
Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Income from government subsidies as a result of COVID-19 pandemic were recognized as other income.

Amortization, depreciation and impairment
Amortization, depreciation and impairment comprise amortization, depreciation and impairment of intangible assets, property, plant and equipment and right-of-use assets.

Financial income and expenses
Financial income and expenses comprise interest income and expenses, realized and non-realized capital gains/losses on transactions in foreign currency, amortization of financial assets and liabilities etc.

Income tax and deferred tax
The income tax expense or credit for the period is the tax payable on the current period’s taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, based on amounts expected to be paid to the tax authorities.

NOTE 1 - CONTINUED

ACCOUNTING POLICIES

ESVAGT's vessels activities are subject to the tonnage taxation scheme under which the computation of taxable income includes an amount, calculated based on the fleet's tonnage.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Intangible assets

Development projects

Development projects comprise engineer costs related to specific development projects. Development projects are capitalized when development projects imply a technical and/or operational advantage for ESVAGT and where the financial net present value of these projects exceeds the development expenses.

Intangible assets are measured at cost less of accumulated amortization and impairment losses.

Amortization to estimated residual value is recognized in the income statement on a straight-line basis over the useful life, which is:

- Development projects: 3 years

Tangible assets

Premises on leased land, vessels, docking costs and other operating equipment and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost comprise the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. Borrowing costs from specific as well as general borrowing directly related to assets with a long production period are attributed to costs during the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:
- Premises on leased land: 20-30 years
- Vessels: Up to 30 years
- Docking costs: 2.5-5 years
- Other fixtures and fittings: 3-5 years

New build vessels are depreciated over 25 years. Used vessels are depreciated over a shorter period based on the vessel age upon time of purchase. Charter contracts related upgrades and other improvements are depreciated over expected useful life of 3-5 years.

Expenses for docking of vessels are recognized when incurred in the carrying amount of vessels and depreciated over the period until next docking.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses arising from disposal of tangible assets are calculated as the difference between the sales price less sales costs and the carrying amount at the time of sale. Gains and losses are recognized in the profit and loss account as other operating income or other operating costs.

Impairment of non-financial assets

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognized in the income statement when the impairment is identified.

NOTE 1 - CONTINUED

ACCOUNTING POLICIES

Intangible assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested annually for impairment. Tangible and intangible assets that are subject to amortization are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Leases
Leases are recognized as a right-of-use asset and a corresponding liability at the date which the leased asset is available for use by the group.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments include among other fixed payments and variable lease payments that are based on an index or a rate. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For all leases, the group has elected not to separate the lease and non-lease components and instead accounts for these as a single component.

The lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily determinable, the incremental borrowing rate is used.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs and restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Variable lease payments that do not depend on an index or a rate and payments associated with leases with a lease term of 12 months or less and low-value assets are recognized as an expense in the income statement, included in other operating expenses.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 pandemic-related rent concession from a lessor is a lease modification. ESVAGT applies the IASB amendments to IFRS 16 in regard to rent concessions that simplify how lessee accounts for rent concessions that are direct consequence of Covid-19 and where all conditions of the practical expedient are met.

Investment in subsidiaries and joint ventures
Investments in subsidiaries
Investments in subsidiaries are in the separate financial statements of the parent company recognized according to the equity method (see below) after initially being measured at cost.

Investment in joint ventures
IFRS requires investments in joint arrangements to be classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. All investments over which the group has joint control are classified as joint ventures.

Interests in joint ventures are accounted for using the equity method (see below), after initially being recognized at cost.

Applying the equity method
Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from subsidiaries (separate financial statements of ESVAGT A/S only) and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions with joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described above.

NOTE 1 - CONTINUED

ACCOUNTING POLICIES

Inventories
Inventories comprise of bunkers and other consumables. Inventories are measured at cost according to the FIFO-method. Write-down is made to a possibly lower net realizable value.

Receivables
Receivables are initially recognized at fair value adjusted for any transaction costs. Subsequently, receivables are measured at amortized cost, which usually corresponds to the nominal value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of historic sales and the corresponding historical credit losses. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Prepayments
Prepayments comprise various prepaid expenses such as prepaid insurance, subscriptions etc. Prepayments are measured at cost.

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

Equity
Reserve for foreign currency translation
The reserve for exchange adjustments consists of exchange rate differences that occur when translating the foreign subsidiaries financial statements from their functional currency into the Group's presentation currency. On disposal of the net investment, the reserve for exchange adjustments of that foreign subsidiary is recognized in the income statement. Reduction of a net investment in a foreign operation which does not result in loss of control is not treated as a disposal.

Cash flow hedges
The effective portion of changes in the value of derivative financial instruments designated to hedge future transactions is recognized under equity until the hedged transactions are realized.

Dividend distribution
Dividends are recognized as a liability in the period in which they are adopted at the Annual General Meeting.

Development cost reserve
An amount equal to the total capitalized development costs after tax is recognized in equity in the Development cost reserve.

Bank and Credit institutions
Borrowings from credit institutions are initially recognized at fair value, net of transaction expenses incurred. Borrowings from credit institutions are subsequently measured at amortized cost. Any differences between the proceeds and the redemption value are recognized in the income statement over the period of the borrowings using the effective interest method.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Other liabilities
Other debt or liabilities covering trade payables and other debt are recognized at amortized cost, which is usually equivalent to the nominal value.

Statement of cash flow
The cash flow statement shows the Group's cash flows during the year distributed on operating, investing and financing activities, changes in cash and cash equivalents at the beginning and at the end of the year.

Cash flows from operating activities are calculated by the indirect method using the profit before depreciation 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.

NOTE 1 - CONTINUED

ACCOUNTING POLICIES

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt, payment of principal element of leases as well as payments to and from shareholders.

Consolidated Key Figures
The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (2015).

Parent company's policy to account for mergers
Mergers between the parent company and its subsidiaries are accounted for by applying predecessor accounting. Hereby the parent company recognizes the assets and liabilities received at their values as included in the consolidated financial statements of the Group. Comparative figures are restated accordingly. The full-year results and cash flows of the merged subsidiaries (including comparative figures) are included in the parent company's income statement and cash flow statement.

NOTE 2

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group performs certain judgements and estimates concerning the future.

The estimates are performed 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 Group is also subject to risks and uncertainties that may lead to actual results differing from these estimates, both positively and negatively.

The judgement and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Judgements
Judgement is applied in determining the cash generating units (CGU's). Management has based on the specific capabilities of the vessels, split these into three CGU's;

Group 1: Multi-role ERRV vessels are flexible and support the offshore oil & gas industry with a number of highly specialized services as a supplement to the ERRV functions: Anchor handling; Rig moves; Emergency towing; Cargo runs; ROV inspections and surveys; Barge work; Oil spill response and Fire-Fighting.

Group 2/3: ERRV vessels in Group 2/3 are all designed to operate worldwide and in harsh environments. They comply with all stand-by regulations in DK, UK, NL and N. The vessels are optimized on fuel consumption, capacity and size.

Wind: Service Operation Vessels (SOV) are the cost-efficient choice for windfarms far from shore. The SOV offers onboard workshop, spare parts storage, crane and office facilities. Advanced transfer of technicians and spare parts to WTGs by ESVAGT Safe Transfer Boat or W2W gangway solutions.

This also reflect how Management monitors the operations. Management furthermore applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGU's.

Estimates
Useful life and residual values
The vessels are estimated to operate up to 30 years before they are taken out of the fleet. Some vessels operate longer than that, and the depreciations are calculated individually when the useful lives and residual values are reviewed and adjusted if appropriate, at the end of each year.

Impairment testing
Impairment testing is performed for each cash-generating unit as defined by our operational structure as described under judgement, if indicators of impairment exists.

For the impairment testing, a number of estimates are made regarding the expected development in day rates, utilization of vessels, future capital expenditures, discount rates, which are all included in the projected cash flows applied for the impairment testing.

These estimates are based on an assessment of current and future developments in the three cash-generating units and on historical data and assumptions. Assessment of market trends as regards to day rates is supported by independent 3rd party reports. The assumptions included in the value-in-use calculation are based on financial budgets and business plans approved by management.

Following the revised market outlook, driven partly by the Covid-19 pandemic and the low value of the Pound Sterling and Norwegian Kroner, an impairment loss of DKK 200 million has been recognized as of 31 December 2020. The result of the impairment testing is further disclosed in note 11.

NOTE 3

REVENUE

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Support and safety activities, Offshore Oil & Gas (over time)	589,084	676,185	586,129	672,784
Support and safety activities, Offshore Wind (over time)	330,851	280,414	330,832	280,300
Sale of fuel, Offshore Oil & Gas (point in time)	46,056	56,799	45,691	56,915
Sale of fuel, Offshore Wind (point in time)	10,797	15,171	11,161	15,055
	976,788	**1,028,568**	**973,813**	**1,025,054**

The group has recognized the following assets and liabilities related to contracts with customers:

TDKK	**31 Dec 2020**	31 Dec 2019	1 Jan 2019
Group			
Current contract assets relating to charters	480	155	252
Current contract liabilities relating to charters	-7,529	-6,215	-8,352
Parent			
Current contract assets relating to charters	480	155	252
Current contract liabilities relating to charters	-7,529	-6,215	-8,352

The increase in contract liabilities relates to mobilization costs paid prior to specific charters, which will be recognized as revenue during the secured contract length.

TDKK	**2020**	2019	**2020**	2019
Revenue recognized that was included in the contract liability at the beginning of the period	2,631	2,137	2,631	2,137

The group has taken the practical expedient in IFRS 15 not to disclose information about the aggregate amount of the transaction price allocated to its remaining performance obligations, as the group's contracts either has an original expected duration of one year or less; or as the group for its long-term contracts recognizes revenue in an amount to which the group has a right to invoice.

The invoicing is done a monthly basis reflecting the contracted day rate and the actuals days per month. Normal payment terms are running month +30 days or 45 days.

NOTE 4

GOVERNMENT GRANTS

ESVAGT has received government subsidies of MDKK 1.4 as result of the COVID-19 pandemic. The subsidy was solely related to employee retention and was part of the government programme "Wage compensation scheme". There are no unfulfilled conditions or other contingencies attached to the received subsidies. During the pandemic ESVAGT has, despite the drop in Oil & Gas activities across the North Sea, retained all staff.

NOTE 5

STAFF EXPENSES

TDKK	GROUP 2020	GROUP 2019	PARENT 2020	PARENT 2019
Wages and salaries	362,107	360,683	361,067	359,787
Pensions, defined contribution plans	8,859	7,857	8,859	7,857
Other staff costs	5,634	7,246	5,634	7,246
Long term incentive schemes	2,170	1,241	2,170	1,241
Staff Expenses	**378,769**	**377,027**	**377,729**	**376,131**
Average number of full-time employees	**926**	**916**	**924**	**915**

Key Management Compensation
Key Management includes Board of Directors and Executive Management in ESVAGT A/S, in total 9 persons by end 2020 (10 in 2019).

The Executive Management and other senior employees of ESVAGT have been granted 2 Long Term Incentive Schemes (the LTIP programs), which are structured according to the same principles, but depend on different triggering events. The participants will therefore only get payment from one of the LTIP programs when vested.

Both programs depend on the fair value development of ESVAGT A/S and an exit of the current owners. The maximum value of the programs amounts to DKK 112 million (EUR 15 million), however as at 31 December 2020 the value is calculated to DKK 19 million (EUR 2.5 million) corresponding to the estimated value at grant date.

The program vests over the period until an exit of the current owners. In 2020 DKK 2,2 million (2019 DKK 1,2 million) has been recognised as an expense in the P&L.

The exercise price of the awards is 0.

TDKK	Executive Management	Board of Directors	Total
2020 Group			
Wages and salaries	8,190	1,263	9,453
Pensions, defined contribution plans	233	0	233
Long term incentive schemes	827	0	827
Compensation to the Board of Directors and Executive Management	**9,250**	**1,263**	**10,513**
2020 Parent			
Wages and salaries	8,190	1,263	9,453
Pensions, defined contribution plans	233	0	233
Long term incentive schemes	827	0	827
Compensation to the Board of Directors and Executive Management	**9,250**	**1,263**	**10,513**

TDKK	Executive Management	Board of Directors	Total
2019 Group			
Wages and salaries	5,974	1,250	7,224
Pensions, defined contribution plans	268	0	268
Long term incentive schemes	827	0	827
Compensation to the Board of Directors and Executive Management	**7,069**	**1,250**	**8,319**
2019 Parent			
Wages and salaries	5,974	1,250	7,224
Pensions, defined contribution plans	268	0	268
Long term incentive schemes	827	0	827
Compensation to the Board of Directors and Executive Management	**7,069**	**1,250**	**7,492**

NOTE 6

AMORTIZATION, DEPRECIATION AND IMPAIRMENT LOSSES

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Amortization of intangible assets	2,418	382	2,418	382
Depreciation of tangible assets	271,843	259,242	271,843	259,242
Net Impairment of tangible assets	200,000	0	200,000	0
Depreciation of right-of-use assets	15,154	6,895	15,154	6,895
	489,416	**266,519**	**489,416**	**266,519**

NOTE 7

FINANCIAL INCOME

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Interest income from parent	85	62	82	62
Interest income from subsidiaries	0	0	3	119
Interest income, bank	624	1,217	624	1,217
Exchange rate adjustments	4,346	8,659	4,314	8,577
Other financial Income	35	0	35	0
	5,089	**9,938**	**5,058**	**9,976**

Total interest income on financial assets that are measured at amortized cost for the year was TDKK 744 (2019: TDKK 1,279) for the Group and TDKK 744 (2019: TDKK 1,398) for the parent company.

NOTE 8

FINANCIAL EXPENSES

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Interest expenses to parent	3	0	39	47
Interest expenses, credit institutions	94,773	94,099	94,771	94,108
Interest expenses, bank	964	618	960	618
Interest expenses, leases	917	513	917	513
Other financial expenses, including bank fees	840	836	831	826
Capitalized interests	-8,296	-4,380	-8,296	-4,380
	89,201	**91,686**	**89,222**	**91,731**

Total interest expenses on financial liabilities not measured at fair value through profit or loss for the year was TDKK 9,.657 (2019: TDKK 95,230) for the group and TDKK 96,687 (2019: TDKK 95,286) for the parent company.

NOTE 9

TAX

TDKK	GROUP 2020	GROUP 2019	PARENT 2020	PARENT 2019
Income tax:				
Tax on profit/loss for the year	388	-6,336	95	-6,835
Total income tax	**388**	**-6,336**	**95**	**-6,835**
Tonnage tax	250	198	250	198
Total tax for the year	**638**	**-6,137**	**345**	**-6,636**
Tax on profit/loss for the year can be broken down as follows:				
Current tax	305	506	0	0
Deferred tax	-11	-7	0	0
Adjustments for current tax of prior periods	95	-6,835	95	-6,835
Tax on profit/loss for the year	**388**	**-6,336**	**95**	**-6,835**
Income tax is specified as follows:				
Calculated 22% tax on "Profit for the year before income tax"	**-54,010**	**1,807**	**-54,073**	**-1,696**
Tax effects of:				
Income tax under tonnage taxation	54,304	-1,308	54,073	1,696
Adjustments in respect of prior years	95	-6,835	95	-6,835
	388	**-6,336**	**95**	**-6,835**
Effective tax rate	**-0.2%**	**-77.1%**	**0.0%**	**-88.6%**

The majority of the Group's taxable income is located in Denmark, and therefore the majority of the tax base is subject to Danish tax legislation. As such, the ESVAGT Group has elected to participate in the Danish Tonnage Tax scheme; the participation is binding until 31 December 2025.

Deferred tax relates to tangible fixed assets not covered by tonnage taxation activities.

NOTE 10

INTANGIBLE ASSETS

TDKK	GROUP Development Projects	PARENT Development Projects
Cost:		
At 01.01.2019	2,194	2,194
Additions during the year	6,907	6,907
At 31.12.2019	**9,101**	**9,101**
Amortization and impairment:		
At 01.01.2019	1,837	1,837
Amortization charge	382	382
At 31.12.2019	**2,219**	**2,219**
Carrying amount 31.12.2019	**6,882**	**6,882**
Cost:		
At 01.01.2020	9,101	9,101
Additions during the year	4,989	4,989
Reclassifications	218	218
At 31.12.2020	**14,308**	**14,308**
Amortization and impairment:		
At 01.01.2020	2,219	2,219
Amortization charge	2,418	2,418
At 31.12.2020	**4,637**	**4,637**
Carrying amount 31.12.2020	**9,671**	**9,671**

NOTE 11

PROPERTY, PLANT AND EQUIPMENT

TDKK	GROUP Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2019	5,116,415	36,025	61,804	117,469	5,331,713
Additions during the year	319,948	1,430	54	81,831	403,263
Disposals	-64,210	-3,320	0	0	-67,530
Reclasssifications	8,227	0	0	-8,227	0
Transferred to right-of-use asset	-22,997	0	0	0	-22,997
At 31.12.2019	**5,357,384**	**34,135**	**61,858**	**191,073**	**5,644,450**
Amortization and impairment:					
At 01.01.2019	1,641,958	30,682	14,937	0	1,687,576
Disposals	-58,700	-3,320	0	0	-62,020
Amortization charge	253,466	2,696	3,081	0	259,242
Transferred to assets held for sale	-17,497	0	0	0	-17,497
At 31.12.2019	**1,819,227**	**30,058**	**18,017**	**0**	**1,867,302**
Carrying amount 31.12.2019	**3,538,157**	**4,078**	**43,841**	**191,073**	**3,777,148**

The amount of borrowing costs capitalized during 2019 was TDKK 4,390. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%

TDKK	GROUP Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2020	5,357,384	34,135	61,858	191,073	5,644,450
Additions udring the year	331,132	0	0	74,794	405,926
Disposals	-52,909	0	0	-511	-53,420
Reclasssifications	101,865	0	0	-102,083	-218.087
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2020	**5,737,472**	**34,135**	**61,858**	**163,274**	**5,996,739**
Amortization and impairment:					
At 01.01.2020	1,819,227	30,058	18,017	0	1,867,302
Disposals	-50,837	0	0	0	-50,837
Amortization charge	266,691	2,058	3,095	0	271,844
Impairment losses	200,000	0	0	0	200,000
Transferred to assets held for sale	0	0	0	0	0
At 31.12.2020	**2,235,081**	**32,116**	**21,112**	**0**	**2,288,309**
Carrying amount 31.12.2020	**3,502,391**	**2,019**	**40,746**	**163,274**	**3,708,430**

The amount of borrowing costs capitalized during 2020 was TDKK 8,296. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

NOTE 11 - CONTINUED

PROPERTY, PLANT AND EQUIPMENT

Impairment Analysis
The oil and gas markets have during 2020 been hit by simultaneous demand and supply shocks. Measures to contain the spread of Covid-19 have led to an unprecedented decline in demand for oil and gas, and initial intervention by OPEC+ member states struggled to balance the market.

As a result, oil prices dropped, which has driven reductions in spending budget by oil and gas companies, and consequently many activities were postponed, especially UK drilling activities, where ESVAGT traditionally deploy a major part of its ERRV Group 2 fleet – resulting in short-term reduction of demand in ERRV Group 2 fleet.

ESVAGT expects spot market to further build during 2021 and return to 2019 levels – with a potential boost during end 2021 and beginning of 2022 for completion of outstanding priority drilling and maintenance work held back by Covid-19 pandemic. The expectations to future demand are subject to several factors, particularly the development in the global oil and gas markets. The demand is depending on the public health, the impact of vaccines, and the policy responses to COVID-19.

Outcome of the impairment test
Following the revised market outlook, driven partly by the Covid-19 pandemic and the low value of the Pound Sterling and Norwegian Kroner, an impairment loss of DKK 200 million has been recognized as of 31 December 2020. The impairment loss relates solely to CGU ERRV Group 2/3. The CGU is covering ERRV vessels operating in the North Sea.

DKK mio.	Impairment losses/ reversals	Recoverable Amount
Cash generating unit		
Group 2/3	200	653
Total	**200**	

No impairments or impairment reversals were recognized in 2019.

Basis for impairment test
ESVAGT considers vessels with similar functionality as cash generating units (CGU) due to largely interdependent cash flows.

The recoverable amount for each CGU is determined as the present value of future net cash flow from each or fair value less cost to sell if higher. ESVAGT applies value-in-use calculations in the Impairment Analysis.

The value-in-use is calculated based on cash flow projections in financial budgets and key assumptions for the coming 5 years period as approved by management. For the period after the 5-year period an expected inflation rate of 2.0% p.a. is applied, and specific day-rate assumptions post-contract. These cash flow projections are subject to judgement and estimates that are uncertain, though based on experience and external sources where available. Below different sensitivity analysis for certain key assumptions applied in the expected future cash flows.

The discount rate applied in the value-in-use calculation is 8.3% (2019: 7.9%) p.a. after tax. The discount rate applied reflect the specific risks relating to the relevant CGU's.

The FX rates applied is based on the FX rate level on 31 December 2020:
- GBP: 823.78 (2019: 876.64)
- NOK: 70.53 (2019: 75.87)
- EUR: 743.93 (2019: 746.97)

Sensitivity analysis
The value-in-use calculations for the individual CGU's are particularly sensitive to the day rates expected post-contract and to utilization on ERRV spot activities. In addition, discount rate, inflation rate and changes in FX rates are critical assumptions.

The sensitivity analysis shows that the impairment losses in 2020 would have been:
- DKK -167 million and DKK -254 million with a +/- 0.5 percentage point change in the discount rate, keeping all other assumptions unchanged.
- DKK -69 million and DKK -349 million with +/- 5 percentage change in FX Rates (except EUR), keeping all other assumptions unchanged.
- DKK -187 million and DKK -218 million +/- 0.5 percentage point change in the inflation rate, keeping all other assumptions unchanged.

NOTE 11 - CONTINUED

PROPERTY, PLANT AND EQUIPMENT

TDKK	PARENT Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2019	5,116,415	36,025	61,804	92,969	5,307,213
Additions during the year	319,948	1,430	54	106,331	427,763
Disposals	-64,210	-3,320	0	0	-67,530
Reclasssifications	8,227	0	0	-8,227	0
Transferred to right-of-use asset	-22,997	0	0	0	-22,997
At 31.12.2019	**5,357,384**	**34,135**	**61,858**	**191,073**	**5,644,450**
Amortization and impairment:					
At 01.01.2019	1,641,958	30,682	14,937	0	1,687,576
Disposals	-58,700	-3,320	0	0	-62,020
Amortization charge	253,466	2,696	3,081	0	259,242
Transferred to assets right-of-use asset	-17,497	0	0	0	-17,497
At 31.12.2019	**1,819,227**	**30,058**	**18,017**	**0**	**1,867,302**
Carrying amount 31.12.2019	**3,538,157**	**4,078**	**43,841**	**191,073**	**3,777,148**

The amount of borrowing costs capitalized during 2019 was TDKK 4,380. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

TDKK	PARENT Vessels	Operating Equipment & Fixtures	Buildings	Prepay-ments	Total
Cost:					
At 01.01.2020	5,357,384	34,135	61,858	191,073	5,644,450
Additions during the year	331,132	0	0	74,794	405,926
Disposals	-52,909	0	0	-511	-53,420
Reclasssifications	101,865	0	0	-102,083	-218
Transferred to right-of-use asset	0	0	0	0	0
At 31.12.2020	**5,737,472**	**34,135**	**61,858**	**163,274**	**5,996,739**
Amortization and impairment:					
At 01.01.2020	1,819,227	30,058	18,017	0	1,867,302
Disposals	-50,837	0	0	0	-50,837
Amortization charge	266,691	2,058	3,095	0	271,844
Impairment losses	200,000	0	0	0	200,000
Transferred to assets right-of-use asset	0	0	0	0	0
At 31.12.2020	**2,235,081**	**32,116**	**21,112**	**0**	**2,288,309**
Carrying amount 31.12.2020	**3,502,391**	**2,019**	**40,746**	**163,274**	**3,708,430**

The amount of borrowing costs capitalized during 2020 was TDKK 8,296. The rate used to determine the amount of borrowing cost eligible for capitalization was 3.52%.

Commitments for tangible assets
ESVAGT's Newbuilding programme comprise three vessels (one delivered late 2020) for the wind industry. Delivery of last two vessels is expected during 2021.

TDKK	GROUP 2020	GROUP 2019	PARENT 2020	PARENT 2019
Remaining Commitments, new building programme	492,100	845,812	492,100	845,812
	492,100	**845,812**	**492,100**	**845,812**

NOTE 12

FINANCIAL ASSETS AND LIABILITIES

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Carrying amount				
Financial assets:				
Financial assets at amortized cost:				
Trade receivables	109,236	156,227	84,593	106,233
Receivables from parent company	4,453	3,621	4,453	3,621
Receivables from Group companies	0	0	33,080	46,092
Other Receivables	10,000	7,518	9,974	7,514
Cash and cash equivalents	316,016	202,469	296,298	195,608
Total Financial assets at amortized cost	**439,705**	**369,835**	**428,397**	**359,067**
Financial liabilities:				
Financial liabilities at fair value				
Foreign currency forwards (used for hedging)	23,840	9,237	23,840	9,237
Total financial liabilities at fair value	**23,840**	**9,237**	**23,840**	**9,237**
Financial liabilities at amortized cost				
Borrowings	2,291,875	2,232,493	2,291,875	2,232,493
Trade payables	36,958	79,991	36,776	79,813
Payables to Group companies	0	0	2,080	2,362
Lease liabilities	25,678	17,425	25,678	17,425
Other Payables	57,569	79,114	57,569	79,114
Total Financial liabilities at amortized cost	**2,412,081**	**2,409,023**	**2,413,978**	**2,411,207**
Total Financial liabilities	**2,435,921**	**2,418,260**	**2,437,818**	**2,420,443**

Fair value is approximately the same as the carrying amounts.

NOTE 13

INVENTORIES

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Carrying amount				
Bunker oil	9,461	17,679	9,461	17,679
	9,461	**17,679**	**9,461**	**17,679**

During 2020 TDKK 59,550 (2019: TDKK 76,556) was recognized as an expense for the group, and TDKK 59,550 (2019: TDKK 76,556) for the parent company.

NOTE 14

TRADE RECEIVABLES

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Carrying amount				
Trade receivables at 31 December	109,336	156,327	84,693	106,333
Expected credit loss	-100	-100	-100	-100
Trade receivables net	**109,236**	**156,227**	**84,593**	**106,233**
The maturity of the trade receivables is specified as follows:				
Not overdue	80,887	112,556	63,844	62,561
Up to 30 days	25,318	35,314	20,749	35,314
Between 31 and 90 days	3,031	5,696	0	5,696
Between 91 and 365 days	0	2,661	0	2,661
Other	0	0	0	0
Total	**109,236**	**156,227**	**84,593**	**106,233**

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

NOTE 14 - CONTINUED

TRADE RECEIVABLES

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2020 or 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the oil and energy prices to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The expected credit losses for all trade receivables and contract assets, 95.8% less than 30 days overdue, 2.5% 30-60 days overdue and 1.7% over 90 days overdue, are immaterial and therefore not recognize. During the year no losses has been realized.

As further described in note 21, the receivables from Group companies are primarily arising from ordinary sales transactions and are in general repaid in full on a monthly basis. Consequently, the 12-month expected credit losses related to those receivables are immaterial.

NOTE 15

SHARE CAPITAL

The share capital comprise of:	**No shares**	**Nominal value per share**	**2020 (TDKK)**	2019 (TDKK)
	2,000,000	1	2,000	2,000
	100,000	1	100	0
			2,100	**2,000**

No shares carry any special rights. There are no restrictions connected to the transferability or voting rights of the shares. All shares have been fully paid in.

All shares in ESVAGT A/S are owned by ERRV ApS.

Capital management
The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital. Normal covenant demands applies such as "Leverage Ratio", "ICR Ratio" etc.

The Group has not adopted a specific key ratio, but Management and Board of Directors monitor the share and capital structure to ensure that the group's capital resources support the strategic goals. The overall target is to have secured long term financing with fixed interest rates at competitive rates.

During the year, the shareholders have made a capital increase of MDKK 250 to support further growth.

The Company's policy for managing capital is unchanged from last year.

NOTE 16

DEFERRED TAX

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
At 1 January	17	24	0	0
Deferred tax recognized in the income statement	-11	-7	0	0
Exchange Rate Adjustment	-1	0	0	0
At 31 December	4	17	0	0
Deferred tax relates to:				
Provisions	4	17	0	0
	4	**17**	**0**	**0**

NOTE 17

BANK AND CREDIT INSTITUTIONS

The borrowings comprise of vessel financing related loans as well as revolving facilities to fund the ongoing operations. There are covenants attached to the loan facilities.

	Currency	Maturity	2020 (TDKK)	2019 (TDKK)
Group				
Floating rate loans	EUR	2022	318,402	319,703
Floating rate loans	DKK	2022	243,168	183,168
Fixed-rate loans	EUR	2024-2027	1,748,235	1,755,380
Parent				
Floating rate loans	EUR	2022	318,402	319,703
Floating rate loans	DKK	2022	243,168	183,168
Fixed-rate loans	EUR	2024-2027	1,748,235	1,755,380

NOTE 18

LEASING

The group has entered leases on land, properties, cars and equipment. The remaining lease period for land is 22 years + 5 months. ESVAGT can terminate the contract of the leased land with a 6 months' notice. The non-cancellable lease period for cars is typically 36 months. In general car leases do not include any extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group recognized the following amounts relating to leases:

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Lease liabilities				
Current	10,217	9,006	10,217	9,006
Non-current	15,461	8,419	15,461	8,419
	25,678	**17,425**	**25,678**	**17,425**
Right-of-use assets				
Land	7,565	7,903	7,565	7,903
Cars	513	1,051	513	1,051
Equipment	17,092	7,414	17,092	7,414
	25,169	**16,367**	**25,169**	**16,367**

Additions to the right-of-use assets during the 2020 financial year were TDKK 23,956 (2019: TDKK 12,782) for the Group and TDKK 23,956 (2019: TDKK 12,782) for the parent company, respectively.

The statement of profit or loss show the following amounts relating to leases:

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Depreciation charge of right-of-use assets				
Land	337	337	337	337
Cars	414	318	414	318
Equipment	14,402	6,240	14,402	6,240
	15,154	**6,895**	**15,154**	**6,895**

The total cash outflow for leases in 2020 was TDKK 14,452 (2019: TDKK 10,114) for the Group and TDKK 14,452 (2019: TDKK 10,114) for the parent company.

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Interest expense (included in finance expenses)	917	513	917	513
Expense relating to short-term leases (included in other operating expenses)	0	162	0	162
	917	**675**	**917**	**675**

COVID-19-related rent concessions of TDKK 874 have been recognized within Other Operating Expenses.

NOTE 19

FEE TO THE STATUTORY AUDITORS

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Statutory audit	772	457	772	457
Other assurance services	0	448	0	448
Tax and VAT advisory services	1,772	737	1,772	737
Other services	2,672	1,393	2,672	1,393
Total fees to PwC	**5,216**	**3,034**	**5,216**	**3,034**

NOTE 20

DERIVATIVE FINANCIAL INSTRUMENTS

As part of its asset and liability management, the Group uses derivatives for hedging purposes in order to reduce its exposure to market risks.

The group has entered foreign exchange options and forwards used to hedge currency risk on contracted long-term revenue, fuel consumption and committed purchase of vessels.

Information about the group's exposure to financial risk is provided in note 25.

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Reclassified from other comprehensive income				
Gains/losses arising on currency forward contracts (cash flow hedges) reclassified to revenue/other operating expenses during the year	5,675	-491	5,675	-491
	5,675	**-491**	**5,675**	**-491**

NOTE 21

RELATED PARTIES

The Company and its parent company ERRV ApS are included in the consolidated financial statements for ERRV Holdings ApS, Hammerengsgade 1, 2nd floor, 1267 Copenhagen K, Denmark.

Interest in subsidiaries and joint ventures are set out in note 27.

The ultimate controlling party is ERRV Luxembourg Holdings S.á.r.l., Luxembourg.
The disclosure of "Key management compensation" is presented in note 5.

The following transactions were carried through with related parties:

	PARENT	
TDKK	**2020**	**2019**
Transactions with subsidiaries		
Sales of goods	225,146	269,264
Transactions with joint ventures		
Sales of goods	0	401
	225,146	**269,665**

NOTE 21 - CONTINUED

RELATED PARTIES

The following balances arising from sales/purchases of goods and services are outstanding at the end of the period in relation to transactions with related parties:

	GROUP		PARENT	
TDKK	**2020**	**2019**	**2020**	**2019**
Receivables from subsidiaries	0	0	32,920	45,920
Loans to related parties				
Loans to ERRV ApS and ERRV Holding ApS (parent company)				
Beginning of the period	3,621	2,473	3,621	2,473
Loans advanced	750	1,086	750	1,086
Interest charged	82	62	82	62
End of year	**4,453**	**3,621**	**4,453**	**3,621**
Loans to subsidiaries				
Beginning of the period	0	0	171	6,259
Loans repayments received	0	0	14	6,207
Interest charged	0	0	33	47
End of year	**0**	**0**	**160**	**171**
Loans from subsidiaries				
Beginning of the period	0	0	2,362	2,483
Loans repayments	0	0	315	167
Interest charged	0	0	33	47
End of year	**0**	**0**	**2,080**	**2,362**

Terms and conditions
Receivables from the Group companies primarily arises from ordinary operations and are in general repaid in full on a monthly basis. The receivables do not thus carry any interest. Loans to the parent company and to and from subsidiaries carry an interest of 2% and the loans are expected to be settled in cash.

NOTE 22

INVESTMENTS IN JOINT VENTURES

The group has interest in a number of individually immaterial joint ventures that are accounted for using the equity method.

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Summarised balance sheet				
Aggregated carrying amount of individually immaterial associates	0	6	0	6
Aggregate amounts of the group's share of				
Loss from continuing operations	7	19	7	19
Total comprehensive income	**7**	**19**	**7**	**19**

No further information is disclosed due to the materiality of the investment.

NOTE 23

CONTINGENT LIABILITIES

Litigation
None

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Bank loans secured in vessels				
Bank and other credit institutions - amount secured	2,309,806	2,258,251	2,309,806	2,258,251
Carrying amount of vessels provided as security	3,502,391	3,538,157	3,502,391	3,538,157

Other contingent liabilities
Since 17 September 2015 ESVAGT A/S is part of national joint taxation in Denmark with ERRV Holding ApS and is jointly liable with other Danish companies owned by ERRV Holding ApS.

NOTE 24

CASH FLOW STATEMENT

	GROUP		PARENT	
TDKK	**2020**	2019	**2020**	2019
Change in working capital				
Change in inventories	8,219	-258	8,219	-258
Change in trade receivables and receiv. from parent	47,208	-18,739	34,334	-26,830
Change in other receivables and prepayments	-7,247	1,718	-6,893	31,147
Change in trade payables, excl. payables related to fixed assets	-39,410	23,038	-39,410	23,038
Change in other payables	-24,426	9,132	-24,440	9,405
Change in received prepayments	1,314	-2,137	1,314	-2,137
Exchange gains and losses on working capital	1,890	693	2,181	590
	-12,453	**13,447**	**-24,696**	**34,954**
Changes in liabilities arising from financing activities				
Bank and credit institutions at 1 January	2,232,493	2,224,652	2,232,493	2,224,652
Proceeds from loans from credit institutions	60,000	0	60,000	0
Amortized loan cost	7,827	7,174	7,827	7,174
Foreign currency	-8,445	667	-8,445	667
Bank and credit institutions at 31 December	**2,291,875**	**2,232,493**	**2,291,875**	**2,232,493**
Lease liabilities at 1 January	17,425	5,969	17,425	5,969
Recognized on adoption of IFRS 16	0	8,787	0	8,787
Repayment of leases	-14,452	-10,114	-14,452	-10,114
New leases	23,956	12,782	23,956	12,782
Adjustment of initial recognition	-1,251	0	-1,251	0
Lease liabilities at 31 December	**25,678**	**17,425**	**25,678**	**17,425**
Financing liabilities at 31 December	**2,317,553**	**2,249,918**	**2,317,553**	**2,249,918**

NOTE 25

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the Board of Directors. Group Finance/Treasury department identifies and evaluates exposures in close co-operation with the group's operating units. The board provides written principles for overall risk management.

Market Risk

Foreign exchange risk

The revenue is mainly denominated in other currencies than DKK, mainly EUR, GBP and NOK. Part of these transactions is hedged according to the Group policy. Increases or decreases in the exchange rate of GBP and NOK against the functional currency, can affect the group's results and cash position negatively or positively.

The cost of goods sold, and operating expenses are mainly incurred in DKK. The Group has transactions in other currencies, mainly EUR, but the foreign exchange risks related to this are not considered material, due to fixed exchange rate policy in Denmark against EUR. Increases or decreases in the exchange rate of such foreign against the functional currency, can affect the group's results and cash position negatively or positively.

Exposure

The group's exposure to foreign currency risk at the end of the reporting period, expressed in currency units, was as follows:

	GROUP			
	TEUR	**TGBP**	**TNOK**	**TUSD**
2020				
Trade receivables	3,384	2,797	10,675	559
Cash and cash equivalents	7,333	3,096	210,943	5,770
Bank loans	-277,800	0	0	0
Trade payables	-1,167	-77	-2,904	-1,288
	-268,250	**5,817**	**218,714**	**5,041**
2019				
Trade receivables	5,710	21	21,096	317
Cash and cash equivalents	3,204	393	123,507	1,109
Bank loans	-277,800	0	0	0
Trade payables	-2,486	-253	-5,126	-2,454
	-271,372	**160**	**139,476**	**-1,028**

NOTE 25 – CONTINUED

FINANCIAL RISK MANAGEMENT

	PARENT			
	TEUR	**TGBP**	**TNOK**	**TUSD**
2020				
Trade receivables	3,223	15	10,675	472
Cash and cash equivalents	6,589	1,745	210,636	5,399
Bank loans	-277,800	0	0	0
Trade payables	-1,167	-77	-2,904	-1,288
	-269,155	**1,684**	**218,408**	**4,583**
2019				
Trade receivables	5,466	21	21,096	216
Cash and cash equivalents	3,191	393	123,507	1,006
Bank loans	-277,800	0	0	0
Trade payables	-2,363	-253	-5,126	-2,237
	-271,506	**160**	**139,476**	**-1,014**

Interest rate risk
The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest risk. Group policy is always to ensure that a minimum of 75 percent of total outstanding debt is fixed rate or effectively bears a fixed rate pursuant to a hedging agreement. The Group is compliant with the policy at 31 December 2020.

Sensitivity analysis
Profit or loss is sensitive to higher/lower interest from borrowings and fair value changes of interest rate derivatives as a result of changes in interest rates. The sensitivity analysis is based on financial instruments recognized at the balance sheet date. Effects from hedging is not included in these calculations and sensitivity figures.

	2020		2019	
TDKK	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**
Group				
GBP/DKK exchange rate – increase 10%	4,792	4,792	141	141
NOK/DKK exchange rate – increase 10%	15,426	15,426	10,582	10,582
USD/DKK exchange rate – increase 10%	3,054	3,054	-686	-686
Parent				
GBP/DKK exchange rate – increase 10%	1,387	1,387	141	141
NOK/DKK exchange rate – increase 10%	15,404	15,404	10,582	10,582
USD/DKK exchange rate – increase 10%	2,776	2,776	-677	-677

	2020		2019	
TDKK	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**	**Impact on Post Tax Profit**	**Impact on Other Components of Equity**
Group				
Interest rates – increase by 100 basis points	-5,631	0	-5,044	0
Interest rates – decrease by 100 basis points	5,631	0	5,044	0
Parent				
Interest rates – increase by 100 basis points	-5,631	0	-5,044	0
Interest rates – decrease by 100 basis points	5,631	0	5,044	0

The calculation is based on an increase in both short- and long-term interest. All other variables are held constant.

NOTE 25 – CONTINUED

FINANCIAL RISK MANAGEMENT

Credit risk
Credit risk is managed on group basis, except for credit risk relating to account receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'BBB-' are accepted, For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilization of credit limits is regularly monitored.

The maximum exposure corresponds to the carrying amount of receivables and cash.

Liquidity Risk
Cash flow forecasting is performed by group finance. Group finance monitors rolling forecasts of the groups liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the groups debt financing plans and compliance with loan documentation. The group has undrawn borrowing facilities of TDKK 490,000 that may be available for future operating activities (TDKK 150,000) and Capex investments (TDKK 340,000). The borrowing facilities is part of the current bank facilities attached to the same covenants as mentioned in note 17.

The tables below analyses the group's derivatives and non-derivative 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.

	GROUP			
TDKK	**Less than 1 year**	**1-5 years**	**>5 years**	**Total**
Non-derivatives				
At 31.12.2019				
Credit institutions	89,914	2,120,389	389,582	2,599,886
Lease liabilities (Finance lease)	9,006	8,419	0	17,425
Trade payables	79,991	0	0	79,991
Other payables	79,114	0	0	79,114
	258,025	**2,128,809**	**389,582**	**2,776,416**
At 31.12.2020				
Credit institutions	89,063	2,367,849	194,404	2,651,315
Lease liabilities	10,217	15,461	0	25,678
Trade payables	36,958	0	0	36,958
Other payables	57,569	0	0	57,569
	193,808	**2,383,309**	**194,404**	**2,771,521**
Derivatives				
At 31.12.2019				
Foreign exchange options / forwards used to hedge currency risk	3,864	5,373	0	9,237
	3,864	**5,373**	**0**	**9,237**
At 31.12.2020				
Foreign exchange options / forwards used to hedge currency risk	18,834	5,006	0	23,840
	18,834	**5,006**	**0**	**23,840**

NOTE 25 – CONTINUED

FINANCIAL RISK MANAGEMENT

Fair value

Financial instruments measured at fair value can be divided into three levels:
Level 1 – Quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices included in level 1 that are observable for the asset or liability
Level 3 – Input for the asset or liability that are not based on observable market data.

The fair value of bank borrowings does not differ significantly from the carrying amount. The fair value of derivatives is calculated on level 2 in the fair value hierarchy using direct quotes.

Fair value measurements at 31 December 2020

	GROUP		**PARENT**	
TDKK	**2020**	2019	**2020**	2019
Significant other observable inputs (Level 2)				
Forwards used to hedge currency risk	23,840	1,509	23,840	9,237
	23,840	**1,509**	**23,840**	**9,237**

Measurement of derivatives

The valuation techniques used to measure derivatives include:

- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the group enters hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The group therefore performs a qualitative assessment of effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of ESVAGT or the derivative counterparty and as differences between the spot rate and the forward rate of a contract.

The group uses foreign currency forwards to hedge its exposure to foreign currency risk. Under the group's policy the critical terms of the forwards must align with the hedged items.

The group designates the forward rate of foreign currency forwards in hedge relationships. The intrinsic value of foreign currency is determined with reference to the relevant spot market exchange rate.

The group operates internationally and is exposed to foreign exchange risk, primarily the NOK, GBP and USD. Foreign exchange risk arises from future commercial transactions denominated in currencies that are not DKK or EUR. The risk is measured through forecasts of highly probable expenditures in NOK, GBP and USD. The risk is hedged with the objective of minimizing the volatility of currency cost of highly probable revenue and purchases of property, plant and equipment.

The group treasury's risk management policy is to hedge up to 80% of forecast income and expenses in currencies other than DKK and EUR up to two years in advance.

The effects of the foreign currency related hedging instruments on the group's financial position and performance are as follows:

	GROUP		
	NOK	**GBP**	**USD**
Foreign currency forwards as at 31 December 2019			
Carrying amount in TDKK	-9,816	-4,303	4,668
Notional amount	439,399	252,378	147,856
Maturity date	jan/2020	jan/2020	jan/2020
	jan/2021	dec/2021	sep/2021
Weighted average hedged rate for the year (incl. forward points)	76.44	841.77	634.95
Foreign currency forwards as at 31 December 2020			
Carrying amount in TDKK	-16,680	-989	-6,144
Notional amount	340,454	226,764	117,914
Maturity date	jan/2021	feb/2021	jan/2021
	dec/2022	dec/2022	dec/2022
Weighted average hedged rate for the year (incl. forward points)	72.86	816.28	633.95

NOTE 26

EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, no events that could significantly affect the financial statements as of 31 December 2020 have occurred.

NOTE 27

COMPOSITION OF THE GROUP

Name of Entity:	**Ownership and Voting Rights held by ESVAGT**	**Place of Business/ Incorporation**
Investments in subsidiaries		
ESVAGT Holdings Limited	100%	Great Britain
ESVAGT UK Limited	100%	Great Britain
ESVAGT Norge AS	100%	Norway
P/F ESVAGT-THOR	51%	Faroe Islands
Investments in Joint Ventures		
EWPL Ocean ApS	50%	Denmark

OTHER

COMPANY INFORMATION

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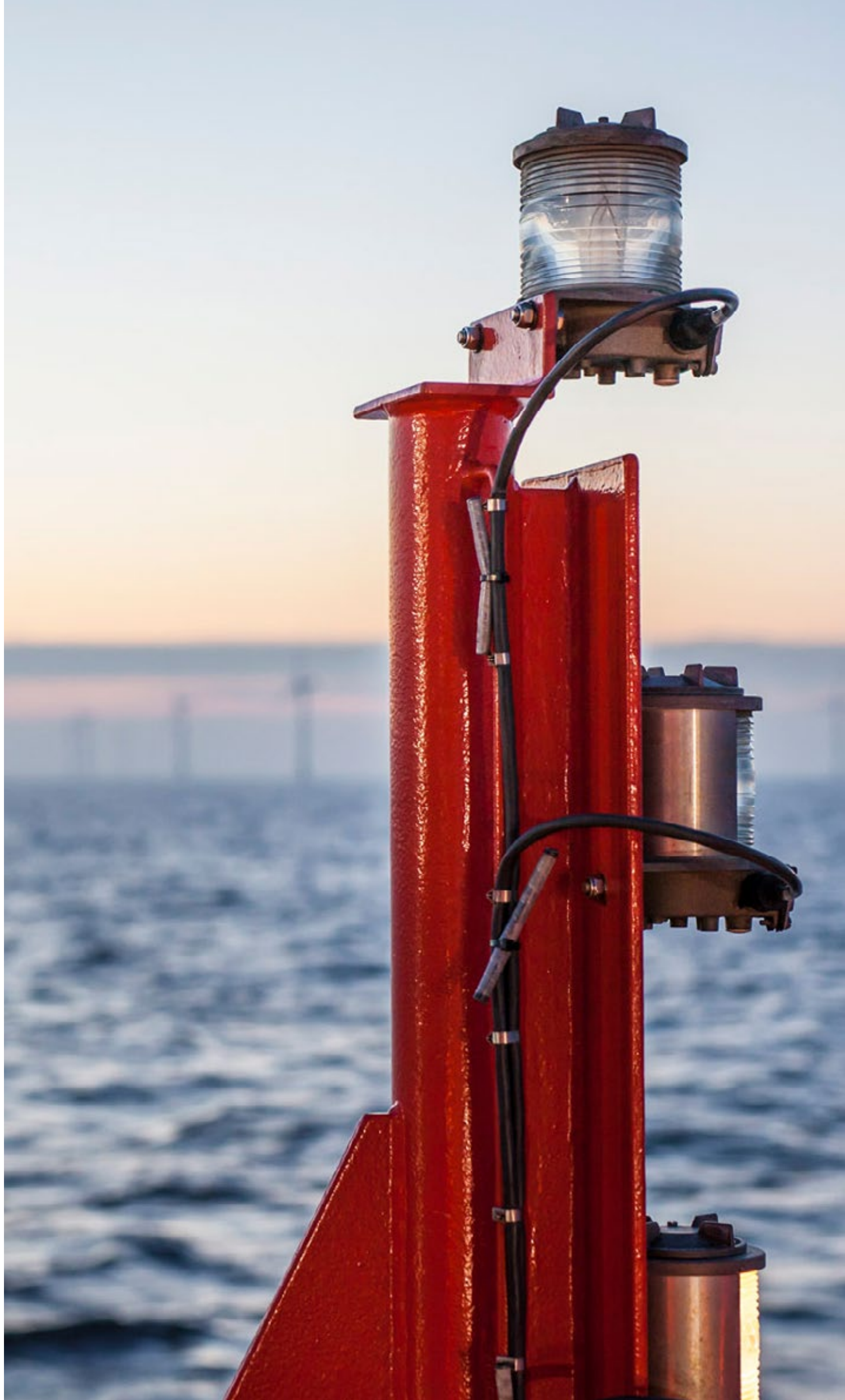

SAFETY & SUPPORT AT SEA

ESVAGT's mission is making the sea a safe place to work for both our customers and our crew. Safety always comes first and as the saying goes at ESVAGT: **Do it safely or not at all.**

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