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BLADT

Annual report 2021

Bladt Industries A/S
Nørredybet 1, 9220 Aalborg Øst
CVR no.: 14 81 84 80

Adopted at the Annual General Meeting
23 May 2022

Bjarne Moltke Hansen,
Chairman

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Management Review

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Bladt - Becoming a pure-play renewable energy company

Bladt Industries A/S is a subsidiary of Bladt Holding A/S. Bladt Industries A/S is part of the Bladt Group and is the Group's main operating company.

In 2021, Bladt decided on a new strategic direction. With this change, the company will focus solely on the growing offshore wind market and thereby become a pureplay renewable energy company delivering the foundation for the green energy transition offshore. This is a natural progression of the company's development being a pioneer in the offshore wind segment and today being recognized as an important and integrated part of this value chain, Offshore wind is truly the new DNA of Bladt.

The company has over the past 18 month been through a successful turnaround positioning the company as a key player within the offshore wind industry. Key elements of the new management teams strategy plan were to divest or wind down the challenged infrastructure division and to immediately discontinue the Oil & Gas division, allowing Bladt to focus only on a growing global offshore wind sector.

As part of the new strategy, it was decided to refocus and upgrade the existing Lindø facilities to deliver so-called XXL monopiles, being the predominant foundation type used for the future supersized offshore wind turbines. With this upgrade to the facilities, expected to be operational by mid-2022, Bladt will double its size.

Since entering the offshore wind industry in 2002, Bladt has built a solid position as a well-known supplier with a proven track record with the delivery of monopiles, transition pieces, jackets and offshore transformer stations. The decision to focus solely on offshore wind and become a one-stop shop within this industry is therefore a logical next step for Bladt in support of the global fight against climate change.

With the experience gained through more than 50 years in the infrastructure and oil & gas businesses, large-scale, quay-side based production facilities in both Aalborg and Lindø paired with the recent decision to transform into a pureplay renewable energy company, Bladt stands ready to leverage the many opportunities that the offshore wind market represents and has already successfully delivered more than 20 substations and 2,900 foundations.

Three main factors define the future of offshore wind and guide the new Bladt strategy:

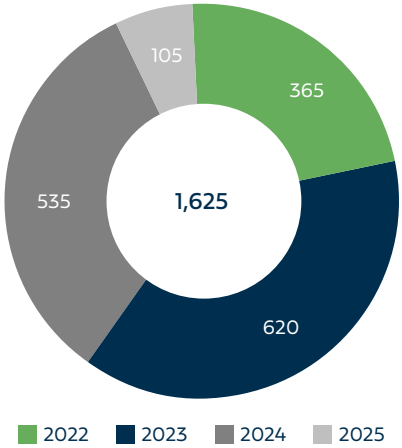
- There is a global political ambition to deploy approximately 150 gigawatts by 2030 (current installed capacity today is 22 gigawatts).
- The price of electricity from offshore wind has been reduced thanks to the development of the new super-sized wind turbine generators. This means that today, offshore wind offers energy at prices lower than or equal to coal, gas, nuclear and even onshore wind.
- The Bladt client base, i.e., the offshore wind developers, has committed to spend approximately EUR 30 billion per annum until 2030 (in total approximately EUR 200 billion). This client base consists of major energy companies and oil & majors transforming into renewable energy companies.

Furthermore, there is a proven undersupply situation in the market in particular for XXL monopiles. An area where Bladt is able to deliver.

Despite the new strategy being fairly recent, it has already, along with the creation of a new management team with a total of more than 150 years of offshore wind experience, paid off in terms of order backlog as Bladt can report:

- Record-high order backlog increased more than 5-fold in the past 12 months to an unprecedented level of approximately DKK 12 billion (revenue) and approximately DKK 1.6 billion (Contribution)
- Sold out capacity until mid-2025 at the production facility in Aalborg
- Sold out capacity until mid-2024 at the production facility at Lindø
- A number of recent orders from customers in the US

Contribution order backlog as of 31 December 2021 (DKK million)



Customers are the source of our success. We focus on developing strong relations with our customers as trusted

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partners by meeting and exceeding their requirements and expectations.

The employees of the Bladt are key to ensuring the success of the company. Their experience, qualifications, and dedication as well as their buy-in to the Bladt purpose of being a pureplay renewable energy company delivering the foundation for the green energy transition offshore, are of pivotal importance. It is in fact the very backbone of the continued development of Bladt and the range of products and services we offer.

Safety first will always be the first priority for Bladt. We believe that the health, safety and welfare of our employees and our partners must be an integral part of everything that we do, and we continuously strive to create a zero-accident culture.

Quality is paramount for Bladt and for our customers. It is part of the "Bladt DNA" to deliver high quality steel structures to our clients.



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Financial Highlights

DKKm	2021	2020	2019	2018 [1]	2017 [1]
Key figures					
Revenue from continuing operations	2,046.9	1,956.2	1,756.5	-	-
Revenue discontinued operations.	130.7	249.2	411.5	-	-
Revenue total	2,177.6	2,205.5	2,167.9	1,455.3	3,086.3
Contribution from continuing operations	171.8	287.2	159.6	-	-
Contribution discontinued operations	8.8	-73.8	65.5	-	-
Contribution total	180.6	213.4	225.1	273.8	206.5
Gross profit from continuing operations	9.6	127.3	-32.4	-	-
Gross profit from discontinued operations	-5.0	-100.1	33.1	-	-
Gross profit total	4.6	27.1	0.7	91.0	35.0
EBITDA[2] from continued operations	5.4	131.7	-30.4	-	-
EBITDA[2] from discontinued operations	-9.7	-106.0	26.9	-	-
EBITDA[2] total	-4.3	25.7	-3.5	89.3	55.6
Earnings before interest and tax (EBIT)	-43.3	79.1	-49.9	43.6	4.5
Profit/loss from financial income and expenses	-5.7	-4.8	-5.9	-7.7	25.7
Profit for the year	-47.2	-22.8	-41.6	29.5	31.3
Revenue from continued operations excl. non-recurring items[3]	2,151.9	1,956.2	1,841.5	-	-
Contribution from continued operations excl. non-recurring items[3]	276.8	287.2	244.6	-	-
Gross profit from continued operations excl. non-recurring items[3]	148.1	149.5	113.4	44.8	22.1
EBITDA from continued operations excl. non-recurring items[3]	143.8	153.9	115.4	44.8	22.1
EBIT from continued operations excl. non-recurring items[3]	95.2	101.3	95.9	88.4	26.6
Non-current assets	288.4	170.5	207.1	167.9	199.8
Current assets	1,536.4	1,711.0	999.3	778.3	923.3
Total assets	1,824.9	1,881.5	1,206.5	946.3	1,123.1
Equity	518.1	505.3	378.2	429.7	449.0
Non-current liabilities	121.4	90.1	84.4	90.9	95.6
Current liabilities	1,185.3	1,286.1	743.8	425.6	578.5
Net cash (net of interest bearing debt)	252.6	283.3	-80.4	118.5	-85.8
Investment in property, plant, and equipment [4]	149.8	20.8	82.3	13.7	3.7
Cash flows from operating activities	92.6	258.8	-123.9	281.6	-57.2
Cash flows from investing activities	-82.3	-15.8	-87.4	-13.7	45.0
Cash flows from financing activities	-41.1	45.0	51.6	-63.5	-26.4
Free cash flows	10.3	238.3	-211.3	267.8	-12.3
Financial ratios					
Operating margin (%)	-2.0	3.6	-2.3	3.0	0.1
Solvency ratio (%)	28.4	26.9	31.4	45.4	40.0
Return on equity (%)	-8.5	17.9	-12.4	9.9	1.0
ROIC (%)	-1.8%	-41.3%	-10.0%	21.1%	11.1%
ROIC excl. non-recurring items [3] (%)	59.3%	12.9%	30.3%	14.1%	17.9%
Average number of employees	385	473	427	355	557

The financial ratios have been prepared in accordance with the note 30 of the company's financial statements.

1) Numbers have not been restated according to discontinued operations.
2) Earnings before interest, tax, depreciation, and amortization
3) Reconciliation of non-recurring items (NRI) see note 31.
4) Investment in right-of-use assets included

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Highlights of 2021

The financial result of Bladt's new core business area has been strong and robust. Accordingly, looking only at the future core business of Bladt, the offshore wind business, the performance has been above expectations following some significant process improvements related to management of contracts, internal risk, financial and project controlling, imposing rigorous focus on project performance.

2021 Continued operations excl. non-recurring items (DKK million)

Revenue	2,152
Contribution	277
EBITDA	144
EBIT	95

The strong performance of the core business of Bladt combined with the attractive market dynamics, the strong order backlog covering several projects, geographical regions, clients, and products, as well as the investment in Lindø results in Bladt being a revitalized company.

The total financial result of 2021 has however naturally been affected by the turnaround and refocusing of the company in accordance with the new Bladt strategy.

Continuing Operations

The continuing operations, being business relating to the offshore wind industry providing foundations and substations, show a contribution of DKK 172 million compared to a contribution of DKK 287 million in 2020. The contribution was negatively impacted by the settlement of an offshore wind legacy project dispute regarding a specific project delivered in 2014, while the financial performance of the ongoing wind projects exceeded expectations due to an increase in activity and strong project execution resulting in a contribution excl. non-recurring items of DKK 277 million in 2021.

Accordingly, the short fall in the 2021 financials stems predominantly from the above-mentioned project delivered in 2014 which has afterwards involved disagreement regarding the settlement of variation orders and claims between Bladt and the customer at this specific project. Accordingly, Bladt commenced arbitrational proceedings in previous years and in 2021 accepted to settle one of the two arbitration cases relating to the project.

It should be noted that the offshore wind business in general has overperformed our expectations in 2021. Revenue also increased to DKK 2,046 million from DKK 1,956 million in 2020.

Profit for the year before tax amounts to DKK -49 million (2020: DKK +74 million). However, adjusted for the settlement of the offshore wind legacy project and other non-recurring items profit for the year amounts to DKK 95 million exceeding the expectations for the year 2021.

The cash flow for the year is showing a net DKK -31 million (2020: DKK 283 million). The 2020 net cash flow was positively affected by DKK 150 million in group contribution. Taking this into consideration, the main change from 2020 to 2021 is due to initiated investments at Lindø as well as working capital changes.

At the end of 2021, total assets amounted to DKK 1,825 million (2020: DKK 1,881 million), which is at the same level as in 2020.

Total equity has increased to DKK 518 million (2020: DKK 505 million). The increase of equity positively affected by the group contribution of DKK 75 million by the end of December 2021.

Infrastructure Division - Discontinued Operations

When founded in 1965, the Infrastructure division was the original business and cornerstone of the Bladt Industries. In 2020, management decided to divest the infrastructure division as part of its decision to transform the company into a pureplay renewable energy company. The divestment took place during 2021, meaning that the division is presented as "discontinued operations" in the financial statements and in note 10.

The discontinued operations are showing a negative profit before tax of DKK 10 million (2020: DKK -106 million). The result relates the divestment of the infrastructure activities.

No events of significant importance to the financial statements and annual report for 2021 have occurred after the end of the financial year. Concerning events after the balance sheet date, we refer to note 28.

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Market **Outlook**

The offshore wind market continues to grow globally

In accordance with the new Bladt strategy, Bladt Industries continued to play an important role in servicing markets outside Europe. In 2021, several substations, XXL monopiles and transition pieces were contracted for the EU and US markets. The long-term working relationship with Semco Maritime has been deepened and strengthened even further to utilise our position in the market.

In Taiwan, the joint venture, Century Bladt Foundation Co., Ltd., together with a Taiwanese partner, has progressed and has started the execution of orders and established production facilities for our first jacket contract, the Changfang and Xidao project. The joint venture will allow Bladt to take part in the Taiwanese offshore wind market and to create the base for a close collaboration with an Asian supply chain within components to the offshore wind industry.

Furthermore, Bladt Industries has established an Asian supply chain to supply components to Century Bladt Foundation Co., Ltd.

In the US, Bladt Industries has followed the market development with interest. The current US administration has significantly raised the ambitions for offshore wind. In late 2020, Bladt Industries signed an alliance agreement with American Burns & McDonnell to pursue local content possibilities in the US offshore wind market.

At Bladt, we are always open to pursue the opportunities when a new global offshore wind market arises. We believe that the globalisation of offshore wind market provides attractive commercial opportunities for Bladt Industries, and we are entering 2022 with the strongest order backlog ever.

Market Developments

The markets of Bladt are the global markets for offshore wind. As expected, the European offshore wind markets for foundations and substations under fabrication – which are driven by gigawatts to be installed in the coming years – were increased in 2021 compared to 2020. 2022 is expected to be a year of further increased activities. Looking forward, the offshore wind market, both in terms of gigawatts and in terms of tonnage of foundations, is expected to show double-digit annual growth rates in the years to follow.

Offshore Wind – from Northern Europe to Global Growth

Offshore wind is expected to enter a phase of significant growth. We see a further transition from a European market to a global market. Analysts expect the demand for offshore wind to double every 4-5 years, and approx. 60-70% of the global growth is expected to take place in Europe. Overall, both the established European markets as well as emerging overseas markets are expected to contribute to the significant growth of offshore wind in terms of gigawatt installed.

The expected +20% annual average market growth rates in the coming years for offshore wind are driven by the competitiveness of energy from clean offshore wind. The latest auctions on offshore wind have proven the industry long-term competitive compared to other energy sources. Overall, these factors combined will make offshore wind an attractive energy source with a bright future.

Another driver of the expected offshore wind market growth is the expansion of offshore wind internationally. Traditionally, offshore wind has been solely a Northern European business (North Sea, Irish Sea, Baltic Sea). In recent years, this has been supplemented/expanded by rest of world (excl. China) regions. By 2020, 99% of installed gigawatt is in Europe. By 2030, it is expected that 57% is installed in Europe, 19% in North America, and 18% in East Asia.

In the coming years, further countries will join the ranks of offshore wind producing countries. In 2020, five countries (UK, Germany, Netherlands, Belgium, and Denmark) have approx. 97% of the installed capacity. By 2030, it is expected that 8 other countries will account for 56% of the buildout from 2021 to 2030.

The US offshore wind market is expected to take off initially on the East Coast. The US administration's new target is expected to add 60 gigawatts by 2030 and 110 gigawatts by 2050. By 2035, the Taiwanese market will grow and add 15.5 gigawatt of offshore wind capacity. During the coming decade, markets such as France, Ireland, Poland, Japan, Vietnam, and South Korea are also expected to build commercial scale offshore wind farms.

The commitment from the offshore wind developers to invest in offshore has reached new heights. Furthermore, most oil & gas majors have ventured into offshore wind and other renewable sources of energy to diversify their business and are committing fund to this.

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The expectation is that between 2022 and 2030, there will be an annual spend of EUR 30 billion globally (excl. China), totalling approx. EUR 200 billion by 2030.

The XXL monopile foundation types, including transition pieces, are expected to continue to be a cost-efficient foundation solution for offshore wind turbines. Monopiles are expected to continue to increase in size, from XXL to MEGA, to meet the increased super-sized wind turbine generator size and deeper waters. Already now, the market and some customers are pursuing opportunities to further develop monopiles to include transition pieces equipment. However, jacket foundations are still projected to continue to play a role where soil conditions or geographic locations require more sophisticated solutions. In the UK with larger turbines and deeper waters, and in Taiwan with seabed conditions and the risk of natural disasters, jacket foundations are for many future projects the obvious choice.

Bladt is focused on capitalising on this expected market growth. This position builds on our very strong track record within delivery of offshore wind foundations and substations to date. It is complemented by the international cooperation with strong local players in emerging markets.

We strive to further develop long-term relationships with benefit to all parties and to maintain our global competitiveness.

Outlook 2022

In 2021, the industry improved compared to 2020. Bladt has experienced a higher activity level. This trend supports the outlook for 2022. The increased activities within the global offshore wind market have an improving impact on our order backlog as well as on the outlook for 2022 and beyond.

Bladt is experiencing the strong impact of the global renewable energy transition which is leading to substantially higher activity levels in new wind park projects globally. Due to the ever increasing sizes off the wind farms, the lead time is also increasing, meaning that many tenders of upcoming projects are for years beyond 2022.

We expect our continuing business and our expansion into the XXL business to perform in 2022 at the same level as in 2021. Bladt enters the year 2022 with a strong order backlog covering several projects, geographical regions, clients, and products, and with this increased and strong order book for the coming years and the investment in Lindø, we have built the foundation for future green growth. The financial result for 2022 is expected at a level similar to or higher than the financial result for 2021 excluding the non-recurring items.

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Projects in **Focus**

Courseulles sur Mer, France

In 2021, Bladt was awarded the contract for delivery of 64 transition pieces for the Courseulles sur Mer project by Saipem.

Each transition piece is roughly 24 meters high with a diameter at top flange of 6.0 meter. At load out, the weight of each transition piece is 550 tons.

The Courseulles sur Mer offshore wind farm will be located in the bay of the Seine off the coast of Normandy, France, and will have a combined output of 448 megawatts.

The offshore wind farm is being developed by Éolien Maritime France, a joint venture between EDF Renewables and Enbridge.

The foundations from Bladt to Saipem will be finalised in 2022.

Changfang and Xidao, Taiwan

Early in 2019, Copenhagen Infrastructure Partners entered into a contract with Century Wind Power and Century Bladt Foundation Co. Ltd., a joint venture between Bladt and Taiwanese Century Wind Power.

The contract comprises 62 jacket foundations, each with at weight of 1,300 tons. This is the first project for Century Bladt Foundation Co. Ltd to carry out in the joint venture.

The production commenced in early 2020 and is currently ongoing.

Changfang and Xidao Offshore Wind Farms are located 13-15 kilometers off the western coast of Taiwan. With a total capacity of up to approximately 600 megawatts, the wind farm will supply CO2-free power corresponding to the annual power consumption of more than half a million Taiwanese households.

Hornsea Two, UK

In 2019, Bladt was awarded the contract for delivery of 135 transition pieces for the Hornsea Two project.

Each transition piece is roughly 20 meters high with a diameter of 6.5 meter. At load out, the weight of each transition pieces is 350 tons including a 90 tons concrete external platform.

The Hornsea Two Wind Farm is designed, built, and will be operated, by Ørsted.

The Hornsea Two Wind Farm Project will be placed in the North Sea, 100 kilometers off the Yorkshire coast. The entire project consists of a total of 165 turbines. As each turbine is 8.0 megawatt, the combined accumulated output will be 1.4 gigawatt.

The handover of foundations from Bladt to Ørsted was completed and finalised in the second quarter of 2021.

Kaskasi II, Germany

RWE Kaskasi GmbH is responsible for the erection of the Kaskasi II Offshore Wind Farm (KAS OWF) in the German Bight, North Sea, within the German Exclusive Economic Zone (EEZ).

Bladt signed a contract with RWE in April 2020 for the fabrication of 38 transition pieces and 39 monopiles, including the monopile for the substation. The load out of the foundations is ongoing and will be completed in first quarter of 2022.

On three out of the 38 foundations, RWE will install so-called "collars" to improve the structural integrity of the entire foundation. These have been delivered by Bladt in 2021.

The offshore wind farm will have a total of 605 megawatts. Once up and running, the offshore wind farm will be able to supply the equivalent of around 400,000 households per year with green electricity.

In May 2019, Bladt was awarded a contract for the delivery of a complete and fully installed substation to the wind farm. The contract is a turnkey contract (EPCI contract), which includes design, fabrication, offshore installation, test, and commission. Further, the contract includes delivery of a transition piece and design of a monopile for the substation.

In July 2020, prefabrication of the steel for the 1,400 tons substation was started at sup suppliers. Final assembly and equipment of the topside was started in 2021 and will be ready for load out and installation in 1st quarter 2022.

Arcadis Ost, Germany

In April 2020, Bladt was awarded a contract for the delivery of a complete and fully installed substation to the Arcadis Ost Offshore Wind Farm in Germany. The contract is a turnkey contract (EPCI contract), which includes design, fabrication, offshore installation, test, and commission.

End of March 2020, prefabrication of the 1,000 tons steel was started at sub suppliers in Poland. Final assembly and equipment of the topside was started in 2021. The topside will be ready for load out and installation in 2nd quarter 2022. Bladt will deliver the offshore substation ready for production in 3rd quarter 2022.

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Arcadis Ost is controlled and developed by Parkwind GmbH. The substation will be installed in the Baltic Sea in German territorial waters about 19 kilometers off the coast of the island Rügen. The park has a total installed capacity of 247 megawatts.

Vineyard Wind, Massachusetts, USA

In May 2019, Bladt was awarded a contract for the delivery of a complete substation, including a jacket foundation to the US project Vineyard Wind Offshore Wind Farm. The contract was awarded after Bladt had finalised a FEED study for the employer. The contract is a turnkey contract (EPC contract) which includes design, procurement, and construction. The substation will be produced in Europe.

Design of the 3,500-ton topside, 2,000-ton jacket and 1,200-ton piles was restarted in November 2020 after a period of suspension due to changed site conditions. The design will be finalised through 2021, and the fabrication will commence late 2021. Sail away for final installation on the offshore site is planned for 2nd quarter 2023.

Vineyard Wind is owned by Copenhagen Infrastructure Partners (CIP) and Avengrid. The Vineyard Wind Farm Zone is located approximately 24 kilometers south of the island Martha's Vineyard. The park has a total installed capacity of 800 megawatts.

Mayflower, Massachusetts, USA

In January 2020, Bladt and Semco Maritime was awarded a contract for the delivery of a complete substation, including a jacket foundation to the US project Mayflower Offshore Wind Farm. The contract is a turnkey contract (EPC contract) which includes design, procurement, and construction. Design of the 4,500 ton topside, 3,000 ton jacket and 1,600 ton piles has been ongoing in 2021 with fabrication expected to commence in 2022 and with final installation on site expected in 2024. As of 31 December 2021, there is uncertainty around the continuation of the project in its current form due to changing client requirements. As a consequence, the project is not included in the above-mentioned 31 December 2021 order backlog. This uncertainty is not expected to have effect on the reported or future financial results of Bladt.

Mayflower is owned by Shell and Ocean Winds. The park is installed next to Vineyard Wind approx. 48 kilometers south of the island Martha's Vineyard in Massachusetts. The park has a total installed capacity of 1,200 megawatt.

Borkum Riffgrund 03 and Gode Wind 03, Germany

In 2021, Bladt signed a contract with Ørsted for the supply of a total of 41 XXL monopiles for the two German offshore wind farms Gode Wind 3 and Borkum Riffgrund 3.

The monopiles are up to 9.5 meters in diameter and weigh approximately 1,200-1,400 tons each.

The fabrication will be done at the new Bladt XXL facility at Lindø, commencing in 2022 and delivering in 2023.

The two wind farms will have a total capacity of 1,142 megawatts (Gode Wind 03: 242 megawatts, Borkum Riffgrund 03: 900 megawatts).

Costal Virginia Offshore Wind, US

In October 2021, Bladt was awarded a contract for the fabrication of 176 transition pieces for the world's largest offshore wind project so far – Coastal Virginia Offshore Wind– for the US utility company Dominion Energy Virginia.

In October 2021, Bladt and Semco Maritime, in a consortium, were furthermore awarded a turnkey contract for three offshore substations for the project. The contract comprises three 880 megawatt offshore substations. The scope of work includes design, engineering, procurement and manufacturing. Bladt is responsible for design, procurement and manufacturing of steel structures and jacket foundations, in total about 14,000 ton of steel constructions.

Feed study and optimisation of the design has been executed in 2021. In 2022, the design will be finalised and certified after which the procurement and production will start. Load out and installation will take place in 2024-2025.

The Coastal Virginia Offshore Wind project is controlled and developed by Dominion Energy and will be established 40 kilometers off Virginia Beach with a 2.6 gigawatt capacity, supplying up to 660,000 households in Virginia and eliminating up to 5 million tons of CO2 emissions per year.

Further new Projects

In 2021, Bladt in addition to above projects was awarded contracts for 99 XXL monopiles to be manufactured at the new Bladt XXL facility at Lindø, commencing in 2023 with delivery in 2024. Finally, Bladt together with Semco Maritime were in 2021 also awarded a turnkey contract for three offshore substations. The design was ongoing in 2021, and the production start will be 2nd quarter 2022. Assembly, equipment, test, and commissioning will be executed in Aalborg from 2023 until loadout in 2024.

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Governance, Board of Directors and Management

In 2012, Bladt Holding A/S acquired all shares in Bladt Industries Holding A/S and thereby in Bladt Industries A/S. Nordic Capital CVI is the ultimate majority shareholder in Bladt Holding A/S, and a number of executives and board members hold shares and warrants in Bladt Holding A/S.

By virtue of its ownership, the company is subject to the "Guidelines for responsible ownership and corporate governance" laid out by the Active Owners Denmark (AOD). It is the intention of Bladt to comply with the guidelines including substantiating any deviation. Further information regarding the guidelines is available at AOD's website www.aktiveejere.dk.

The organisation of the tasks of the Board of Directors and the Executive Board is, among other things, based on the Danish Public Companies Act, the Danish Financial Statements Act, the articles of association of the company, and the rules of procedures for the Board of Directors of the company. The Board of Directors and the Executive Board apply these requirements and procedures according to good practices in comparable companies. Additionally, Bladt intends to comply with AOD's "Guidelines for responsible ownership and corporate governance" as described above.

The Board of Directors consists of six members. Two members are representatives of the ultimate majority shareholder (Thomas Mejdell and Olof Faxander). Those two and four more members are elected at the annual general meeting and are independent of the ultimate majority shareholder (Bjarne Moltke Hansen, Jørgen Huno Rasmussen, Kirstine Damkjær and Nina Udnes Tronstad, and two are elected by the employees of Bladt Industries according to the Danish Public Companies Act).

The Board of Directors represents international business experience in the areas of industry, business development, large-scale contracting, offshore wind, M&A transactions, finance management, and general management and are deemed to possess the necessary competences and seniority.

Rules of procedures have been adopted by the Board of Directors governing the board conduct. Additionally, the Board of Directors employs the following subcommittees: Nomination Committee, Audit Committee, Remuneration Committee, Large Projects committee and XXL Committee. The following board members are represented in the individual committees:

1. Nomination Committee: Bjarne Moltke Hansen, Olof Faxander, Jørgen Huno Rasmussen
2. Audit Committee: Kirstine Damkjær, Thomas Mejdell
3. Remuneration Committee: Bjarne Moltke Hansen, Olof Faxander, Jørgen Huno Rasmussen
4. Large Project Committee: Bjarne Moltke Hansen, Olof Faxander, Jørgen Huno Rasmussen
5. XXL Project Committee: Bjarne Moltke Hansen, Olof Faxander, Kirstine Damkjær, Thomas Mejdell, Nina Udnes Tronstad

Four ordinary board meetings are held per year. Among other things, the Board of Directors determines the strategy of the company, decides the composition of the Executive Board, monitors Executive Board compliance with the strategy and the procedures of the company, and is an active sparring partner to the management of the company. The Executive Board and management of the company prepare a monthly report to the Board of Directors detailing the company's operational and financial performance as well as capital resources.

The Audit Committee operates according to its charter approved by the Board of Directors and refers to the Board of Directors. The tasks of the Audit Committee as specified in its charter include:

- To monitor the financial reporting process and the company's presentation of financial statements
- To monitor the adequacy and application of accounting policies and of significant accounting estimates
- To monitor whether the company's systems of internal controls and risk management practices function efficiently
- To monitor the external statutory audit of the company's annual financial statements
- To monitor the independence of the external auditor
- To make recommendations to the Board of Directors concerning the appointment of external auditors

Four Audit Committee meetings are held per year. The Audit Committee has organised and formalised its tasks in its annual plan approved by the Board of Directors.

Board of Directors and Diversity in management

This section constitutes Bladt's report on the gender composition in management, cf. section 99b of the Danish Financial Statements Act.

It is the objective of Bladt to promote diversity, including obtaining a reasonable representation of the underrepresented gender in the Board of Directors, in order to strengthen the breadth of the Bladt's perspectives and competences and to further improve decision processes. It is also the objective of the Board of Directors to ensure that its members supplement each other in the

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best possible way with regard to e.g., competences, age, background, gender, and nationality as relevant to the needs of Bladt. The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of Bladt and of the contribution to the overall efficiency and skill set of the Board of Directors.

At present, 35% of the Board of Directors elected at the general assembly are women. Thus, the management complies with the goal of equal gender distribution.

Generally, diversity is seen as a strength to Bladt Industries, which can contribute positively to Bladt's development, robustness, and fulfilment of established strategies and plans. Diversity in age, gender, experience, and skills is given high priority.

The Board of Directors wants an open and open-minded culture, where the individual employee can utilise his or her competences in the best possible way regardless of gender. Bladt's employees, regardless of gender, must find that they have the same opportunities for career and management positions. Bladt appoints managers under the premise that the best suited is always employed/appointed regardless of gender.

Bladt's policy on the underrepresented gender focuses on how Bladt ensures a balanced composition of men and women in management positions. A balanced composition requires a focus on "Women in management".

Currently, the gender distribution in other managerial positions is 15% women and 85% men.

Bladt offers all employees the opportunity to develop professional and personal competencies through participation in internal and external opportunities for courses and education. It is Bladt's goal that women and men generally participate equally in these offers.

Bladt wants to inspire all employees to become part of Bladt management. Managers at all levels must be aware of employees with personal and professional competencies that could form the basis for development to a position at management level.

When reviewing the results from Bladt's people development interviews and follow-up interviews, the manager must form an impression of the employee's managerial potential. Any employee's wishes and aspirations for managerial careers must be part of any development interview with the individual employee.

In order to attract more women to apply for jobs at Bladt, Bladt has, amongst other initiatives, had women to front Bladt at different sales fairs.

The 2022 objectives are:

- To ensure that the employees view the company as having a modus operandi and culture in which individual employees have equal career opportunities regardless of gender, nationality, race, religious beliefs, etc.

The management regularly evaluate the sufficiency of the company's capital structure and whether the capital structure is aligned with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that facilitates profitable long-term growth and value creation.



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Internal Controls and Presentation of **Accounts** and **Annual Financial Statements**

The company's internal controls and risk management regarding presentation of the accounts and the annual financial statements are organised with a view to substantially reduce the risk of significant errors, omissions, and/or imperfections in the presentation of the accounts. To ensure this, management has established relevant policies, procedures, and control mechanisms. The Board of Directors – both directly and via the Audit Committee – and management evaluate significant risks and internal controls in regard to the company's presentation of accounts on an ongoing basis.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls, including financial reporting standards, accounting principles, and significant accounting estimates and judgments on an ongoing basis. These and other issues are being reported to the Board of Directors by the Audit Committee prior to the approval of the annual financial statements and throughout the year when relevant.

In addition to the audited annual financial statements, Bladt Executive Board and management prepare an unaudited monthly report to the Board of Directors detailing the company's performance including the financial position and development, performance against budget, capital resources, order backlog, as well as the health, safety, and quality performance.



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Organization and Society

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Corporate **Social Responsibility** and **Human Resources**

This section constitutes the statutory reporting on corporate responsibility, cf. section99a of the Danish Financial Statements Act.

Corporate social responsibility is a key enabler for Bladt as a business, supporting sustainable long-term performance by managing non-financial risks that can impact our reputation and market position. Bladt is a steel contractor working within the offshore wind market. We continuously evaluate which CSR-related risks are material to our business activities.

In line with the new strategic direction i.e., with the new focus solely on the offshore wind market and thereby becoming a pureplay renewable energy company delivering the foundation for the green energy transition offshore, we have also committed ourselves to help limit climate change. As pure-play renewable energy company, we therefore also aspire to have an impact on the UN Sustainable Development Goals (SDGs). Specifically, we aim at contributing to SDGs 7, 8 and 12 being:

- GOAL 7: Affordable and Clean Energy
- GOAL 8: Decent Work and Economic Growth
- GOAL 12: Responsible Consumption and Production

In 2020, a new risk emerged in the form of the COVID-19 pandemic. It quickly became clear that all businesses needed to take their part of the responsibility in order to protect employees, business, and society as a whole. The risk of COVID-19 continued to be an important factor in relation to Bladt's work in relation to CSR in 2021. Particularly, how to ensure the safety of employees, the continuation of our business, and the greater social responsibility in fighting COVID-19 has been viewed as one of the greatest risks of all in 2021.

Last year, we sought to initiate an analysis as to the amount of steel available in the market and potential bribery risk in connection with a potential shortage. However, COVID-19 restrictions in the beginning of 2021 prevented the completion of the analysis, and new restrictions in the end of 2021 have further halted the process. However, we expect to initiate the project again as soon as conditions are normalised.

Since 2018, Bladt has had CSR framework focus consisting of statements on the following areas: human rights, social conditions, environmental and climate issues as well as Bladt's zero tolerance policy on corruption. The CSR framework also details how CSR is established in our business strategy and business activities. Bladt has a Code of Conduct for employees and for suppliers that stipulates that Bladt respects and supports human rights, labour rights, respect for the environment, anti-corruption, social responsibility, responsibility for the local environment, trade sanctions, personal data protection, responsible accounting methods, and respect for tax legislation. Our supply chain reflects directly at Bladt, and we encourage collaboration to lift the CSR for everyone to become better partners at the same time as establishing minimum requirements. At Bladt, the social responsibility is utilised in policies, programs and activities which aim to ensure that Bladt takes its share of social responsibility. Bladt is constantly working on improving its efforts. This is done risk-based and in line with approved CSR principles.

We consider it fundamental to maintain a culture focused on embedding responsible business behaviours. Therefore, all employees are expected to act in accordance with the requirements of the company's CSR framework at all times. The aim is to build a culture where our people are empowered to make the right decisions and know where to go to seek help or guidance. Our CSR framework sets out clear expectations on ethical conduct, and Bladt offers training and support to help people understand the right thing to do.

Bladt has an established CSR Committee to enforce and further embed the culture, which is chaired by Bladt's CEO, and focuses on Bladt's responsible business priorities relating to our employees, trust and integrity, health and safety, and resource efficiency.

In 2021, Bladt has provided CSR framework training as part of the induction program for all new employees, and therefore they receive training in the main areas to ensure that all requirements are known and to emphasize the importance of the CSR culture to new employees.

Because Bladt has a zero-tolerance policy on corruption, a clear focus is always on potential risk in this area. The principle is applied internally to employees as well as externally to our business partners. It is based on a promise to uphold a deep ethical integrity regardless of which country we operate in and combat any kind of corruption. The vision is deeply embedded within Bladt and has led to a reputation of high integrity, which we are proud of and work to maintain.

Bladt has identified an area which entails a particular risk that stakeholders' rights will be negatively affected by the activities of Bladt. The risk concerns suppliers failing to comply with Bladt's requirements of Code of Conduct, particularly in relation to labour rights. The assessment hereof has been tightened, as Bladt has increased its international cooperation.

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Due to this risk, Bladt continuously works with a comprehensive approach to its CSR work to ensure ongoing updates aiming to meet market requirements.

The updated corporate responsibility program focuses on:

- developing an inclusive, diverse workplace to drive innovation and performance, and
- supporting our employees in making the right decisions via speak up channels;
- continuously improving employee wellbeing and standards of safety for employees and those we work with; and
- continuously improving our suppliers' compliance with our Responsible Partner Program.

The work is planned risk-based around two main initiatives:

(1) A Responsible Partner Program, where the aim is to intensify activities towards suppliers regarding certain requirements coming from Bladt's Code of Conduct. In the process, Bladt has drawn upon expertise from large customers aiming to meet their demands, but also to prepare for further similar situations.

(2) Introducing, formalising, and implementing stronger and clearer internal compliance procedures and processes in relation to a number of CSR-related topics aiming to structure and increase the overall compliance level to a more ambitious standard. An example is improving existing procedures (e.g., Code of Conduct and Staff Handbook) with several more elaborating and specific policies and procedures. In that connection, a more formal and professional set-up for ensuring compliance is planned.

Bladt works with suppliers and their supply chains to provide fully compliant, cost-effective equipment, goods, services, and solutions. Most of our supplier relationships are often long-term, so we aim to work with suppliers who share Bladt values and who embrace standards of ethical behaviour consistent with our own.

Bladt's policy is to identify and select suppliers, who meet our standards, and support them by managing risks throughout the lifecycle of any commercial arrangement. Bladt continues to engage with our suppliers for ongoing assurance at all stages of a project. If areas of non-compliance are identified, the supplier and Bladt will collaborate and agree on an action plan of appropriate improvement measures. These shall mitigate and remedy the adverse impacts caused by the breaches or non-compliance and enable the supplier to identify and prevent similar occurrences in the future. Bladt requires our suppliers to engage actively and without reservation in these activities.

Bladt's Code of Conduct supports our commitment to human rights. For example, this results in due diligence being carried out during the supplier evaluation stage for all new suppliers, on a continuous basis, against non-financial risks, including human rights, working hours, harassment and unlawful discrimination, speak-up procedure, slavery, human trafficking, and child labour. Bladt's Code of Conduct also includes a strict zero tolerance policy on corruption. Going forward, Bladt will continue to work on the corporate responsibility program.

In 2021, no breaches of the Supplier Code of Conduct were detected.



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Health and Safety

Bladt has a collective focus on employee wellbeing as well as on the health and safety of employees and those who work on, or visit, our sites. Bladt's safety culture and our employees demand high standards for all aspects of health and safety.

This safety culture is supported both by Bladt's Health and Safety Policy and the principles contained within our Code of Conduct for employees. Our Health and Safety Objectives are:

- to experience zero severe and fatal accidents.
- to continuously work on improving health and safety working conditions.
- to reduce the numbers of accidents to zero.

Bladt recognises that good mental and physical health contributes to better decision-making, greater productivity, and higher levels of employee satisfaction.

Bladt's business is highly complex, and our employees are exposed to many risks. These range from slips, trips, and falls in an office environment, confined space working, and machinery hazards within manufacturing. Many of our employees operate heavy equipment, work at height, or do physically demanding work in high-risk environments.

Bladt is certified in accordance with ISO 45001, Occupational Health and Safety Management System. To ensure consistency, all employees are required to comply with our Health and Safety Policy, which outlines and prescribes the responsibilities and arrangements in place for ensuring safety. It is the responsibility of Bladt as well as the management and line managers to ensure that employees comply with the policy. In 2021, the QHSE policy was updated and communicated to employees.

Bladt aims to mitigate or manage safety risks by finding new ways to enhance safety standards, increase awareness, and continually drive a strong safety culture, e.g., all staff is required to make reverse parking to focus their mindset on safety from the minute they enter a Bladt site.

Bladt aims to reduce exposure levels to hazardous substances and to seek alternatives, where possible. We provide our employees with health surveillance to understand and reduce the impact of workplace health risks.

We use the Total Recordable Incident Rate/Frequency (TRIF), Lost Time Incident Rate/Frequency (LTIF), and Fatalities (FAT) as key performance indicators to measure our safety performance.

In 2021, a significant focus area was to reduce TRIF – a key performance indicator for Bladt's health and safety performance. This has resulted in the TRIF being reduced from 8,63 (2020) to 5,12 (2021).

Accounting practice for calculation of TRIF is the following:

TRIF (Total Recordable Incident Frequency) is calculated

$$\text{TRIF} = \frac{((FAT+TPD+LWC+RWC+MTC)\times 1{,}000{,}000)}{(\text{Total working hours}).}$$

Where:

FAT = Total recorded fatalities

TPD = Total permanent disability

LWC = Lost Work Case (an injury which causes absence for more than one day after the accident.

RWC = Restricted Work Case (an injury causing one not to be able to continue doing the same work)

MTC = Medical Treatment Case (an injury causing one to receive medical treatment at medical facilities)

FAC = First Aid Case (smaller injuries which can be solved at the workplace)

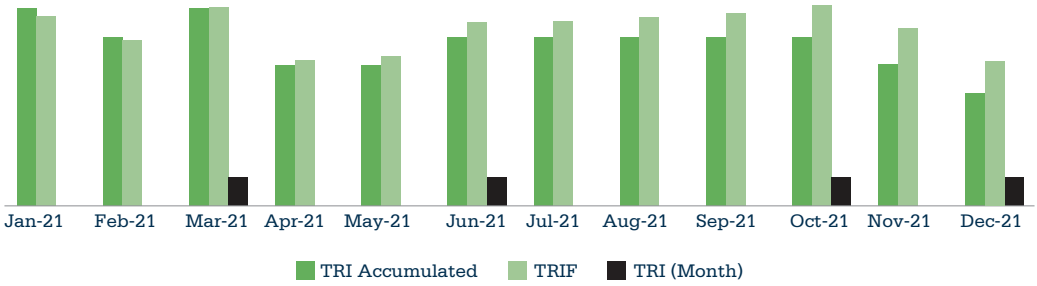
Total working hours are registered in a central system for all employees. Accidents, as described above, are registered for all employees working under Bladt management, including white collar workers, blue collar workers and contractors.

The overall goal is always to strive for a LTIF and FAT performance of zero. Despite this intention, Bladt unfortunately saw one accident in 2021; fortunately, we experienced no severe or deadly accidents during 2021.

Bladt continues to have a very strong focus on safety and improvement (We CARE) and will continue to work towards our Health and Safety objectives in 2022.

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Bladt total, TRI monthly, TRI accumulated & TRIF



Environment

Bladt aims to comply with all applicable environmental regulations and laws, which govern Bladt's activities. In order to show consideration for the next generation, Bladt supports initiatives towards a cleaner and more environmentally friendly production process in order to secure a minimisation of negative consequences for the environment, and Bladt is committed to limiting our impact on the environment. Bladt will continuously work on climate and environmental management to limit our impact on the environment, e.g., by way of reducing raw material and energy consumption, reducing, and recycling waste and investing in the environment.

Bladt's environmental risks are related to the use of steel in production and energy consumption. In our work to address our environmental impacts, we work with six key environmental objectives:

- minimise emissions
- reduce the electrical power consumption
- reduce resource consumption and waste in our operations, incl. waste in an end-of-life scenario
- focus on the lifecycle perspective in our products and in our waste handling operation
- increase recycling of raw materials and production waste
- reduce our carbon footprint

In 2021, Bladt established new environmental goals related mainly to energy consumption. The goals cover matters related to energy efficiency on sites, as well as the implementation of an environmental management system.

As a result, environmental management was a major focus area in 2021, as Bladt has been in the process of the ISO14001 implementation and certification throughout the year.

Besides this major project, there has been focus on waste management and separate collection to improve recycling and reduce the waste. Several incentives and experiments have been initiated. These are still in an early stage, so the results are expected to mature in 2022.

Regarding energy consumption, several energy projects have been initiated, e.g., applying more LED in the production halls, and a number of compressors have been exchanged. In 2021, an energy mapping was initiated with the ambition to implement energy management. The mapping was finalized in December 2021 and formed valuable input to lower the energy consumption in the production.

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Human **Resources**

Bladt conducts People Development Dialogues and Employee Satisfaction surveys on an annual basis supported by online tools. More than 87% of the salaried employees and 37% of the blue collars participated in the Employee Satisfaction survey in Q4 2021, providing a strong basis for the dialogue on the requirements for professional development. Moreover, the updated oganisational structure of Bladt in 2021 is, among other things, aimed at further improving both project and people management.

The training and education of apprentices continue to be significant to Bladt. At the end of 2021, 10 apprentices were under training, 9 within welding and 1 electrician apprentice. This is an investment ensuring both a qualified employee base for Bladt's further growth as well as a contribution to the important task of educating skilled professionals for the local communities.

In 2021, Bladt Industries employed in average 385 employees which is 88 less than in 2020. The decrease in the number of employees is mainly due to the aforementioned discontinued infrastructure business. With the upgrade of the existing Lindø facilities to deliver XXL monopiles - expected to be operational by mid-2022 - Bladt will double its size and we expect to see a significant uptick in number of employees.

The ratio of absence due to illness showed a minor increase in 2021 compared to 2020 – presumably because of the COVID-19 situation. In 2021, the focus on follow-up and dialogue in case of absence has continued in order to keep the ratio within the blue-collar work force at a low level.

In 2022, Bladt will continue to put a strong focus on employee satisfaction and wellbeing.

Anti-corruption

Bladt has a special focus on facilitation payments and bribery as these have been identified as one important risk factor in the industry and in the countries where we operate. Our overall CSR risk assessment shows that corruption has a low probability due to the very strict policies and rigorous screening of suppliers both before and during an engagement. The biggest risks relate to new employees and their familiarity with the internal policies and suppliers. To mitigate the employee risk, Bladt Industries keeps communication high, and new employees are included in a mandatory introductory program, where anti-corruption is a topic. All new employees are included in the program. To mitigate the supplier risk, Bladt has updated our supplier screening and initiated the Responsible Partner Program described in the section "Suppliers".

Bladt Industries has a zero-tolerance policy on corruption, and the principle is applied internally to employees as well as externally to our business partners. It is based on a promise to uphold a deep ethical integrity regardless of which country we operate in and to combat any kind of corruption. The vision is deeply imbedded within Bladt and has led to a reputation of high integrity, which we are proud of and work to maintain. One key focus area in 2021 has been the introduction program for all new employees. During 2021, there has not been any incidents of non-compliant behaviour in Bladt. In 2022, we will continue our focus on introduction programs as well as the analysis of bribery risks in relation to steel shortages, as mentioned earlier.

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Data Ethics

In 2021, Bladt has worked structured and targeted to implement procedures and guidelines to ensure that a setup is established to achieve sufficient respect for customer and employee data, and also that compliance with and observance of the legislation is ensured.

In this connection, Bladt has adopted a number of policies and procedures in this area, including at group level a Privacy Policy, which describes the general principles employees must adhere to in relation to good data ethics, and furthermore what minimum requirements Bladt has adopted as applicable to the respective business units. The Privacy Policy describes, among other thing:

- Which types of data are collected
- Who data is shared with, including which data processors Bladt has agreements with
- When data is deleted
- The data subject's rights, including withdrawal of consent

The policies have been fully implemented by new independent sub-policies for some business areas and by updating existing policies for other areas, and they are also contained in Bladt's Code of Conduct.

Bladt's data governance and data ethics policies set out a number of guiding principles:

- Data of customers, employees or business partners is not used without the necessary legal basis
- Personal data is protected so that it does not end up in the wrong hands
- Only necessary data is collected
- Data is stored only for as long as necessary and in accordance with the law

Bladt has established procedures to ensure that all employees are familiar with the Privacy Policy and the Code of Conduct, and is in the process of establishing an annual recurring training session in this area.

Moreover, Bladt has centralised the responsibility for the implementation, maintenance of policies and underlying policies, as well as associated guidelines and procedures in Bladt's Compliance organisation, which also conducts the annual training and conducts checks on compliance with good data ethics.



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Risk Management

At Bladt, risk management is an essential and integrated element of the execution of the project portfolio, of the realization of the objectives of Bladt, and of the further development of the company's business system and processes. The following section includes a non-exhaustive description of risks related to Bladt's activities and the management of these risks.

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Financial Risks 25

Insurance Risks 25



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Commercial Risks

The main commercial risks of the Bladt Industries are related to (a) the execution of current projects, (b) ensuring a pipeline of future projects, and (c) adapting the capabilities and scale of operations to the changing demands in the market.

To execute projects, Bladt relies on the competences of employees and selected suppliers. Bladt employs a highly skilled work force across a large range of disciplines such as project management, welding, production and material management, site logistics, planning, quality assurance and control, HSE, contract management, tender management, controlling, finance, and administration. This qualified work force is the cornerstone of successful project execution. Bladt's project managers master a variety of proven project management tools that are continuously developed and adapted to the specific project at hand. Project managers are supported throughout the execution of projects by specialists within legal, contract and financial management, quality, health, and safety, planning etc. Physical production of very large structures may be impacted by adverse weather conditions. To mitigate such impact, Bladt calculates with standard periods of adverse weather when planning projects as well as ensuring flexibility in production facilities to quickly adapt to the impact of weather changes and other non-controllable factors.

A strong cooperation with selected suppliers that Bladt works closely with on the individual projects further ensures a successful project execution. Such cooperation improves competitiveness, enhances expanding capacity, and mitigates risks by having projects completed at independent sites, thereby reducing reliance on any single site. Significant suppliers are evaluated and monitored closely before and during the project so that potential issues – e.g., within quality, capacity, capability, HSE, or CSR – are dealt with prior to the project, and any issues that could arise during the project are mitigated in a timely manner. Furthermore, major suppliers are incentivised to avoid inadequate performance on their part via targeted contractual milestones, bonuses, penalties, and warranties. To this end, Bladt's project and contract managers work with standard sub-supplier contracts. Such standard supplier contracts are from time to time updated by Bladt's legal team in cooperation with project management and procurement department.

Prior to contracting a potential project, the contract and calculations are reviewed in accordance with defined procedures for tendering. During the project execution phase, projects are reviewed frequently by project management, group management, and top management using standard project reporting templates. Such reviews focus on financial performance, project progress, execution issues, as well as actual and potential risks. These reviews are an integrated part of project execution and risk management.

Securing a pipeline of potential new projects, winning new projects, and adapting capacity and capabilities to the future needs of the marketplace are of paramount importance to the longer-term profitable growth of Bladt. Therefore, management regularly tracks and reviews developments in the potential project pipeline and, based on this, adapts the in-house and sourced capacities and capabilities to the project pipeline.

Execution of major projects and developments in the business pipeline are also regularly reviewed at all board meetings.

In order to further ensure the continued competitiveness and strong market position, Bladt closely monitors ongoing and potential developments in relevant technologies regarding end-products – for instance, in innovative offshore wind foundation and substation designs as well as regarding fabrication, assembly and transportation processes. As examples, in 2021, Bladt Industries continued to participate in the development and testing of various new automated robot welding techniques for large offshore steel structures and has developed an innovative supply chain concept for jacket foundations for offshore wind turbines.

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Financial Risks

Bladt's financial risks are described in note 26 to the financial statements.

Insurance Risks

Bladt takes out statutory insurances as well as insurances which are considered adequate in order to mitigate unwanted risks. At regular intervals, Bladt conducts a review of the insurances in cooperation with an external insurance specialist. Additionally, Bladt takes out project-specific insurances depending on the requirements of the individual projects.

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Board of Directors, Executive Board and Management

Board of Directors 27
Executive Board 28

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Board of **Directors**

Bjarne Moltke Hansen, Chairman

- Member of Remuneration Committee, Nomination Committee, Large tender committee of Bladt Group
- Professional board member in a number of companies. Previously Group Executive Vice President of FLSmidth & Co. A/S and CEO of Aalborg Portland Holding A/S and Cembrit Holding A/S
- Chairman of the Board of Aalborg Portland Holding A/S, Randers Tegl A/S, Pindstrup Mosebrug A/S, RM Rich. Müller A/S and Rich. Müller-Fonden
- Member of the Board of LKAB, PPC Ltd, Odico A/S and the Danish SDG Investment Fund, Investment Committee

Olof Faxander, Member

- Member of Renumeration Committee, Nomination Committee, Large tender committee of Bladt Group
- Member of the Board of Orchid Orthopedic Solutions, Quant and Resman

Thomas Mejdell, Member

- Member of Audit Committee of Bladt Group
- Member of the Board of Resman Group AS, Macrobond Group AB and Sortera Group AB

Jørgen Huno Rasmussen, Member

- Member of Renumeration Committee, Nomination Committee and Large tender committee of Bladt Group
- Professional board member in a number of companies. Previously CEO of FLSmidth & Co. A/S and Hoffmann A/S
- Deputy Chairman of the Board of Rambøll Gruppen A/S, Terma A/S, STIBOFONDEN and Stibo Holding A/S.
- Member of the Board of Haldor Topsøe A/S, Otto Mønsted Aktieselskab, Thomas B. Thriges Fond, Thrige Holding A/S and Aase og Jørgen Münters fond

Kirstine Damkjær, Member

- Member of Audit Committee of Bladt Group
- Professional board member in a number of companies. Previously CEO of Eksport Kredit Finansiering A/S and EKF Danmarks Eksportkredit
- Member of the Board of Africa Finance Corporation, Bank Invest A/S, Bladt Industries A/S, PensionDanmark, and Thomas Lloyd Energy Impact Trust Plc

Nina Udnes Tronstad, Member

- Member of Large tender committee of Bladt Group
- Professional board member in a number of companies. Previously Senior Executive of former Statoil, Aker Solutions and Kvaerner
- Chair of the Board of Source Energy
- Member of the Board of Norges Bank, Prosafe and Fishency Innovation

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Executive **Board**

Anders Søe-Jensen, CEO

- Previously Senior Advisor of Bain & Company, CEO & President of GE Offshore Wind, President of Vestas Offshore and CEO of ASN-Marine
- Chairman of the Board of Blue Power Partners HoldCo A/S and Blue Power Partners A/S
- Member of the Board of BPP Offshore Wind A/S

Michael Glavind-Kristensen, CFO

- Previously CEO of DEME Offshore DK and CFO of A2SEA

Peter Rindebæk, Deputy CEO and COO

- Previously Factory Manager of Nitram Dental A/S, Factory Manager of Rimas and Production Manager of Danalight A/S
- Chairman of the Board of AKKC, DI Aalborg and Gardin Nyt Randers ApS
- Member of the Board of Confederation of Danish Industry

Managerial posts in group companies and subsidiaries of Bladt Industries A/S have not been included in the above lists.

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Statement by the **Executive Board** and **Board of Directors**

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bladt Industries A/S for the financial year 1 January – 31 December 2021.

The Annual Report is 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 Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company's operations and cash flows for 2021.

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

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

Aalborg, 23 May 2022

Board of Directors

Bjarne Moltke Hansen Chairman	Olof Faxander	Jørgen Huno Rasmussen
Thomas Mejdell	Nina Udnes Tronstad	Kirstine Damkjær

Executive Board

Anders Søe-Jensen	Michael Glavind-Kristensen	Peter Rindebæk

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Independent Auditors' Report

To the Shareholders of Bladt Industries A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2021 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 Financial Statements of Bladt Industries A/S for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies ("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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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:

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- 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.

Aarhus, 23 May 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lindholm Jacobsen

State Authorised Public Accountant
Mne23328

Thyge Belter

State Authorised Public Accountant
Mne30222

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Financial Statements

for the period 1 January - 31 December 2021

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Income Statement

DKK'000	Notes	2021	2020
Revenue	3	2,046,892	1,956,226
Direct production expenses		-1,875,126	-1,669,023
Contribution		**171,766**	**287,203**
Other production expenses		-162,127	-159,914
Gross profit		**9,639**	**127,289**
Selling costs		-16,596	-14,573
Administrative expenses		-36,295	-33,634
Operating profit		**-43,252**	**79,082**
Share of profit in equity accounted investments	15	-1,031	-61
Financial income	7	1,530	2,424
Financial expenses	8	-6,206	-7,066
Profit before tax (EBT)		**-48,959**	**74,379**
Tax on profit for the year	9	9,533	-14,463
Profit from continuing operations		**-39,426**	**59,916**
Profit from discontinuing operations	10	-7,736	-82,722
Profit/loss for the year		**-47,162**	**-22,806**
Profit appropriation/distribution of loss			
Suggested dividend		20,000	15,000
Retained earnings		-67,162	-37,806
		-47,162	**-22,806**

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Statement of Comprehensive Income

DKK'000	Notes	2021	2020
Profit and loss for the year			
Profit/loss from continued operations		-39,426	59,916
Profit/loss from discontinued operations	10	-7,736	-82,722
Profit/loss for the year		**-47,162**	**-22,806**
Items that will be reclassified to the income statement when specific conditions are met			
Foreign exchange adjustments on translation of foreign entitles		0	-136
Other comprehensive income after tax		**0**	**-136**
Total comprehensive income for the year		**-47,162**	**-22,942**

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Statement of **Financial Position**

DKK'000	Notes	2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets (software)	11	2,103	2,027
		2,103	**2,027**
Property, plant and equipment			
Plant and machinery	12	68,616	86,601
Fixtures and fittings, other plant and equipment	12	485	740
Property, plant and equipment under construction	12	80,560	5,228
Right of use assets	13	110,874	68,079
		260,535	**160,648**
Other non-current assets			
Investments in subsidiaries	14	2,243	2,203
Investments in joint ventures	15	3,554	4,579
Investments in associated companies	16	2,429	1,000
Deferred tax assets	9	17,581	0
		25,807	**7,782**
Total non-current assets		**288,445**	**170,457**
Current assets			
Inventories	17	5,263	4,505
Contract assets	3	204,069	111,801
Receivables	18	417,475	602,926
Receivables from parent		75,000	0
Prepaid expenses	19	4,562	2,639
Restricted cash	25	577,226	550,466
Corporation tax	9	266	0
Cash at bank and in hand		252,551	283,311
Assets held for sale	10	0	155,373
Total current assets		**1,536,412**	**1,711,021**
TOTAL ASSETS		**1,824,857**	**1,881,478**

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DKK'000	Notes	2021	2020
EQUITY AND LIABILITIES			
Equity	20		
Share capital		44,000	44,000
Retained earnings		474,140	461,302
Total equity		**518,140**	**505,302**
Liabilities			
Non-current liabilities			
Deferred tax	9	0	10,685
Provisions	21	6,000	5,000
Lease liabilities	13	87,456	50,230
Other non-current liabilities		27,948	24,171
Total non-current liabilities		**121,404**	**90,086**
Current liabilities			
Lease liabilities	13	27,824	21,661
Contract liabilities	3	826,809	885,878
Trade payables		115,839	118,310
Other Liabilities	22	214,841	135,917
Liabilities directly associated with assets classified as held for sale	10	0	124,324
Total current liabilities		**1,185,313**	**1,286,090**
Total liabilities		**1,306,717**	**1,376,176**
TOTAL EQUITY AND LIABILITIES		**1,824,857**	**1,881,478**

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Statement of **Cash Flows**

DKK'000	Notes	2021	2020
Profit/loss for the year before tax		**-58,877**	**-31,675**
Adjustment for non-cash operating items etc.:			
Depreciation, amortisation, and impairment	5	48,633	53,016
Other non-cash operating items, net	5	1,230	6,369
Profit/loss in joint ventures		1,031	61
Financial income	7	-1,530	-2,424
Financial expenses	8	6,206	7,066
Cash generated from operations (operating activities) before changes in working capital		**-3,307**	**32,413**
Changes in working capital	24	100,576	226,414
Cash generated from operations (operating activities)		**97,269**	**258,827**
Dividend received	7	1,530	2,424
Interest paid	8	-6,206	-7,066
Net cash flows from operating activities		**92,593**	**254,185**
Acquisition of property, plant, equipment and software	11, 12	-81,097	-18,013
Disposal of property, plant and equipment	5, 12	279	2,182
Acquisition of Subsidiaries (share)	14	-40	-6
Acquisition of associated companies (share)	16	-1,429	0
Net Cash flows from/used in investing activities		**-82,287**	**-15,837**
Free cash flows		**10,306**	**238,348**
External financing:			
Repayment of lease liabilities	13	-26,066	-24,619
Repayment of bank loans and overdrafts		0	-80,418
Shareholders:			
Contribution from group		0	150,000
Dividend paid	20	-15,000	0
Cash flows from financing activities		**-41,066**	**44,963**
Cash flows for the year		**-30,760**	**283,311**
Cash and cash equivalents at the beginning of the year		283,311	0
Cash and cash equivalents at 31 December		**252,551**	**283,311**
Cash at bank and in hand		252,551	283,311
Cash and cash equivalents at the end of the year		**252,551**	**283,311**

Cash flows of discontinued operations is specified in note 10.

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Statement of **Changes in Equity**

DKK'000	Share capital	Retained earnings	Total
Equity 1 January 2021	44,000	461,302	505,302
Comprehensive income for the year			
Suggested dividend	0	20,000	20,000
Profit for the year	0	-67,162	-67,162
Total comprehensive income for the year	**0**	**-47,162**	**-47,162**
Transactions with shareholders			
Contribution from the group	0	75,000	75,000
Dividend paid	0	-15,000	-15,000
Total transactions with shareholders	**0**	**60,000**	**60,000**
Equity as at 31 December 2021	**44,000**	**474,140**	**518,140**

DKK'000	Share capital	Retained earnings	Total
Equity 1 January 2020	44,000	334,244	378,244
Comprehensive income for the year			
Suggested dividend	0	15,000	15,000
Profit for the year	0	-37,806	-37,806
Exchange rate adjustments	0	-136	-136
Total comprehensive income for the year	**0**	**-22,942**	**-22,942**
Transactions with shareholders			
Contribution from the group	0	150,000	150,000
Total transactions with shareholders	**0**	**150,000**	**150,000**
Equity as at 31 December 2020	**44,000**	**461,302**	**505,302**

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1. Accounting policies

Bladt Industries A/S is a limited liability company domiciled in Denmark. The financial statements section of the annual report for the period 1 January – 31 December 2021 comprises the Company's financial statements and also include comparative figures for the period 1 January – 31 December 2020.

Under reference to Section 112 of the Danish Financial Statements Act, it has been decided not to prepare separate consolidated statements for Bladt Industries A/S, as the Company and its subsidiaries are incorporated in the consolidated financial statements of Bladt Holding A/S, CVR no. 34 07 34 30. The financial statements of Bladt Industries A/S for 2021 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act applicable to reporting class C, large enterprises.

On 23 May 2022, the Board of Directors and the Executive Board discussed and approved the annual report of Bladt Industries A/S for the financial year 2021. The annual report will be presented to the shareholders of Bladt Industries A/S for approval at the annual general meeting.

Basis of preparation

The Company's financial statements have been presented in Danish kroner, rounded to the nearest thousand.

The financial statements are prepared in accordance with the historical cost basis and fair value where that is relevant.

Implementation of new standards

There was no new standard and interpretations for 2021 which could be applicable for the Company. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies are unchanged.

The accounting policies set out below have been used consistently in respect of the financial year.

Description of accounting policies

Foreign currency translation

Bladt Industries AS uses DKK as its functional and presentation currency. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and at the date of payment are recognized in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as financial income or financial expenses.

For derivative financial instruments related to foreign currency, that do not qualify for hedge accounting, changes in fair value are recognized in the income statement.

Income statement

Revenue

Contracts for delivery of constructions are recognized over time when (based on hours spent) both of the following criteria are met:

- there is no alternative use for the completed construction should the contract be cancelled
- the customer has an obligation to pay for the sales value of the work completed to date should the contract be cancelled by the customer.

The Group's products are customized according to the specifications of the customer and are not inter-changeable between projects. There is no alternative use for the foundations.

The Company's contracts generally meet these criteria, and accordingly, revenue corresponds to the value of work performed during the year (the percentage of completion method).

Revenue is recognized by reference to the stage of completion when the total income and expenses on the construction contract and the stage of completion at the end of reporting period can be measured reliably and it is probable that future economic benefits, including payments, will flow to the company.

When the income from a construction contract cannot be determined reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

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1. Accounting policies (continued)

Revenue is measured at the consideration to which the Company expects to become entitled ex. VAT and taxes charged on behalf of third parties and excluding a significant financing component, if any. All discounts granted are deducted from revenue.

Direct production expenses

Direct production expenses comprise costs incurred directly in generating the revenue for the year. Such costs include raw materials and consumables, wages and salaries, subcontractors, and warranties.

Other production expenses

Other production expenses comprise of costs incurred which are not directly related to generating revenue. Such costs include indirect production costs, amortization of right of use of assets, depreciation, and impairment losses regarding production plant and wages and salaries.

Selling costs

Selling costs relating to sales staff, advertising, exhibitions and depreciation and impairment losses are recognized as selling costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses of administrative assets.

Share of profit in equity accounted investments

The proportionate share of the results after tax of the individual joint ventures and associates is recognized in the income statement after elimination of the proportionate share of intra-group profits/losses. Referring to note 15, investment in joint ventures and note 16, investments in associated companies.

Financial income and expenses

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

Borrowing costs relating to general borrowing or loans directly relating to acquisition, construction or development of qualifying assets are allocated to the cost of such assets

Tax on profit/loss for the year

Bladt Industries A/S is jointly taxed with the parent company Bladt Holding A/S and Danish group enterprises. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Statement of financial position

Other intangible assets (software)

Costs from software maintenance are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred.

Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

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1. Accounting policies (continued)

Property, plant, and equipment

Plant and machinery and fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub suppliers, and wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. Further, the cost includes the present value of the initial estimate of the cost to dismantle and remove the asset and restore the site on which the asset is located.

Subsequent costs, e.g., in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Company. The replaced components are derecognized in the statement of financial position and recognized as an expense in profit or loss. All costs incurred for ordinary repairs and maintenance are recognized in profit or loss as incurred.

Where individual components of an item of property, plant and equipment have different useful lives, such components are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/ components. The expected useful lives are as follows:

Building	10-15 years
Plant and machinery	3-20 years
Fixtures and fittings, tools, and equipment	3-5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The residual value is determined at the date of acquisition and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on the depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Right-of-use assets

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

The Right-of-use assets are depreciated on a straight-line basis over the lease term. The Right-of-use assets can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low value are recognized on a straight-line basis as an expense in profit or loss. Short term leases are leases with a term of 12 months or less. Low-value assets comprise assets with a value below DKK 30 thousand.

Investments in subsidiaries, associated companies, and joint ventures

Investments in subsidiaries and associated companies are measured at cost in the financial statements. Investments in joint ventures is recognized according to the equity method.

Investments in joint ventures are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Company's accounting policies minus or plus the proportionate share of unrealized intra-company profits and losses and plus additional value on acquisition, including goodwill. Investments in joint ventures are tested for impairment when impairment indicators are identified.

The Company has a controlling influence in a company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company.

When establishing whether the Company has a controlling influence, de facto control and potential voting rights are taken into account, if they are real and substantial at the balance date.

Companies in which the Company exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Company directly or

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1. Accounting policies (continued)

indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.

Joint arrangements are activities or companies in which the company through collaboration agreements with one or more parties has a joint controlling influence. Joint controlling influence means that decisions about the relevant activities require unanimity among the parties who have the joint controlling influence.

Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.

Dividend payments of earnings in subsidiaries and joint ventures are recognized as income in the income statement of the parent company in the financial year in which they are declared. If dividends exceed the comprehensive income of the subsidiary or joint venture, an impairment test is conducted.

Joint ventures with a negative net asset value are measured at DKK 0. If the Company has a legal or actual liability to cover the shortfall in the joint venture, this is included under liabilities.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realizable value. Finished goods and commodities, goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

Contract assets and liabilities (constructions contracts)

Contracts are measured at the sales value of the work performed less progress billings, anticipated losses and for net assets, expected credit losses, cf. the description under "Receivables" below. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs and a reasonable margin incurred will be enforced if the contract is subsequently terminated.

The sales value is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. Measuring progress is determined by the input method on the basis of an assessment of Bladt's addition of value by work performed, which is measured as the proportion of the value of labor hours incurred for work performed to date relative to the total estimated labor costs.

Variation orders, claims etc. are included in the total consideration if the change has been approved by the customer or it is probable that Bladt Industries has an enforceable right to payment for the work.

Variable consideration comprising of variation orders which have not yet been approved, claims not settled, performance bonuses etc. are included in the contract consideration if payment is probable, however, only up to an amount which makes is highly probable that a significant amount of revenue attributable to the respective contracts will not be reversed in a subsequent period.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognized as an expense and a provision immediately.

When income and expenses on a construction contract cannot be determined reliably, contract revenue is recognized only to the extent that contract costs incurred are probable to be recoverable.

Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess is recognized under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognized under liabilities.

Prepayments from customers are recognized under liabilities.

Selling costs and costs incurred in securing contracts are recognized in the income statement as incurred.

Receivables

Receivables are measured at amortized cost less write down for expected credit losses. Write-down is made on a portfolio level for receivables with no indication for impairment and on an individual level for receivables with indications of impairment. The Company uses the simplified approach and measures all credit losses as the lifetime expected loss.

Write-downs are calculated as the difference between the

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1. Accounting policies (continued)

carrying amount and the present value of the expected cash flows, including the realizable value of any received collateral.

Receivables for disputed claims on completed projects are measured including interest, if the underlying contracts allow for such interest.

Restricted cash

Restricted cash includes the Escrow accounts. It is advance payment received from one customer. The restricted cash is measured at cost.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

Equity

Dividends

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

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the statement of financial position as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

Deferred tax assets, including the tax value of tax loss carry forwards, are recognized under other non-current assets at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

If uncertainty over an income tax treatment exists, Management assesses whether it is probable that a tax position can be sustained, current and deferred tax is determined on this basis.

Deferred tax assets are assessed where the capitalization criteria in IAS 12 are met, and are recognized only to the extent that it is probable that the assets will be capitalized

Deferred tax assets and liabilities are offset if the enterprise has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax is recognized related to elimination of unrealized intra-group profits and losses on consolidation.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the end of the reporting period when the deferred tax is expected to crystallize as current tax. The change in deferred tax as a result of changes in tax rates is recognized in the comprehensive income for the year.

Provisions

Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Lease liabilities

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

At initial recognition, each contract is assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that the option will be exercised.

The net present value is calculated using a discount rate corresponding to the incremental borrowing rate.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

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1. Accounting policies (continued)

Other financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognized at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement under financial expenses over the term of the loan.

Other financial liabilities are measured at amortized cost.

Cash flow statement

The cash flow statement shows the cash flows from operating, investing, and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquired businesses are recognized in the cash flow statement from the date of acquisition. Cash flows from disposals of businesses are recognized up until the date of disposal.

Cash flows from operating activities are calculated according to the indirect method as the profit/loss after tax adjusted for non-cash operating items, changes in working capital, interest, payments, dividends, and income taxes paid.

Cash flows for investing activities comprise payments in connection with acquisitions and disposals of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

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

Cash flows in other currencies than the functional currency is translated using average exchange rates unless this deviate significantly from the rate at the transaction date.

Cash and cash equivalents comprise demand deposits. In prior years, cash and cash equivalents comprised bank overdrafts.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Financial ratio definitions are described in note 30.

2. Accounting estimates and judgements

Estimation uncertainty

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which Management assesses to be reliable in the circumstances, but which by their nature are associated with uncertainty and unpredictability, as unexpected events or circumstances may occur.

Moreover, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Specific risks for Bladt Industries A/S are discussed in note 26.

Estimates of particular importance to the financial reporting relate primarily to constructions contracts including recognition and measurement of contract variations. See description below.

Revenue over time

The Company applies the input method when recognizing revenue over time so that, the income and expenses from the individual performance obligation can be measured reliably. Expected income and expenses on the construction contracts may, however, change during the project period. Similarly, changes may be made during the construction phase in the contractual basis, and assumptions etc. may not be fulfilled.

The selling price of construction contracts is measured

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2. Accounting estimates and judgements (continued)

by reference to the stage of completion at the balance sheet date and total expected income from the individual contract. Progress is determined by the input method on the basis of an assessment of the work performed and will normally be subject to accounting estimates made by management.

Variation orders related to instructions from customers on changes in scope, specifications, designs, or duration of the contract are included in revenue, when qualified.

Significant amounts of variation orders are recognized in the annual accounts as of 31 December 2021 in accordance with applied accounting policies. Receivables concerning disputed variations constitute a substantial part of receivables due cf. note 29. Although key assumptions are supported by assessments of external expert advisers, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year which are different from the assumptions made, could require a positive or negative material adjustment to the carrying amount of the asset affected.

The business procedures, etc. of Bladt Industries A/S combined with the knowledge and experience of the project managers contribute to reliable accounting treatment of construction contracts in accordance with the accounting policies.

3. Revenue

DKK'000	2021	2020
Transition pieces, monopiles and jackets	1,506,339	1,644,189
Substation	540,553	312,038
Offshore wind	**2,046,892**	**1,956,226**
Infrastructure	130,679	249,245
Total	**2,177,571**	**2,205,471**
Revenue from discontinued operations (note 10)	-130,679	-249,245
Revenue from continued operations	**2,046,892**	**1,956,226**

Contract assets and contract liabilities

DKK'000	2021	2020
Invoicing is based on milestones in each contract		
Selling price of construction contracts	4,898,372	3,462,856
Total progress billing	-5,521,112	-4,236,933
	-622,740	**-774,077**

Specified as follows:

Contract balance from contracts with customers		
Contract assets	204,069	111,801
Contract liability*	-826,809	-885,878
	-622,740	**997,679**

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3. Revenue (continued)

* Contract liability includes amount of 577,225 thousand DKK, of which 542,225 thousand DKK is prepayment from customers and 35,000 thousand DKK in escrow accounts, in 2021 (2020: 550,466 thousand DKK) the same amount is included also in the balance sheet as Restricted cash.

Aggregate amount of construction contracts that are partially or fully unsatisfied 31 December 2021 amounts to approx. DKK 12 billion (2020: approx. DKK 3.4 billion). Management expect that approximately 25-30% of the amount will be recognized by the end of the financial year 2022 and 100% at the end of the financial year 2025. The amount does not include variable consideration which is constrained.

Set out below is the amount of revenue recognised from:

DKK'000	2021	2020
Amounts included in contract liabilities at the beginning of the year	415,393	163,795

DKK'000	2021	2020
Timing of revenue recognition		
Goods and services transferred at a point in time	0	5,247
Goods and services transferred at over time	2,046,892	1,950,979
	2,046,892	**1,956,226**

Performance obligations

The company treat each projects as a separate obligation. Revenue is recognized by reference to the stage of completion when the total income and expenses on the construction contract and the stage of completion at the balance sheet date can be measured reliably and it is probable that future economic benefits, including payments, will flow to the company.

Typically 5-year warranty beyond fixing the defects that existed at the time of sale is provided to customers included in the contracts.

Settlement of arbitration proceedings

Bladt Industries has in 2021 accepted a settlement in relation to arbitration proceedings regarding disagreement on variation orders and claims between Bladt and a customer on a project delivered in 2014. The settlement decreases the expected compensation by DKK 105 million before tax and the amount is recognised in revenue.

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4. Staff costs

DKK'000	2021	2020
Wages and salaries	223,686	273,356
Defined contribution plans	17,178	20,398
Other social security costs	5,240	5,337
	246,104	**299,091**
Average number of full time employees (FTEs)	385	473
Total average number of full time employees (FTEs)	**385**	**473**

Staff costs are recognized as follows in the income statement:

Direct production expenses	134,880	175,464
Other production expenses	66,911	82,665
Selling costs	14,400	12,154
Administrative costs	29,912	28,808
	246,103	**299,091**

Staff costs concerning discontinued operations amounts to 11,699 thousand DKK in 2021 (2020: 55,249 thousand DKK).

Of this figure, consideration for:		
Remuneration for Board of Directors	1,410	645
Remuneration for the Executive Board	9,884	10,403
Other social security costs	547	577
	11,840	**11,625**

5. Amortization of intangible assets and depreciation of property, plant and equipment

DKK'000	2021	2020
Depreciation of property, plant and equipment, see note 12	22,461	26,818
Depreciation of lease assets, see note 13	26,163	24,971
Depreciation of intangible assets, see note 11	9	130
Profit from sale of property, plant and equipment	1,230	1,369
	49,863	**53,288**
Depreciation is recognized as follows in the income statement:		
Other production expenses	47,361	50,358
Administrative expenses	2,502	2,930
	49,863	**53,288**

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6. Fees to auditors appointed at the annual General Meeting

DKK'000	2021	2020
Total fee for PWC is specified as follows:		
Statutory audit	390	387
Tax and VAT assistance	630	941
Other assistance	1,004	10,539
	2,024	**11,867**

7. Financial income

DKK'000	2021	2020
Dividend	1,530	2,424
	1,530	**2,424**

8. Financial expenses

DKK'000	2021	2020
Interest, banks, etc.	1,714	1,547
Interest on lease	4,312	5,451
Interest, group enterprises	180	68
	6,206	**7,066**
Interest on financial liabilities measured at amortized costs	**6,206**	**7,066**

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9. Tax

DKK'000	2021	2020
Current tax expense(+)/income(-)	-266	0
Deferred tax expense(+)/income(-)	-9,267	14,463
Total expense(+)/income(-)	**-9,533**	**14,463**
Tax on profit for the year relates to:		
22.0% tax on profit for the year before tax	-10,771	16,363
The tax effect of:		
Non-taxable income	-110	-587
Non-deductible costs	0	13
Change to tax prior years	1,348	-1,326
	-9,533	**14,463**
Effective tax rate	**19.47%**	**19.40%**
Deferred tax		
Deferred tax(+)/Deferred tax asset(-) at 1 January	10,685	-6,315
Adjustment to prior year	-16,816	0
Deferred tax(+)/Deferred tax asset(-) fort the year recognized in profit/loss for the year as Discontinued operations	-2,183	0
Deferred tax(+)/Deferred tax asset(-) for the year recognized in profit/loss for the year	-9,267	17,000
Deferred tax at 31 December	**-17,581**	**10,685**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax liability(+)/Deferred tax asset(-)	-17,581	10,685
Deferred tax at 31 December, net	**-17,581**	**10,685**

Deferred tax relates to:

	Statement of Financial Position		Income Statement	
DKK'000	**2021**	**2020**	**2021**	**2020**
Property, plant and equipment	-3,345	1,359	-4,704	-1,200
Construction contracts	71,108	59,133	11,975	39,443
Tax loss	-63,920	-48,172	-15,748	-21,537
Other liabilities	-2,425	-1,635	-791	294
Total deferred tax expense(+)/income(-)			**-9,267**	**17,000**
Deferred tax income in discontinued operations	-18,999	-16,816	-2,183	-23,332
Total recognized deferred tax expense(+)/ income(-)			**-11,450**	**-6,332**
Deferred tax liability(+)/Deferred tax asset(-)	**-17,581**	**-6,131**		

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9. Tax (continued)

There are unrecognized tax loss carry forwards of DKK 0 thousand at 31 December 2021 (2020: DKK 0 thousand) relating to accelerated tax depreciation of certain operating equipment. Of the deferred tax DKK -17,581 thousand (2020 DKK -6,131 thousand) are expected to be current tax within 1 year.

The deferred tax assets include an amount of DKK 63,920 thousand (2020: DKK 48,172 thousand) which relates to carried-forward tax losses. Bladt Industries has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for 2022. Bladt Industries A/S is expected to generate taxable income from 2022 onwards. The losses can be carried forward indefinitely and have no expiry date.

DKK'000	2021	2020
Corporation tax payable		
Corporation tax payable at 1 January	0	0
Current tax for the year	-266	0
Corporation tax paid during the year	0	0
Corporation tax payable(+)/receivables (-) at 31 December	**-266**	**0**

10. Discontinued operations

At the end of 2020, the management has decided that the future core business of Bladt Industries will be the segment Offshore Wind due to an ambition of becoming a pure offshore wind OEM, delivering foundations, transition piece (TPs), and substations globally to the offshore wind industry thus supporting Bladt Industries' vision to become "The foundation of the green energy transition offshore". Consequently, the Infrastructure division was at the 31 December 2020 classified as a discontinuing operation. During 2021, Bladt successfully divested the Infrastructure division with effect from 31 December 2021. The result of the Infrastructure division is shown below

DKK'000	2021	2020
Revenue	130,679	249,245
Expenses	-140,597	-355,299
Profit before tax	**-9,918**	**-106,054**
Tax on profit for the year	2,182	23,332
Profit after tax of discontinued operations	**-7,736**	**-82,722**
Cash flows:		
Net cash from operating activities	114,760	-165,763
Net cash from investing activities	0	-417
Net cash flows from operating, investing and financing activities	**114,760**	**-166,180**

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10. Discontinued operations (continued)

DKK'000	2021	2020
Balance Sheet:		
Assets classified as held for sale		
Property, plant and equipment	0	935
Construction contracts	0	14,079
Receivables	0	123,543
Tax asset	0	16,816
Total assets classified as held for sale	**0**	**155,373**
Liabilities directly associated with assets classified as held for sale		
Provisions	0	1,000
Lease liabilities	0	1,407
Other non-current liabilities	0	4,098
Construction contracts	0	100,321
Trade payables	0	17,498
Total liabilities directly associated with assets held for sale	**0**	**124,324**

11. Other intangible assets (software)

DKK'000	2021	2020
Cost at 1 January	8,448	8,252
Additions	85	196
Cost at 31 December	**8,533**	**8,448**
Depreciation and impairments at 1 January	6,421	6,291
Depreciation	9	130
Depreciation and impairments at 31 December	6,430	6,421
Carrying amount at 31 December	**2,103**	**2,027**

The expected useful lives are as follows:

Other intangible assets (software)	1-3 years

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12. Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2021	399,076	7,116	5,228	411,420
Reclassification of assets classified as held for sale	211	0	0	211
Cost at 1 January 2021 adjusted	399,287	7,116	5,228	411,631
Additions	2,415	70	78,527	81,012
Transferred	3,012	183	-3,195	0
Disposals	-11,988	-2,713	0	-14,701
Cost at 31 December 2021	**392,726**	**4,656**	**80,560**	**477,942**
Depreciations and impairment losses at 1 January 2021	312,475	6,376	0	318,851
Reclassification of assets classified as held for sale	161	0	0	161
Depreciations and impairment losses at 1 January 2021, adjusted	312,636	6,376	0	319,012
Depreciation	21,952	509	0	22,461
Disposals	-10,478	-2,714	0	-13,192
Depreciations and impairment losses at 31 December 2021	**324,110**	**4,171**	**0**	**328,281**
Carrying amount at 31 December 2021	**68,616**	**485**	**80,560**	**149,661**

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2020	390,957	8,021	1,959	400,937
Additions	12,518	71	5,228	17,817
Transferred	1,959	0	-1,959	0
Disposals	-6,147	-976	0	-7,123
Assets classified as held for sale	-211	0	0	-211
Cost at 31 December 2020	**399,076**	**7,116**	**5,228**	**411,420**
Depreciations and impairment losses at 1 January 2020	289,275	6,467	0	295,742
Depreciation	26,177	665	0	26,842
Disposals	-2,816	-756	0	-3,572
Assets classified as held for sale	-161	0	0	-161
Depreciations and impairment losses at 31 December 2020	**312,475**	**6,376**	**0**	**318,851**
Carrying amount at 31 December 2020	**86,601**	**740**	**5,228**	**92,569**

The expected useful lives are as follows:

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

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13. Lease assets and liabilities

DKK'000	Rental of premises	Company cars	Equipment	Total
Right-Of-Use assets				
Cost at 1 January 2021	207,680	3,954	2,614	214,248
Reclassification of assets classified as held for sale	2,220	1,417	0	3,637
Cost at 1 January 2021, adjusted	209,900	5,371	2,614	217,885
Additions	32,069	788	35,892	68,749
Disposals	-499	-865	0	-1,364
Cost at 31 December 2021	**241,470**	**5,294**	**38,506**	**285,270**
Depreciations and impairment losses at 1 January 2021	142,584	1,661	1,924	146,169
Reclassification of assets classified as held for sale	2,182	570	0	2,752
Depreciations and impairment losses at 1 January 2021, adjusted	144,766	2,231	1,924	148,921
Depreciation	24,378	1,359	436	26,173
Disposals	-162	-537	0	-699
Depreciations and impairment losses at 31 December 2021	**168,982**	**3,053**	**2,360**	**174,395**
Carrying amount at 31 December 2021	**72,488**	**2,241**	**36,146**	**110,874**

DKK'000	Rental of premises	Company cars	Equipment	Total
Cost at 1 January 2020	209,469	3,054	2,614	215,137
Additions	431	2,577	0	3,008
Disposals	0	-260	0	-260
Assets classified as held for sale	-2,220	-1,417	0	-3,637
Cost at 31 December 2020	**207,680**	**3,954**	**2,614**	**214,248**
Depreciations and impairment losses at 1 January 2020	120,439	1,209	1,489	123,137
Depreciation	24,327	1,282	435	26,044
Disposals	0	-260	0	-260
Assets classified as held for sale	-2,182	-570	0	-2,752
Depreciations and impairment losses at 31 December 2020	**142,584**	**1,661**	**1,924**	**146,169**
Carrying amount at 31 December 2020	**65,096**	**2,293**	**690**	**68,079**

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13. Lease assets and liabilities (continued)

Changes in the lease liabilities

DKK'000	2021	2020
Total lease liabilities at 01 January	**71,891**	**93,502**
Leases from discontinued operations	1,407	0
New leases recognised during the period	68,749	3,008
Disposals	-701	0
Lease payments	-30,378	-30,169
Interest expenses on lease liabilities	4,312	5,550
Total lease liabilities at 31 December	**115,280**	**71,891**

Lease liabilities expiring within the following periods from the balance date:

DKK'000	2021	2020
0-1 years	35,506	28,167
1-2 years	29,445	21,423
2-3 years	28,670	15,017
3-4 years	12,446	15,406
4-5 years	12,423	43
> 5 years	13,583	0
Total lease liabilities	**132,073**	**80,056**

Lease liabilities are recognized in the balance sheet as follows:

DKK'000	2021	2020
Non-current liabilities	87,456	50,230
Current liabilities	27,824	21,661
Total lease liabilities	**115,280**	**71,891**

Recognized In the profit or loss statement:

DKK'000	2021	2020
Depreciation and impairment losses Right-of-Use Assets	26,173	26,044
Interest expenses related to lease liabilities	4,312	5,550
Expense relating to short term leases, not capitalized	12,325	13,913
Expense relating to leases of low-value assets, not capitalized	0	0
	42,810	**45,507**

Total cash outflow from leases

DKK'000	2021	2020
Capitalised leases	30,378	30,169
Short-term leases, not capitalized	12,325	13,913
Total cash out flow from leases	**42,703**	**44,082**

Measurement of lease liabilities is based on the non-cancelled period and does not include extension options. Rented premises are non-cancellable for Bladt Industries as lessee up to 2024 with an option to extend for 15 years. Lease payments in this 15 year period amounts to DKK 213,935 thousand.

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14. Investments in subsidiaries

DKK'000	2021	2020
Carrying value at 1 January	2,203	2,197
Additions	40	6
Costs at 31 December	2,243	2,203
Carrying amount at 31 December	**2,243**	**2,203**

Investments in subsidiaries are measured at cost in connection with the Company's transition to financial reporting according to IFRS. The carrying amount of the investments is used as new cost price calculated according to the previous accounting policies at 1 January 2011.

Name	Registered	Equity		Profit for the year		Ownership	
DKK'000	office	2021	2020	2021	2020	2021	2020
Bladt Industries Offshore Wind Germany GmbH	Germany	15	-476	-45	1,126	100%	100%
Bladt Industries Polska Sp . z o .o .	Poland	10,540	10,926	1,339	2,104	90%	90%
Bladt Industries Procurement A/S	Denmark	1,660	589	1,072	197	100%	100%
Bladt Industries Renewables LLC	USA	0	0	0	0	100%	100%
Bladt Taiwan ApS *	Denmark	395	0	315	0	100%	0%

* The Company has established Bladt Taiwan ApS in 2021.

15. Investments in joint ventures

The Company participates in Bladt//EEW Offshore Wind Foundation Group I/S, Bladt//EEW Offshore Wind Foundation Group, Gwynt y Môr I/S, Bladt/EEW Offshore Wind Foundation Group, Baltic 2 GbR, Bladt/EEW Offshore foundation Group Baltic 2 I/S, Bladt/EEW Offshore Wind Foundation Group Veja Mate GbR and Century Bladt Foundation Co, LTD.

All of the above enterprises are considered joint arrangements as none of the parties exercise control over them. All material decisions of the enterprises require consensus. The contractual circumstances of the enterprises imply that the parties to the arrangements only have rights to the net assets and, consequently, they are to be treated as joint arrangements.

Reference is made to the group chart on page 67 for a view of ownership shares and registered offices. All joint arrangements are individually considered immaterial. The financial information for these joint arrangements, that are accounted for using the equity method has been summarized below.

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15. Investments in joint ventures (continued)

DKK'000	2021	2020
Cost value at 1 January	6,637	6,637
Cost at 31 December	**6,637**	**6,637**
Adjustments for carrying amount	-2,058	-1,861
Carrying value at 1 January	4,579	4,776
Profit and loss for the year	-1,031	-61
Other adjustments	6	0
Exchange rate adjustment	0	-136
Carrying amount at 31 December	**3,554**	**4,579**

16. Investments in associated companies

DKK'000	2021	2020
Carrying value at 1 January	1,000	1,000
Additions	1,429	0
Carrying amount at 31 December	**2,429**	**1,000**

Bladt Industríes has a 28,57% interest in Blue power partners. Bladt's interest is accounted for using the cost method in the financial statements. The following table illustrates the summarized financial information of Bladt's investment:

Name	Registered	Equity		Profit for the year		Ownership	
DKK'000	office	2021	2020	2021	2020	2021	2020
Blue Power Partners HoldCo A/S	Denmark	-	16,034	-	10,993	28.57%	20%

* Equity and profit for the year 2021 is not available at the approval of Bladt Industries annual report.

17. Inventories

DKK'000	2021	2020
Raw materials and consumables	5,213	4,265
Finished goods and goods for resale	50	240
	5,263	**4,505**

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18. Receivables

DKK'000	2021	2020
Trade receivables	394,083	565,814
Other receivables	23,392	37,112
	417,475	**602,926**

* See note 26 for Expected credit loss. (No credit loss is expected.)

19. Prepaid expenses

DKK'000	2021	2020
Other adjustments	4,562	2,639
	4,562	**2,639**

20. Equity

Capital management

The Company regularly assesses the need for adjusting its capital structure to hold the required higher return on equity up against the higher degree of uncertainty surrounding external financing. The Company focuses on having a high equity ratio and ample cash resources to ensure as much scope for financial action as possible.

Share capital

The share capital comprises one share at a nominal value of DKK 20,000 thousand (2020: DKK 20,000 thousand) one share at a nominal value of DKK 9,160 thousand (2020: DKK 9,160 thousand) and one share at a nominal value of DKK 14,840 thousand (2020: DKK 14,840 thousand). There are no restrictions on voting rights.

Dividend

No dividend has been paid in the financial year in 2020 and 2021.
In 2020, Bladt Industries provided group contribution of DKK 15,000,000 to Bladt Industries Holding A/S.
In 2021, Bladt Industries A/S suggest a dividend of DKK 20,000,000 to Bladt Industries Holding A/S.

21. Provisions

DKK'000	2021	2020
Warranties	6,000	5,000

Warranties are determined based on past experience with warranty work.
The costs are expected to be incurred in 2022-2023.

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22. Other liabilities

DKK'000	2021	2020
Amounts owed to group enterprises	147,562	53,742
Other payables	67,279	82,175
Carrying amount at 31 December	**214,841**	**135,917**

23. Contingent liabilities and collateral

DKK'000	2021	2020
Guarantees relating to performance, payment, advance payment and suppliers	1,277,297	1,291,480
Deposit guarantee	20,015	20,015

The Company participates in Bladt/EEW Offshore Wind Foundation Group I/S by 50%, Bladt/EEW Offshore Wind Foundation Group I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Gwynt y Môr I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 GbR by 50% and Bladt/EEW Offshore Wind Foundation Group Baltic 2 I/S by 50%, Bladt/EEW Offshore Wind Foundations Group Veja Mate GbR by 50%, Bladt Industries Offshore Wind Germany GmbH by 100%, Bladt Industries Polska Sp. z o.o. by 90%, and Century Bladt Foundation Co., LTD by 33%

Collateral

Subject to standard reservations for legal restrictions, the Company is a guarantor of loan agreements in other group companies.

24. Changes in working capital

DKK'000	Note	2021	2020
Net change in construction contracts	3	-151,337	898,042
Change in inventories	17	-758	1,080
Change in receivables	18	185,451	26,657
Prepaid expenses/deferred income, net	19	-1,923	0
Change in trade payables and other payables	22	80,230	-148,899
Restricted cash	27	-26,760	-550,466
Change in discontinued operations	10	15,705	0
Other changes		-32	0
Changes in working capital		**100,576**	**226,414**

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25. Restricted cash

DKK'000	2021	2020
Restricted cash	577,226	550,466
	577,226	**550,466**

Restricted cash includes amount of 577,225 thousand DKK, of which 542,225 thousand DKK is prepayment from customers and 35,000 thousand DKK is escrow accounts, in 2021 (2020: 550,466 thousand DKK). The same amount is included also in the balance sheet as Restricted cash.

26. Financial risks and financial instruments

The Company's risk management policy

Due to its operating, investment and financing activities, Bladt Industries A/S is only subject to limited exposure to financial risks, including market risks (currency risks, interest risks and raw material risks), credit risks and liquidity risks.
The Company's financial risk management is centralized. Management monitors the Company's risk concentration on a monthly basis within areas such as customers, geographical areas, currencies, etc.
It is the Company's policy not to engage in active speculation in financial risks. Thus, the Company's financial management is aimed at managing and reducing the financial risks directly attributable to the Company's operations, investments and financing.

Market risks

Currency risks

The Company's sale abroad is primarily made in the currency of the customer, which is mainly EUR. The Company's suppliers are paid in EUR and DKK, primarily, which means that fluctuations in other currencies will generally not affect the profit of the Company. The Company use natural hedges for its currency exposure considering projected future cash flows and projected future exchange rate movements. Currency transactions are not made for speculation purposes.
The hypothetical effect on profit for the year and the Company's equity based on reasonably probable changes in foreign exchange rates:

Natural hedge

Natural hedges consist of the company receiving revenue in the same currency as they have expenses.
This reduce their exchange risk exposure.

	2021						
	Nominal Position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	987,477	55,723	0	931,754	-	-	-
GBP/DKK	1,493	383	0	1,111	20%	173	173
PLN/DKK	80	9,481	0	-9,401	10%	-733	-733
NOK/DKK	2,472	9	0	2,463	10%	192	192
SEK/DKK	1,324	0	0	1,324	10%	103	103
USD/DKK	47,645	6,138	0	41,507	10%	3,238	3,238
	1,040,492	71,734	0	968,757			

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26. Financial risks and financial instruments (continued)

	2020						
	Nominal Position						Sensitivity
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	1,060,907	63,455	0	997,452	0	0	0
GBP/DKK	43,953	-2,594	0	46,547	20%	7,261	7,261
PLN/DKK	2,207	9,628	0	-7,421	10%	-579	-579
NOK/DKK	1,736	1,786	0	-50	10%	-4	-4
SEK/DKK	1,390	19	0	1,371	10%	107	107
USD/DKK	65,940	89	0	65,851	10%	5,136	5,136
	1,176,133	72,383	0	1,103,750			

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the assumption of unchanged sales, price level and interest rate level.
- The sensitivity related to financial instruments is calculated based on the financial instruments recognized at 31 December.
- The calculated, expected fluctuations are based on the average annual volatility of the underlying risks.

A corresponding negative movement in exchange rates will have a corresponding opposing effect on the profit/loss for the year and equity.

Interest rate risks

Financing activities

The Company is not subject to any significant accounting exposure to interest level changes as the Company does not have any significant interest-bearing external debt.

Investing activities
The Company's cash funds are placed as demand deposits.

Raw material risks

The Company uses raw materials in the form of steel when producing the Company's products. In relation to significant purchases, the price risk is hedged by making binding agreements covering purchases when entering into sales contracts.

Liquidity risks

The Company strives to obtain the highest degree of flexibility for the purpose of lending. The Company's cash reserves consist of cash and cash equivalents of DKK 253 million and committed RCF credit facilities of DKK 235 million. DKK 253 million as cash in hand and DKK 20 million drawdown as guarantees for real estate rental deposits. Cash reserves thus total DKK 468 million at 31 December 2021 (2020: DKK 528 million).

With the credit facilities and available liquidity, in the management's opinion, liquidity is adequate according to the budget.

The Company has interest-bearing liabilities of DKK 0 million in 2021 (2020: DKK 0 million). Short-term liabilities appear from the balance sheet and fall due for payment within one year. Liabilities under operating leases are disclosed in note 13. Based on the Company's expectations for its future operations and the Company's current cash resources, no significant liquidity risks have been identified.

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26. Financial risks and financial instruments (continued)

The Company's liabilities fall due as follows:

DKK'000

2021	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments						
Lease liabilities	115,280	132,073	35,506	58,115	24,869	13,583
Trade payables	115,839	115,839	115,839	0	0	0
	231,119	**247,912**	**151,345**	**58,115**	**24,869**	**13,583**

DKK'000

2020	Carrying amount	Contractual cash flows	Within 1 year	1-3 years	3-5 years	After 5 years
Non-derivative financial instruments						
Lease liabilities	71,891	80,056	28,167	36,440	15,449	0
Trade payables	118,310	118,310	118,310	0	0	0
	190,201	**198,366**	**146,477**	**36,440**	**15,449**	**0**

The maturity analysis is based on all undiscounted cash flows, including estimated interest payments. Interest payments are estimated based on current market conditions.

Based on the Company's expectations for its future operations and the Company current cash resources and trade receivables exceeding the short term contractual cash outflow, no significant liquidity risks have been identified.

Credit risks

Efforts are made to minimize risks related to giving credit by effective credit management and by establishing alternative collateral in the event of large receivables.

Bank deposits

Credit risks on bank deposits arise when it is uncertain whether the counterparty will be able to meet its obligations when due. The Company's policy for credit risk management means that the Company's financial cooperation partners' credit ratings are monitored continuously. The Company only places bank deposits with large reputable banks. The Company's current bank is rated AA- by Standard & Poor's Credit Market Services Europe Ltd.

Trade receivables

The Company's policy for undertaking credit risks means that all major customers are credit rated before contracts are entered and then on a regular basis. If satisfactory certainty is not achieved at the credit rating of the customer, separate collateral is required for the sale.

Bladt Industries A/S regularly receives milestones payments as the construction contracts are carried out, which reduces the credit risk. The Company does not have any significant risks relating to individual customers or cooperation partners and historically the Company has not experienced any significant losses on trade receivables.

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26. Financial risks and financial instruments (continued)

The maturity of trade receivables is specified as follows:

DKK'000	2021	2020
Receivables not due	105,774	202,100
Maturity period:		
Up to 30 days	45,781	22,014
Between 30 and 90 days	7,004	150
More than 90 days*	235,524	341,550
Total trade receivables (note 18)	**394,083**	**565,814**

* The Company has received 140 million DKK until 09.02.2022

None of the trade receivables were impaired at 31 December 2021 and 31 December 2020. Losses have not been realized in 2021 or 2020 on trade receivables, nor have they been written down. Please also see note 2.

Financial instrument categories

DKK'000	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	18	394,083	394,083	565,814	565,814
Other receivables	18	22,806	23,392	37,112	37,112
Amounts owed by group enterprises		586	137	0	0
Cash		252,551	252,551	833,777	833,777
Financial assets at amortized costs		**670,026**	**670,163**	**1,436,703**	**1,436,703**
Lease liabilities	13	115,280	115,280	71,891	71,891
Trade payables		115,839	115,839	118,310	118,310
Amounts owed to group enterprises		72,562	72,562	53,742	53,742
Other payables		67,279	67,279	82,175	82,175
Financial liabilities at amortized cost		**370,960**	**370,960**	**326,118**	**326,118**

Fair value of the financial instruments has generally been determined on the basis of discounted cash flow models taking into account the time value of money and credit risk.

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount.

Input used is classified in accordance with the following hierarchy:

Level 1: quoted prices in active markets for identical liabilities.
Level 2: inputs other than quoted prices that are observable, either directly or indirectly
Level 3: inputs that are not based on observable market data.

Derivative Financial Instruments

The Company has no forward exchange contracts to hedge future cash flows on construction contracts.

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27. Related parties

Bladt Industries A/S has registered the following shareholders holding 5% or more of the share capital:

• Bladt Industries Holding A/S, Aalborg

The parent company, Bladt Industries Holding A/S and the ultimate parent company Nordic Capital CUI Ltd., Jersey, has control.

There have been no transactions with these related parties other than the suggested dividend of 20,000,000 DKK to Bladt Industries Holding A/S in 2021.

Senior executives

Key Management includes the Group's Board of Directors and Executive Board. Companies over which such persons exercise control or joint control are also considered related parties.

Key Management's remuneration is disclosed in note 4. There have been no other transactions

Subsidiaries

Transactions with subsidiaries, see note 14, have been as follows:

DKK'000	2021	2020
Purchase of services	720,997	400,637

Amounts owed by and to subsidiaries are shown in notes 18 and 22, and interest on these is disclosed in note 7 and 8.

Joint ventures

Moreover, related parties include joint ventures see note 15.
See note 23 for Contingent liabilities and collateral guarantees.

Transactions with joint ventures have been as follows:

DKK'000	2021	2020
Sale of services	-537	4,254
Purchase of services	0	0
Receivables	0	0

28. Events after the balance sheet date

On 1 February 2022, Bladt has entered a new 10-year long rental contract for a production facility in Lindø, the expected annual rental payment is 36,240 thousand DKK.

29. New financial reporting regulation

IASB has issued a number of new standards and amendments to existing standards which are not yet effective.

Bladt Industries A/S has assessed that the new standards and amendments to standards effective for annual periods beginning after 1 January 2022, are neither not relevant or have no significant effect on the financial statement of the Bladt Industries AIS.

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30. Financial ratios

Operating margin	Operating profit/loss x 100 / Revenue
Solvency ratio	Equity ex. non-controlling interests, at year end x 100 / Total assets at year end
Return on equity	Profit/Loss before tax x 100 / Average equity ex. non-controlling interests
ROIC	EBITA / Average invested capital

31. Non-recurring items

Alternative Performance Measures

The Company presents some financial performance measures in the Annual Report which are not defined accordingly to IFRS. Bladt is of the opinion that these measures provide valuable complementary information to investors and other relevant parties. As every group does not calculate financial performance measures in the same manner, these are not always comparable with measures used by other companies. These financial performance measures should therefore not be regarded as a replacement for measures as defined according to IFRS.

Non-recurring items

Bladt defines non-recurring items as one-time costs, not relating to the actual reporting period or core activity. Settlement of disputes and related costs are classified as non-recurring items.

DKK'000	2021	2020
Non-recurring items		
Settlement of dispute (note 3)	105,000	0
Other non-recurring items	33,417	22,200
Non-recurring costs included in total	**138,417**	**22,200**
Revenue in total (from continuing operations)	2,046,892	1,956,226
Non-recurring revenue - Settlement of dispute (note 3)	105,000	0
Revenue excl. non-recurring items	**2,151,892**	**1,956,226**
Contribution from continuing operations	171,766	287,203
Non-recurring items	105,000	0
Contribution from continuing operations excl. non-recurring items	**276,766**	**287,203**

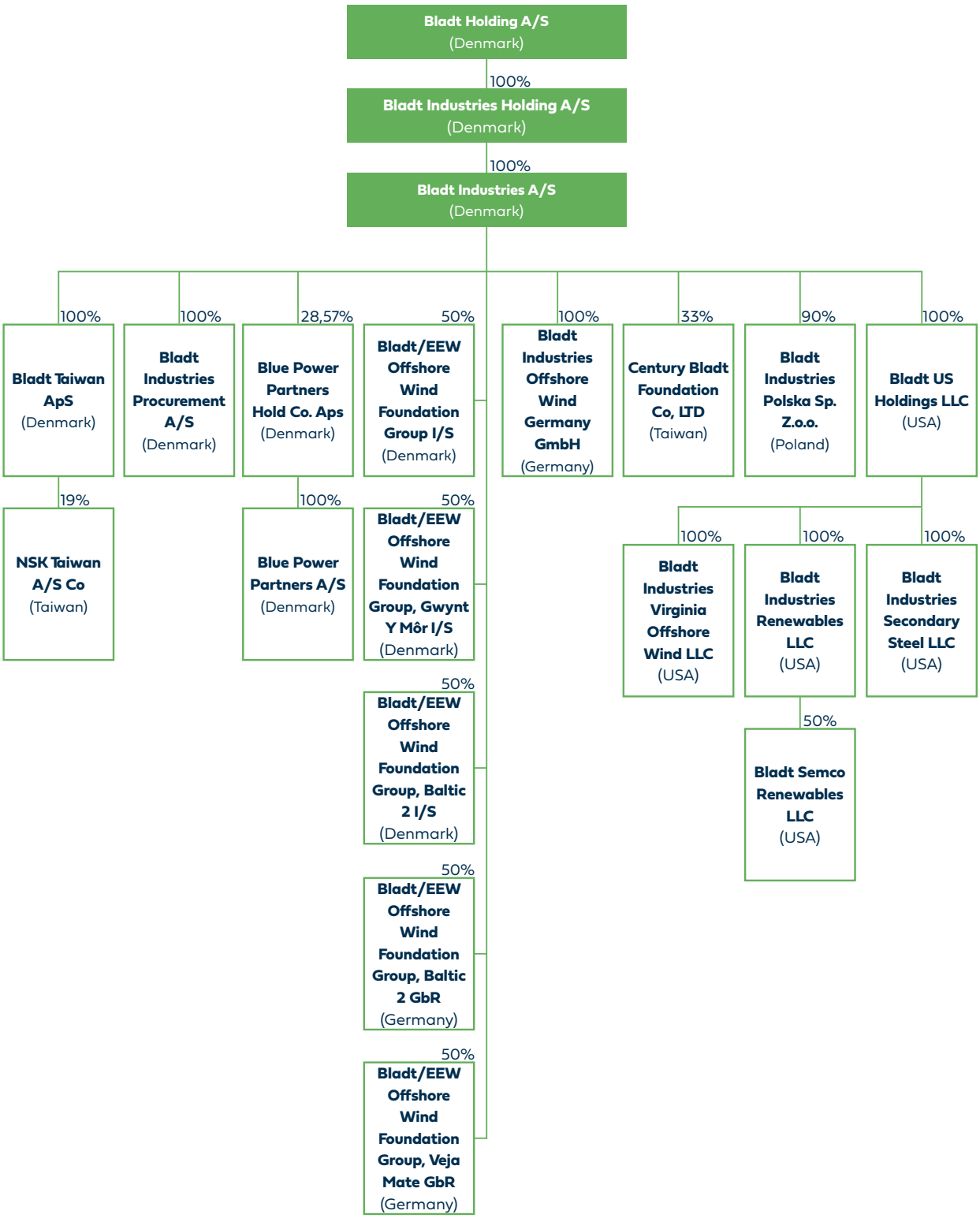
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31. Non-recurring items (continued)

DKK'000	2021	2020
Gross profit from continuing operations	9,639	127,289
Non-recurring items	138,417	22,200
Gross profit from continuing operations excl. non-recurring items	**148,056**	**149,489**
EBITDA in total	5,381	127,395
Non-recurring items	138,417	22,200
EBITDA excl. non-recurring items	**143,798**	**149,595**
Operating profit (EBIT) in total	-43,252	79,082
Non-recurring items	138,417	22,200
EBIT excl. non-recurring items	**95,165**	**101,282**

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Group Chart and Addresses



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Established: 27 November 1990
Registered office: Aalborg

BLADT

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