BEERENBERG

BEERENBERG AS

ANNUAL REPORT 2021

BEERENBERG

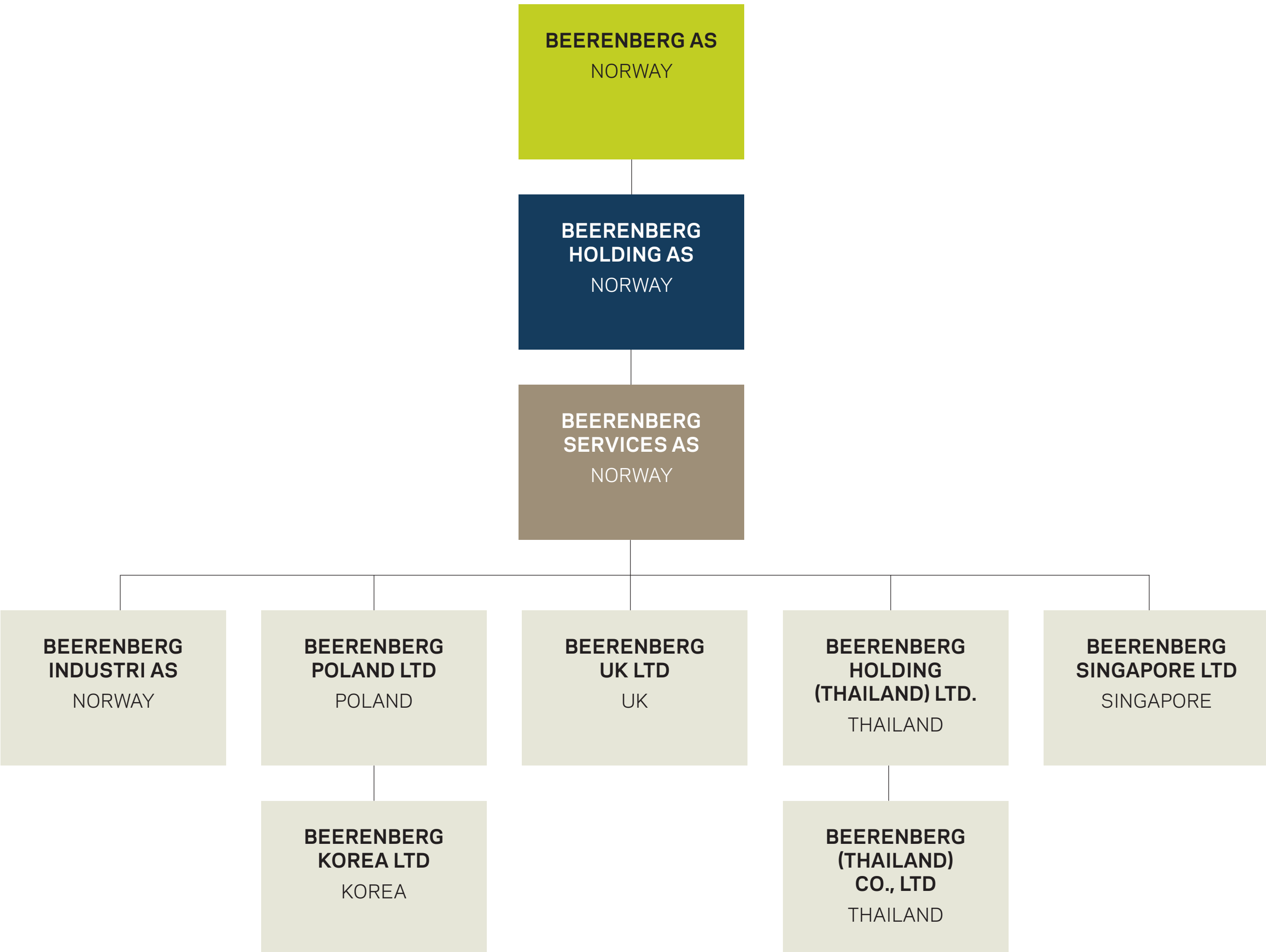
21

Beerenberg AS

Beerenberg AS is a limited liability company registered in Bergen, Norway

The Beerenberg Group comprises the parent company Beerenberg AS and the subsidiaries Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Poland Sp. z o.o, Beerenberg UK LTD, Beerenberg Korea LTD, Beerenberg Holding (Thailand) LTD, Beerenberg (Thailand) CO., LTD and Beerenberg Singapore PTE. LTD.

The operational activities are organized in Beerenberg Services AS and its subsidiaries. The head office is in Bergen and the group has offices in Stavanger and Skien in Norway, in Poland, UK, South-Korea, Thailand and in Singapore.



Our expertise covers the entire life cycle

Beerenberg is a leading supplier of maintenance and modifications services. For more than 40 years Beerenberg has delivered cost efficient solutions to a wide range of industrial enterprises. Our expertise covers the entire life cycle from field studies and newbuilds to maintenance, modification and lifetime extensions. We see it as a duty to challenge conventional thinking in the industry trough innovation and creative solutions – always focusing on improved HSE/Q, sustainability, productivity and consistency.

OUR VISION

Beyond Expectations

Our vision commits the corporation and all of its employees to seek solutions that exceed the expectations of the wider world.

OUR CORE VALUES

Inclusive Innovative Responsible

The company shall be **inclusive** towards individuals, other companies and society as a whole. An open and accommodating attitude shall prevail throughout the group. The company's ability to be **innovative** will help safeguard our own future, improve conditions for the local environment and generally help create positive social development. A **responsible** attitude shall prevail at the company at all levels and in all contexts.

Contents

The Beerenberg Group consists of several entities. Unless otherwise stated the reference to company and group refers to the total operation of these entities.

Group Accounts

Annual Accounts

Dear stakeholder,

At Beerenberg, we work every day to protect our customers in the harshest conditions on earth. Our services and products continue to be in high demand in the oil and gas industry, and increasingly also in other industries, including building, construction, and transport.

We all know that transitioning to a renewable energy system is key to tackling climate change. This comprehensive transition will require contributions from everyone, and it will take time. While governments, industry, and businesses are working hard to produce clean energy solutions at scale, lowering the carbon footprint of current energy forms is also a prime focus. At Beerenberg, we are already well positioned to provide sustainable products and services that reduce the carbon footprint in a concrete and measurable manner.

We experience a challenging development, with a significant cost pressure and logistic challenges. In our daily operations, we meet these challenges with high awareness, productivity, and cost efficiency.

In 2021 we continued to invest in people, sustainability, and technology to better serve our clients and further develop the organization.

Safety and security

Ensuring the safety and security of everyone working at and for Beerenberg is a prerequisite for everything we do. Our skilled employees deliver high-quality work for our customers in ever-changing conditions around the world, and it is our responsibility to keep them safe. Our health, safety, and environmental initiatives are embedded in a zero accidents philosophy, with HSE as an integrated element in all parts of our business.

Sustainability

Sustainability is one of the cornerstones in Beerenberg's strategy. We believe our expertise from the oil and gas industry is the key to sustainable development. The use of robotics and modern technologies in industrial insulation and surface maintenance are just a few examples of how we work to reduce our carbon footprint.

As society moves faster towards net-zero emissions, we aim to be a partner on that journey. Through our focus on finding sustainable solutions, we will continue to improve safety performance, drive operational excellence, implement cost improvements and strategic growth initiatives.

Investing in people

Fortunately, we have a highly skilled and engaged workforce at many onshore plants, platforms, and offices both in Norway and abroad. To ensure a continued supply of qualified employees in an exciting and ever-changing ISS profession, we facilitate professional development for the new generation ISS workers at our facilities.

We also invest significantly in professional development which includes adopting innovative technologies.

Products and services

Throughout the organization, we have invested in innovative technologies, digital solutions, and new work methods to simplify fieldwork and ensure efficiency and sustainable solutions. As an example, we used to travel all over the world to measure the objects we were installing, whereas today we send scanners our clients use themselves for measuring.

Similarly, we have developed new digital applications for more seemless field work such as "FieldBuddy," simplifying

and enhancing access to find and upload documentation on-site. We have also implemented a new digital ordering system and scanning tools to provide our projects and our clients with easy access to placing orders, saving time and money. Our new online courses also contribute to a reduced carbon footprint, as it significantly reduces the need for travel.

Providing greener products and services is an important part of this development. We have, as a society as such, an enormous potential for energy efficiency and reducing our energy consumption by re-insulation.

The area of surface treatments is also an area of rapid change. Today our robots gather all waste, including microplastics, so that we can handle it appropriately. At Beerenberg we also use robots to efficiently complete several surface jobs, resulting in improved safety and significant environmental benefits.

Even though Covid-19 continued to be a challenge in 2021, we used the opportunity to develop new, environmentally friendly products and solutions, proving we can quickly adapt to new realities. Similarly, we have taken big leaps in providing remote training and video assistance during installations. In all, we have increased the number of services to our customers, especially within the maintenance area.

Moving forward, we will continue to focus on both climate risks and sustainability developments in our daily work.

At the time of writing, the consequences arising from the Russia invation of Ukraine are still uncertain. So far, Beerenberg is not directly affected in any way, but we are aware the situation will likely affect businesses, supply chains, trade and finance across the region and worldwide.

Ideas are easy – execution is everything.

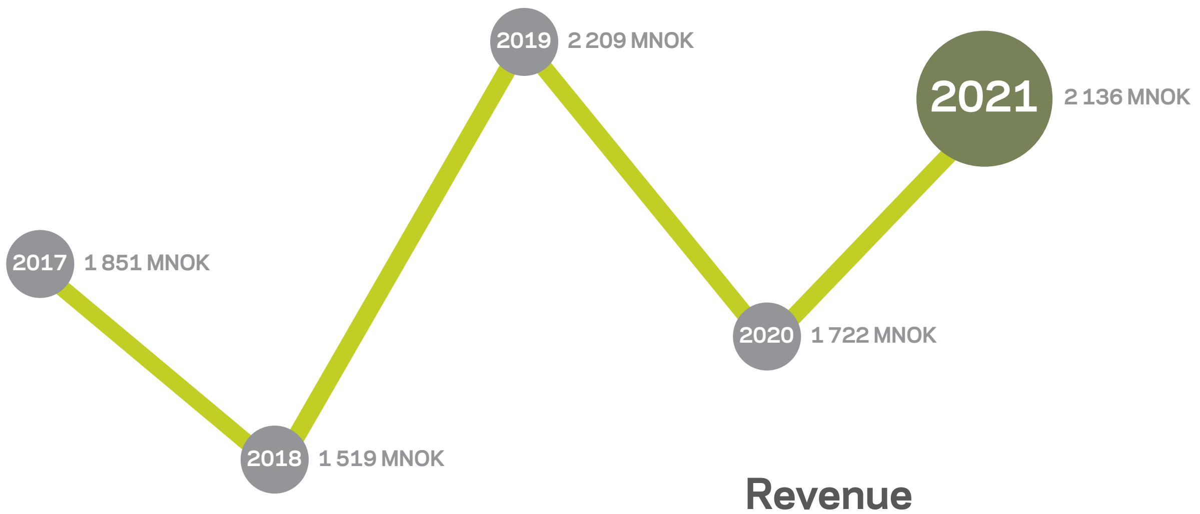
As we prepare for the future, evolving along with our clients in a changing society, we will continue our work to achieve a positive impact for our customers, shareholders, employees, and the environment. Guided by our vision to exceed expectations of everyone and to go beyond expectations – every time.

Arild Apelthun
CEO

Key figures

EBITDA margin

10,1%



Revenue

2 136 MNOK

Hours produced

3,1 MILL

SIF

1,7

		2021	2020	2019	2018	2017
ORDERS AND RESULTS						
Estimated order backlog*	MNOK	**7 300**	8 300	9 300	9 500	10 500
Revenue	MNOK	**2 136**	1 723	2 210	1 520	1 852
Growth in revenue	Percent	24,0 %	-22,0 %	45,4 %	-17,9 %	-11,0 %
EBITDA	MNOK	**217**	217	216	97	253
Ebitda margin	Percent	10,1 %	12,6 %	9,8 %	6,4 %	13,7 %
EBIT	MNOK	**153**	146	142	48	207
Net Profit	MNOK	**56**	47	45	-31	78
Net margin	Percent	2,6 %	2,7 %	2,1 %	-2,1 %	4,2 %
CASHFLOW AND CAPEX						
Cash flow from operating activities	MNOK	**109**	88	126	52	87
Capex	MNOK	**40**	17	52	39	13
BALANCE SHEET						
Equity	MNOK	**546**	487	440	394	422
Equity ratio	Percent	29,9 %	29,0 %	23,7 %	24,2 %	24,6 %
Net working capital	MNOK	**99**	75	73	59	140
Nwc / revenue ratio	Percent	4,7 %	4,3 %	3,3 %	3,9 %	7,5 %
Total liabilities	MNOK	**1 284**	1 189	1 417	1 234	1 292
Total assets	MNOK	**1 830**	1 676	1 858	1 628	1 714
EMPLOYEES						
Employees 31.12.	Number	**1 247**	1 203	1 312	1 131	1 146
Man years – totally employed	Number	**2 221**	1 716	2 002	1 621	1 954
Change in total resources employed	Percent	29,5 %	-14,3 %	23,5 %	-17,0 %	-8,2 %
Hours produced	In thousands	**3 100**	2 405	3 431	2 476	2 873
Change in hours produced	Percent	28,9 %	-29,9 %	38,5 %	-13,8 %	-7,7 %
HSE						
Serious Incident Frequency (SIF)	Per million worked hours	**1,7**	2,2	1,0	0,9	0
Lost time incidents Frequency (LTIF)	Per million worked hours	**3,1**	0,9	0,3	0	0
Total recordable incidents frequency	Per million worked hours	**7,9**	2,7	3,9	5,5	4,3

*) Estimated order backlog is based on best estimates of frame agreements

Management

Arild Apelthun
CEO

Arild Apelthun has been CEO since June 2018. Apelthun joined Beerenberg in 2014 and was previously the CFO of the company. Apelthun has a background as CFO from TTS Group and subsidiaries in Aker Solutions in USA and Europe. Apelthun holds a Master of Science in Business (Siviløkonom) from Bodø Graduate School of Business.

Harald Haldorsen
CFO

Harald Haldorsen joined Beerenberg as CFO in March 2020. Haldorsen has extensive experience within finance and controlling activities. Prior to joining Beerenberg Haldorsen worked as the CFO at Strømberg Gruppen AS for more than 12 years. Prior to this, Haldorsen has had positions at Arthur Andersen & Co and Centragruppen. Haldorsen has an economics degree from the Norwegian School of Economics (NHH) in Bergen.

Nils Halvor Berge
Executive Vice President, New Build & Modifications Projects

Nils Halvor Berge has been in Beerenbergs Management Team since April 2016. Berge joined the company in 2009, and has been project manager both at Kårstø and at Nyhamna APCm project. Prior to Beerenberg, Berge served as sports director and general manager at FK Haugesund for 12 years. Berge qualified as a teacher at Sogn og Fjordane University College.

Toni Suomäki
Executive Vice President – Maintenance, Modifications & Operations

Toni Suomäki has been EVP MMO since June 2018. Suomäki started in Beerenberg in 2007 and has held a number of key positions in the company, mainly related to operations and project management. Suomäki has long experience in oil service from various companies before joining Beerenberg. Suomäki holds a Bachelor in Economics and Management from BI.

Roger Kjeilen
Executive Vice President, Tender

Roger Kjeilen has been EVP Tender since 2018, responsible for tender and marketing activities in the Beerenberg Group. Kjeilen joined the company in 1996 and has held several leading positions in Beerenberg. Kjeilen has a Master of Science (Sivilingeniør) from Norwegian University of Science and Technology (NTNU).

Gro Hatleskog
Executive Vice President, Business Support

Gro Hatleskog has been EVP Business Support since March 2015. Hatleskog held the same position in the company from 2009–2011. Hatleskog has extensive and wide-ranging experience as an HR and staff director at Vesta Forsikring, Sparebanken Vest and Nera Telecommunications. Hatleskog has a Master's Degree in Administration and Organisation Theory from the University of Bergen.

Jan Terje Lagos Bøe
Executive Vice President, HSEQ & RISK

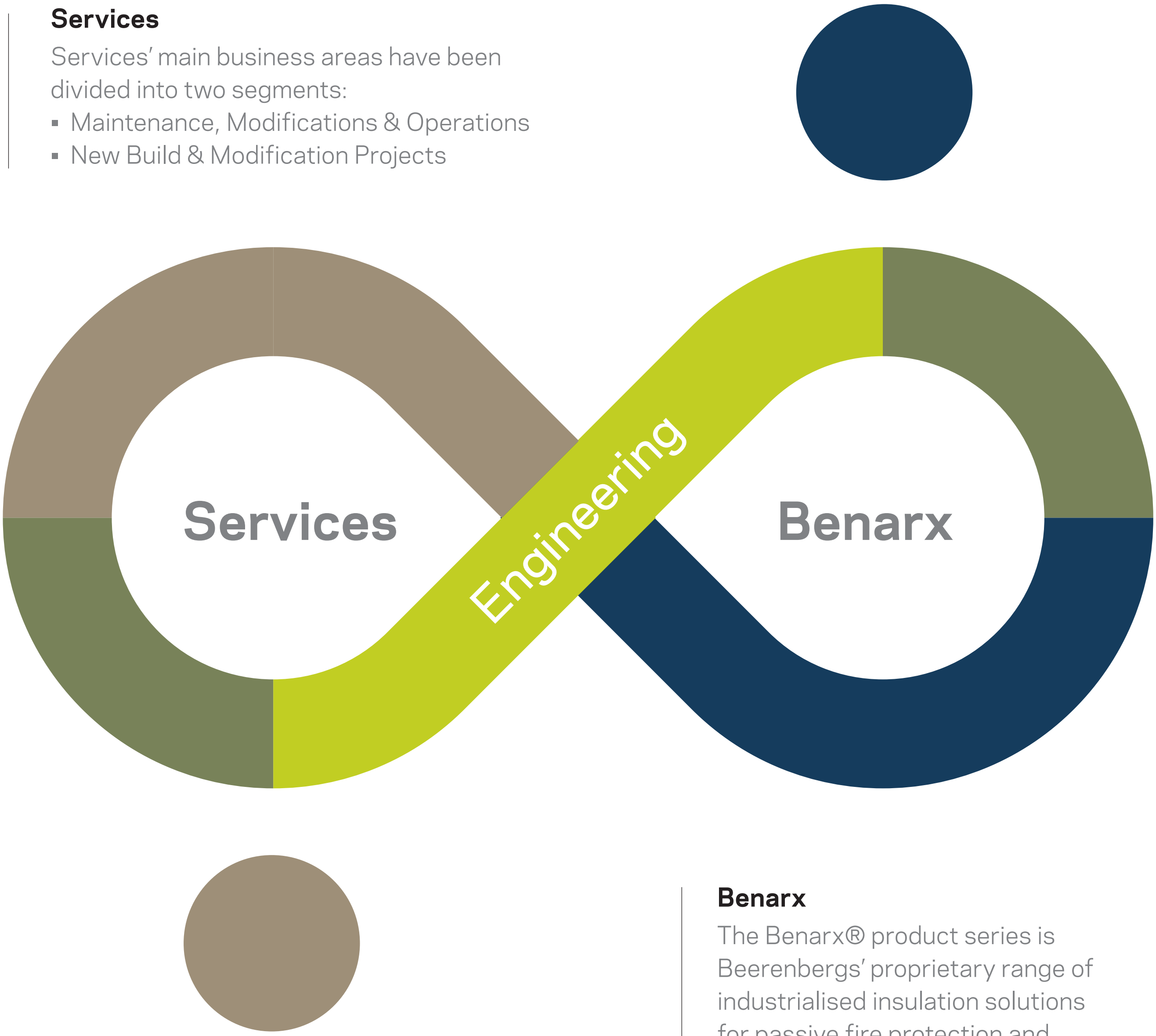
Jan Terje Lagos Bøe started as EVP HSEQ & Risk in Beerenberg in January 2022. Bøe has extensive experience within all segments of oil and gas, including international business. Prior to joining Beerenberg Bøe held the position as Quality & Risk manager at Vår Energy on Balder Future, including upgrade of Jotun FPSO on Rosenberg in Stavanger. Bøe holds a degree from Western Norway University of Applied Sciences.

Business units

Services

Services' main business areas have been divided into two segments:

- Maintenance, Modifications & Operations
- New Build & Modification Projects



Benarx

The Benarx® product series is Beerenbergs' proprietary range of industrialised insulation solutions for passive fire protection and thermal and acoustic insulation.

SERVICES

Engineering

Insulation

Scaffolding

Surface Treatment

Passive Fire Protection

Technical Cleaning

Architectual Outfitting

Habitat Solutions (Sveisolat®)

Rope Access Techniques (RAT)

Cold Cutting

BENARX

Engineering

Benarx®

Subsea Insulation

Some of our clients

- Agility Group
- Aibel
- Aker BP
- Aker Solutions
- BMO
- Cameron
- ConocoPhillips
- Daewoo
- Equinor
- Halliburton
- Hyundai
- Lotte Chemicals
- Norcem
- OneSubsea
- Samsung
- Sembcorp
- Shell
- TechnipFMC
- WintershallDea
- WorleyParsons
- Yara

Services

Services has the overall responsibility for Beerenberg's newbuild, maintenance and modifications contracts. Alongside theISS disciplines (insulation, scaffolding and surface treatment), the business unit also covers passive fire protection, technical cleaning, rope access techniques, architectural outfitting services and the cold work concepts Sveisolat (habitats) and cold cutting /mobile machining.

Services' main business areas have been divided into two segments:

- Maintenance, Modifications & Operations
- New Build & Modification Projects

The two main business areas are designed to meet future demand on the Norwegian Continental Shelf and in the petrochemical industry. As well as direct maintenance contracts on installations and plants in operation, Beerenberg is also involved in business concepts aimed at modification projects and newbuilds in the oil and gas sector.

As a supplement to the traditional ISS disciplines, Beerenberg also delivers a range of technology-driven additional services whose innovative approach helps to ensure effective, consistent and HSE/Q-friendly operation.

Beerenberg's engineering services are an integrated part of the company's overall service concept. The company has extensive experience of studies, FEED, pre-engineering, fabrication engineering and as-built from a number of developments and installations in Norway and abroad. The company's expertise includes design, specifications and modelling, technical drawing, working documents, documentation, plans and methods, inspections and other field engineering, and as-built.

Scaffolding
424 000 m³
Provides secure access and safe working conditions

Insulation
82 000 m tubes
Saves energy and cuts emissions

Surface treatment
148 000 m²
Extends product life and increases durability

Benarx

The business segment Benarx is responsible for the design and manufacturing of a complete range of insulation and fire protection products. This involves deliveries of everything from advanced proprietary products to traditional solutions and bulk insulation products. The business segment has also highly skilled professionals to assist in the actual installation process – something which is particularly important in the case of subsea insulation.

The Benarx® product series is Beerenbergs´ proprietary range of industrialised insulation solutions for passive fire protection and thermal and acoustic insulation. The company's ambition is for the products to be costeffective, space-saving and weight-reducing. Key factors in achieving this are:

- Making products that are installation-friendly, thus moving the work from a high-risk plant to a factory specially designed and built for this purpose.
- Developing new products by identifying and combining new and existing insulation materials from different Industries.
- Doing actively research and find new materials that can give us a competitive advantage, this is obtained due to close collaboration with partners.
- Seeking sustainable insulation solutions that are well documented and verified
- Extensive testing to ensure that our products meet industry standards as a minimum and provide optimal protection of the process (thermal), the plant (fire and CUI) and the people who work there (acoustic etc.) now and in a lifetime perspective (life cycle costs).
- A unique combination of standardised, automated and centralised production of solutions tailor-made for our customers.
- Environmentally friendly solutions, services or execution-models that can provide added value for our clients.

The Benarx® insulation products have a documented life span that far exceeds those of conventional insulation solutions. The company has a cooperation agreement with Akzo Nobel and cooperate closely with other key clients and suppliers as well as institutions such as SINTEF, DNV, GL, the National Institute of Technology, CRM, GexCon and Lloyds. The solutions have been tested and approved according to all relevant specifications/standards.

Over the past decade the Benarx product series has assumed a strong position on the Norwegian Continental Shelf (NCS). In recent years the company has widen the target market for its products, especially in Europe and Asia.

The complexity of fabrication and installation of current insulation solutions is one of the international oil and gas industry's biggest challenges. The fact that the work requires extensive expertise and experience does not harmonise well with the highly volatile demand for capacity. The solution to this is therefore to automate production and to develop products that are easy to install.

Benarx R&D department focuses especially on developing solutions that are installation-friendly and suitable for automated production. Beerenberg has been awarded major contracts in the market for thermal subsea insulation over a number of years and has the capacity to deliver products and services worldwide.

The company is working with TechnipFMC, One Subsea and other big operators in the sector. Solutions include the use of market-leading materials and installation methods developed in-house.

Advanced insulation solutions
8 000 steel boxes
Protection of your assets
– high energy efficiency

Environmental, Social and Governance (ESG)

How we achieve our results is important. Beerenberg's strong commitment to sustainability is applied to everything we do. Sustainability is embedded in our strategy – and many of our primary operations, whether maintenance or insulation products, are inherently about sustainable development.

ESG pillar

Innovation for reduced emissions and waste	Developing people and providing safety	Transparency and governance

Environmental and sustainability efforts

At Beerenberg we have ambitious goals for making all our activities and products as environmentally friendly as possible and have established a thorough strategy for our sustainability work.

We approach the subject with openness and respect, and we are testing, documenting and seeking efficient solutions to keep climate emissions and pollution to a minimum. In 2021, our sustainability work included specific and systematic efforts to find and develop sustainable materials, products and solutions, through remote work, digitalisation, standardisation, recycling and reuse.

Providing sustainable products

Since we launched our large-scale sustainability effort in 2019, we have worked systematically to determine how our Benarx products can be utilised to prevent climate emissions. Today we conduct sustainability analyses of all our products, document our findings, and use this information to make sound environmental choices going forward.

Other specific measures we have implementet include:

- analysis and reduction of material losses in production
- testing new, more environmentally friendly production methods
- standardisation for material usage reduction and for the use of more environmentally friendly products
- reducing the need for sandblasting
- better handling of chemicals
- security measures to eliminate cut injuries

Focus areas

Key KPI's		2021 Actual	2022 Goal	Impact on UN's SDGs
1	Reduced release of microplastics in connection with surface treatment	27%*	>25%**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER
2	Reduced CO2 footprint in connection with surface treatment	NA	>10%	
3	Number of new sustainable technology or solutions tested and adopted	4	>3	
4	Proportion of suppliers with a ESG program	NA	>50%	
5	Share of turnover in new and sustainable markets	3%	>10%	
1	TRIF	7,9	<3	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
2	Proportion of sick leave	8,9%	<6%	
3	Internal recruitment of managers	78%	>80%	
4	Proportion of suppliers signed declaration on ethical guidelines and human rights policy	NA	80%	
1	Report on ESG in quarterly and annual financial reports	NA	5	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
2	Proportion of employees who have completed training in ethics	79%	>90%	
3	Publish an external article in connection with the quarterly report	NA	4	

*) Benchmark 2020. Scope surface treatment Offshore
**) Benchmark 2020. Scope surface treatment Offshore and Onshore

New environmentally friendly solutions

Even though Covid-19 has been a challenge, it has also been a catalyst for developing new, environmentally friendly solutions we will develop further. We have made extensive use of remote training for our products, and installations have been done via video assistance. Earlier, we travelled all over the world to measure the objects we were installing, whereas today we send scanners the clients can use themselves for measuring. Training, guidance and installation have also been successfully carried out via video assistance. This is something we had planned of doing for a while, but the corona pandemic pushed us in the right direction.

Not only has this work improved our environmental accounting; it has also been a commercial success, and we have entered new markets while reducing our environmental footprint.

Throughout 2021, we also worked persistently with finding solutions for recycling and reuse of components from our main product in the Benarx product series. We are also working on implementing return schemes for these products.

We also notice our customers' increasing emphasis on supplier operations being as sustainable as possible. A Korean company selected Beerenberg as their insulation supplier because we, unlike traditional suppliers, could assist with designing better energy efficient and low emission solutions.

Providing sustainable services

In 2019, we decided to be a frontrunner within the industry. Since then, we have worked systematically with defining possible measures for fulfilling the UN's sustainability goals. We want to estimate our carbon footprint, and this work have been received with enthusiasm within the organisation.

We have started by mapping our surface treatment activities. A cross-disciplinary team has systematically gone through all our surface treatment methods to uncover how and to what degree they impact the environment. Based on this work, we now have detailed knowledge of how the methods we choose impacts the environment, which makes it easier for us to decide which tools to apply to reduce emissions and to determine the actual climate effect.

Significant emission reductions

Ahead of 2021, we set two specific goals: to reduce carbon emissions by 10% and emissions of microplastics related to surface treatment by 20% compared with 2020 levels. The conclusion was we managed to reduce the carbon emissions by 20% and the emissions of microplastic by 27%, simply by utilising alternative methods for surface treatment. Our improvement work will continue persistently and at present we are carrying out a similar mapping of our scaffolding and insulation services.

We have, as one of the first companies within our industry, developed and utilised electric compressors. The robot technology we tested and implemented last year also proved to be an important contribution to emission reduction. The robots are developed in collaboration with the manufacturer and in line with the specific environmental requirements for the Norwegian shelf. This technology gathers waste that would previously be discharged into the sea.

We see several positive effects from these measures:

- reduced use of sand as a production factor
- reduced physical strain on personnel
- increased efficiency
- better quality
- reduced emissions
- reduced noise
- better utilisation of resources and knowledge

Overall, we are focused on achieving improvement through digitalisation. We have developed an app, a sustainability dashboard, where our managers can register climate data through mobile units and receive immediate results concerning status and possible measures for greener operations.

Investing in a sustainable future

New technology is costly and involves a great deal of testing and trials and errors, and the measures we have implemented are no exceptions. Documentation requires several evaluations and a great number of our employees have made substantial efforts to produce the data sets. We realize that for now we must endure somewhat higher costs if our products and services are to become more sustainable, but our ambitions are for these environmental protection measures to become profitable over time. Sustainable development also extends to other issues, such as social and economic living standards, human rights and health.

Achievements 2021

Cutting greenhouse gas emissions by upgrading insulation

Beerenberg´s first partnership project with Lotte Chemicals in Korea includes upgrading insulation in petrochemical plants. Beerenberg´s expertise is also used to monitor the amount of energy saved in the process, in an effort to cut CO2 emissions.

“We’ve been involved in the planning process and have calculated the insulation thickness and volumes of materials needed to replace the insulation on some 7,000 meters (about the length of 60 city blocks) of pipe,” head of products Asia, Per Lange says. But that is not the end of the job for Beerenberg.

“Once its all done, we´ll spend a year or so monitoring the pipe temperatures. We are looking at heat loss and calculating how much energy we have saved,” he explains.

The petrochemical plant hopes to see their investment repaid in three years. “So far, the measurements look to be on track for that, but we will have to measure over time and seasons to be sure, Lange says.

We’ll spend a year or so monitoring the pipe temperatures. We are looking at heat loss and calculating how much energy we have saved.

Per Lange, head of products Asia

The principle of isolating to save energy can be used in many areas:

- Insulating LNG equipment and storage tanks. In the Korean market, there are several opportunities due to the country’s sustainability focus of the sustainability focus. “For example, there is a major drive to adopt LNG as fuel for more traditional vessels such as container ships. LNG must keep a temperature of -162 degrees, which means vastly different specs for insulating the equipment and storage tanks. We are looking at viable solutions with our Aerogel products,” Lange says.
- Insulating car batteries. Changes in the car manufacturing sector are also creating opportunities for Beerenberg’s insulation solutions. “Korea has a huge automotive industry which is now switching to electric vehicles. In this type of manufacturing there are requirements for battery insulation. Our products can be a suitable alternative in this respect and open a new and exciting market for us,” he says.
- Recycle old insulation materials. In the effort to help save the environment, another important contribution is to recycle old insulation materials. "Waste accounts for huge volumes, and we are looking to our expertise for several ways in which we can help. Rather than dumping removed materials, they can be grinded up or melted down into new products. This is still at the planning stage in Korea, and it is exciting to be involved in the early phase with a genuine opportunity to make an impact,” Lange concludes.

Reducing the environmental footprint with robotics

Beerenberg's goal to make all activities and products as environmentally friendly as possible has resulted in systematical research and development with use of a range of new technologies.

The robot technology Beerenberg implemented in 2021 proved to be an important contribution to reduce emissions. The robotic solutions, that are utilized both internally and externally in tanks, on walls, roofs and all areas with large surfaces, but also on pipes structures, caissons and conductors, allows removed materials to be vacuumed and filtrated which contributes to less emissions.

Among other things, the robots used offshore, gather waste that would previously be discharged into the sea. Looking at microplastics alone, which now are gathered by vacuum pumps, the company has seen a 27 percent reduction in 2021.

A forerunner in the industry, Beerenberg has both developed and utilized high pressure electric compressors, UHTs and vacuum pumps. "Being self-sufficient in this area allows us to reduce the need for diesel machines, along with diesel consumption and exhaust emissions," says VP MMO at Beerenberg Ole Christian Thømt.

The more we talk about and use robots, the more people request them.

Ole Christian Thømt, VP MMO

Today, the company has three pretreatment robots with water jets and vacuum cleaners for collecting waste during the surface treatment. "We see many positive effects including; reduced use of sand as a production factor, reduced physical strain on personnel, increased efficiency, better quality, reduced emissions, reduced noise, and better utilization of resources and knowledge," says Thømt.

As a result, there is an increase in the demand for environmental friendly solutions. "The more we talk about and use robots, the more people request them. There is a very clear link," he adds.

Investing in robotic solutions

While Beerenberg always worked with new technologies and collaborated with other companies on robotics solutions since 2018, the company invested in a more planned and self-sufficient use of robotization for surface treatments in 2020, starting with a job on the Gullfaks C platform. In 2021 Beerenberg continued to invest in robotic solutions and develop electric compressors. The robots are developed in collaboration with the manufacturer and in line with the specific environmental requirements for the Norwegian shelf.

Sustainability Dashboad

To better measure the climate footprint of the company's surface treatment operations, Beerenberg launched a sustainability dashboard in 2021.

The key is to know exactly which methods are being used on all surface treatment jobs on the sites where we operate by using the daily logs. Now managers can register climate data through mobile units and receive immediate results concerning status and possible measures for greener operations.

"The significance of sustainability in relation to our services is growing and will become the new 'license to operate' in the next few years, obviously paired with excellent HSEQ performance," explains Toni Suomäki, EVP MMO at Beerenberg.

Accounting for climate

When documenting the treatment method and the extent of the work, the sustainability dashboard automatically generates climate accounts for the job in question.

This also simplifies the process by digitalizing the documentation in a customized digital app. Relevant data are autogenerated into the be sustainability dashboard to always keep it up to date.

The value of measurements

Beerenberg is working to generate exact figures for its emissions and consequently also for its annual emission cuts. By measuring, we set a clear direction as to what the eco-friendlier choices are.

"By measuring our surface treatment activities, we raise awareness throughout the organization and make environmental impact an integral element in the decision-making process. In essence, the things we measure we will also focus and improve on," says Toni Suomäki.

Every time the team plan a job, they also evaluate the environmental impact of the pretreatment method before they make a decision. Since sand-blasting means more pollution, Beerenberg now consider whether it is better to deploy sponge media on the job or whether we might be able to use manual vacuum-blasting or robotic pretreatment methods. By making these assessments before each job, the result will be more thought through and environmentally friendly.

The things we measure we will also focus and improve on.

Toni Suomäki, EVP MMO

Social and Governance efforts

Business ethics and human rights

The Beerenberg group's ethical guidelines are designed to ensure that we are acting in compliance with the company's values and principles, in terms of business practices and personal conduct. The guidelines are revised annually and adopted by the group's executive bodies. Human rights are integrated in the Ethical Guidelines. We support and respect all internationally recognized human rights and shall contribute to protect those. In our Human Rights Policy we commit to be in compliance with the Ten Principles of the UN Global Compact including human rights, labour, environment and anti-corruption.

The human rights policy is integrated in the company's values to be responsible and inclusive. In 2021 Beerenberg focused on human rights in the supply chain. Beerenberg will continuously work to strengthen its work to secure human rights and prepare for implementation of Norwegian Transparency Act (Åpenhetsloven) effective in 2022.

Employees receive training in ethics and human rights through the company's training programme, which includes both e-learning and other tailor-made activities such as courses and dilemma training. Ethics are also discussed at the in HSE meetings of the operational business and promoted by "leading by example" throughout the organisation. A whistle-blowing regime for employees has been implemented to ensure compliance with the ethical guidelines. The system has channels for alerting anonymously to external and independent third parties.

Working with partners and suppliers

Beerenberg follows up and supports the management of risks and performance related to safety, security, ethics, integrity and sustainability. This also includes following up climate- and human rights related issues. We also require our suppliers to maintain high standards for health, safety, security, anti-corruption and environmental performance, and to have an approach to human rights consistent with the goals of the United Nations Guiding Principles on Business and Human Rights.

In 2022 we aim to have at least 50 % of our suppliers with an ESG program, and 80 % of our suppliers with signed declaration on ethical guidelines and human right policy.

Beerenberg Annual Awards

We know that the valuable input, motivation, and skills of each and every employee are what has made Beerenberg a successful company.

In appreciation of their efforts, we launched a new development concept in 2021 called the Beerenberg Annual Awards – where employees were invited to nominate and celebrate their colleagues.

"This is part of our long-term strategy in building and developing skills, and where the focus is on the individual employee," says CEO, Arild Apelthun.

The nomination process generated much enthusiasm, and colleagues from across the company made no fewer than 183 nominations in five separate categories; the flexible worker, the explorer, the eager beaver, the holistic thinker, and the team builder.

"We know that there are many dedicated employees who deserve recognition, and one objective was to honour this talent while also commending behaviours and cultures that we want to see more of," says EVP Business Support, Gro Hatleskog.

> This is part of our long-term strategy in building and developing skills.
>
> **Arild Apelthun, CEO**

Annual Report and Accounts


BEEREN
BERG

Review of the principles of corporate governance according The Norwegian Code of Practice for corporate governance (NUES)

1. Review of corporate governance

The purpose of the principles of corporate governance in Beerenberg AS is to clarify the division of roles between shareholders, the board of directors and executive management more comprehensively than is required by l legislation. There have been some changes in the Code of practice (NUES) in 2021 which has been implemented.,

The group's vision is "Beyond Expectations". The vision commits the corporation and all of its employees to seek solutions that exceed the expectation of the wider world.

The group has set out 3 core values:

- ***Inclusive*** towards individuals, other companies and society as a whole. An open and accommodating attitude shall prevail throughout the group.
- ***Innovative*** will contribute to create a positive social Development, improve the environment and help safeguard a better future.
- ***Responsible*** attitude shall prevail at the company at all levels and in all contexts.

The group has established ethical guidelines that should form the basis for how Beerenberg conducts business.

Deviation from code of recommendation: None

2. Business

The group's operational activity is conducted in its subsidiary, Beerenberg Services AS. In article 3 in Beerenberg Services AS Articles of Association the purpose of the business is defined:

"The objects of the company are to engage in contract work, production, industrial maintenance, trading, agency and commission work, and to take interests in other enterprises engaged in similar activities by way of share subscriptions or other means".

The group will conduct the business in line with established sustainability targets. The group will also provide information on matters relating to the environment, social issues, the working environment, equality and non-discrimination, respect for human rights, and anti-corruption and bribery.

Deviation from code of recommendation: None

3. Equity and dividends

Total assets at 31 December 2021 was MNOK 1830 with an equity of MNOK 546, giving an equity ratio of 30%. The Groups solidity is evaluated based on current targets, strategy and risk profile.

Beerenberg has a bond listed at the Oslo Stock Exchange. Beerenberg has during 2021 sold its own stock of bonds

Deviation from code of recommendation: Dividend policy and specific capital requirement targets. The Group's financing restricts the company's rights to pay dividends. Consequently, the board has not found it practical to develop a dividend policy. Furthermore, the board has not seen it as necessary to establish specific targets for leverage or equity ratio in addition the evaluations that are made continuously and specified in budgets and strategy plans.

4. Equal treatment of shareholders and transactions with close associates

Segulah IV L.P holds 83,9% of the shares in the company. The shares are not listed. As a consequence, there is no specific policy relating to preferential treatment of existing shareholders nor is there policy relating to sales of shares. Deviation from code of recommendation: Based on current ownership structure the board has not seen it as necessary to develop additional guidelines beyond what is described in the legal framework (Aksjeloven).

With regards to transactions with close associates the board of directors has prepared guidelines where the basis for the transaction should be based on an independent, 3rd party valuation. However, if the matter relating to the valuation has been satisfactory handled, the board may decide to forego the independent valuation. There have not been significant transactions with close associates in 2021.

A procedure relating to reporting of potential conflict of interests to the board has been established.Deviation from code of recommendation: Policies relating to preferential treatment of shareholders and sales of own shares have not been established.

5. Freely negotiable shares

No form of restriction on negotiability is included in the company's article of association.

Deviation from code of recommendation: None

6. Annual general meeting

The company's shares are not listed. As a consequence, the board has not prepared separate procedures regarding annual general meeting.

Deviation from code of recommendation: Based on current ownership structure the board has not seen it as necessary to develop additional guidelines beyond what is described in the legal framework (Aksjeloven).

7. Nomination committee

The company's shares are not listed. As a consequence, the board has not prepared procedures regarding nomination committee.

Deviation from recommendation: Based on current ownership structure the board has not seen it as necessary to appoint a nomination committee. Members of the board are appointed by the majority owner.

8. Corporate assembly and board of directors: Composition and independence

The company does not have a corporate assembly.

The boards of directors have the following members:

NAME	POSITION	PERIOD
Geir M. Aarstad	Chairman	2021–2022
Sebastian Ehrnrooth	Member	2020–2022
Ingelise Arntsen	Member	2020–2022
Hilde Drønen	Member	2020–2022
Morten Haakon Walde	Member	2020–2022

Sebastian Ehrnrooth represent Segulah IV L.P. which holds 83,9% of the shares in Beerenberg AS. In addition, some-current and previous board members and members of the management hold shares in the company.

Geir M. Aarstad, Ingelise Arntsen, Hilde Drønen and Morten Haakon Walde are all independent of the company, its management and its largest shareholder.

Deviation from code of recommendation: None

9. The work of the board of directors

The board has established procedures to clarify areas of responsibility as a group and as individuals.

The board has established an annual plan for the year and has in 2021 had eleven meetings. The annual plan includes a three-year strategy plan, budget and target setting and review of the operations with focus on control and risk evaluation.

The board has appointed an audit committee and established guidelines for its work. The members of the audit committee are:

Ingelise Arntsen, Chairman of the committee
Hilde Drønen
Morten Haakon Walde

The company does not have a compensation committee and evaluates the need annually.

The board performes an annual evaluation of the work in the board.

Deviation from code of recommendation: None

10. Risk management and internal control

The board regularly reviews the performance of the company, among others through a monthly and quarterly report. These reports include financial information regarding the company and specific information relating to the business segments in addition to other important areas like HSE.

In addition, the board approves significant tenders and investments.

The board of directors has an annual review of risk areas and internal control systems. The board of directors also has an annual review of Corporate Governance including ethical guidelines.

Deviation from code of recommendation: None

11. Remuneration of the board of directors
The remuneration of the board of directors is established by the annual general assembly and is based on an evaluation of the workload. The remuneration is not dependent on the financial performance of the group. There is no form of incentive arrangement or similar. Please see note 19 for additional information.

Deviation from code of recommendation: None

12. Remuneration of leading employees
The boards view on the remuneration level for leading employees are that they should be on a competitive level and motivating. The board has not established guidelines relating to remuneration to leading employees. There should be no remuneration which is not subject to limitations. Please see note 19 for further information.

Deviation from code of recommendation: None

13. Information and communication
The group has established policies relating to financial information. Beerenberg's reporting is aiming to be clear and precise and ensure that the general principle of equal treatment is fulfilled.

Deviation from code of recommendation: None

14. Takeover
There are no provisions or limitation relating to a takeover in the articles of association. There are no other limitations to limit acquisition of the company's shares.

Deviation from code of recommendation: Guidelines relating to takeover has not been established. The board has, considering the current ownership structure, not seen the need to establish guidelines in case of a takeover.

15. Auditor
The auditor has minimum two yearly meetings with the audit committee. In addition, the auditor participates in a board meeting in connection with the approval of the annual accounts where sections of the meeting are without participation from the management.

The auditor presents the plan for the annual audit to the audit committee where priorities and risk evaluations including internal control are presented. The auditor prepares an audit report about the annual accounts based on the annual audit plan.

The total fee paid to the auditor, where a distinction between the auditor fee for annual audit and other services provided are shown in note 7. The extent of other services outside the audit is reviewed by the audit committee. The audit committee evaluates the auditor's independence.

Deviation from code of recommendation: The board has not seen it as necessary to establish additional guidelines.

Board of Directors

Geir M. Aarstad (1960), Chairman of the board. Aarstad has a long and broad experience from the construction industry, not least through his many years at Skanska where Aarstad was CEO from 2004 to 2009. He then took over as CEO of the Saudi company Al Rajhi Contracting. Since 2011, Aarstad has prioritized board positions. Today Aarstad is involved in a number of boards including NCC, Stangeland Gruppen and Sig Halvorsen Gruppen.

Ingelise Arntsen (1966), has more than 20 years of experience in the energy industry in the field of hydropower, solar energy and onshore and offshore wind power, including EVP at Statkraft, REC and Aibel. Arntsen has held a number of board room positions and is currently serving as chairman of Asplan Viak and on the board of Statkraft, Corvus Energy, Fred Olsen Windcarrier SBM Offshore N.V. and Eksportkreditt. Ingelise Arntsen is an independent board member.

Hilde Drønen (1961), holds a master degree from Business School of Management and a MBA from Norwegian School of Economics. Drønen has been the CFO of DOF ASA since 2004. Drønen held the position as CFO in Bergen Yards from 2002 to September 2004 and has before that held various senior positions in the Møgster Group. Drønen has more than 30 years of experience within the oil and gas industry and has served as director in several external companies mainly in the energy sector. Drønen is currently a board member in BWE Energy Ltd. Hilde Drønen is an independent board member.

Sebastian Ehrnrooth (1963), investors representative and partner at Segulah Advisor AB. Ehrnrooth was formely Deputy CEO of CityMail, project manager at Bain & Company and sales manager at Motorola. Ehrnrooth holds board room positions at Segulah Advisor AB, Gunnebo Lifting & Blocks, KP Components, Hermes Medical Solutions AB and CCS Healthcare.

Morten Walde (1969), CEO in TS Group, has more than 25 years of experience from various operational- and strategic positions in the oil & gas industry. Walde was formerly CEO in Beerenberg (2008–2018) and holds several executive and non-executive positions in different companies today. Morten Walde is an independent board member.

Annual Director's Report

In Norway, the beginning of 2021 was marked by increased COVID-19 infection rates and a tightening of infection control measures, which led to a fall in Beerenberg's activity. The activity levels regained traction as the vaccine rollout progressed in the first half of 2021, which eventually led to a full reopening of society and a clear upturn in the activity levels. The upswing in activity continued during most of the fourth quarter, although activity levels fell in December due to the outbreak of the Omicron virus variant and the subsequent infection control measures.

Despite a challenging market situation due to the pandemic, Beerenberg delivered strong results in 2021. Beerenberg has demonstrated an ability to mobilize and execute operations across the world through the pandemic constraints. The company has adopted new ways of working and increased its activity, with operating revenue up 24 percent, compared to 2020.

Business areas

Beerenberg's activities include innovative service solutions for the oil and gas industry, covering the entire life cycle from field studies and newbuilds to maintenance, modifications, and lifetime extensions. The business area Services include Beerenberg's core ISS disciplines *Insulation, Scaffolding* and *Surface treatment*, as well as passive fire protection, technical cleaning, rope access techniques, architectural outfitting services, and the cold work concepts Sveisolat (habitats) and cold cutting / mobile machining – all primarily offered to clients on the Norwegian Continental Shelf (NCS).

The Benarx business area is built around the proprietary Benarx® product range, which includes high specification insulation products (thermal, acoustic, and passive fire protection) as well as insulation solutions for subsea installations.

Beerenberg is headquartered in Bergen, with regional offices in Skien, Poland, UK, South Korea, Thailand, and Singapore.

Financial statement

The operating revenue in 2021 increased by approx. 24% to NOK 2,136 million from NOK 1,723 million in 2020.

Earnings before interest, taxes, depreciation, and amortisation (EBITDA) ended at NOK 217 million, compared to NOK 217 million in 2020. The EBITDA margin was 10,1%, down from 12,6% in 2020.

Net financial cost for the full year ended at NOK 82 million, down from NOK 91 million last year and the full year net profit of 2021 was NOK 56 million versus a profit of NOK 46 million in 2020.

The estimated order backlog at the year-end, including frame agreements and options, was NOK 7.3 billion, down from NOK 8.3 billion in 2020.

Capital, cash flow and liquidity

Total assets at the end of 2021 amounted to NOK 1.830 million, up from NOK 1.676 million in 2020, due to higher activity in 2021 compared to 2020. The equity was NOK 546 million, up from NOK 487, corresponding to an equity ratio of 30%.

Cash flow from operating activities depends on several factors, including progress on and delivery of projects and changes in working capital. Cash flow from operating

activities was NOK 109 million, compared to NOK 88 million in 2020.

Beerenberg's net cash outflow for investing activities was NOK 39 million in 2021, up from NOK 17 million.

Net cash flow related to financing activities was NOK -16 million, down from NOK -188 million in 2020. The high cash outflow in 2020 is related to refinancing of the bond in 2020.

Total non-current assets were NOK 1033 million in 2021, down from NOK 1037 million in 2020. Current assets were NOK 796 million in 2021, up from NOK 638 million.

Total current liabilities were NOK 601 million in 2021, up from NOK 507 million and total non-current liabilities were NOK 682 million in line with NOK 682 million in 2020.

The Net interest-bearing debt was NOK 551 million in 2021 compared to NOK 601 million in 2020.

Shareholders

Segulah IV L.P. owns 83,9% of the shares in Beerenberg AS. The remaining shares are held by Alpinvest Partners Co-Investment, previous and current board members and the Beerenberg management.

Financial risk

The board of directors of the Beerenberg group sets out a framework and develops guidelines for risk management in the group and continuously controls and supervises the implementation of these. The group's central finance department has overall responsibility for day-to-day management and follow-up of the group's financial risks and works closely with the operational units to identify, evaluate and implement necessary measures to reduce risk. Risk management covers credit risk, currency risk, interest rate risk, financial and liquidity risk, market risk and technology risk.

Credit risk

The Beerenberg group conducts business in an environment dominated by large clients with high credit ratings, and historically there have been few losses incurred on its receivables. New customers are credit-checked before entering contracts, and efforts are made during international operations to use letters of credit to safeguard receivables and payment demands wherever possible. The oil and gas market have elements of increased credit risk. To deal with these, the group has introduced additional measures to monitor credit risk within certain client segments, especially maintenance, modifications and for international clients.

The ongoing Covid-19 pandemic and the strict sanctions that have been imposed against Russia and Belarus might increase the credit risk. Beerenberg group is actively monitoring the clients risks in that aspect.

Currency and interest rate risk

A key principle for the Beerenberg group is to keep the currency risk as low as possible by using the same currency for both income and expenditure. In its international operations the group is not always able to follow this principle and as a result client and supplier contracts involving currency exposure beyond defined limits should be hedged. A limited amount of the group's revenues, expenditure and investments are denominated in foreign currencies. The group's interest rate risk in relation to interest-bearing debt is for the most part hedged through a long-term interest rate agreement, whereby a variable NIBOR-based interest rate plus a spread has been swapped so that exposure towards fluctuations in the short-term interest rate is reduced.

Financial and liquidity risk

The group´s financing arrangement requires it to achieve adequate cash flow and revenues over time. The group continues to measure the financial criteria in line with the terms of the agreement.

The Beerenberg group's financing is partly a bond loan with expiry date November 2023. The bond was listed in 2nd quarter of 2021. In addition, the group has a revolving credit facility in a commercial bank.

Market risk

The Beerenberg group operates in the oil and gas market, which due to price fluctuations can be volatile. Beerenberg is affected by the oil companies' actions and the prevailing oil and gas prices. To mitigate this, Beerenberg has diversified into various segments of the market, e.g., new-build and maintenance and modification projects. Beerenberg is also expanding internationally, with the proprietary Benarx® product range and it is looking into related market segments, such as infrastructure for both products and services.

There is reason to believe that investment growth on the Norwegian Continental Shelf will abate in the long term. To expand its operations and customer base, the group has therefore been working to grow its international presence.

The current European energy situation, after the Russian Ukraine invasion, might influence the level of maintenance and investments in oil and gas. The consequences of the acts of war are uncertain.

Technology risk

The market in which Beerenberg operates will continue to seek improved solutions and products for the future. To maintain its competitive edge, the group has adopted a strategy of continued investment in engineering services, digitalization, and R&D along with an ambition to protect its assets through patents and other proprietary rights.

Research and development

In regard to research and development, The Beerenberg group's focus is on product and method development in the field of ISS. Beerenberg is working actively with research communities and institutions to develop new technology and in-house expertise within the group's areas of operation. Research and development are conducted in close partnership with clients to create value for the group's customers.

The Beerenberg group´s continuous focus on research and development has resulted in 16 registered patent families with 55 regional and national patents, 1 PCT/regional application per 31.12.21.

Sustainability governance

For Beerenberg, the attention to ESG is fundamentally about safeguarding our own future, securing sustainable conditions for the environment, and helping a positive social development.

ESG is linked to the long-term success of Beerenberg. It is our vision to go "Beyond expectations" to seek solutions that exceed the expectations of stakeholders, and we therefore have a responsibility to drive necessary changes, while continually seeking out and creating more sustainable solutions. We have consistently been working on our HSEQ performance and we have worked on strengthening our approach to the wider ESG scope. In 2021 the group developed and implemented a ESG strategy in line with recognized ESG frameworks and stakeholder expectations.

Social responsibility and ethics

Beerenberg's annual report includes a separate account of the group's approach, conduct and guidelines in relation to social responsibilities and ethics. The group´s ethical guidelines are a central part of its training programmes as training in the group's ethical guidelines helps ensure that employees and others acting on behalf of the group exercise good judgement and behave in a manner that is consistent with the group´s ethical rules.

Human relations, organisation and working environment

Human relations and working environment

The Beerenberg group had 1,253 employees as at 31.12.21, up from 1,203 at the end of 2020. Including contractors, the number of FTEs totalled 2,326.

Beerenberg seeks to sustain a good working environment with enthusiastic and motivated staff who feel that they are being well looked after. The group has staff arrangements and fora for co-operation between staff and management, as is common within the sector.

Equality and discrimination

Beerenberg has respect for every individual and recruitment is based on qualifications without regard for the candidate's gender, age, disability, sexual orientation, ethnicity, religion, or cultural background. Beerenberg wishes to create an inclusive workplace culture and is working actively to ensure a good working environment. All employees shall be given salary and working conditions that are competitive and fair.

It is Beerenberg's ambition to increase the proportion of women at all levels within the organisation by taking a systematic approach to recruitment and enabling development and growth within the organisation. Female employees, most of whom serve in administrative positions, made up 6.2% of the workforce at year end. In 2021 there were one woman in the group management team and two women on the board of directors.

Beerenberg has made a separate report to document the work implemented according to "The activity duty and the duty to issue a statement". The report could be read at www.beerenberg.com.

Organization

The group is organised as two business divisions – Services and Benarx. The group established a subsidiary in Thailand, Beerenberg Holding (Thailand) LTD, through reorganizing the business in Thailand.

Health, Safety and the Environment

Beerenberg continuously works to prevent injury and to create a working environment that is meaningful and healthy for all employees. Beerenberg has adopted a zero-tolerance philosophy in relation to injury to people, damage to the natural environment and material assets. The effort to prevent acute damage to health and injuries is a high priority for Beerenberg. By focusing on training, health monitoring, risk management and robust working practices, Beerenberg seeks to reduce the risk of health issues and injuries amongst employees exposed to risk. Beerenberg's health monitoring programme also applies to our subcontractors and is managed through contract meetings, reporting and audits.

Good working practices, job planning, and procedures alone are not enough to prevent sickness and injury. The key issue is compliance, whereby the knowledge and motivation of individual employees are key factors. Beerenberg's commitment to HSE includes (but is not limited to) obligatory HSE training for all employees and contractors as well as a three-day HSE course for all managers.

Central to Beerenberg's preventive HSE programme are also various surveys designed to strengthen our knowledge base, identify risk and associated HSE measures.

The group is working to reduce sickness absence, both at a collective and an individual level. Sickness absence in 2021 stood at 8,3%, an increase from 7% in 2020. Short-term sickness absence accounted for 4.0% and long-term absence for 4.3%. The corresponding figures for 2020 were 3.7% and 3.3%, respectively.

In 2021, Beerenberg recorded 23 Incident involving personal injured requiring more than first aid; Four Serious Lost Time injuries (SLT), Nine lost time injuries (LTI), where Eleven injuries required medical treatment and ten of those were resolved with alternative work.

Beerenberg continues its systematic and preventive approach to reducing the number of incidents.

The natural environment

When conducting its operations, Beerenberg aims to minimize the environmental impact and the group aims to continuously improve its environmental performance.

Beerenberg's impact on the natural environment is primarily considered to stem from emissions of volatile organic compounds (VOCs) because of the use of paint products and solvents. This is a natural consequence of the group's activities, and the volume of VOC emissions will always reflect the volume of assignments and the type of products being ordered and delivered. Beerenberg endeavours to use alternative products and services that help reduce the environment footprint and with a lesser impact on the environment where possible (the substitution requirement). To reduce the negative environmental effects of its waste output, Beerenberg has introduced robust procedures for waste disposal and final processing (material and energy harvesting). The work of reducing microplastics is at the top of Beerenberg´s agenda through extended use of robots to collect microplastic.

Beerenberg is certified according to NS-EN ISO 9001: 2015 Quality management, NS-EN ISO 14001: 2015 Environmental management, and NS-ISO 45001: 2018 Occupational health and safety.

Future prospects

Beerenberg's strategy plan was revised in the autumn of 2021. The plan provides a framework for the group's development up until 2024. The Groups priorities in the period includes invest in people, invest in sustainability and invest in technology.

We expect that the maintenance and modifications market will grow in the coming years. The group's long-term contracts over 10 and 15 years will provide a solid base for the group going forward. Yet it is important to note that the market is shaped by external factors, especially the price of oil.

Throughout 2021, the group has taken steps to boost its competitiveness and these initiatives will continue. Together with the group's robust foundations, this means the group expects to maintain its revenues and see long term growth.

The board emphasis that the information included in this annual report contains certain forward-looking statements that address activities or developments that the Company anticipates will or may occur in the future. The statements are based on assumptions and estimates, and some of them are beyond the Company's control and therefore subject to risks and uncertainties.

Management and board liability Insurance

Management and board liability Insurance has been established for the board members and management. The insurance covers any personal liability that they may incur in connection with the performance of their duties. The insurance is established on market terms in an international insurance company with a solid rating.

The board's statement on corporate governance and executive management

The board of directors has directed the company and the group to develop procedures and systems for compliance with the Norwegian Code of Practice for Corporate Governance. The associated statement is presented as a separate part of the annual report.

The board's assessment and events after the balance sheet date

When this annual report is published, Russia has invaded Ukraine and strict sanctions have been imposed against Russia and Belarus. The consequences of the acts of war are uncertain. The Beerenberg Group has insignificant activities in and exposure to these countries but is following developments closely to detect any changes in our risk assessment.

In the board's view the financial statements and statement of financial position with accompanying notes provide a true picture of the activities of Beerenberg AS and of the group's position at year end.

In accordance with Section 3-3a of the Norwegian Accounting Act, the board can confirm that the requirements for the going concern assumption have been satisfied and that the financial statements have been prepared on that basis.

BERGEN 26 APRIL 2022
Board of Directors at Beerenberg AS

Geir M. Aarstad
Chairman

Sebastian Ehrnrooth

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

Group Accounts

Consolidated Income Statement

Amounts in NOK 1,000	Note	2021	2020
Revenue from contracts with customers		**2 128 301**	1 695 323
Other revenue		**7 718**	27 404
Total revenue	5, 6	**2 136 019**	1 722 727
Materials, goods and services		**165 859**	196 170
Personell costs	8,17,18	**1 430 805**	1 033 406
Other operating costs	7	**322 904**	276 446
Total operating expenses		**1 919 568**	1 506 022
Operating result before depreciation, amortisation and impairment losses		**216 451**	216 706
Depreciation, amortisation and impairment losses	11, 12	**63 382**	70 931
Operating result		**153 069**	145 775
Financial revenue	9	**2 153**	2 575
Financial expenditure	9, 25	**84 368**	93 392
Result before tax		**70 854**	54 958
Tax	10	**14 421**	8 478
Annual profit/loss		**56 433**	46 480
The annual profit/loss is attributable to:			
Shareholders of the parent company		**57 760**	47 121
Non controlling interests		**-1 327**	-641
Annual profit/loss		**56 433**	46 480
Basic earnings per share for 1 000 000 A-shares	16	**0,056**	0,046

Diluted earnings per share are identical as there is no dilutive effect.

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Amounts in NOK 1,000	Note	2021	2020
Annual profit/loss		**56 433**	46 480
Other revenue and expenses			
Change in value of derivatives	24	**6 100**	-49
Conversion differences		**-3 379**	-1 083
Total Comprehensive Income		**59 153**	45 347
Comprehensive income is attributable to:			
Shareholders of the parent company		**60 481**	45 988
Non controlling interests		**-1 327**	-641
Total Comprehensive Income		**59 153**	45 347

Other revenue and expenses is after tax and will be reversed in the income statement.

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Financial Position

Amounts in NOK 1,000	Note	31.12.2021	31.12.2020
Assets			
NONCURRENT ASSETS			
Intangible assets	12	**19 246**	31 057
Goodwill	12	**782 762**	782 762
Property, plants and equipment	11, 26	**208 340**	213 563
Financial fixed assets	17, 24	**20 221**	9 874
Deferred tax assets	10	**3 010**	0
Total Noncurrent assets		**1 033 579**	1 037 256
CURRENT ASSETS			
Inventory	14, 26	**77 790**	66 250
Accounts receivable from customers	6, 13, 26	**306 387**	249 611
Earned, not invoiced accounts receivables	6, 13, 21	**195 220**	143 998
Other receivables	13	**23 701**	39 196
Cash at bank	13, 15	**193 345**	139 733
Total current assets		**796 443**	638 787
Total Assets		**1 830 022**	1 676 043

Amounts in NOK 1,000	Note	31.12.2021	31.12.2020
Equity and Liabilities			
EQUITY			
Share capital		**26 700**	26 700
Share premium		**240 310**	240 310
Other equity		**279 531**	219 050
Non controlling interests		**-113**	811
Total equity	16	**546 428**	486 871
LIABILITIES			
Pension liabilities	17	**17 322**	12 175
Deferred tax liabilities	10	**0**	339
Interest bearing long-term liabilities	13, 25, 26	**665 173**	668 384
Derivatives	24	**0**	1 122
Total long-term liabilities		**682 495**	682 019
Interest bearing short-term liabilities	13, 25, 26	**78 861**	70 757
Supplier liabilities		**188 014**	135 285
Tax payable	10	**18 520**	12 050
Social security, VAT and other taxes		**90 967**	72 326
Other short-term liabililities	20, 21	**203 210**	196 943
Warranty liabilities	19	**21 527**	19 792
Total short-term liabilities		**601 099**	507 153
Total liabilities		**1 283 594**	1 189 172
Total equity and liabilities		**1 830 022**	1 676 043

The accompanying notes 1–27 are an integral part of these financial statements.

BERGEN 26 APRIL 2022
Board of Directors at Beerenberg AS

Geir M. Aarstad
Chairman

Sebastian Ehrnrooth

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

Consolidated Statement of Changes in Equity

Amounts in NOK 1,000	Share capital	Share premium	Conver-sion reserve	Hedging reserve	Retained earnings	Total	Non controlling interests	Total
Equity as per 31.12.2019	**26 700**	**240 310**	**3 413**	**-826**	**170 475**	**440 072**	**0**	**440 072**
Annual result for the period					47 121	47 121	-641	**46 480**
Other Comprehensive income			-1 083	-49		-1 133		**-1 133**
Transactions with shareholders Changes in non-controlling interests							1 452	**1 452**
Equity as per 31.12.2020	**26 700**	**240 310**	**2 329**	**-875**	**217 596**	**486 060**	**811**	**486 871**
Annual result for the period					57 760	57 760	-1 327	**56 433**
Other Comprehensive income			-3 379	6 100		2 721		**2 721**
Transactions with shareholders Changes in non-controlling interests							404	**404**
Equity as per 31.12.2021	**26 700**	**240 310**	**-1 050**	**5 225**	**275 356**	**546 541**	**-113**	**546 428**

The accompanying notes 1–27 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

Amounts in NOK 1,000	Note	2021	2 020
Cash flows from operating activities			
Result for the period before tax		**70 854**	54 958
Tax paid for the period		**-15 565**	-16 418
Gains/losses from sales of fixed assets		**-2 935**	-60
Depreciation, write-down and amortisation	11, 12	**63 382**	70 896
Changes to inventory	14	**-11 541**	-5 089
Changes to accounts receivable from customers	13	**-56 777**	1 981
Changes to supplier liabilities		**52 728**	-26 525
Difference between expensed and paid-in/out pension premium		**1 497**	29
Changes to other time restricted items		**7 729**	7 736
Net cash flow from operating activities		**109 372**	87 508
Cash flows from investment activities			
Incoming payments from the sale of tangible and intangible fixed assets	11	**3 186**	91
Outgoing payments from acquisition of tangible and intangible fixed assets	11, 12	**-42 663**	-17 109
Net cash flow from investment activities		**-39 477**	-17 018
Cash flows from financing activities			
Outgoing payments on lease liabilities	13, 25	**-15 866**	-19 085
Incoming payments on long-term loans	13, 25	**50 000**	680 076
Outgoing payment on long-term loans	13, 25	**-50 822**	-850 000
Payments from entry of non-controlling interests	23	**404**	1 452
Net cash flow from financing activities		**-16 284**	-187 556
Net changes to cash and cash equivalents		**53 612**	-117 067
Cash and cash equivalents per 01.01		**139 733**	256 800
Cash and cash equivalents per 31.12	15	**193 345**	139 733

The accompanying notes 1–27 are an integral part of these financial statements.

Note 1 Information about the group

Beerenberg AS is a limited liability company registered in Bergen, Norway. The Beerenberg Group comprises the parent company Beerenberg AS and the subsidiaries Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Solutions Poland Sp. z o.o, Beerenberg Korea LTD, Beerenberg Singapore LTD, Beerenberg UK LTD, Beerenberg Holding (Thailand) LTD and Beerenberg (Thailand) Co., LTD.

The head office is in Bergen and the group has offices in Stavanger and Skien in Norway, in Singapore, Poland, South-Korea and in Thailand.

The group delivers expertise and technology as well as engineering and inspection services in the fields of surface treatment, passive fire protection, insulation, architecture/interiors, scaffolding, Rope access techniques, and habitats as well as mobile machining, cutting and decommissioning.

The consolidated financial statements comprise the parent company and subsidiary companies, referred to collectively as "the group" and individually as "group entities".

Refer to note 16 for ownership structure.

The annual financial statements were authorised for issue by the board of directors on 26 April 2022.

Note 2 Basis of preparation

Confirmation of financial framework

The consolidated financial statements have been prepared in accordance with EU-approved IFRS standards and associated interpretations as required as at 31 December 2021 and in accordance with additional Norwegian disclosure requirements under the provisions of the Norwegian Accounting Act as at 31 December 2021. There have been no changes in accounting principles from 2020 to 2021.

The proposed consolidated financial statements were authorised by the board and CEO on the date stated in the signed statement of financial position. The consolidated financial statements shall be reviewed by an ordinary general meeting for final approval.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY

The consolidated financial statements are presented in NOK, which are both the functional currency of the parent company and the presentation currency of the group.

The accounts of individual entities within the group are measured in the currency used where the entity predominantly operates (functional currency). The group have subsidiaries in Poland, UK, Thailand, Singapore and Korea where the functional currency is PLN, GBP, THB, SGD and KRW respectively. However, of the groups consolidated revenue more than 90% is in NOK, thus changes in currencies have limited impacts on the consolidated figures

BASIS OF CALCULATIONS

The consolidated financial statements have been prepared using historical cost principles, with the exception of

- Derivatives, which are assesed at fair value.

Note 3 Accounting principles

The accounting principles described below have been consistently applied to all companies in the group in all periods.

Consolidation principles

SUBSIDIARY COMPANIES

The subsidiary companies include all entities where the group has a deciding influence on the entity's financial and operational strategy, normally through the ownership of more than 50% of the voting capital, and where the entity constitutes an enterprise. Subsidiaries are consolidated from the date when control was transferred to the group. Consolidation ceases on the date when the group no longer has control.

Acquired subsidiaries are accounted for in the consolidated financial statements based on the parent company's acquisition cost. When acquiring a subsidiary company, the purchase price of the acquired undertaking must be distributed so that the opening balance of the group reflects the estimated fair value of the assets and liabilities that have been acquired. In order to establish the fair value of an acquisition, alternative methods must be used for assets for which there is no active market. Excess value beyond that which can be attributed to identifiable assets and liabilities is recognized as Goodwill. If the fair value of the equity in an acquired company exceeds the consideration paid, the excess is immediately recognized as income. The allocation of the purchase price upon consolidation is amended if new information appears about the fair value applicable on the date control was obtained, no later than 12 months after the acquisition took place.

Intragroup transactions, balances and unrealised gains are eliminated. Unrealised losses are also eliminated but are considered to be an indicator of impairment, which would require an assessment to be made as to whether the transferred asset should be written down.

Group entities
The statements of financial position and comprehensive income of group entities with a functional currency that differs from the presentation currency are translated as follows:

a) The statement of financial position is translated using the exchange rate at the end of the reporting period
b) The statement of comprehensive income is translated using the average exchange rate (if the average exchange rate does not give a reasonable overall estimate for the transaction exchange rate, then the transaction exchange rate is used)
c) Translation differences are taken to other revenues and costs and are specified as a separate item.

Conversion reserve
This fund is a part of the statement of equity and includes all foreign exchange differences related to the conversion of financial statements from foreign subsidiaries.

Financial instruments

The group initially recognizes financial instruments on the date the group becomes a party to the contractual provisions of the instrument.

CLASSIFICATION AND MEASUREMENT

The group classifies its financial assets in the categories (1) amortized cost (2) financial assets at fair value through other comprehensive income (3) financial assets at fair value through profit or loss. Classification is dependent on the objective of the financial instrument and the groups business model.

AMORTIZED COST

Financial instruments that the group holds in order to receive contractual cash flows is recognized at fair value and is in subsequent periods measured at amortized cost. This mainly relates to financial instruments as trade receivables, other receivables and bank deposits.

Financial liabilities are recognized at fair value and are measured, as a main rule, in subsequent periods at amortized cost. Financial liabilities like trade payables, leasing, bond, and other liabilities are classified as amortized cost.

If an impairment in the fair value of a financial asset has been taken directly to other income and expenses, and if there is objective evidence that the asset has been the subject of an impairment, the accumulated loss that has been recognized directly in other income and expenses in profit or loss will be recognized. This applies even if the financial asset has not been realised. The loss recognized in profit or loss is the difference between the acquisition cost at the time of acquisition and the current fair value, less any impairment of the financial asset previously recognized in profit or loss.

With the exception of inventories (see Inventories) and deferred tax assets (see Income tax), the carrying amount of the group's financial assets is continually assessed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The group has entered into an interest swap in order to reduce the risk of variable interest rate on Bond. This interest swap is designated as a hedge instrument in hedge accounting in accordance with IFRS 9, and changes in fair value of this interest swap is recognized through other comprehensive income. Details of this interest swap is further described in note 24.

FAIR VALUE THROUGH PROFIT OR LOSS

By default, other financial instruments that are not classified as amortized cost or designated as a hedge instrument and recognized as fair value through other comprehensive income is recognized as fair value through profit or loss.

Derivatives are classed as financial assets at fair value through profit or loss, unless they are part of a hedge relationship. The only derivative the group have in 2021 is designated as a hedge instrument, thus there are now no financial instruments recognized through profit or loss

DERECOGNITION OF FINANCIAL INSTRUMENTS

The group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the group transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30–45 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 13.

Trade payables and other short-term payables

Trade payables are measured at fair value when initially recognized and at amortised cost in subsequent periods. Due to their short residual maturity, the nominal value of the payables is deemed to reflect their fair value / amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

Share capital

Ordinary shares are classed as equity. Costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity (share premium) net of any tax effects.

Tangible non-current assets

The group's tangible non-current assets comprise production equipment, workshops and improvements to buildings and other operating equipment. Tangible non-current assets are recognized in the statement of financial position at cost less accumulated depreciation and write-downs. The cost price of tangible non-current assets is the purchase price including expenses directly attributable to the purchase of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, borrowing costs and other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items, and restoring the site on which they are used.

Expenses incurred after the non-current asset has been put into use, such as ongoing daily maintenance, are recognized in profit or loss in the period in which they were incurred, except for other expenses expected to generate future economic benefits that are recognized as a part of the non-current asset.

If substantial, individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate components.

Gains and losses on disposal are included in the operating profit or loss.

Goodwill

The group measures Goodwill as the fair value of the consideration transferred, less the net amount (normally fair value) of the identifiable assets acquired and liabilities assumed, all measured as at the acquisition date.

Goodwill is distributed to cash-generating units and is not subject to an amortisation schedule but is tested for impairment annually and when there is an indication that a write-down is necessary. Goodwill write-downs are not reversed. For the purpose of testing Goodwill for impairment, Goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition.

Intangible assets

RESEARCH AND DEVELOPMENT

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge, is recognized in profit or loss as incurred.

Development activities include designs or plans for the production of new or substantially improved products and processes. Development expenditure is capitalized only if it can be reliably measured, if the product or process is technically or commercially viable, if future economic benefits are probable, and if the group intends to and has sufficient resources to complete the development and to sell or use the asset. The expenditure capitalized includes materials, direct labour, directly attributable overhead costs and borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life. Depreciation is calculated on the basis of the cost of the asset or other amount substituted for cost, less its residual value.

The economic useful life of scaffolding is assessed, and its period of use has been set at 15 years. The period of use is the period in which the group expects to use the scaffolding and may thus be shorter than its economic useful life. The period of use and the residual value are assessed at the end of each reporting period and adjusted if necessary. Scaffolding is depreciated over a period of 15 years.

Containers and workshops are depreciated over a period of 10 years, while other production equipment and other assets are depreciated over a period of 3–7 years.

Intangible assets are amortised on a straight-line basis over their estimated useful life from the time they are available for use, since this most closely reflects the consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current period and comparative periods are as follows:

- Customer relationships 3–10 years
- Technology 5–10 years

Amortisation method, useful life and residual value are reviewed annually and adjusted if necessary.

Impairment losses of non-financial assets

When the carrying amount of a non-current asset is higher than the estimated recoverable amount, the value is written down to the recoverable amount. The recoverable amount is the greatest of fair value less cost to sell and its value in use. The scope for reversing any previous write-downs (except Goodwill) is assessed on each reporting date.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually.

An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds the recoverable amount. Impairment losses are recognized through profit or loss.

Impairments estimated for cash-generating units are allocated so that the carrying amount of any Goodwill in the cash-generating units is reduced first. Next, the remaining impairment losses on the other assets in the unit are allocated pro rata based on the carrying amount.

CALCULATING THE RECOVERABLE AMOUNT

The recoverable amount of an asset is the greater of the net selling price (less cost to sell) and value in use. The value in use is estimated by discounting expected future cash flows to their present value using a market-based risk-adjusted discount rate. For assets that do not generally generate independent cash flows, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs.

REVERSING IMPAIRMENT LOSSES

Impairment losses on Goodwill are not reversed. In respect of other assets, impairment losses are reversed if there is any change to the estimates used to calculate the recoverable amount.

Lease agreements

IFRS 16 requires all contracts that contain a lease to be recognized on the balance sheet as a right-of-use asset and a corresponding lease liability. The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term. For Beerenberg this mainly applies to office buildings and other facilities. Short-term and low value lease agreements are exempted from IFRS 16 and accounted for as operating expenses.

Inventories

Inventories are measured at an amount equal to the lower of acquisition cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. The acquisition cost of manufactured inventories includes the direct cost of materials, direct labour and a share of indirect production overheads, while the acquisition cost of purchased inventories is the cost price based on the first-in-first-out principle and includes the cost incurred in acquiring the inventories, production or conversion overheads and other costs incurred in bringing them to their existing location and condition. In accordance with IAS 2.28, the value of inventories is written down to the net realisable value if the inventories have been damaged or have become wholly or partially obsolete or if the selling price has fallen.

Pension costs and pension obligations

Pension costs and pension obligations are treated in accordance with IAS 19R. Pensions are described in Note 17. The net pension costs for the period are classed as salary and personnel costs.

The group operates a pension scheme financed by contributions paid into a separate legal entity (insurance company) in the form of a defined contribution plan. A defined contribution plan is a pension scheme under which the group pays fixed contributions to the insurance company. The group has no further payment obligations once the contributions have been paid. The contributions are recognized in profit or loss as salary costs as incurred. Prepaid contributions are recognized as assets to the extent that they can be refunded or reduce future contributions.

The group is also participant in the AFP scheme which is a pension-scheme that pays a lifelong supplement to ordinary pension benefits.

The group has in addition to the ordinary pension scheme also a supplementary pension plan for executive management and key employees.

Provisions

Provisions are accounted for when the group has an obligation (legal or self-imposed) resulting from a previous event if it is likely (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be reliably calculated. If the effect is significant, the provision is calculated by discounting expected future cash flows with a discount rate before tax that reflects the market's valuation of the time value of money and, if relevant, risks specifically linked to this obligation.

WARRANTIES

A provision for warranties is recognized when the underlying products or services are delivered. The warranty period is normally 2-5 years. At the end of a project, a provision is made to meet any warranty claims and complaints. The provision is based on historical information about warranties weighted by the probability that a warranty expense will be incurred. It is normal for such provisions to be a fixed proportion of the contract value, but a larger or smaller provision may be made depending on the specific assessment of individual projects. Experience from previous projects provides the best basis for making both general and specific warranty provisions. Factors that may affect the size of the provision include the group's quality measures and project implementation model.

RESTRUCTURING

A provision for restructuring is recognized once the group has approved a detailed and formal restructuring plan and the restructuring has either commenced or been communicated to the affected parties.

ONEROUS CONTRACTS

A provision for onerous contracts is recognized when the group's expected revenue from a contract is lower than the unavoidable cost of meeting its contractual obligations. The estimated provision is the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. Before a provision is made, all impairment losses on assets associated with the contract are recognized.

Revenue recognition

REVENUES FROM SALE OF SERVICES

Most of the group's revenue is associated with long-term maintenance contracts. Revenues are recognized in accordance with IFRS 15 Revenue from contracts with customers. The groups primarily customers are within onshore/offshore oil service. The contracts are invoiced and recognized as income on basis of hours incurred multiplied by a defined hourly rate associated with the services provided, unit price contracts are recognized as income in accordance with measured progress and equipment rental is recognized as income in the period the equipment is hired out.

As a general rule, these contracts are agreed with a fixed price per unit (unit price contracts) or a fixed price per hour, and variations thereof. What constitutes a unit varies from contract to contract, but as an example it may be a square metre of surface treatment.

At the end of each billing period, the group reports to the customer the number of hours and/or number of units completed in the period. The former is based on the recorded and approved number of hours, while the latter is based on physical progress. The customer reviews the supporting documentation and issues a payment certificate to the group. On the basis of the payment certificate, the group recognizes the revenue for the period as income and bills the customer. By having the customer review the documentation of work completed and issue a payment certificate, the revenue has the prior approval of the customer.

On smaller projects, the work carried out in the period is billed and recognized as income based on work completed or, as a general rule, based on approved timesheets, but without the customer issuing a payment certificate in advance. Some smaller projects are also billed and recognized as income upon completion of the project. These types of projects will rarely stretch over multiple reporting periods.

If the outcome of a contract cannot be measured reliably, the contract revenues are recognized only to the extent that the incurred contract expenses are expected to be met by the customer. An expected loss on a contract is recognized in profit or loss as incurred.

REVENUES FROM SALE OF GOODS

Revenue from the sale of goods is recognized when persuasive evidence exists that control of the goods have been transferred to the buyer. For sales of the group's products, transfer normally occurs once the product is received at the customer's warehouse or installation.

In some contracts, the delivery of materials is incorporated in the fixed hourly price or the fixed unit price. In other cases, the delivery of materials is billed separately. The delivery of materials is recognized as income when the materials have been put into use on a project or transferred to the customer in some other way.

REVENUES FROM HIRING OF EQUIPMENT

Normally revenue from hiring of equipment is considered as revenue from sale of service as the letting of scaffolding is part of the same performance obligation. The group also have some letting of scaffolding without connection to revenue from sale of service. Such letting of scaffolding and other equipment is invoiced and recognized as income in the period it has been let.

ACCRUED, NOT INVOICED CONTRACT REVENUES

Accrued, not invoiced contract revenues represent the value of completed contract work less payment from the customer. The value of completed contract work is measured at cost plus accrued net profit to date. Payment from customers is offset in the statement of financial position against contract work in progress. Received customer advances in excess of value of work performed are classified as current liabilities.

Government grants

The group receives various types of government grants in relation to its research and development activities. These may be funding through the SkatteFUNN scheme or other grants. Such grants, whereby the group is compensated for expenses incurred, are systematically recognized in profit or loss over the period that the expenses are recognized. Grants that compensate the group for the cost of an asset are recognized in profit or loss over the useful life of the asset.

The group also applies for other government support schemes where the group is qualified. Such grants are recognized as other revenue in the period received.

Finance income and finance costs

Finance income comprises interest income on funds invested during the year. Finance costs comprise interest costs incurred during the year.

Foreign currency gains and losses are reported on a net basis.

Income tax and deferred tax

Income tax expenses comprise current and deferred tax. Tax is recognized in profit or loss, except when it relates to items taken to other income and expenses or directly to equity or are linked to business combinations. If this is the case, the tax is also taken to other income and expenses or directly to equity.

Tax payable for the period is calculated in accordance with tax laws and rules that have been enacted, or substantially enacted, by the tax authorities at the end of the reporting period. Taxable income is calculated on the basis of the legislation in the countries in which the group's subsidiaries operate and generate taxable income.

Using the liability method, deferred tax is calculated on all temporary differences between the tax value and consolidated accounting value of assets and liabilities. The following temporary differences are not taken into account:

- Goodwill that is not tax deductible
- Initial recognition of assets or liabilities that affects neither accounting nor taxable profit or loss
- Differences relating to investments in subsidiaries that are not likely to reverse in the near future

Deferred tax is calculated using tax rates and tax legislation that have been enacted, or substantially enacted, at the end of the reporting period.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be generated against which the deductible temporary differences can be realised.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset them.

Statement of cash flows

The group's consolidated statement of cash flows shows the group's total cash flows spread over operating, investing and financing activities. The statement shows the effect of each activity on the group's liquid assets.

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term highly liquid investments with insignificant risk convertible into known amounts of cash with maturities less than three months from acquisition date.

Cash flows from operating activities is based on result before tax, and adjusted for change in working capital and depreciation. Thus, interest paid are presented as part of the operating cashflow.

Earnings per share

Basic earnings per share and diluted earnings per share are presented for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss for the period attributable to ordinary shareholders of the group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share are determined by adjusting the profit or loss and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for dilutive potential.

Determination of fair values

The group's accounting principles and note information require the determination of fair value for both financial and non-financial assets and liabilities. Fair values are determined for measurement and/or disclosure purposes based on the methods described below. If relevant, further information about the assumptions made is disclosed in the notes relating to the respective assets and liabilities.

TANGIBLE NON-CURRENT ASSETS

The fair value of property, plant and equipment is recognized at fair value if part of a business combination. The fair value of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

INTANGIBLE ASSETS

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method. The value is established residually by deducting a fair return on all other assets that together with customer relationships generate the cash flows used in the calculation.

The fair value of other intangible assets is based on the discounted expected cash flows derived from the use and subsequent sale of the assets.

INVENTORIES

The fair value of inventories acquired in a business combination is the estimated selling price in the ordinary course of business less the cost of completion and sale, to include a profit margin based on the effort required to complete and sell the inventories.

TRADE RECEIVABLES AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period (the reporting date).

ACCOUNTS PAYABLE AND OTHER LIABILITIES

Trade payables are obligations to pay for goods and services from suppliers to the ordinary operations and are measured at fair value (historical cost)

Loans are recognized initially at fair value when the loan is paid, net of transaction costs. In subsequent periods, loans are measured at amortized cost using effective interest rate.

Other liabilities are measured at fair value.

Estimates and judgements

Preparing the financial accounts in accordance with IFRS requires the management to make assessments, estimates and assumptions that affect the application of the accounting principles. The carrying amounts of assets and liabilities, as well as revenues and costs, are affected by these assessments. Actual results may deviate from estimated amounts. Estimates and their associated assumptions are based on historical data and other factors that are deemed to be relevant and representative. These calculations form the basis for assessing the amounts recognized in respect of assets and liabilities that cannot be determined on the basis of other sources.

Estimates and underlying assumptions are reviewed continually. Changes to accounting estimates are recognized in the period in which they occur if they only apply to that period.

If the changes also pertain to future periods, the effect is distributed over the current and future periods.

Estimates and judgements are reviewed on an ongoing basis and are based on historical information and other factors, including assumptions and future events that are deemed likely under the current circumstances.

ESTIMATES/ASSUMPTIONS

The group produces estimates and makes judgements/ assumptions about the future. The resulting accounting estimates will rarely correspond fully to the final outcome. Estimates and assumptions that entail a risk of substantial changes in the carrying amounts of assets and liabilities during the next accounting year are:

i) **Revenue recognition** – As described in the section revenue recognition, often a measurement of physical progress in the service delivery is applied, which in some cases lead to use of estimates.

   The most significant source of uncertainty in respect of revenues from contracts with customers relates to the estimation of supplementary work, additional requirements and bonus payments that are recognized as income to the extent that the group finds it highly probable that a significant reverse of revenue will not occur. For many projects, there may be substantial changes to the agreed scope of work that may lead to a number of variations in contract work. It is normal for contracts to contain provisions for how such changes should be handled. At any given time there will be unapproved variations in contract work and requirements included in the contract revenues. Although the management has extensive experience in assessing the outcome of such negotiations, there will always be an element of uncertainty.

   The cost of completion depends on both productivity factors and salary levels. Factors that may substantially affect cost estimates, requirements and variations in contract work include weather conditions, access to work sites, the price of raw materials and other circumstances that may have an effect on time use.

   Revenue recognition of contracts with mobilisation and demobilisation costs requires assumptions to be made about the duration of the contract, including potential extension options, in order to allocate expenses and revenues from the mobilisation/demobilisation period over the delivery period. Changes in the delivery period may result in adjustments being made to the accrued amount.

ii) **Goodwill** – In accordance with the accounting principles, the group performs tests annually, or more frequently if necessary, to determine whether Goodwill recognized in the statement of financial position should be written down. The estimated recoverable amount is calculated on the basis of the present value of budgeted cash flows for the cash-generating unit. The calculations require the use of estimates and that they are consistent with the market valuation of the group. Specific information about Goodwill and the testing of carrying amounts is provided in Note 12 Intangible assets.

New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time for the reporting period commencing 01.01.2021:

- Interest Rate Benchmark Reform phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The Covid-19-Related Rent concessions amendment has not had any impact on the amounts recognized in prior periods and is not expected to significantly affect the future periods.

The Interest Rate Benchmark Reform phase 2 amendment address the issue that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The group have financial agreements linked to the NIBOR benchmark rate, most notably the Bond issue described in note 25, and the interest rate swap described in note 24. The NIBOR benchmark rate will be replaced by NOWA, however the implementation date is not set. It is expected that future financial agreements will be linked to NOWA instead of NIBOR, but the expectation is that the major current agreements will not be affected, as the maturity date of these is in 2023 when NIBOR is expected to be still available. The future change of benchmark rate in financial agreements relevant for the group is not expected to materially change the total interest rate level in such agreements. Thus the effect of the interest rate benchmark reform is expected to have limited effect for the group.

Note 4 Financial risk management

As a global supplier of oil services, the group is exposed to market risks, exchange rate risk and interest rate risk, credit risk, inflation risk and liquidity risk.

The group has established procedures and guidelines for setting appropriate risk levels for its main risks and for monitoring its risk exposure. The group's objectives for capital management are to sustain the group's position as a going concern in order to generate a return for shareholders, to be of benefit to other interested parties, and to maintain an optimal capital structure in order to reduce the cost of capital.

Risk management for the group is undertaken centrally in accordance with guidelines approved by the board of directors. The group identifies, measures, manages and reports financial risks in collaboration with the various operating units.

Managing the capital structure involves actively monitoring and adjusting the composition in accordance with changes in financial and economic circumstances and in the risk linked to underlying assets. In order to maintain the desired capital structure, the group may refinance debts, buy or issue new shares or debt instruments, or it may sell assets.

The group continuously monitors counterparties in order to reduce risk relating to financing, investing excess liquidity, bank balances from operations and derivatives. The group's guidelines impose limitations on exposure to individual counterparties and contain procedures for identifying risk factors when they occur.

The board produces principles for the risk management policy and issues guidelines for specific areas such as exchange rate risk, interest rate risk, credit risk, the use of financial derivatives and other financial instruments and for investing excess liquidity.

Exchange rate risk

The group predominantly operates in Norway, but some of its activities are international and thus exposed to exchange rate risks in several currencies. Exchange rate risks emerge from current and future assignments and from recognized assets. The group is exposed to exchange rate fluctuations because a limited portion of the group's revenue and cost is in other currencies. According to group policy, customer- and supplier contracts with exchange rate risk exceeding defined limits shall be hedged.

The parent company uses NOK as its functional currency. An assessment is made annually as to what is the actual functional currency of each entity in the group.

The group has relatively insignificant investments in overseas subsidiaries where net assets are exposed to exchange rate risks upon translation.

Sensitivity analyzes related to exchange rate fluctuations is described in note 13. Normally these sensitivities are calculated at +/− 10% change, but due to increased volatility in exchange rates, the effects have now been calculated at +/− 30%.

Market risk

The Beerenberg group operates in the oil and gas market, which due to price fluctuations can be volatile. Beerenberg is affected by the oil companies' actions and the prevailing oil and gas prices. To mitigate this, Beerenberg has diversified into various segments of the market, e.g. new-build and maintenance and modification projects. Beerenberg is also expanding internationally, with the proprietary Benarx® product range and it is looking into related market segments, such as infrastructure for both products and services.

There is reason to believe that investment growth on the Norwegian Continental Shelf will abate in the long term. In order to expand its operations and customer base, the group has therefore been working to grow its international presence.

Cash flows and fair value interest rate risk

Variable rate loans pose an interest rate risk to the group's cash flows. The group is exposed to interest rate risks relating to debts, including financial leasing. Interest bearing debt as at 31.12.21 is a Bond issue and financial leasing, refer to note 25.

The weighted average effective rate of interest in relation to debt, was 9.9% in 2021 (2020: 8.9%).

Interest rate risks are continually reviewed by looking at potential refinancing, renewal of existing contracts, alternative financing and hedging. The groups calculation of interest on contracts is entirely linked to liabilities.

If effective interest rates had been 1% (percentage point) higher/lower on loans in NOK in 2021 and all other variables were constant, this would have resulted in a reduction/

increase in profit/loss after tax of NOK 5.5 million in 2021 (2020: 6.6 million) Equity would have been similarly affected.

This is due to higher/lower interest costs on variable rate loans.

The group's interest-bearing assets comprise as of 31.12 of bank deposits of NOK 193.3 million. Changes in market interest rates would affect operating cash flows related to these interest-bearing assets, but to a relatively modest degree.

FINANCIAL DERIVATIVE INSTRUMENTS

The group holds a limited number of financial derivative instruments to hedge its foreign currency and interest rate risk exposures. The management strategy is, at present, to use hedging instruments in order to mitigate the effect of changes in variable interest rates. The long-term financing of the group is based on variable interest rates (3 mnth Nibor) which is subject to fluctuations. The strategy is to minimize this risk by entering into interest swaps agreements to swap variable interest rates to fixed rates at a proportion of around 70% of total outstanding loans.

Derivatives are recognized initially at fair value. Changes in fair value are recognized in profit or loss, except for hedging instruments that meet the criteria for hedge accounting.

The group follows IFRS 9 criteria's for classifying a derivative instrument as a hedging instrument. These are as follows:

a. the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b. at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c. the hedging relationship meets all of the following hedge effectiveness requirements:

    i. there is an economic relationship between the hedged item and the hedging instrument
    ii. the effect of credit risk does not dominate the value changes that result from that economic relationship and
    iii. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedging instruments classed as cash flow hedges offset variations in cash flows caused by changes in exchange rates, interest rates and market values. For cash flow hedges that meet the criteria for hedge accounting, all gains and losses on the effective part of the contract are recognized in comprehensive income and as hedging reserve in the statement of equity, while those on the ineffective part are recognized in the income statement under finance.

Derivative financial instruments with positive fair value are classified as current assets if the remaining maturity of the hedged item is less than a year into the future, and as fixed assets when the remaining maturity of the hedged item is more than a year ahead. Financial derivatives with negative fair value are classified as a current liability if the remaining maturity of the hedged item is less than a year into the future, and as a long-term liability when the remaining maturity is more than a year ahead.

Refer to note 24 for a specification of the group's current derivative instruments.

Credit risk

Credit risks are assessed at group level. The group's financial assets that are exposed to credit risks are predominantly trade receivables. These receivables mostly concern multinational oil companies and independent oil and gas companies, including companies that are wholly or partially owned by foreign governments. The group handles its exposure to credit risk by carrying out continual credit checks of customers and make provisions for losses on doubtful accounts.

Routines are incorporated to ensure that sales are only made to customers with satisfactory credit worthiness. If an independent credit rating of a customer is available, it will be used when determining a credit limit. If no independent assessment of the customer's credit worthiness is available, an assessment is carried out on the basis of the customer's financial position, history and other factors as appropriate. Individual limits for risk exposure are set on the basis of internal and external assessments of credit worthiness and of guidelines provided by the board of directors. The major customers are predominantly large international oil companies or government-owned oil companies. Such companies generally have very good credit ratings.

The group have not provided any warranties that pose a significant risk.

The group continuously seeks new opportunities for example in new build projects and increased presence in projects abroad. To enter new market segments, could imply changes to credit risk. This is a factor that the group has high focus on evaluating when considering such opportunities.

Liquidity risk

The group is exposed to liquidity risks relating to the repayment of debts and payments to suppliers. Cash flow forecasts are created for each operating unit within the group and aggregated at group level. Rolling forecasts for the group's liquidity requirements are monitored centrally to ensure that the group has sufficient cash equivalents to meet operating-related liabilities at all times. Such forecasts take into account the group's planned loans, compliance with borrowing terms and compliance with internal targets for reporting figures.

On the reporting date, the group had bank deposits of NOK 193.3 million plus an unused overdraft of NOK 71 million, designed to meet the liquidity risk.

Note 13 shows the group's interest-bearing financial liabilities classed according to maturity structure. Classification is carried out according to the due date stated in the contract. The amounts in the table are undiscounted contractual cash flows.

Interest-bearing long-term debt consists of a Bond with the principal amount of NOK 700 million. This Bond matures in November 2023.

Risk relating to capital management

The group's objectives for capital management are to sustain the group's position as a going concern in order to generate a return for its owners and to maintain an optimal capital structure in order to reduce the cost of capital.

In order to improve its capital structure, the group can adjust the level of dividends paid to shareholders, issue new shares, or sell assets to repay loans. The gearing in the group for 31.12.21 and for 31.12.20 is shown in table below.

	2021	2020
Total interest bearing debt	744 034	740 262
Less cash and cash equivalents	-193 345	-139 733
Net interest bearing debt	550 689	600 529
Total Equity	546 428	486 871
Total Capital (adjusted)	1 097 117	1 087 400
Debt Ratio	50%	55%
Gearing	1.0	1.2

Note 5 Segment

(Amounts in NOK 1,000)

Operating segments are reported consistent with internal reporting provided to Chief Operating decision maker. Chief Operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is defined as the Board of Directors. As at 31.12 there are two reporting segments in the group, "Services" and "Benarx". Services includes business related to the traditional ISS activity of the company which is mainly related to major framework contracts. Benarx includes business involving production of insulation materials and related subsea insulation business.

	Services		Benarx		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating revenue external	1 898 140	1 426 221	237 879	296 506			2 136 019	1 722 727
Operating revenue internal	4 822	4 841	70 328	45 442	-75 151	-50 284	0	0
Total Operating revenue	**1 902 962**	**1 431 063**	**308 208**	**341 948**	**-75 151**	**-50 284**	**2 136 019**	**1 722 727**
Direct cost	1 591 004	1 170 746	234 340	255 748	-70 328	-45 442	1 755 016	1 381 053
Gross profit	**311 958**	**260 316**	**73 868**	**86 200**	**-4 822**	**-4 841**	**381 003**	**341 674**
Admin & overhead	136 422	93 651	32 953	36 160	-4 822	-4 841	164 552	124 969
EBITDA *	**175 537**	**166 666**	**40 915**	**50 040**	**0**	**0**	**216 451**	**216 706**
Depreciation, and impairment losses of tangible assets	39 858	39 169	9 221	15 263			49 079	54 432
EBITA **	**135 679**	**127 497**	**31 694**	**34 777**	**0**	**0**	**167 372**	**162 274**
Amortisation and impairment losses of intangible assets	14 155	16 351	149	149			14 303	16 500
EBIT ***	**121 524**	**111 146**	**31 545**	**34 628**	**0**	**0**	**153 069**	**145 774**

*) Operating result before depreciation, amortisation and impairment losses
**) Operating result before amortisation and impairment losses of intangible assets
***) Operating result

ASSETS	Services		Benarx		Not Allocated		Eliminations		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Intangible assets	15 452	27 070	3 793	3 988					19 246	31 057
Goodwill	582 762	582 762	200 000	200 000					782 762	782 762
Property, plants and equipment	177 887	175 686	30 453	37 877					208 340	213 563
Financial fixed assets	20 221	9 874							20 221	9 874
Deferred tax assets					3010				3 010	
Total noncurrent assets	**796 322**	**795 391**	**234 247**	**241 865**	**3010**				**1 033 579**	**1 037 256**
Inventory	45 067	33 150	32 723	33 099					77 790	66 250
Accounts receivable from customers	284 949	202 584	61 039	58 052			-39 600	-11 026	306 387	249 611
Other receivables	21 061	23 159	2 639	16 037					23 701	39 196
Earned, not invoiced contract revenues	184 271	127 207	10 950	16 791					195 220	143 998
Cash at bank, cash in hand and similar					193 345	139 733			193 345	139 733
Total current assets	**535 348**	**386 100**	**107 351**	**123 980**	**193 345**	**139 733**	**-39 600**	**-11 026**	**796 443**	**638 787**
Total Assets	**1 334 680**	**1 181 491**	**341 597**	**365 845**	**193 345**	**139 733**	**-39 600**	**-11 026**	**1 830 022**	**1 676 043**

GEOGRAPHIC

Revenue is also measured according to whether it is earned in Norway/on the Norwegian Continental Shelf (NCS) or internationally (ICS)

	NCS		ICS		Consolidated	
	2021	2020	2021	2020	2021	2020
Total Operating revenue	1 984 157	1 560 641	151 862	162 086	2 136 019	1 722 727

Reconciliation of EBITDA to profit/loss before tax:	**2021**	**2020**
EBITDA	216 451	216 706
Depreciation, amortisation and impairment losses	63 382	70 931
Net finance costs	82 215	90 817
Result before tax	**70 854**	**54 958**

Revenue from customers who make up more than 10% of total revenue

Revenue from 2 customers make up more than 10% of total revenue in 2021 or 2020.
Revenues from customer 1 amounted to 1 089 615 which was 51% of total revenue (2020: 971 777, 56% of total revenue).
Revenues from customer 2 amounted to 313 468 which was 15% of total revenue (2020: 140 662 8% of total revenue).

Note 6 Revenues

(Amounts in NOK 1,000)

Beerenberg's main contracts with customers are servicing and maintenance contracts. Main deliveries in these contracts involves enhancing assets that the customer controls while the asset is enhanced. This means that Beerenberg's customer contracts involving sales of services are recognized over time when services are delivered. Revenue from Beerenberg's contracts with customers involving sale of goods are recognized at a point in time which the company transfers control of the goods to the customer.

The company's revenue also arises from hiring out different types of equipment, mainly scaffolding. Contracts involving letting of equipment are normally integrated in contracts for perforing services. Revenues from letting of equipment are recognized over time as the customer has control of the equipment which is hired. Other revenue in 2020 and 2021 is mainly related to government business compensation scheme related to Covid-19 in Poland and in Norway.

	2021	2020
Revenues from contracts with customers		
Revenues from sale of services	1 733 713	1 271 747
Revenues from sale of goods	242 022	284 919
Revenues from hiring of equipment	152 566	138 658
Total revenue from contracts with customers	**2 128 301**	**1 695 323**
Other revenue		
Gains from sale of assets	2 935	60
Government business compensation scheme	4 783	25 698
Other revenue	0	1 646
Total other revenue	**7 718**	**27 404**
Total revenue	**2 136 019**	**1 722 727**
Accounts receivables		
Trade receivables at face value	309 840	254 121
Provision for losses on claims	(3 452)	(4 510)
Total trade receivables	**306 388**	**249 611**
Total accounts receivables		
Accounts receivables from customers	309 840	254 121
Earned, not invoiced accounts receivables	195 220	143 998
Total accounts receivables	**505 060**	**398 119**

Earned, not invoiced accounts receivables relates to consideration for work performed, but not yet invoiced at the reporting date.
This mainly pertains to work performed in December 2021, invoiced in January 2022. Earned, not invoiced accounts receivables is transferred to accounts receivables when the company has issued invoice to the customer.

Note 7 Other operating costs

(Amounts in NOK 1,000)

Beerenberg's other operating costs totals 322 904. (276 446 for 2020) 70–80% of these costs are project costs. Other costs are costs relating to consulancy fees, premises and associated costs, IT, insurance premiums, contingents, marketing and patent costs.

	2021	2020
Travel expenses	114 025	98 040
Rental of equipment	40 668	27 679
Other project costs	96 105	88 756
Consultancy fees	20 283	21 878
Facilities	19 990	14 664
IT	21 050	17 736
Other	10 783	7 693
Total other operating costs	**322 904**	**276 446**

Auditor's fee		
Statutory audit	1 365	1 301
Other assurance services	52	210
Tax advisory fee (incl. technical assistance with tax return)	226	153
Other assistance	34	127
Total	**1 678**	**1 791**

The sums stated are exclusive of VAT.

Note 8 Personnel costs

(Amounts in NOK 1,000)

Personnel costs	**2021**	**2020**
Salaries incl. holiday pay	753 676	634 357
National Insurance contributions	112 556	90 997
Pensions	27 280	27 415
Contract personnel	518 866	263 908
Other employee benefits	18 427	16 730
Total Personnel costs*	**1 430 805**	**1 033 406**
Number of Full-time equivalent (FTE) *	**2 221**	**1 716**

* Both salaries and FTEs includes hired in personnel.

Note 9 Finance income and finance costs

(Amounts in NOK 1,000)

Finance income and finance costs	**2021**	**2020**
Gains from purchase and sales of own bonds	1 571	1 000
Interest income from bank and other sources	582	1 575
Finance income	**2 153**	**2 575**
Interest cost bank	837	3 827
Interest cost bond	68 020	69 122
Interest cost interest swap	1 422	7 470
Amortization of refinancing fee	9 113	5 819
Interest cost leasing	2 857	3 124
Interests from vendors and other interest costs	1 492	3 318
Net foreign exchange losses, realised	1 130	-1 269
Net foreign exchange losses, unrealised	-503	1 982
Finance costs	**84 368**	**93 392**
Net finance costs recognised in income statement	**-82 215**	**-90 817**

Note 10 Tax

(Amounts in NOK 1,000)

	2021	**2020**
Tax payable has been calculated as follows		
Ordinary result before tax	70 854	54 958
Profit/loss in foreign subsidiaries, not included in basis for tax payable	-9 802	-7 659
Permanent differences	-225	-2 132
Change in differences included in the basis for deferred tax assets/liabilitites	23 354	9 905
Reversed taxable profit from previous years	0	-300
Basis for tax payable	**84 181**	**54 771**
Tax payable on the result for the year	**18 520**	**12 050**
Tax cost is calculated as follows:		
Tax payable on the result of the year	18 520	12 050
Corrections to previous years	970	201
Gross changes deferred tax	-5 069	-3 772
Total tax cost for the year	**14 421**	**8 478**

	31.12.2021	31.12.2020
Tax payable on the balance sheet has been calculated as follows:		
Tax payable on the result of the year	18 520	12 050
Total tax payable	**18 520**	**12 050**

Specification of deferred tax/deferred tax concessions changes over profit and loss		
Additions through business combinations	2 676	5 096
Fixed assets	7 566	6 944
Current assets	2 837	4 704
Liabilities	-11 179	-9 705
Precluded interest deduction to be carried forward	-4 860	-4 860
Other deferred tax	-1 524	-1 593
Net temporary differences	**-4 484**	**586**
Tax losses carried forward	0	0
Deferred tax before OCI	**-4 484**	**586**

Specification of deferred tax/deferred tax over OCI	**2021**	**2020**
Derivatives	1 473	-247
Deferred tax OCI	**1 473**	**-247**
Deferred tax assets (-) obligations (+)	**-3 010**	**339**

Explanation as to why the tax for the year does not amount to 22% of the result before tax		
22% of the result before tax	15 588	12 091
Permanent differences (22%)	-50	-469
Corrections to previous years	970	201
Profit/loss in foreign subsidiaries, not included in basis for tax payable	-2 088	-3 278
Reversed taxable profit from previous years	0	-66
Calculated tax	**14 421**	**8 478**

Note 11 Property, plant and equipment

(Amounts in NOK 1,000)

31.12.2021	Vehicles	Production equipment	Telecoms & IT	Buildings, barracks and halls	Right of use assets	Total 31.12.2021
Acquisition cost 01.01	33 253	489 744	16 476	57 916	82 338	**679 728**
Acquisitions of non-current assets	4 033	35 497	2 743	347	2 056	**44 677**
Disposals	0	-251		0		**-251**
Exchange rate effects		-380	-12	-47	-132	**-571**
Acquisition cost 31.12	**37 286**	**524 610**	**19 207**	**58 217**	**84 262**	**723 583**
Accumulated depreciation 01.01	26 116	339 920	16 140	48 999	34 989	**466 164**
Depreciation for the year	3 617	27 639	265	3 655	12 955	**48 132**
Write-downs for the year	5	941				**947**
Disposals – accumulated depreciation						**-**
Accumulated depreciation 31.12	**29 738**	**368 501**	**16 406**	**52 654**	**47 944**	**515 243**
Capitalized value 31.12	**7 548**	**156 110**	**2 802**	**5 563**	**36 318**	**208 340**
Economic useful life	5-7 years	5-10-15 years	3 years	10 years	2-10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

The category Production equipment contains some assets that are leased. The book value of leased material as of 31.12.2021 is 10 785 and relates mainly to scaffolding in the subsidiary Beerenberg Industri AS. For reference the book value of leased material as of 31.12.20 was 11 989.

Following implementation of IFRS 16 from January 1st 2019 long term rental agreements of property is booked as Right of use assets. The book value of such right of use assets is as of 31.12.21 36 318 (2020: 47 349) and represents the value of rental agreements for office buildings, factories or similar premises. The value of right of use is calculated by the sum off all future rent obligations discounted to the implementation date by applying a discount rate of 5%. The right of use assets are depreciated by straight line over the period for the rent. Refer to note 9 for interest cost of leasing, and note 13 for maturity overview of leasing. In addition to leasing agreements that are booked as right of use asset, the group also rents equipment, and some times also premises, on short term contracts or of low value. Cost related to such rental agreements are booked as other operating costs, refer to note 7.

31.12.2020	Vehicles	Production equipment	Telecoms & IT	Buildings, barracks and halls	Right of use assets	Total 31.12.2020
Acquisition cost 01.01	30 734	477 352	16 272	55 876	77 703	**657 937**
Acquisitions of non-current assets	2 519	12 329	204	2 041	4 651	**21 744**
Disposals		-31		0		**-31**
Exchange rate effects		94		0	-16	**78**
Acquisition cost 31.12	**33 253**	**489 744**	**16 476**	**57 916**	**82 338**	**679 728**
Accumulated depreciation 01.01	22 879	311 968	15 941	44 514	16 464	**411 767**
Depreciation for the year	3 236	27 338	199	4 485	18 525	**53 784**
Write-downs for the year		613				**613**
Disposals – accumulated depreciation						
Accumulated depreciation 31.12	**26 116**	**339 920**	**16 140**	**48 999**	**34 989**	**466 164**
Capitalized value 31.12	**7 137**	**149 824**	**336**	**8 918**	**47 349**	**213 563**
Economic useful life	5-7 years	5-10-15 years	3 years	10 years	2-10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

Note 12 Intangible assets and Goodwill

(Amounts in NOK 1,000)

31.12.2021	Patents and development projects	Software	Customer relationships	Goodwill	Total 31.12.2021
Acquisition cost 01.01	91 967	30 337	267 324	887 872	**1 277 499**
Acquisitions in-house R&D	2 049	449			**2 497**
Acquisitions of non-current assets					
Exchange rate effects		-5			**-5**
Acquisition cost 31.12	**94 016**	**30 780**	**267 324**	**887 872**	**1 279 991**
Accumulated amortisation 01.01	80 972	29 916	198 975		**309 863**
Accumulated write-downs 01.01	3 520		45 187	105 110	**153 817**
Amortisation for the year	2 971	333	11 000		**14 303**
Accumulated amortisation 31.12	**83 943**	**30 249**	**209 975**		**324 167**
Accumulated write-downs 31.12	**3 520**		**45 187**	**105 110**	**153 817**
Capitalized value 31.12	**6 553**	**531**	**12 162**	**782 762**	**802 008**
Economic useful life	5 years	5 years	10 years		
Depreciation schedule	Straight-line	Straight-line	Straight-line		

At the start of 2021 the Beerenberg AS Group had recorded Goodwill to the amount of 782 762. This goodwill is primarily allocated to the employees, corporate culture, know-how and synergies that can be realised in connection with the acquisition of subsidiaries. Stable operative management is achieved through the active ownership of key personnel in acquired companies. In 2013 Beerenberg Holding AS was aquired by Beerenberg AS, generating a Goodwill of 883 860. Following a non renewal of a large contract and subsequent impairment testing, this Goodwill was written down by the amount of 105 110 in 2016. In 2017 Beerenberg Industri AS was acquired by Beerenberg Services AS generating a Goodwill of 7 489. The Goodwill generated from the purchase of Beerenberg Industri was in 2018 adjusted downwards by the amount of 3 477 following an update of the Purchase Price Allocation analyzis. There were no changes to Goodwill in 2021, leaving the Goodwill as at 31.12.2021 to 782 762.

Intangible assets are measured on the basis that the asset will give future economic benefits, that the acquisition cost is identifiable, and that it has a lasting useful life. A test for impairment has been performed in accordance with IAS 36. According to IAS 36 the company shall estimate recoverable amount, and compare this to book values including Goodwill. The group reports two operating segments which operates as separate cashgenerating units, the “Benarx” segment and the “Services” segment. The “Benarx” segment consists of business related to the production of insulation materials and subsea related insulation business, and the “Services” segment consists of the traditional ISS activity of the company mainly related to larger framework contracts. Goodwill is allocated with 200 000 to the Benarx segment, and 582 762 to the Services segment. Goodwill was therefore tested for impairment by comparing capital employed in the two segments against the present value of expected cash flows of the segments.

Budget and forecasts approved by the Board of Directors for the next 3 years was the basis for the test of impairment. During this period, the EBIT margin is estimated to 7–10%. Key assumptions for estimated future cash flows are:

- Oil-price levels around average for the last two to three years, with a corresponding activity level on the Norwegian Continental Shelf. Especially, this is important related to maintenance and modification in the Services segment.
- The group maintaining a reasonable market share in the insulation material business, through amongst other deliveries to new build projects, initiated on Norwegian Continental Shelf.

Furthermore, a required rate of return is of 9.4% is applied. The required rate of return is built up using the WACC method (weighted average cost of capital).

The result of the impairmenttest was higher value of present value of expected cash flows than net capital employed in both segments.

Sensitivity analyses have been performed, and the table below set out changes in assumptions that results in an impairment situation:

Change in assumption	Segment	
	BENARX	SERVICES
Required rate of return *	+8%	+4.7%
Revenue **	-34%	-33%
Operating Result	-43%	-41%

* The group has applied a nominal WACC after tax of 9.4%. The figure shows that if WACC was set to 17.4% for Benarx and 14.1% for Services it will result in an impairment situation.

** Margins as before change of assumption.

The group believes that no reasonable changes in the assumptions that have been used for testing impairment, could result in a lower value of future cash flows than the net capital employed. Furthermore, the group has a good order portfolio that will help the group develop vertically and horizontally throughout the value chain. By exploiting existing synergies, the group will be able to make use of the market opportunities they offer through improved access to expert personnel. On that basis, and on the basis of estimated future revenues and described sensitivities, the group can justify that Goodwill will have a value in excess of the book value in both segments.

31.12.2020	Patents and development projects	Software	Customer relationships	Goodwill	Total 31.12.2020
Acquisition cost 01.01	91 967	30 304	267 324	887 872	**1 277 467**
Acquisitions in-house R&D					
Acquisitions of non-current assets		32			**32**
Exchange rate effects					
Acquisition cost 31.12	**91 967**	**30 337**	**267 324**	**887 872**	**1 277 499**
Accumulated amortisation 01.01	77 581	29 728	186 054		**293 364**
Accumulated write-downs 01.01	3 520		45 187	105 110	**153 817**
Amortisation for the year	3 391	187	12 921		**16 499**
Accumulated amortisation 31.12	**80 972**	**29 916**	**198 975**		**309 863**
Accumulated write-downs 31.12	**3 520**		**45 187**	**105 110**	**153 817**
Capitalized value 31.12	**7 475**	**421**	**23 162**	**782 762**	**813 819**
Economic useful life	5 years	5 years	10 years	10 years	
Depreciation schedule	Straight-line	Straight-line	Straight-line	Straight-line	

Note 13 Financial instruments

(Amounts in NOK 1,000)

Exposure to credit risk

Maximum exposure to credit risks on the reporting date was:

	Capitalized value	
	2021	2020
Trade receivables	306 387	249 611
Other receivables	23 701	39 196
Earned, not invoiced	195 220	143 998
Cash and cash equivalents	193 345	139 733
Total	**718 653**	**572 537**

Impairment losses

The age distribution of trade receivables as at 31.12 was as follows:

	2021		2020	
	Gross Trade receivables	Allowance for bad debt	Gross Trade receivables	Allowance for bad debt
Not overdue	278 236	2 366	207 973	1 878
0–30 days overdue	22 978	449	21 170	1 059
31–90 days overdue	4 058	203	18 516	925
More than 90 days overdue	4 567	434	6 461	648
Total	309 840	3 452	254 120	4 510

Change in provision account for impairment of trade receivables:

	2021	2020
Opening balance	4 510	5 669
Loss on trade receivables	-185	-43
Change in provision for bad debt	-873	-1 115
Closing balance	**3 452**	**4 510**

The group utilizes a model for considering potential loss of accounts receivables where a proportion of total outstanding amounts is treated as uncertain even if no objective evidence of uncertainty exists. This proportion increases with days the receivables are overdue. On top of the mathematical approach for considering provision for potential loss, items in the accounts receivables where objective evidence of increased risk of potential loss exists is also considered when setting the total provision for bad debt.

Liquidity risk

Contractual payments due in relation to financial commitments, including rent payments, are:

As at 31.12.21	Capital-ized value	Contractual cash flows	6 months or earlier	6-12 months	1-2 years	2-5 years	More than 5 years
Interest bearing long term lease liabilities *	29 586	29 586	0	0	13 624	13 793	2 168
Interest-bearing long-term liabilities **	635 586	789 675	30 766	28 689	53 658	676 563	
Interest bearing short-term liabilities **	78 861	78 861	47 163	31 699			
Trade payables	188 014	188 014	188 014				
Other current liabilities	203 210	203 210	203 210				
Total	1 135 257	1 289 346	469 153	60 387	67 282	690 356	2 168

* Lease liabilities includes rental of premises of 40 503 according to IFRS 16. These liabilities are discounted by applying a rate of 5%. Lease liabilities that matures next year are classified as short-term liabilities.

** Interest-bearing debt consists of a bond with the principal amount 700 000. Capitalized value includes deduction for transaction costs that are expensed as interest during the course of the loan (17 513). Interest rate on the loan is 3 month NIBOR plus margin of 8.0%. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. The loan matures 13. November 2023. It is not expected that the cash flows in the maturity analysis will occur at earlier dates, or with substantially different amounts. Next year installments of 50 000 are classified as interest bearing short-term liabilities.

As at 31.12.20	Capital-ized value	Contractual cash flows	6 months or earlier	6-12 months	1-2 years	2-5 years	More than 5 years
Interest bearing long term lease liabilities *	37 553	43 192	0	0	15 081	25 330	2 781
Interest-bearing long-term liabilities **	630 831	812 570	29 757	28 688	104 188	649 938	
Interest bearing short-term liabilities **	70 757	70 757	37 730	33 027			
Trade payables	135 285	135 285	135 285				
Other current liabilities	196 943	196 943	196 943				
Total	1 071 369	1 258 747	399 716	61 715	119 269	675 267	2 781

* Lease liabilities includes rental of premises of 52 453 according to IFRS 16. These liabilities are discounted by applying a rate of 5%. Lease liabilities that matures next year are classified as short-term liabilities.

** Interest-bearing debt consists of a bond with the principal amount 750 000. Capitalized value includes deduction for transaction costs that are expensed as interest during the course of the loan (26 401) as well as principal amount of own bonds (50 000) Interest rate on the loan is 3 month NIBOR plus margin of 8.0%. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. The loan matures 13. November 2023. It is not expected that the cash flows in the maturity analysis will occur at earlier dates, or with substantially different amounts. Next year installments of 50 000 are classified as interest bearing short-term liabilities.

Exchange rate risk

All amounts are in the currency stated in table	31.12.2021							31.12.2020						
	THB	EUR	USD	PLN	SGD	KRW	GBP	THB	EUR	USD	PLN	SGD	KRW	GBP
Cash and cash equivalents	21 693	367	1 656	1 658	113	2 723 250	448	59 698	236	1 620	1 160	1 694	1 572 372	463
Trade receivables	4 546	173	1 438	576	770	856 762	293	53 150	101	2 487	124	81	474 548	94
Trade payables	-2 973	-194	-81	-1 688	52	-8 526	1	-54 755	-182	-348	-913	-18	-486 075	-22
Net exposure	**23 266**	**346**	**3 013**	**545**	**934**	**3 571 486**	**743**	**58 092**	**155**	**3 759**	**372**	**1 758**	**1 560 844**	**535**

Significant exchange rates during the year:	Average exchange rate		Spot exchange rate	
	2021	2020	31.12.2021	31.12.2020
THB	0.269	0.301	0.264	0.285
EUR	10.163	10.726	9.981	10.488
USD	8.598	9.415	8.811	8.542
PLN	2.226	2.413	2.170	2.273
SGD	6.396	6.819	6.512	6.459
KRW	0.008	0.008	0.007	0.008
GBP	11.825	12.052	11.866	11.665

A decrease in NOK against the following currencies at the end of the year would have increased/(reduced) equity and profit by the amounts given below. The analysis is based on changes in the exchange rate within a reasonably possible range. The possible range is defined by the management at the end of the accounting year. The analysis assumes that other variables, particularly interest rates, remain constant. The analysis was carried out on the same basis as in 2020.

		Effect for 2021	Effect for 2020
Currency	**Change**	**Profit/loss**	**Profit/loss**
THB	30%	1 463	4 087
EURO	30%	824	389
USD	30%	6 062	8 281
PLN	30%	284	210
SGD	30%	1 398	2 804
KRW	30%	6 274	2 883
GBP	30%	2 055	1 508
		18 359	**20 162**

An increase in NOK against the above-mentioned currencies as at 31 December would have given the same figures, but with the opposite effect, once again assuming that other variables remain constant.

Of the cash in foreign currency the majority of USD is placed in KEB Hana Bank in Korea and OCBC bank in Singapore, PLN is placed in Danske Bank in Poland, GBP is placed in Danske Bank in UK, SGD is placed in OCBC bank in Singapore and THB is placed in Kasikorn bank in Thailand.

FAIR VALUE AND CAPITALIZED VALUE

The fair value and capitalized value of financial assets and liabilities:

	31.12.2021		31.12.2020	
	Capitalized value	**Fair value**	**Capitalized value**	**Fair value**
Assets carried at amortised cost				
Trade receivables	306 387	306 387	249 611	249 611
Cash and cash equivalents	193 345	193 345	139 733	139 733
Total	**499 732**	**499 732**	**389 344**	**389 344**
Liabilities carried at amortised cost				
Loan	685 586	725 849	680 831	729 982
Leasing and accrued interests	58 448	58 448	54 576	54 576
Trade payables	188 014	188 014	135 285	135 285
Total	**932 048**	**972 311**	**870 692**	**919 843**

The methods used to measure the fair value of financial instruments are described in the note on the group's accounting principles.

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Liabilities from financing activities		
Amounts in NOK thousands	**Borrowings**	**Leases**	**Total**
Net debt as at 31 December 2019	**852 195**	**69 010**	**921 205**
Cash flow changes			
Proceeds from borrowings	680 076	0	680 076
Repayment of borrowings	-850 000	0	-850 000
Payment of lease obligation	0	-19 085	-19 085
Non cash changes	2 293	0	2 293
Leasing related adjustments	0	4 651	4 651
Net debt as at 31 December 2020	**684 565**	**54 576**	**739 140**
Cash flow changes			
Proceeds from borrowings	50 000	0	50 000
Repayment of borrowings	-50 822	0	-50 822
Payment of lease obligation	0	-15 866	-15 866
Non cash changes	17 070	0	17 070
Leasing related adjustments	0	4 511	4 511
Net debt as at 31 December 2021	**700 813**	**43 221**	**744 034**

Note 14 Inventory

(Amounts in NOK 1,000)

	2021	2020
Raw materials	49 266	50 976
Work in progress	1 150	1 698
Finished goods	29 590	15 581
Provision for obselete inventory	(2 216)	(2 006)
Total Goods	**77 790**	**66 250**

Note 15 Bank deposits and cash equivalents

(Amounts in NOK 1,000)

Bank deposits and cash equivalents	2021	2020
Bank deposits	193 345	139 733
Total deposits	**193 345**	**139 733**

OVERDRAFT LIMIT

The group has a combined overdraft and guarantee limit of 150 000. Deductions on overdraft as at 31.12.2021 amounted to 0 for the group as a total. Utilization of the guarantee limit amounted to 78 689, refer to note 19 for details of guarantees.

Note 16 Share capital and shareholder information

(Amounts in NOK 1,000)

SHARE CAPITAL AND SHAREHOLDER INFORMATION:

The Company's share capital is 26 700 distributed on 267 000 000 shares, whereof 1 000 000 A-shares, and 266 000 000 B-shares. Nominal value per share is 0.0001. The A-shares have all rights. The B-shares have voting rights by 1 vote per 10 share and no rights to dividends. In the event of a liquidation of the company, the owner of B share shall be entitled to repayment of paid-in capital at the time when the share was subscribed (nominal and any share premium), but no excess amount. The B shareholders right at this point has a preferential right over the A shareholders right to liquidation dividends. Otherwise, the share classes are equal.

List of the major shareholders at 31.12.21:

Shareholder	A-Shares	%	B-Shares	%	Total Shares	%	Controlled by
Segulah IV L.P.	820 875	82.1%	223 247 653	83.9%	224 081 385	83.9%	
AlpInvest Partners 2012 I B.V.	92 121	9.2%	24 931 110	9.4%	25 023 231	9.4%	
AlpInvest Partners 2012 II B.V.	23 319	2.3%	6 310 883	2.4%	6 334 202	2.4%	
GRAA AS	11 792	1.2%	3 379 600	1.3%	3 393 800	1.3%	Chairman of the board
Svein Eggen Holding AS	5 325	0.5%	1 267 350	0.5%	1 272 675	0.5%	Board member
Mowin AS	5 325	0.5%	1 267 350	0.5%	1 272 675	0.5%	Board member
Other	41 243	4.1%	5 596 054	2.1%	5 622 032	2.1%	
Total	**1 000 000**	**100.0%**	**266 000 000**	**100.0%**	**267 000 000**	**100.0%**	

Basic earnings per A-share is 0.056 for 2021 compared to 0.046 for 2020.

Basic earnings per share are based on the profit/loss attributable to A-shares and on the weighted average number of ordinary shares outstanding. Diluted earnings per share are identical as there is no dilutive effect.

Note 17 Employee benefits – pensions

(Amounts in NOK 1,000)

MANDATORY OCCUPATIONAL PENSION

The company is obliged to operate an occupational pension scheme in accordance with the Norwegian act on mandatory occupational pensions. The company's pension schemes satisfy the provisions of this act.

EXTENDED PENSION SCHEME

CEO and other defined other key personell have an additional pension scheme agreement which amounts to 10% of salary for CEO, 6% of salary for group executive management, and 3% for other members of this pension scheme.

Pension assets has the following composition	**2021**	**2020**
Assets related to extented pension scheme	13 524	9 874
Total pension assets	**13 524**	**9 874**

Pension obligations has the following composition	**2021**	**2020**
Liabilities related to extended pension scheme	15 375	11 266
Mandatory occupational pension liabilities	1 947	909
Total pension obligations	**17 322**	**12 175**

Pension cost in consolidated income statement has the following composition	**2021**	**2020**
Pension cost extended pension scheme	1 969	2 700
Pension cost mandatory occupational pension	12 364	12 879
Pension cost AFP scheme	12 947	11 836
Total pension cost in consolidated pension cost	**27 280**	**27 415**

Note 18 Remuneration of key employees

(Amounts in NOK 1,000)

Directors' fees	**2021**
Chairman Geir Aarstad *	200
Ingelise Arntsen	215
Hilde Drønen	195
Morten Walde	195
Sebastian Ehrnrooth	175
Total for board members elected by shareholders	**980**
Finn Kydland	60
Andre Simonsen	60
Tore Kjell Jørgensen (deputy member)	2
Christian Jørgensen (deputy member)	3
Ann Kristin Midttun (deputy member)	2
Rune Kårbø (observer)	9
Ståle Andreas Hovdekleiv (observer)	-
**Total for board members elected by employees ** **	**135**

* Chairman from 28th of June 2021.

** This applies to directors' fees for board positions in subsubsidiary Beerenberg Services AS.

Group executive management

2021	**Position**	**Salary**	**Other Compensations**
Arild Apelthun	CEO	2 897	1 362
Harald Haldorsen	CFO	2 089	252

Pensions are not included in the table above. Group executive management and CEO have an additional pension scheme agreement which amounts to 10% of salary for CEO, and 6% of salary for group executive management. The CEO has an agreement that guarantees salary payments for up to 18 months if the employer were to terminate his employment. A non-compete clause also apply to the CEO in the same period. The CEO has a performance-based bonus agreement, identical for all employees in the group executive management. Bonus may not exceed 40% of the annual salary for CEO and 30% for group executive management. No other bonuses, severance or options than described here are given to the board of directors or management.

In addition to ordinary salaries, key employees benefit from free telephones, broadband and mandatory contribution-based pensions. Everyone is paid a fixed salary, and no overtime payments are made. The key principles for setting management salaries at Beerenberg are that the company should be able to offer competitive terms. This relates to the combination of salaries, benefits in kind and pension schemes. The company operates in an international environment, a fact that is emphasised and reflected when setting the level of remuneration.

When setting remuneration for 2022, the company will apply the same policy as in 2021. This entails being a competitive employer who attracts necessary expertise and capacity. The company also wishes to retain expertise and encourage long-term employment relationships. In respect of salary levels, the company aims to be in the high to average range in relation to comparable companies in order to attract competent personnel.

Note 19 Warranty liabilities and provisions

(Amounts in NOK 1,000)

The group has provided a joint bank guarantee for all the companies in the group. In some cases, the group will provide bank guarantees to customers when entering into large fixed price contracts. As at 31.12.21, the guarantees totalled 32 189, compared to 66 665 as at 31.12.20.

A tax withholding guarantee of 46 500 has also been provided as at 31.12.21, compared to 46 500 as at 31.12.20.

The group has warranty liabilities relating to maintenance contracts. Warranty periods may last for three to five years after an annual programme has been completed. New-build and modifications contracts are generally subject to a two to three year warranty after the completion certificate has been issued.

Guarantee liabilities are assessed continuously per individual project that has guarantees provided. However, as it is difficult to estimate the probability that a warranty claim will arise per project and how much cost this would entail, there are also made an assessment of the overall uncertainty on group level (IAS 37.24)

Change in provision for for warranty liabilities is shown in the table below.

Warranty liabilities	**2021**	**2020**
Opening balance	19 792	18 990
Incurred warranty cost	100	0
Expired warranty provision	-3 239	-4 898
New warranty provision	4 875	5 700
Closing balance	**21 527**	**19 792**

Note 20 Other short-term liabilities

(Amounts in NOK 1,000)

Other short-term liabilities	**2 021**	**2 020**
Accrued holiday pay	79 460	66 933
Contract liabilities	10 374	22 354
Project provisions and provisions for accrued salaries	113 375	107 656
Total other short-term liabilities	**203 210**	**196 943**

Note 21 Contingent outcomes

PROJECT RISKS AND UNCERTAINTIES

The group's projects are largely long-term Frame Agreements awarded as the result of a tender. According to IFRS 15 revenue is recognized based on evaluation of work performed in the period. The value of work performed during the period are based on a measurement of physical progress recorded after a detailed inspection of actual progress, or based on the number of hours of work performed, normally also approved by the customer. Therefore, in each reporting period there will be a very limited degree of use of estimates related to revenue in projects involving services rendered. Similar, in projects involving delivery of goods income is recognized upon delivery to customer, so a very limited need for estimates exists.

However, circumstances and information may change in subsequent periods, and final outcomes may be better or worse than assessments made at the time the financial statements were prepared.

In the group's opinion, there are no projects as at 31.12.21 with uncertainties relating to estimates of revenue or cost that may be of significant importance to the consolidated figures.

LEGAL DISPUTES

From time to time, the group becomes involved in various disputes in its course of business. Provisions have been made to cover expected losses resulting from such disputes to the extent that negative outcomes are probable and reliable estimates can be produced. The final outcome of such cases will always contain elements of uncertainty, and may result in liabilities exceeding the recognised provisions.

Note 22 Related parties

(Amounts in NOK 1,000)

No related parties transactions were conducted in 2021.

Note 23 Group entities

As at 31.12.21 the group consist of the following 10 companies; Beerenberg AS, Beerenberg Holding AS, Beerenberg Services AS, Beerenberg Industri AS, Beerenberg Poland Sp. z o.o, Beerenberg Singapore LTD, Beerenberg UK LTD, Beerenberg (Thailand) Co., LTD., Beerenberg Holding (Thailand) LTD and Beerenberg Korea LTD.

Together with STB Corporation Company Limited, a subsidiary Beerenberg Holding (Thailand) LTD was established in the 4th Quarter of 2021. The investment by STB Corporation Company Limited in Beerenberg Holding (Thailand) LTD represents a non-controlling interest, thus net profit that is attributable to non-controlling interest is presented in the Condensed Statement of Income and in the Condensed Consolidated Statement of Change in Equity. The ownership interest is 49%, still Beerenberg Holding (Thailand) LTD and its subsidiary Beerenberg (Thailand) Co., LTD. is consolidated in the group accounts since the majority of voting rights is secured through the shareholder structure and agreements.

Company	Parent Company	Ownership interest
Beerenberg Holding AS	Beerenberg AS	100%
Beerenberg Services AS	Beerenberg Holding AS	100%
Beerenberg Industri AS	Beerenberg Services AS	100%
Beerenberg Solutions Poland Sp. z o.o	Beerenberg Services AS	100%
Beerenberg Singapore LTD	Beerenberg Services AS	100%
Beerenberg UK LTD	Beerenberg Services AS	100%
Beerenberg Holding (Thailand) LTD	Beerenberg Services AS	49%
Beerenberg (Thailand) Co., LTD.	Beerenberg Holding (Thailand) LTD	100%
Beerenberg Korea LTD	Beerenberg Solutions Poland Sp. z o.o	100%

Beerenberg Industri AS registered office is at Bedriftsvegen 10, Skien.

Beerenberg Singapore LTD's registered office is in Singapore. Beerenberg Poland Sp. Z o.o's registered office is in Poland. Beerenberg Korea LTD's registered office is in Korea.

Beerenberg (Thailand) Co., LTD's and Beerenberg Holding (Thailand) LTD registered office is in Thailand. Beerenberg UK LTD's registered office is in UK.

The other companies has registered office at Kokstaddalen 33, Bergen. The voting share in the subsidiary companies is identical to the ownership share, except for Beerenberg Holding (Thailand) LTD where the majority of voting rights is secured through the shareholder structure and agreements.

Note 24 Derivatives

(Amounts in NOK 1,000)

The group has used hedge accounting in accordance with IFRS 9. Refer to note 1 accounting principles for a description of the group's strategy for applying different types of derivatives to mitigate different types of risk exposures, and how these affects the financial statement. At the end of 2020 and 2021 only one derivative instrument was present, an interest swap agreement, to mitigate the effect of change in variable interest rates.

In connection with the new Bond loan, the group entered in December 2020 into an interest rate swap agreement to secure the cash flows related to long-term loans, where the loan terms are 3 months Nibor + margin. The contract involve an exchange of 3-month Nibor to the fixed rates set forth below for current principal in the maturity of the agreement. The fair value of interest rate swap is classified as non-current asset / liability since the remaining maturity of the hedged item (loan) is more than 12 months. Change in value of contracts are recognized in other comprehensive income. Interest rate swaps are valued according to level 2 of the valuation hierarchy (IFRS 13), ie the value derived from observable factors such as market interest rates. The fair value of the interest rate swap is at 31.12.21 positive and is therefore booked in the account group financial fixed assets under non current assets compared to last year when it was booked in the account group derivatives under long term liabilities.

2021

Risk Category	Nature of risk	Counter-party/ Bank	Agreement	Date of agreement	Maturity	Principal amount	Fixed interest	Variable interest	Classifi-cation	Market value as of 31.12.21	Fair Value 31.12.21
Cash flow hedge	Changes in variable interest rate	Danske Bank	62264732FO-BRD7L	17.12.2020	17.12.2020-13.11.2023	450 000	0.695%	3 mnth Nibor	Long term	6 697	6 697

2020

Risk Category	Nature of risk	Counter-party/ Bank	Agreement	Date of agreement	Maturity	Principal amount	Fixed interest	Variable interest	Classifi-cation	Market value as of 31.12.20	Fair Value 31.12.20
Cash flow hedge	Changes in variable interest rate	Danske Bank	62264732FO-BRD7L	17.12.2020	17.12.2020-13.11.2023	450 000	0.695%	3 mnth Nibor	Long term	-1 122	-1 122

Note 25 Interest-bearing liabilities

(Amounts in NOK 1,000)

The tables provide information about the contractual terms relating to the group's interest-bearing liabilities measured at amortised cost. For more information about the group's interest rates, currencies and liquidity risk, please see the section on financial risk management and exposure in the chapter on accounting principles.

SUMMARY OF INTEREST-BEARING LIABILITIES AS AT 31.12.2021

	Book value	Spread over NIBOR	Due	Terms of interest
Multicurrency overdraft facility, limit 150 000 *	-	2.5%	13.11.2023	NIBOR+Margin*
Interest-bearing leasing liabilities	43 221	1.5%-4.5%	2021-2028	NIBOR+Margin

* The facility has a total limit of 150 000 which includes guarantees. The remaining limit after reduction for guarantees are 71 327. There is a commitment fee for unused facility of 1.2%.

The group have the following loans:

Loans	Book value	Spread over NIBOR	Fair Value	Due	Terms of interest
Bond (Senior Secured Callable Bond Issue 2020/2023) *	682 487	8.00%	722 750	13.11.2023	3 mnth NIBOR+Margin
Government Loan **	3 099	-	3 099	25.07.2023	Interest free

* A 3-year Senior Secured Bond of 750 000 was issued in November 2020. Discount on principal amount and arrangement fee, have been classified net with the Bond. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. As at 31.12.2021 50 000 have been amortized. The maturity date of the bond is 13 November 2023. At redemption of the loan a premium of 3.25% on principal amount have to be paid, therefore Fair Value of the Bond is presented including this premium. The premium at redemption, as well as discount and arrangement fee is accrued as interest cost during the course of the loan. The table below explains the link between principal amount of the Bond, book value and fair value.

** The government loan provided to the subsidiary in Poland, Beerenberg Poland Sp Z o.o, is part of the Polish governments Covid support package. The loan is interest free.

Principal amount	700 000
3.25% premium to be paid at redemption of Bond	22 750
Fair Value	**722 750**
Principal amount	700 000
Discount principal amount and arrangement fee	-17 513
Book Value	**682 487**

** The government loan provided to the subsidiary in Poland, Beerenberg Poland Sp Z o.o, is part of the Polish governments Covid support package. The loan is interest free.

COVENANTS

In connection with the bond issue Beerenberg has signed an 150 000 super senior credit facility agreement with Danske Bank. The Facility agreement includes covenants related to quarterly Net Total Leverage ratio test (Net Debt / EBITDA). This ratio must be below 7.0 at 31.12.2021. The group has been in compliance with covenants in 2021.

Note 26 Secured liabilities

(Amounts in NOK 1,000)

The group has provided security for its arrangement with Danske Bank. The tables below provide an overview of the arrangement and the book value of the assets set up as security.

The group has provided joint bank guarantee for all the companies in the group. The group's guarantee liability pertains to contract guarantees for such guarantees and to guarantees to the authorities. As at 31.12.21, the guarantees totalled 78 673.

Security has been provided for the following debts:	31.12.2021	31.12.2020
Guarantees, incl. tax withholding guarantee	**78 673**	113 165
Interest bearing short-term liabilities	**78 861**	70 757
Interest bearing long-term liabilities	**665 173**	668 384
Total for the group	**822 707**	852 305
Capitalized value of assets provided as security for secured debts:		
Fixed assets	**172 022**	166 215
Inventory	**77 790**	66 250
Trade receivables	**306 387**	249 611
Total	**556 200**	482 075

Note 27 Events after the reporting date

(Amounts in NOK 1,000)

At the time of publication of the annual report, Russia has invaded Ukraine and strict sanctions have been imposed against Russia and Belarus. The consequences of the acts of war are uncertain. Beerenberg Group has insignificant activities in and exposure to these countries, but is following developments closely to detect any changes in our risk assessment.

BEERENBERG AS

Annual Accounts

Income statement

Amounts in NOK 1,000	Note	2021	2020
Other revenue		**0**	11 876
Total revenue	1	**0**	11 876
Operating expenses			
Other operating expenses	8	**1 658**	1 223
Total operating expenses		**1 658**	1 223
Operating result		**-1 658**	10 652
Intragroup interest income		**304**	834
Other interest income		**3**	1
Other finance income		**165 840**	157 663
Intragroup interest costs		**3 598**	4 415
Other interest costs		**69 485**	76 732
Other finance costs		**9 160**	5 820
Net financial items	9, 10	**83 904**	71 531
Ordinary result before tax		**82 245**	82 183
Tax	7	**17 749**	17 512
Annual profit		**64 496**	64 671
The annual profit/loss is attributable to:			
Other equity	5	**64 496**	64 671
Annual profit		**64 496**	64 671
Basic earnings per share for 1 000 000 A-shares	4	**0.064**	0.065

Diluted earnings per share are identical as there is no dilutive effect.

The accompanying notes 1-11 are an integral part of these financial statements.

Statement of Comprehensive Income

Amounts in NOK 1,000	Note	2021	2020
Annual profit		**64 496**	64 671
Other revenue and expenses			
Change in value of derivatives	7, 10	**6 100**	-49
Total Comprehensive income		**70 596**	64 622
Comprehensive income is attributable to:			
Shareholders		**70 596**	64 622
Total Comprehensive income		**70 596**	64 622

Other revenue and expenses is after tax and will be reversed in the income statement.

The accompanying notes 1-11 are an integral part of these financial statements.

Statement of Financial Position

Amounts in NOK 1,000	Note	31.12.2021	31.12.2020
Assets			
NON-CURRENT ASSETS			
Financial non-current assets			
Investments in subsidiaries	2	**1 257 646**	1 257 646
Derivatives	10	**6 697**	0
Total financial non-current assets		**1 264 344**	1 257 646
Total non-current assets		**1 264 344**	1 257 646
CURRENT ASSETS			
Receivables			
Other current receivables	2	**164 565**	158 762
Total receivables		**164 565**	158 762
Total current assets		**164 565**	158 762
Cash at bank	3	**80 614**	58
Total assets		**1 509 523**	1 416 466

Amounts in NOK 1,000	Note	31.12.2021	31.12.2020
Equity and Liabilities			
EQUITY			
Paid-in capital			
Share capital		**26 700**	26 700
Share premium		**240 310**	240 310
Total paid-in capital		**267 010**	267 010
Retained earnings			
Other equity		**520 930**	450 335
Total retained earnings		**520 930**	450 335
Total equity	4, 5	**787 940**	717 345
LIABILITIES			
Other non-current liabilities			
Deferred tax liabilities	7	**466**	922
Interest bearing long-term liabilities	6	**632 487**	623 599
Derivatives	10	**0**	1 122
Total other non-current liabilities		**632 953**	625 643
Current liabilities			
Interest bearing short-term liabilities	6	**65 212**	59 745
Tax payable	7	**19 925**	12 598
Other current liabilities		**3 492**	1 136
Total current liabilities		**88 630**	73 479
Total liabilities		**721 583**	699 121
Total equity and liabilities		**1 509 523**	1 416 466

The accompanying notes 1–11 are an integral part of these financial statements.

BERGEN 26 APRIL 2022
Beerenberg AS board of directors

Geir M. Aarstad
Chairman

Sebastian Ehrnrooth

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

Statement of Cash Flows

Amounts in NOK 1,000	Note	2021	2020
Cash flows from operating activities			
Result for the period before tax		**82 245**	82 183
Tax paid for the period	7	**-12 598**	-16 424
Changes to other time restricted items		**24 586**	-247
Net cash flow from operating activities		**94 234**	65 512
Cash flows from financing activities			
Change in draw on credit facility		**-6 054**	6 054
Incoming payments on long term loans	6	**50 000**	672 845
Outgoing payment on long term loans	6	**-50 000**	-850 000
Payment of group contribution	9	**156 646**	151 562
Group contribution booked as finance income	9	**-164 269**	-156 663
Net cash flow from financing activities		**-13 677**	-176 202
Net change in cash and cash equivalents		**80 556**	-110 690
Cash and cash equivalents per 01.01.		**58**	110 748
Cash and cash equivalents 31.12.		**80 614**	58

The accompanying notes 1–11 are an integral part of these financial statements.

Accounting principles

ACCOUNTING PRINCIPLES

The financial statements have been prepared in accordance with the regulation on simplified adoption of IFRS (International Financial Reporting Standards). The annual financial statements were authorised for issue by the board of directors on 26. April 2022.

CLASSIFICATION OF ITEMS IN THE STATEMENT OF FINANCIAL POSITION

Assets intended for long-term ownership or use are classified as non-current assets. Assets associated with the circulation of goods are classified as current assets. Receivables are classified as current assets if they fall due within one year. Analogue criteria are applied to liabilities. However, repayments of non-current receivables and non-current liabilities made in the first year are not classed as current assets or current liabilities.

TAX

The tax liability in the income statement comprises both tax payable and changes in deferred tax for the period. Deferred tax is calculated at the prevailing tax rate on the basis of the temporary differences between book value and taxable value and on any tax loss carryforward at the end of the financial year. Tax-increasing and tax-reducing temporary differences that are reversed or may be reversed in the same period have been offset.

INVESTMENTS IN SUBSIDIARIES

Subsidiaries are measured using the cost method in the separate financial statements. Investments are valued at the historical cost of the shares unless depreciation has become necessary. They are depreciated to fair value when the fall in value is due to circumstances that cannot be assumed to be temporary and it is deemed necessary in accordance with generally accepted accounting practices. Write-downs are reversed when the basis for a write-down is no longer present.

Any dividends received are in principle recognized as income, however. Dividends that exceed retained earnings after purchase are recognized as a reduction in the original cost. Dividends / Group contributions from subsidiaries are recognized in the same year that the subsidiary makes the provision.

LIABILITIES

Liabilities are recognized at their fair value when the loan is paid out, less transaction costs. In subsequent periods the loan is recognized at amortised cost using the effective rate of interest.

FINANCIAL INSTRUMENTS

The Company initially recognizes loans, receivables and deposits on the date of acquisition. All other financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when the Company transfers the contractual rights in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. All rights and liabilities in transferred financial assets that are created or retained as a result of the transfer are recognized separately as assets or liabilities.

Financial assets and liabilities are offset if the Company is legally entitled to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Offset amounts are presented net in the statement of financial position.

Financial derivative instruments

The group holds a limited number of financial derivative instruments to hedge its foreign currency and interest rate risk exposures. The management strategy is, at present, to use hedging instruments in order to mitigate the effect of changes in variable interest rates. The long-term financing of the group is based on variable interest rates (3 mnth Nibor) which is subject to fluctuations. The strategy is to minimize this risk by entering into interest swaps agreements to swap variable interest rates to fixed rates at a proportion of around 70% of total outstanding loans.

Derivatives are recognized initially at fair value. Changes in fair value are recognized in profit or loss, except for hedging instruments that meet the criteria for hedge accounting.

The group follows IFRS 9 criteria's for classifying a derivative instrument as a hedging instrument. These are as follows:

a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items.
b) at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
c) the hedging relationship meets all of the following hedge effectiveness requirements:

i. there is an economic relationship between the hedged item and the hedging instrument
ii. the effect of credit risk does not dominate the value changes that result from that economic relationship and
iii. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Hedging instruments classed as cash flow hedges offset variations in cash flows caused by changes in exchange rates, interest rates and market values. For cash flow hedges that meet the criteria for hedge accounting, all gains and losses on the effective part of the contract are recognized in comprehensive income and as hedging reserve in the statement of equity, while those on the ineffective part are recognized in the income statement under finance.

Derivative financial instruments with positive fair value are classified as current assets if the remaining maturity of the hedged item is less than a year into the future, and as fixed assets when the remaining maturity of the hedged item is more than a year ahead. Financial derivatives with negative fair value are classified as a current liability if the remaining maturity of the hedged item is less than a year into the future, and as a long-term liability when the remaining maturity is more than a year ahead.

Refer to note 10 for a specification of the group's current derivative instruments.

Note 1 Revenues

	2021	2020
Other revenue		
Government business compensation scheme	0	11 876
Total other revenue	**0**	**11 876**

Other revenue in 2020 is related to government business compensation scheme related to Covid-19, where the company was entitled to support for certain fixed costs for the months March through August.

Note 2 Long-term investments in other companies

(Amounts in NOK 1,000)

SUBSIDIARY:	Registered office	Ownership interest / Voting share	Equity last year 100 %	Profit/loss last year 100 %
Beerenberg Holding AS	Bergen	100%	740 910	0

INTRAGROUP BALANCES ETC.:

Other current receivables	2021	2020
Beerenberg Singapore LTD	0	1 407
Beerenberg Services AS	166 147	156 646
Total	**166 147**	**158 053**

Note 3 Restricted funds

The company has no restricted funds as of 31.12.2021.

Note 4 Share capital and shareholder information

The Company's share capital is 26 700 distributed on 267 000 000 shares, whereof 1 000 000 A-shares, and 266 000 000 B-shares. Nominal value per share is 0.0001. The A-shares have all rights. The B-shares have voting rights by 1 vote per 10 share and no rights to dividends. In the event of a liquidation of the company, the owner of B share shall be entitled to repayment of paid-in capital at the time when the share was subscribed (nominal and any share premium), but no excess amount. The B shareholders right at this point has a preferential right over the A shareholders right to liquidation dividends. Otherwise, the share classes are equal.

List of the major shareholders at 31.12.21:

Shareholder	A-Shares	%	B-Shares	%	Total Shares	%	Controlled by
Segulah IV L.P.	820 875	82.1%	223 247 653	83.9%	224 081 385	83.9%	
AlpInvest Partners 2012 I B.V.	92 121	9.2%	24 931 110	9.4%	25 023 231	9.4%	
AlpInvest Partners 2012 II B.V.	23 319	2.3%	6 310 883	2.4%	6 334 202	2.4%	
GRAA AS	11 792	1.2%	3 379 600	1.3%	3 393 800	1.3%	Board Leader
Svein Eggen Holding AS	5 325	0.5%	1 267 350	0.5%	1 272 675	0.5%	Board member
Mowin AS	5 325	0.5%	1 267 350	0.5%	1 272 675	0.5%	Board member
Other	41 243	4.1%	5 596 054	2.1%	5 622 032	2.1%	
Total	**1 000 000**	**100.0%**	**266 000 000**	**100.0%**	**267 000 000**	**100.0%**	

Basic earnings per A-share is 0.064 for 2021 compared to 0.065 for 2020.

Basic earnings per share are based on the profit/loss attributable to A-shares and on the weighted average number of ordinary shares outstanding. Diluted earnings per share are identical as there is no dilutive effect.

Note 5 Equity

(Amounts in NOK 1,000)

	Share capital	Share premium	Other equity	Total
Equity as of 01.01.2021	**26 700**	**240 310**	**450 335**	**717 345**
Profit/loss for the year			64 496	64 496
Other comprehensive income for the year			6 100	6 100
Equity as of 31.12.2021	**26 700**	**240 310**	**520 930**	**787 940**

Note 6 Non-current liabilities, collateral and guarantees, etc.

(Amounts in NOK 1,000)

Liabilities secured by collateral etc.

A 3-year Senior Secured Bond of 750 000 was issued in November 2020. Discount on principal amount and arrangement fee, have been classified net with the Bond. The bond has every 6-month amortization of 25 000 until maturity, in total 125 000. As at 31.12.2021 50 000 have been amortized. The maturity date of the bond is 13 November 2023. At redemption of the loan a premium of 3.25% on principal amount have to be paid, therefore Fair Value of the Bond is presented including this premium. The premium at redemption, as well as discount and arrangement fee is accrued as interest cost during the course of the loan. The table below explains the link between principal amount of the Bond, book value and fair value.

	2021	2020
Bond (Senior Secured Callable Bond Issue 2020/2023)	682 487	673 599
Total	**682 487**	**673 599**

Nominal bond issue is 700 000. The bond issue net of discount on principal amount and arrangement fee is recorded at amortised cost at 682 487.

In connection with the bond issue Beerenberg has signed an 150 000 super senior credit facility agreement with Danske Bank.

The Facility agreement includes covenants related to quarterly Net Total Leverage ratio test (below 7.0 Q4 2021). The group is in compliance with covenants as of 31st of December 2021.

The subsidiaries Beerenberg Services AS and Beerenberg Holding AS are jointly and severally liable together with the parent Company Beerenberg AS for bonds acquired by Beerenberg AS.

MATURITY STRUCTURE OF FINANCIAL LIABILITIES

The figures in the table show the maturity structure in nominal increments for the Company's interest-bearing debts, including interest payments on recognized liabilities as at 31.12:

	Book value	Fair Value	Under 6 months	6-12 months	1-2 years	2-5 years
Bond	682 487	722 750 *	55 765	54 666	106 036	651 641

* At redemption of the loan a premium of 3.25% on principal amount have to be paid, therefore Fair Value of the Bond is presented including this premium and less principal amount of own Bonds.

The interest rate is 3 months' NIBOR plus a 8.0 percentage point spread.

NET DEBT RECONCILIATION

Liabilities from financing activities

	Borrowings	Total
Net debt as at 31 December 2019	**844 935**	**844 935**
Cash flow changes		
Draw on credit facility	6 054	6 054
Incoming payments from new loans	672 845	672 845
Outgoing payment on long term loans	-850 000	-850 000
Non cash changes	9 510	9 510
Net debt as at 31 December 2020	**683 343**	**683 343**
Cash flow changes		
Draw on credit facility	-6 054	-6 054
Incoming payments on long term loans	50 000	50 000
Outgoing payment on long term loans	-50 000	-50 000
Non cash changes	20 410	20 410
Net debt as at 31 December 2021	**697 700**	**697 700**

Note 7 Tax

(Amounts in NOK 1,000)

Tax payable has been calculated as follows	2021	2020
Ordinary result before tax	82 245	82 183
Permanent differences	-1 567	-2 583
Change in temporary difference	9 888	-22 336
Basis for tax payable	**90 567**	**57 264**
Payable tax in the balance sheet (22%)	**19 925**	**12 598**

Calculation of deferred tax / deferred tax assets		
Temporary differences through profit/loss		
Accrued borrowing costs	17 513	26 401
Self-owned bonds	0	1 000
Precluded interest deduction to be carried forward	-22 089	-22 089
Net temporary differences	-4 576	5 312
Basis for deferred tax / tax assets	**-4 576**	**5 312**
22% deferred tax / tax assets (-) through profit/loss	-1 007	1 169
Temporary differences through Other Comprehensive Income (OCI)		
Derivative	6 697	-1 122
Basis for deferred tax / tax assets	**6 697**	**-1 122**
22% deferred tax / tax assets (-) through OCI	1 473	-247
Deferred tax in the statement of financial position	**466**	**922**

Distribution of tax expense		
Tax payable in the statement of financial position	19 925	12 598
Total tax payable in tax expense	19 925	12 598
Change in deferred tax through profit/loss	-2 175	4 914
Tax expense through profit/loss	**17 749**	**17 512**
Change in deferred tax/deferred tax assets through OCI	1 719	-883
Tax expense through OCI	**1 720**	**-883**
Payable tax in the balance sheet	**19 925**	**12 598**

Note 8 Payroll costs, number of employees, remunerations, loans to employees ect.

(Amounts in NOK 1,000)

The Company had no employees in 2021 and is not obliged to operate an occupational pension scheme under the Act on Obligatory Occupational Pensions.

No remuneration was paid to the CEO or members of the board of directors in 2021.

Expensed auditor's remuneration	**2021**	**2020**
Statutory audit (incl. technical assistance with financial statements)	109	106
Tax advice	0	37
Other audit assurance services	38	210
Total	**147**	**353**

The sums stated are exclusive of VAT.

Note 9 Specification of finance income and finance costs

(Amounts in NOK 1,000)

Finance income	**2021**	**2020**
Group contribution from Beerenberg Services AS	164 269	156 663
Intragroup interest income	304	834
Gains from purchase and sale of own bonds	1 571	1 000
Other finance income	3	1
Total finance income	**166 147**	**158 497**

Finance costs	**2021**	**2020**
Intragroup interest costs	3 598	4 415
Interest costs Bond and other interest costs	69 532	76 732
Accrued refinancing fee	9 113	5 820
Total finance costs	**82 244**	**86 966**

Note 10 Financial instruments

(Amounts in NOK 1,000)

	2021	2020
Cash flow hedge (interest rate swap)	6 697	-1 122
Total fair value	**6 697**	**-1 122**

The Company has an interest rate swap with a nominal value of 450 000. The Company is swapping variable interest (3mnth NIBOR) for fixed interest at 0.695%. The fair value of the interest swap has been calculated by the Group's bank. The interest rate swap runs until November 2023. The interest rate swap qualifies for hedge accounting following the repayment of the old bond issue, and replacement by a new bond issue in November 2020.

The interest swap effectively reduces interest rate risk, thus satisfying the criteria for hedge accounting.

The interest swap is valued in accordance with Level 2 of the valuation hierarchy (IFRS 13), i.e. the value is derived from observable factors such as market interest rates.

Change in fair value of the cash flow hedge net after tax is recorded in Other Comprehensive Income.

At 31.12 the fair value of the new interest swap is positive by 6 697, net after tax the balance of Hedging reserve is positive by 5 225.

FINANCIAL INSTRUMENTS BY CATEGORY

As at 31.12. - Assets	Deposits, receivables and cash	Assets at fair value through profit/loss	Derivatives used for hedging	Financial assets available for sale	Total
Derivatives used for cash flow hedging	0	0	6 697	0	6 697
Receivables	164 565	0	0	0	164 565
Cash and cash equivalents	80 614	0	0	0	80 614
Total	**245 179**	**0**	**6 697**	**0**	**251 877**

As at 31.12. - Liabilities	Financial liabilities carried at amortised cost	Liabilities at fair value through profit/loss	Derivatives used for hedging	Other financial liabilities	Total
Loans excl. statutory liabilities	682 487	0	0	0	682 487
Total	**682 487**	**0**	**0**	**0**	**682 487**

Note 11 Events after the reporting date

At the time of publication of the annual report, Russia has invaded Ukraine and strict sanctions have been imposed against Russia and Belarus. The consequences of the acts of war are uncertain. Beerenberg Group has insignificant activities in and exposure to these countries, but is following developments closely to detect any changes in our risk assessment.

Declaration by the Board of Directors and CEO

We confirm, to our best knowledge, that the financial statements for the period January 01 to 31 December 2021 for the parent company Beerenberg AS and for the group has been prepared in accordance with all applicable accounting standards. We confirm that the financial statements give a true and fair view of the group's consolidated assets, liabilities, financial position and result of the operations. The Board also confirm that the Director's Report provides a true and fair view of the development and performance of the business and the position of the group and the Company, including a description of the key risks and uncertainty factors that the Beerenberg AS group is facing.

BERGEN 26 APRIL 2022
Board of Directors at Beerenberg AS

Geir M. Aarstad
Chairman

Sebastian Ehrnrooth

Ingelise Arntsen

Hilde Drønen

Morten Walde

Arild Apelthun
CEO

To the General Meeting of Beerenberg AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beerenberg AS, which comprise:

- The financial statements of the parent company Beerenberg AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Beerenberg AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 9 years from the election by the general meeting of the shareholders on 21 February 2013 for the accounting year 2013.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Groups business activities are largely unchanged compared to last year. *Valuation of goodwill* and *Earned, not invoiced revenue* contains the same risks and challenges as last year and our focus on these areas have continued in 2021.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill	
At 31 December 2021, the Group had recognized Goodwill with a carrying value of NOK 782 762 thousand. Goodwill is allocated to groups of cash generating units identified in accordance the Group's operating segments, Services and Benarx. The impairment assessment of goodwill showed that the recoverable amount was higher than the carrying amount for both segments. Consequently, no impairment was recognized. Valuation of goodwill requires management to exercise judgement related to, among other, future cash flows and discount rate applied. We focused on this area due to the magnitude of the amounts and the inherent risks related to judgements made by management when determining the assumptions applied to support the valuation of goodwill. We refer to note 12 in the consolidated financial statements for further information.	We obtained an understanding of management's valuation process and evaluated relevant internal control activities. We reviewed management's identification of cash-generating units and found these to be in accordance with IFRS. We reviewed management's model and impairment assessments for the cash generating units where goodwill was allocated and tested whether the model was mathematically accurate. We found that the model was based on recognized principles and that the recoverable amount was accurately calculated. We compared the different elements in the discount rate calculation to our own expectations and the general expectations in the market and found that the applied discount rate was reasonable. We evaluated management's assumptions related to future cash flows by comparing them to the budgets adopted by the Board of Directors and the strategy plan for the Group's various cash generating units. We performed sensitivity analyses and challenged management's assumptions related to future cash flows. We found that the assumptions were reasonable

and in line with the Group's current market visibility and historical hit rates. The terminal growth rate in the model was compared to the market's expectation of long-term inflation.

We challenged management's historical accuracy by comparing previous years' assumptions related to actual results in the related years. We found no material deviations between the assumptions used in previous years.

We have read note 12 and assessed the information there to be in line with the requirements.

Earned, not invoiced revenue

Earned, not invoiced revenue constitutes NOK 195 220 thousand. We refer to note 6, 13 and 21 in the consolidated financial statements for more information.

The Group's contracts are mainly servicing and maintenance contracts that are recognized over time. Work performed is invoiced monthly along with delivered service and maintenance. At year-end there will be work performed during the year, mainly during December that is not yet invoiced and recorded as earned, not invoiced revenue. The estimate requires that management apply judgement related to the amount of work performed. We focused on earned, not invoiced income due to the size of the amount, and the inherent risk related to management overestimating the earned, not invoiced income, which would affect the Groups results in the financial statements.

We obtained an understanding of and evaluated the assumptions used in the calculation of earned, not invoiced revenue. To assess the assumptions included in the calculation of earned, not invoiced revenue, we obtained an understanding of the customer contracts as well as management's process for developing the estimate including relevant internal control activities.

We challenged the assumptions used in interviews with management. Further, we agreed the assumptions used with underlying contracts and other forms of underlying documentation and tested whether management's calculations were mathematically accurate.

We assessed management's historical accuracy by comparing prior years' assumptions related to earned, not invoiced income to what was invoiced in the subsequent year. We found that previous years earned, not invoiced income, in all material respects was invoiced in the subsequent years.

We have read note 6, 13 and 21, and assessed the information there to be in line with the requirements.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group'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, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 the Board of Directors 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.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXFUSW82-2021-12-31_en have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Bergen, 26 April 2022
PricewaterhouseCoopers AS

Marius Kaland Olsen
State Authorised Public Accountant

Definition of Alternative Performance Measures

In this report some terms are used that are not defined in IFRS, but are terms commonly used by analysts, investors and others in the business sector. Below these terms are defined.

ORDER BACKLOG
The order backlog consists of sales value of contracts signed. As a significant part of Beerenberg's revenue is related to framework agreements it also includes the estimated value of expected future sales value on framework agreements.

EBITDA
Operating profit (EBIT) + Depreciation and Impairment

EBITDA MARGIN (%)
EBITDA / Revenue

EBIT
Operating profit (before financial items and taxes)

OPERATING MARGIN
Operating result / Operating Revenue

NET MARGIN (%)
Net Profit / Operating Revenue

NET WORKING CAPITAL
Total current assets – Cash at bank / Total short-term liabilities less tax payable.

SERIOUS INCIDENT FREQUENCY (SIF)
The number of actual and potential unintentional serious incidents per 1 million man-hours worked.

LOST TIME INJURY FREQUENCY (LTIF)
The number of fatalities and lost time injuries occurred per 1 million man-hours worked.

TOTAL RECORDABLE INJURY FREQUENCY (TRIF)
Is the number of fatalities, lost time injuries, injuries with alternative work and injuries requiring medical treatment by a medical professional per million man-hours worked.

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