CADELER

Annual Report 2021

For the year end 31 December 2021

Cadeler A/S. Incorporated in Denmark. Registration Number (CVR no.): 3118 0503
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Statement From the Chairman and the CEO

2021 was a year of transition. The world began to emerge from the Covid-19 pandemic, and the shift to green energy continued to accelerate. It has also been a time of transition for Cadeler, as we grew into our new identity as an independent, listed company.

Despite continued uncertainty and disruption from the pandemic, we have put down strong foundations – signing contracts that break new ground and extend our visibility, and investing in new vessels and equipment that will set new industry standards.

Investing to build a sustainable, state-of-the-art fleet
Cadeler has a unique role to play in the offshore wind sector. We are enablers, making possible ambitious feats of engineering to harness the full potential of wind as a sustainable source of energy. Our responsibility to the industry and its future is something we take seriously. As a measure of this, we consulted widely with our clients before investing significantly in new equipment to meet our partners' evolving needs.

Both of our trusted O-class vessels are now set to receive major upgrades. In December 2020, we contracted NOV-GustoMSC to equip Wind Orca with a new and improved crane. This will increase Orca's capacity, payload and operational depth, ensuring it can satisfy the requirements of future offshore projects. In June, we also called the option to replace the main crane on Wind Osprey. These upgrade works are scheduled for completion early 2025.

Even more significant is our order for two entirely new vessels, at a combined cost of EUR 548 million. On 30 June, we finalised the contract with COSCO SHIPPING Heavy Industry to produce the new X-class vessels, which are the first of their kind to be exclusively constructed for the installation of wind turbines.

With a deck space of 5,600 m^2, a payload exceeding 17,600 metric tonnes and main crane capacity of above 2,000 metric tonnes at 53 metres, these vessels will be able to transport and install seven complete 15MW turbine sets or five 20+ MW turbine sets per load, lowering the number of trips needed for each project to optimise speed and energy efficiency. When our fleet is at full strength, it will be the largest in the industry in terms of loading capacity, and we expect to have around 35% of the global market's capacity to install the next-generation wind turbines under current projections.

All aspects of the X-class vessels have been planned to minimise their impact on the environment. Further sustainability initiatives will be executed in 2022 including the installation of fuel tracking systems on board the O-class vessels.

To further decrease our environmental footprint onshore, we switched to electric and low-emission vehicles in the company. Moreover, we have signed up to the UN Global Compact, pledging to implement and monitor universal sustainability princi-ples and to report annually on our progress.

Maintaining a leading position in a fast-growing market
Despite the challenging market conditions in 2021, we met expectations, delivering total revenues of EUR 61 million and an EBITDA of EUR 28 million, and achieving 77% utilization for our two vessels despite significant mobilisation projects and statutory 5-year surveys on board.

In an increasingly crowded marketplace, we secured all the contracts we were aiming to win over the past year. We believe this to be a strong endorsement of our business culture and our track record of collaborating closely with clients, listening to their needs and building relationships of trust.

Advance interest in our X-class vessels has been very strong. In March, we signed the largest contract in the company's history. Siemens Gamesa awarded Cadeler a EUR 100 million contract to transport and install turbines in an area over 200 km from the nearest loadout port. The newest additions to our fleet will be ideally suited to handling these wind turbines, each with an individual capacity above 14 MW, and is expected to be one of the largest turbines in the world when installation begins in 2025. It is a powerful expression of trust in Cadeler, and confidence in the abilities of our new vessels.

The year 2022 promises to be another exceptionally busy period with several industry 'firsts'. We have already embarked on the Seagreen Offshore Wind Farm project, off the east coast of Scotland in the North Sea. In addition, work will begin on the Hollandse Kust Zuid project off the Netherlands – the first subsidy-free wind farm in Europe, and the largest in the world – where we will be installing 11MW turbines from Siemens. On completion, this wind farm will have an output equivalent to the annual consumption of more than two million Dutch households.

Developing a strong and stable workforce

Our ability to maintain success in challenging times comes down to the effort and determination of our people, both at sea and on shore. With normal crew rotation disrupted due to the pandemic, some of our seafarers were kept apart from their families for prolonged periods, yet consistently delivered up to expectations.

On 29 November, all our crew members transferred to direct employment contracts with Cadeler. As a newly independent company, we felt that they should be an integral part of our culture. We took this step in parallel with the reflagging of our fleet, which is now registered in Denmark, a nation with a proud maritime heritage and a pioneering record in renewable energy. Over the coming years, we plan to hire an additional 150 seafarers to join our current 160-strong crew.

Our staff on land endured their own share of difficulty during the pandemic, with enforced office closures and home working mandates which put additional pressure on our tightly-knit team. Nevertheless, we were pleased to welcome over 20 new onshore staff members to the Cadeler community, bringing our office head count close to 70. Even as we expand, we are determined to retain the character of a lean, agile team, and the advantages this brings in such a dynamic and fast developing industry.

Making ourselves fit for future opportunity

Even for those of us who have been in the industry for a long time, the renewables industry is currently moving at surprising speed. Demand for offshore wind energy, along with best-in-class transportation and installation services, will continue to accelerate, with the energy transition now established as a vital part of the international post-pandemic recovery plan.

Europe remains the focus of our operations, although we continue to investigate global opportunities: we are encouraged by exciting wind-power projects now planned or under way in places such as Japan, Taiwan, South Korea, Australia and the US. Over the longer term, emerging or disruptive technologies such as floating wind turbines – predicted to account for 10 to 20 per cent of the total market – will also offer attractive opportunities.

In 2022, we expect significant improvements on all key metrics, with an expected revenue in the range of EUR 96 million to EUR 110 million (against EUR 61 million in 2021) and an EBITDA in the range of EUR 56 million to EUR 70 million (compared to EUR 28 million in 2021).

With our focused growth strategy, strong pipeline of orders and dedicated team, we can be confident of navigating the uncertainties that lie ahead in 2022.

Keeping safety at the top of our priorities, we will continue to work alongside partners in the offshore wind industry to power the green transition.

We are grateful to our team for their hard work under challenging circumstances, and to our customers, shareholders, financiers, and other stakeholders for their invaluable support.

Andreas Sohmen-Pao,
Chairman of the board

Mikkel Gleerup,
CEO

2021 in Brief

10 March

Largest contract
in Company's history is signed
with Siemens Gamesa

29 April

Cadeler announces signficant
fleet expansion by doubling the
amount of X-class vessels planned
to be built

17 June

Calling the option to replace
the main crane on Wind Osprey

30 June

Contract for two new X-class
vessels is signed with
COSCO SHIPPING

24 August

Cadeler delivers 253%
growth in revenue in the
first half of 2021

7 October

Ørsted chooses Cadeler as
preferred supplier for
German projects

29 November

O-class fleet reflags
from Cypriot to Danish flag
and 160 crew members are hired on
Cadeler contracts

December

The Hornsea 2 and Triton Knoll
projects are being
successfully finalized after
installing 114 monopile
foundations and 90 WTGs

2021

Enabling the transition to a greener tomorrow

EUR million **409** contract backlog

EUR million **61** revenue

EUR million **28** EBITDAR

384 wind turbines installed since 2014

528 foundations installed since 2013

37 wind farms served since 2013

Management Review

Business Review

Cadeler A/S is a leading offshore wind farm transportation and installation contractor headquartered in Copenhagen, Denmark, with a sales office in Taipei, Taiwan. A new office in Vejle, Denmark, was opened in 2021.

While much of Cadeler's early work was in wind turbine foundations, it is now primarily focused on installation of the new generation of increasingly complex wind turbines. A total of 384 wind turbine generators (WTG) and 528 wind turbine foundations have been completed, generating approximately 5.2 GW – equivalent to the electricity used in over 5 million European households. Cadeler has achieved industry records such as the fastest installation, deepest soil penetration and largest offshore turbine.

In addition to wind turbine installation, the Cadeler fleet performs operations and maintenance, foundation installation and other tasks for the offshore renewable industry. It has established a solid market position, thanks to its pure-play vessels, high-quality equipment, experienced crews and reputation for the highest standards of safety, efficiency and precision.

Cadeler's order book for 2022 is full, with many high-profile projects in the pipeline. In March 2021, the company announced the highest-value project in its history: a EUR 100 million contract with Siemens Gamesa (comprising EUR 75 million in firm revenue and EUR 25 million in options) to transport and install turbines that will be the biggest in the world at their time of deployment.

An unrivalled fleet
At present, the Company operates two O-class jack-up wind farm installation vessels, Wind Orca and Wind Osprey. They are soon to be joined by two state-of-the-art X-class vessels, capable of handling the next generation of wind turbines. These are expected to start operations in late 2024 and the first quarter of 2025 respectively.

Developing the ability to meet the future needs of clients is a prime strategic goal. The construction of the two X-class vessels awarded to COSCO SHIPPING Heavy Industry – an order worth EUR 548 million – is a major step in future-proofing Cadeler's operations and enabling the transition to renewable energy.

In addition, Wind Orca and Wind Osprey are to be upgraded with new cranes to satisfy market demands for best-in-class WTG installation vessels. The upgrade will take place between October 2023 and March 2024, in a contract with NOV worth EUR 83 million that will be financed by the Company's cashflow from 2021 to 2024.

A new life as an independent company
On 27 November 2020, Cadeler was listed on the Oslo Stock Exchange in Norway.

In November 2021, it was announced that its vessels would sail under the Danish flag. All seafaring staff - more than 160 people, representing 16 nationalities - are now Cadeler employees rather than agency workers, and fully covered by Danish social security laws and Collective Bargaining Agreements.

In all its operations, Cadeler's mission remains the same: to provide excellence in services to the offshore wind industry and to be environmentally sustainable. During 2021, its vessels have contributed to the installation of over 1.8 GW of offshore wind energy capacity. As it ramps up activities, Cadeler is at the vanguard of the transition to a greener future.

Finance Review

At the end of April 2021, the Company successfully completed the private placement of 23 million shares priced at NOK 34.5 per share. In addition to the 115.6 million shares at the beginning of the reporting period, the Company has 138.6 million shares in issue as of 31 December 2021.

On 17 June 2021, the Company called the option of replacing the main crane on Wind Osprey by H1 2024. The option is part of the contract signed on 18 December 2020 with NOV to replace the crane on the vessel Wind Orca. The total sum of the contract for replacement of both cranes is EUR 83 million, which will be due over the years from 2021 to 2024.

On 30 June 2021, the Company signed a contract with COSCO SHIPPING Heavy Industry Co. Ltd. to build two new X-class wind turbine installation vessels. The total sum of the contract for the new vessels is approximately EUR 548 million, i.e. USD 651 million, of which a down payment of EUR 137 million was paid by August 2021. The remaining amounts will be due in the future as follows: EUR 82 million in 2023, USD 197 million in 2024 and USD 193 million in 2025. On 8 July 2021, Cadeler's largest shareholder BW Group provided COSCO SHIPPING Heavy Industry Co. Ltd. with a guarantee in respect of the sums owed by Cadeler pursuant to the two X-class vessels.

The Company is currently negotiating a credit facility to secure funding for these payments including support from Export Credit Agencies.

In the second half of 2021, the Group increased the overdraft facility from EUR 20 million to EUR 40 million and updated the change of control clause.

Revenue in 2021 of EUR 61 million is an increase of 212% against 2020. Main drivers include:

1. Both vessels achieved a 77% utilization rate at competitive market rates.
2. Management took the decision to finish a maintenance contract earlier, freeing Wind Orca for higher yielding projects commencing in January 2021.

Cost of sales of EUR 39 million was lower than 2020 by 15% as the combined cost of bareboat charges, right of use asset depreciation and vessel depreciation has decreased by EUR 9 million. Administrative expenses increased from EUR 10 million in 2020 to EUR 11 million in 2021 driven by higher employee compensation as the average number of onshore employees increased from 42 in 2020 to 58 in 2021.

The 2021 expected EBITDA was in the range of EUR 30 million to EUR 33 million, whereas the realized EBITDA amounted to EUR 28 million, compared to EUR -10 million in 2020.

The Group net result for the year is EUR 7 million profit (EUR 27 million loss in 2020), while Cadeler A/S as a parent company has a net result of EUR 3 million loss (EUR 35 million loss in 2020), the difference is driven by the acquisition costing method towards the two subsidiaries, Wind Orca Ltd and Wind Osprey Ltd.

Knowledge ressources
It is essential for Cadeler's continued growth to attract and maintain highly skilled labour, including engineers with expertise to modify the vessels for customer projects and to support the continued operation of the vessels and commercial people with relevant industry skills.

Research and development activities

The Company has established a Research and Development department which will largely be focused on modernizing the fleet and investing time investigating the feasibility of innovative solutions for optimizing operations in the offshore wind market.

Special risks

Operational risks

The Company's fleet currently consists of two Windfarm Installation vessels, Wind Orca and Wind Osprey (together the vessels). If any of the vessels are taken out of operation, this could materially impact the Company's financial results.

In June 2021, the company called the option of replacing the main crane on Wind Osprey by the first half of 2024. The option is part of the contract signed on 18 December 2020 with NOV to replace the crane on the Wind Orca vessel; in the same month, the Company announced the signing of a contract with COSCO SHIPPING Heavy Industry Co., Ltd. to build two new X-class wind turbine installation vessels.

The Group is operating in the offshore industry and is thus subject to inherent hazards, such as breakdowns, technical problems, harsh weather conditions, environmental pollution, force majeure situations (nationwide strikes, etc.), collisions and groundings. These hazards can cause personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations.

Windfarm installation vessels, including the Company's vessels, will also be subject to hazards inherent in marine operations, either while on-site or during mobilization, such as but not limited to capsizing, sinking, grounding, collision, damage from severe weather and marine life infestations. Operations may also be suspended because of machinery breakdowns, abnormal operating conditions, failure of subcontractors to perform or supply goods or services or personnel shortages.

Employment of vessels is key

The Group's income is dependent on project contracts and vessel charters for the employment of the vessels. Typically, these contracts are concluded several years in advance, giving visibility of future deployment. However, there is a risk that it may be difficult for the Company to obtain future cover for the vessels and utilization may drop. Consequently, the vessels may need to be deployed on lower-yielding work-scopes or remain idle for periods without any compensation to the Company. There can also be off-hire periods as a consequence of accidents, technical breakdown and non-performance. The cancellation or postponement of one or more employment contracts can have a material adverse impact on the earnings of the Company.

Impact from Covid-19

The Covid-19 pandemic and its effect on the global economy have continued to impact Denmark as well as the rest of the world. Despite the successful roll-out of vaccines around the world, a varying degree of uncertainty remained throughout 2021. This was caused by new variants of Covid-19, varying vaccine effectiveness rates and the need for the reimposition of government-imposed restrictions.

In 2021, the Covid-19 pandemic has put additional pressure on the physical and mental well-being of our employees caused by health risks and lockdowns. Cadeler has put great focus on protecting its employees during this time by prescribing guidelines and providing protective equipment. This has, among other things, ensured the health of employees during the pandemic.

The Covid-19 pandemic has not impacted current or future projects and management remains focused on ensuring continued safe operation of the vessels. Throughout the pandemic, the Company has taken precautions by implementing safety procedures to lower the risk of a crew member being infected and carrying the virus onboard the vessels. The crew are aware of the procedures and are following these to ensure the safety of all onboard.

Data ethics
As per section 99D of the Danish Financial Statements Act, Cadeler as a listed company is obliged to disclose the Company's policy towards data ethics. Cadeler complies with all relevant laws and legislations concerning privacy, confidentiality and cyber security and is in the process of outlining a specific data ethics policy.

At Cadeler, we manage data of various types from different sources. Our strategy for handling such information is to ensure that it is created, maintained, and stored in a safe and secure way. Our governance for handling data applies to all personnel, both in our office and on board our vessels, as well as any third-party contractors engaged on our behalf. For third parties, we take particular care to minimize loss of information and sensitive information is only disclosed to authorised persons.

Foreign exchange risks
The Company is exposed to foreign currency risks. Income is primarily invoiced in EUR, as are most costs, or in DKK, which is pegged to the EUR. A significant proportion of the Company's operating and administrative costs are invoiced and paid in USD.

Credit risks
The Company adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk. The Company deals only with customers with an appropriate history and obtains sufficient security where appropriate to mitigate credit risk. Historically only immaterial credit losses have been experienced.

Impact on the external environment
Sustainability is a strategic objective for the Company and is key to its ability to create long-term value for its shareholders. It represents an opportunity for innovation, improved efficiency and a foundation for growth. The Company is committed to delivering leadership in environmental, health and safety, employment, business partnership and community matters across its value chain.

The Company pursues the long-term goals of decarbonisation and optimising energy efficiency. The Company strives to identify and reduce the negative impact that its business has on the environment, monitor performance and identify potential areas for improvement. This is done, inter alia, by:

► Publication of an annual Sustainable Development Report, including selected sustainable development goals SDG 7, SDG 8, SDG 12, SDG 13 and SDG 14, which explains among other targets:

- Maintaining vessel compliance with MARPOL II requirements and operating on low sulphur fuels

- Improvements to vessel design for our new build vessels, which are currently under construction

- Planning for energy efficiency improvements on the O-class

Corporate Governance

The Company's corporate governance principles are based on, and in all material aspects in compliance with, the Norwegian Code of Practice and applicable Danish law. A full copy of the Company's corporate governance code is available on the Company's website:
www.cadeler.com/media/1721/cadeler-corporate-governance-policy.pdf

Statutory CSR report
To fulfil the requirement for statutory reporting on corporate responsibility cf. section §99a and §99b of the Danish Financial Statements Act, the Company have published a Sustainable Development Report for 2021, which is available on the Company's website.:
www.cadeler.com/media/1722/cadeler-sustainability-development-report-2021.pdf

Gender composition of Management
Cadeler has set a goal to increase the number of women on the board to two by the end of 2022. Currently the Company has one woman in the Board of Directors.

Cadeler has set a goal to increase the number of women in other managerial positions to 30% by the end of 2025. During 2021, four of our onshore managers at other managerial positions were women (two in 2020) and ten were men (twelve in 2020), equal to 29% women. We wish to ensure a diverse workforce and have the determination of increasing the underrepresented gender on management levels. Cadeler seek to have at least one person of each gender represented among the last three candidates in the hiring process for management positions.

Overall, the current onshore gender composition in Cadeler as of 31 December 2021 is 62% men and 38% women.

Board of Directors

Andreas Sohmen-Pao, Chairman of the Board at Cadeler as well as Chairman of BW Group and publicly listed affiliates BW Offshore, BW Energy, BW LPG, BW Epic Kosan and Hafnia. Mr. Sohmen-Pao is Chairman of the Global Centre for Maritime Decarbonisation and a trustee of the Lloyd's Register Foundation.

David Cogman is board member. He is a Director of Swire Pacific Limited and of various subsidiaries within the Swire Pacific Limited group, and is also Chairman of the Hong Kong Philharmonic Society. Mr. Cogman was previously a Partner of McKinsey & Company in its Hong Kong SAR and Shanghai offices.

Jesper T. Lok is board member and chairs the Remuneration Committee. Mr. Lok has held leadership positions in various multinational corporations within the transport & logistics, energy and infrastructure sectors. He worked for 25 years with A.P. Møller-Maersk, served as CEO of SVITZER, Danish Railroads, and Falck Emergency.

Mr. Lok currently serves as the Chairman for DAGROFA, Nature Energy and Vestergaard Company and Director for ALLIANCE+, PISIFFIK, Relyon Nutec and Silverstream Technologies.

Ditlev Wedell-Wedellsborg is board member and chairs the Audit Committee with extensive experience in the shipping industry. He is currently the owner and Chairman of Weco Invest A/S.

Mr. Wedell-Wedellsborg also serves as Chairman for Vind A/S and Wessel & Vett Foundation, Director of Donau Argo and Damptech A/S and advisor to Aquitas.

Connie Hedegaard is board member and chairs the Nomination Committee. Ms. Hedegaard has an extensive track record in positions related to sustainability and the environment.
She has previously served as the EU Commissioner for Climate Action from 2010 to 2014 and has served as the Danish Minister for three separate posts: Climate and Energy, Nordic Cooperation, and the Environment.

Ms. Hedegaard is chairing a number of foundations and executive boards, including OECD's Round Table for Sustainability, KR Foundation, Aarhus University, and Denmark's green think tank, Concito. Moreover, she is the Vice-Chairwoman of the Fonden Mærsk Mc-Kinney Møller Center for Zero Carbon Shipping and serves as board member in Danfoss, Nordex, Teknologisk Institut, Fonden Constructive Foundation and the European Climate Foundation.

Andreas Beroutsos is board member. Mr. Beroutsos has served as Managing Director of Investments at BW Group since January 2020. Prior to joining BW, he was Private Equity Partner at HRS Management LLC. During his career he served as the Executive Vice-President, Private Equity and Infrastructure, for la Caisse de depot et placement du Quebec, Partner and Senior Managing Director at Eton Park Capital Management and Director and Senior Partner at McKinsey & Company in New York.

Mr. Beroutsos currently serves on the Boards of Directors of Navigator Holdings (NYSE: NVGS), BW Solar and Ductor Oy on behalf of BW Group, as well as on the Boards of PetSmart and HIG Acquisition Corp. (NYSE: HIGA).

Ditlev Wedell-Wedellsborg, Jesper T. Lok and Connie Hedegaard are considered to be Independent Directors.

During the year 2021 there was a 100% attendance rate of Board Directors at Board Meetings.

Executive management

Mikkel Gleerup is CEO**.** He has been with the Company since 2017 and has been CEO since November 2017.
He has previously held the position as COO from February 2017. Mr. Gleerup has more than 16 years' experience in the offshore wind segment, with, inter alia, experience from Siemens Wind Power, Global Marine Systems Ltd. and A.P. Møller-Maersk. Mikkel Gleerup holds an MBA from INSEAD, MSc Transportation and Maritime Management and a Master Mariner's certificate.

Mikkel Gleerup does not have other roles or positions of trust outside the Company.

Mark Konrad is CFO. He has been with the Swire Group since January 2020 and was seconded to Cadeler as CFO in November 2020. Konrad has more than 10 years of experience in finance and accounting. Konrad holds a 1st Class BA (Hons). in Finance, Accountancy and Management.

Mark Konrad does not have other roles or positions of trust outside the Company.

Largest shareholders
As per 31 December 2021, three shareholders held shares in excess of 5% of the total share capital of Cadeler. BW Wind Services Ltd held 32.15%, Swire Pacific Offshore Operations (PTE) Limited held 28.22% and Handelsbanken Fonder AB held 5.08% of the total share capital.

Share capital increases and issuance of shares
At the end of April 2021, the Company successfully completed the private placement of 23 million shares priced at NOK 34.5 per share. In addition to the 115.6 million shares at the beginning of the reporting period, the Company has 138.6 million shares in issue as of 31 December 2021.

Purchase of own shares
At the general meeting held on 26 October 2020, the board of directors was granted an authorisation in the period until 30 September 2025 to purchase own shares of the Company. The Company does not plan to repurchase any own shares for the time being other than for the purpose of satisfying its obligations under the Company's share-based incentive programmes.

Voting rights
As per 31 December 2021 there were 138,574,468 issued shares in Cadeler.
At the general meeting, each share of the nominal value of DKK 1 shall carry one vote. No shareholders have any special or different voting rights pursuant to the Articles of Association.

Resolutions at general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed under the Danish Companies Act or by the Articles of Association. Adoption of changes to the Articles of Association, dissolution of the Company, merger or demerger requires that the resolution is adopted by at least 2/3 of the votes cast as well as of the share capital represented at the general meeting. The provisions in the Articles of Association relating to a change of the rights of shareholders or a change to the capital are not more stringent than required by the Danish Companies Act.

Change of control
The EUR 95 million credit facility entered into with DNB Bank ASA and SpareBank 1 SR-Bank on 4 November 2020 has a change of control clause which is triggered: If any person or group of persons (other than Swire Pacific or the BW Group) acting in concert directly or indirectly gains control of 25% or more of the voting and/or ordinary shares of the Borrower, the facility agent (acting on instructions from the majority lenders) may by written notice of ten (10) business days cancel the facilities and require repayment of all amounts outstanding under the facilities.

Customer contracts may include change of control clauses, which are considered customary for the industry.

Anti-corruption
Cadeler also has a Supply Chain Sustainability Code of Conduct, which outlines our expectations for the companies we work with. There is both a business and a moral case for ensuring that human rights and anti-corruption principles are upheld during our operation and throughout our value chain. In order to further reduce any risk of poor practice within our supply chains, we are strengthening our system for ensuring our suppliers comply with our requirements.

2022 Outlook

Cadeler will continue to provide construction, maintenance, decommissioning and other services for the renewable offshore industry. Due to the current contract coverage, the financial performance of the Group for 2022 is expected to result in a revenue of between EUR 96 million to EUR 110 million, compared with revenue of EUR 61 million in 2021.

EBITDA is expected to be in the range of EUR 56 million to EUR 70 million in 2022. This compares favourably with the EBITDA of EUR 28 million achieved in 2021. From 2021 onwards, the Company considers EBITDA as a performance measure (see Note 25).

The Company has signed contracts that will provide a steady, continuous flow of projects from 2022 to 2026. This strong pipeline will deliver a total value of EUR 409 million. The Company is actively bidding on tenders up to 2030.

As detailed in the Business Review section of this report, the Group's focus until 2025 is on growing and future-proofing the Company by acquiring new equipment and recruiting qualified personnel. This includes major investment in new cranes for the existing O-class vessels, and the building of two state-of-the-art X-class vessels that will be suitable for the largest and most advanced offshore projects. A recruitment drive is under way, which will substantially increase the workforce both at sea and on shore.

Macroeconomic trends and tailwinds are favourable for the offshore sector and for Cadeler. The industry stands to benefit from long-term policy such as the EU Strategy on Offshore Renewable Energy, with its target of increasing total capacity to 60 GW by 2030, and 300 GW by 2050. Recent geopolitical events have brought focus on energy independence, and the need for a swift and comprehensive transition to renewable sources.

Furthermore, Cadeler has started to explore new offshore wind markets, primarily in Asia and the US. The Group will continue to monitor these opportunities while evaluating the possibility of building a new pipeline of projects in markets outside the EU and determining whether this could drive a healthy business model in the future.

Given that the Group is currently in a fleet expansion phase, during which it is investing in new vessels and equipment to facilitate future growth, the Group does not expect to make dividend payments in the medium term.

Cadeler's guidance for 2022 is subject to risks and uncertainties, many of which are beyond Cadeler's control. One-off market-shaping events such as strikes, embargoes, political instability or adverse weather conditions, could have a substantial impact on the business. There could also be off-hire periods as a consequence of accidents, technical breakdown and non-performance. The cancellation or postponement of one or more vessel employment contracts could have a material adverse impact on the earnings of the Company.

With every wind turbine, a new step forward

Financial Highlights

Financial Highlights

Key figures	2021	2020[1]	2019[2]	2018[2]	2017[2]
EUR'000	IFRS	IFRS	IFRS	IFRS	Danish GAAP
Time charter hire revenue	49,538	16,912	32,667	61,172	-
Other revenue	11,400	2,589	5,715	10,481	-
Revenue (total)	60,938	19,501	38,382	71,653	44,644
EBITDAR[3]	27,626	(10,480)	11,774	36,964	19,568
Gross profit/(loss)	22,059	(26,258)	(6,249)	16,198	-
Operating profit/(loss)	11,134	(35,914)	(13,645)	6,718	(7,819)
Net financials	(3,696)	8,881	(8,538)	(11,345)	(65)
Profit/(loss) for the year	7,451	(27,032)	(23,763)	(6,339)	(6,338)
Total assets	424,766	336,811	111,169	134,843	25,789
Non-current asset	400,148	253,270	93,153	108,794	50
Total liabilities	99,510	95,739	124,269	124,180	8,786
Equity	325,256	241,063	(13,100)	10,663	17,002
Cash flow from operating activities	30,200	(9,597)	(2,012)	12,151	
Cash flow from investing activities	(163,375)	(256,138)	(64)	28	
Of which investment in property, plant and equipment	*(162,941)*	*(256,138)*	*(64)*	*(172)*	*(31)*
Cash flow from financing activities	71,847	328,118	2,922	(12,579)	
Cash and cash equivalents	2,308	63,636	1,243	397	

[1] Up until 25 September 2020, the consolidated figures only included numbers for the parent company, Cadeler A/S. As of 25 September 2020, the two subsidiaries, Wind Osprey Ltd and Wind Orca Ltd, were established. From this point in time, the consolidated figures comprised Cadeler A/S, Wind Osprey and Wind Orca.

[2] Figures for the years 2019, 2018 and 2017 only include numbers for the parent company, Cadeler A/S.

[3] EBITDAR is earnings before interest, tax, depreciation, amortization, foreign exchange gains/losses and bareboat rent in the form of variable lease fee and right-of-use asset amortisation.

Financial Highlights

Continued from previous page

EUR'000	2021	2020[1]	2019[2]	2018[2]	2017[2]
Financial ratios					
Return on assets (%), annualised	1.8%	-8.1%	-21.4%	-4.7%	-24.6%
Return on equity (%)	2,3 %	-11.3%	-181.4%	-59.5%	-37.3%
Equity ratio (%)	76.6 %	71.6%	-11.8%	7.9%	65.9%
Contracted days (no. of days)	562	470	383	443	403
Utilization (%)	76.9%	64.4%	52.5%	60.7%	55.2%
Share related key figures					
Earnings per share (EPS)	0.06	(1.04)	(30.50)	(8.10)	(8.10)
Diluted earnings per share (diluted EPS)	0.06	(1.04)	(30.50)	(8.10)	(8.10)
Average number of employees					
Onshore	58	42	33	32	28
Offshore[4]	12				

[1] Up until 25 September 2020, the consolidated figures only included numbers for the parent company, Cadeler A/S. As of 25 September 2020, the two subsidiaries, Wind Osprey Ltd and Wind Orca Ltd, were established. From this point in time, the consolidated figures comprised Cadeler A/S, Wind Osprey and Wind Orca.

[2] Figures for the years 2019, 2018 and 2017 only include numbers for the parent company, Cadeler A/S.

[3] EBITDAR is earnings before interest, tax, depreciation, amortization, foreign exchange gains/losses and bareboat rent in the form of variable lease fee and right-of-use asset amortisation.

[4] Offshore crew was hired directly by the Company by the end of November 2021. Average number of full-time employees reflect the number of seafarers divided by 12 months. The Company had 148 seafarers by the end of 2021.

Financial ratios are calculated in accordance with the terms and definitions included in the accounting policies (note 2.24 to the consolidated financial statements).

2021, 2020, 2019 and 2018 figures are prepared in accordance with IFRS and 2017 is prepared in accordance with Danish GAAP.

The most material difference between IFRS and Danish GAAP relevant for the Group is the application of IFRS 16.

The audited financial statements for 2017 did not provide a revenue split.

The Company did not present cash flow statements nor gross profit/(loss) under Danish GAAP. Therefore, cash flow statements and gross profit/(loss) are not presented for 2017.

Consolidated Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR'000	Note	2021	2020
Revenue	3	60,938	19,501
Cost of sales	4	(38,879)	(45,759)
Gross (loss)/profit		**22,059**	**(26,258)**
Administrative expenses	4	(10,925)	(9,646)
Operating (loss)/profit	25	**11,134**	**(35,914)**
Finance income	8	1,795	16,811
Finance costs	8	(5,491)	(7,930)
Profit/loss before income tax		**7,438**	**(27,033)**
Income tax credit/expense	9	13	1
Profit/loss for the year		**7,451**	**(27,032)**
Other comprehensive income			
Other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		**7,451**	**(27,032)**

EUR'000	Note	2021	2020
Profit/loss for the year attributable to:			
Equity holders of the parent	10	7,451	(27,032)
		7,451	**(27,032)**
Total comprehensive income attributable to:			
Equity holders of the parent	10	7,451	(27,032)
		7,451	**(27,032)**
Earnings per share			
Basic, profit/loss for the year attributable to ordinary equity holders of the parent (EUR per share)	10	0.06	(1.04)
Diluted, profit/loss for the year attributable to ordinary equity holders of the parent (EUR per share)	10	0.06	(1.04)

Consolidated Balance Sheet

EUR'000	Note	2021	2020
Assets			
Non-current assets			
Intangible assets	15	402	-
Property, plant and equipment	16	399,087	252,327
Rights-of-use assets	17	464	740
Leasehold deposits		195	203
Deferred tax asset	19	-	-
Total non-current assets		**400,148**	**253,270**
Current assets			
Inventories	13	440	312
Trade and other receivables	12	20,373	11,788
Receivables from related parties	24	-	7,463
Other current assets	14	1,497	190
Current Income tax receivables	19	-	152
Cash and bank balances	11	2,308	63,636
Total current assets		**24,618**	**83,541**
Total assets		**424,766**	**336,811**

EUR'000	Note	2021	2020
Equity			
Share capital	20	18,641	15,557
Share premium		339,400	265,742
(Accumulated losses)/retained earnings		(32,785)	(40,236)
Total equity		**325,256**	**241,063**
Liabilities			
Non-current liabilities			
Lease liabilities	22	209	507
Deferred charter hire income	3	969	5,740
Debt to credit institutions	23	44,476	63,867
Total non-current liabilities		**45,654**	**70,114**
Current liabilities			
Trade and other payables	18	9,703	7,262
Payables to related parties	24	63	5,384
Deferred charter hire income	3	15,187	3,070
Lease liabilities	22	298	285
Current income tax liabilities	19	6	-
Debt to credit institutions	23	28,599	9,633
Total current Liabilities		**53,857**	**25,634**
Total liabilities		**99,511**	**95,739**
Total equity and liabilities		**424,766**	**336,811**

Consolidated Statement of Changes in Equity

EUR'000	Share capital	Share premium	(Accumulated losses)/ retained earnings	Total
2020				
Beginning of financial year	104	-	(13,204)	(13,100)
Loss for the year	-	-	(27,032)	(27,032)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(27,032)**	**(27,032)**
Capital increase by contribution in-kind	10,379	190,137	-	200,516
Capital increase from IPO	5,074	78,791	-	83,865
Transaction costs in relation with capital increase	-	(3,342)	-	(3,342)
Share-based payments	-	156	-	156
End of financial year	**15,557**	**265,741**	**(40,236)**	**241,063**
2021				
Beginning of financial year	15,557	265,741	(40,236)	241,063
Profit for the year	-	-	7,451	7,451
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**7,451**	**7,451**
Capital increase	3,084	76,134	-	79,218
Transaction costs in relation with capital increase	-	(2,154)	-	(2,154)
Share-based payments	-	(321)	-	(321)
End of financial year	**18,641**	**339,400**	**(32,785)**	**325,257**

Consolidated Statement of Cash Flows

EUR'000	Note	2021	2020
Cash flow from operating activities			
Profit/loss for the year		**7,451**	**(27,032)**
Adjustments for:			
Depreciation and amortization		16,479	15,482
Gain on derecognition of lease assets and liabilities		-	(7,703)
Interest expenses		4,506	1,131
Income tax expense		-	(1)
Share-based payment expenses		(321)	156
		28,115	**(17,967)**
Changes in working capital:			
Inventories		(128)	(51)
Trade and other receivables		(9,883)	4,541
Trade and other payables		2,448	3,893
Receivables from Swire group entities		7,463	(7,463)
Payables to Swire group entities		(5,319)	5,384
Deferred revenue		7,346	3,851
Net change in working capital		**1,927**	**10,155**
Income tax paid		158	(1,785)
Net cash provided by operating activities		**30,200**	**(9,597)**

Consolidated Statement of Cash Flows

Continued from previous page

EUR'000	Note	2021	2020
Cash flow from investing activities			
Additions to property, plant and equipment		(162,941)	(256,138)
Additions to intangibles		(434)	-
Net cash (used in)/provided by investing activities		**(163,375)**	**(256,138)**
Cash flow from financing activities			
Principal repayment of lease liabilities	22	(285)	(11,226)
Interest paid		(3,930)	(4,136)
Payables to Swire group entities		-	(10,846)
Proceeds from issue of share capital		79,218	284,381
Transaction costs on issues of shares		(2,154)	(3,342)
Proceeds from borrowing	22	-	73,287
Proceeds from overdraft	22	8,998	-
Repayment of loan		(10,000)	-
Net cash used in financing activities		**71,847**	**328,118**
Net increase/(decrease) in cash and cash equivalents		**(61,328)**	**62,393**
Cash and cash equivalents at beginning of financial year	11	63,636	1,243
Cash and cash equivalents at end of financial year		**2,308**	**63,636**

Notes to the Consolidated Financial Statements

Note 1

General Information

Corporate information
Cadeler A/S is incorporated and domiciled in Denmark. The address of its registered office is Arne Jacobsens Allé 7, 7., DK-2300 Copenhagen S, Denmark.

The Group is a leading offshore wind farm T&I contractor headquartered in Copenhagen, Denmark. The Group owns and operates two offshore jack-up windfarm installation vessels, Wind Orca and Wind Osprey. In addition to wind farm installation, these vessels can perform maintenance, construction, decommissioning, and other tasks within the offshore industry.

The consolidated financial statements of the Group is composed of the Financial Statements of the company Cadeler A/S and its subsidiaries (which are fully owned by the parent company Cadeler A/S). The subsidiaries of Cadeler A/S are the two companies owning the wind farm installation vessels, Wind Orca Ltd and Wind Osprey Ltd.

Note 2

Significant Accounting Policies

2.1 Basis for preparation
These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU as well as additional Danish disclosure requirements applying to listed companies. Further they are prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are further described in note 2.23.

The accounting policies are unchanged from 2021. The financial statements are presented in euros and all values are rounded to the nearest thousand (€000), except when otherwise indicated.

Comparative figures
Comparative figures reflect the IFRS consolidated financial statements for Cadeler A/S. The activities between the two years are unchanged, hence the numbers are comparable.

European Single Electronic Format (ESEF)

As a group with securities listed on a regulated market within the EU, Cadeler A/S is required to prepare its official Annual Report in the XHTML format and to tag the main consolidated financial statements using inline eXtensible Business Reporting Language (iXBRL) applying a specific ESEF taxonomy.

As such, the Annual Report is therefore both human- and machine-readable. A separate assurance report on the iXBRL tagging of the consolidated financial statements is issued by Cadeler's independent auditors and included on page 90. For general use, a PDF version of the Annual Report is published in line with previous years.

2.2 Changes in accounting policies and disclosures

The Group has adopted standards and interpretations effective as of 1 January 2021.

The Group has not early adopted any other standard, interpretation or amendments that have been issued but are not yet effective.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have a material impact on the Group.

2.3 Revenue recognition

2.3.1 Time charter

Revenue from time charter revenue is generated from leasing of vessels and provision of services within wind farming projects, catering and accommodation and mobilization.

A time charter contract consists of a leasing component (the bareboat element) and a service component. The service component is within the scope of IFRS 15, while the leasing component is within the scope of IFRS 16. Refer to Note 2.11 on accounting policy for leases. Both the service component and the leasing component are recognized as revenue over time over the leasing period.

Prepayments from customers for which the service component has yet to be provided are recognized as deferred charter hire income and recognized as revenue over the period during which the services are performed.

Payments from customers for the bareboat element are recognized over time in accordance with the length of the customer contract. Prepayments from customers for the leasing component are recognized as deferred charter hire income. Refer to Note 2.16 for accounting policy on deferred charter hire income.

2.3.2 Catering and accommodation income

Catering and accommodation income comprise income derived from catering services and the provision of accommodation. Revenue is recognized as the service is being provided over time.

2.3.3 Mobilization income
Mobilization income comprises income for vessel mobilization to support customer projects. Revenue is recognized over time as the service is being provided.

2.3.4 Sundry income
Sundry income comprises income derived from the mark up on cost recharged to clients for example fuel, and specific charter equipment requests by the customer. Revenue is recognized on consumption or delivery of charter equipment.

2.4 Interest income
Interest income is recognized using the effective interest method.

2.5 Cost of sales and administrative expenses
Cost of sales and administrative expenses include the year's expenses relating to the Group's core activities, including depreciation, crew hire and expenses relating to operation of vessels, maintenance, staff costs and administration costs.

2.6 Employee compensation
Employee benefits are recognized as an expense, unless the cost qualifies to be capitalized as an asset.

Employee compensations include wages and salaries, including compensated absence and pensions, as well as other social security contributions made to the entity's employees or public & government authorities. The item is net of support schemes made by public & government authorities.

2.7 Borrowing costs
Borrowing costs are recognized in profit or loss using the effective interest method.

2.8 Income taxes
2.8.1 Income tax
Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognized as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognized directly in equity.

2.8.2 Tonnage tax
The Danish tonnage tax scheme was extended to give vessels such as those operated by the Company the option to elect to be included in the scheme. Under the scheme, ship-owners (or bareboat charterers) pay a fixed tax amount per net tonne at their disposal rather than paying taxes based on income, expenses, and depreciation. The Company participates in the scheme from 27 November 2020.

As the vessels are registered in Cyprus and owned by the subsidiaries in Cyprus, the Group is also subject to tonnage taxation in Cyprus. This tonnage taxation income is calculated based on a fixed tax amount per tonne.

As both of these tax schemes are on a notional income derived from tonnage capacity and not based on the entities' actual income and expenses, the Group does not consider the schemes to fall under the rules of IAS 12. Consequently, the tonnage tax expenses are not presented as part of tax expense in the statement of profit and loss, but are recognized under costs of sales.

2.9 Inventories
Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory covers fuel, lube and other immaterial items. Major spare parts are recorded as fixed assets.

2.10 Property, plant and equipment
Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment losses.
The cost of an item of property, plant and equipment initially recognized includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognized in profit or loss when incurred.

To keep performing their operational activity, the vessels have an obligation to go through drydock procedures every five years. The costs of the drydock procedures are capitalized per their purchase price and any costs that are directly attributable to bringing the vessels to the location and condition necessary for the drydock procedures.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the assets' estimated useful life. The estimated useful life is as follows:

	Useful life
Vessels and furnished equipment	Up to 25 years
Drydock	5 years
Cars	5 years
Other fixtures and fittings	2 to 3 years

The estimated useful life of the vessels of 25 years has been estimated by an external consultant through a determined fatigue analysis based on the technical specification of the vessels. Prior to their acquisition, the vessels had already been in use for 8 years, therefore the remaining useful life of the vessels is estimated at 17 years for all components except jacking system and main crane with a remaining useful life of 3 years from the acquisition of the vessels. Hull and steel have a salvage value of EUR 10 million per vessel by the end of their useful life.

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted accordingly, if appropriate.

2.11 Leases

When the Group is the lessor

Lessor – operating leases

The Group leases vessels (the bareboat element under time charter contracts) under operating leases to non-related parties. This is classified as an operational lease, as such leases do not cover a significant part of the economic life of the vessels and the Group retains substantially all risks and rewards incidental to ownership of the vessels. Rental income from operating leases is recognized in profit or loss on an over time basis over the lease term and included in revenue.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are capitalized and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

a. Right-of-use assets

The Group recognized a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities using an incremental borrowing rate adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.
Right-of-use assets are depreciated on a straight-line basis lease term.

b. Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs. Under the old lease agreements, both ended as of 25 September 2020, the Group paid a utilization lease fee when the vessels were utilized. These payments were not included in the lease liability, as they were only paid when the vessels were utilized. The utilization lease fee had been classified as being a variable fee.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c. Short-term and low-value leases
The Group has elected to not recognize right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value-leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term. Short-term and low-value leases consists of cars, coffee machines and AV equipment.

Derecognition of lease
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts of the asset and the liability is recognized in the statement of profit and loss.

2.12 Impairment of non–financial assets
Property, plant and equipment and right-of-use assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognized as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized.

The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

A reversal of impairment loss for an asset is recognized in profit or loss.

2.13 Financial assets
The Group measures its financial assets at amortized cost.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instrument

Debt instruments of the Group mainly comprise of cash and bank balances, trade receivables and other current assets.

There are three prescribed subsequent measurement categories, depending on the Group's business model in managing the assets and the cash flow characteristic of the assets. The Group manages these group of financial assets by collecting the contractual cash flow and these cash flows represent solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortized cost subsequent to initial recognition.

Interest income from these financial assets are recognized using the effective interest rate method.

The Group assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost.

For trade and other receivables, the Group applied the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

For cash and bank balances, the general 3-stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognized.

2.14 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.15 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost, using the effective interest method.

2.16 Deferred charter hire income

Time charter revenue received in advance and reservation fees are deferred and recognized as current liabilities if the service is due within one year or less. Otherwise, they are presented as non-current liabilities. Deferred charter hire income is recognized as revenue in profit or loss over time over the period during which the related service is performed.

2.17 Financial liabilities

Debt to credit institutions etc. is recognized at the time of borrowing at fair value after deduction of transaction costs incurred. Subsequently, the financial liabilities are measured at amortized cost using the "effective interest method", so that the difference between the proceeds and the nominal value is recognized in the income statement under financial expenses over the loan period.

2.18 Share capital

Ordinary shares are classified as equity.

2.19 Share premium reserve

Capital increase is classified as equity. Capital increase Incremental costs directly attributable to the issuance of new shares and share based payments are accounted for as a deduction from equity.

2.20 Share based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The share-based payment scheme related to the successful offering of the IPO was eligible to be settled in cash, further details are provided in Note 6.

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognized in employee benefits expenses, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.
Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share in a loss situation only if Loss per share increases.

2.21 Currency translation

The financial statements are presented in Euro (EUR), which is also the functional currency of the Group.

Transactions in a currency other than the EUR ("foreign currency") are translated into EUR using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet are recognized in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented in the income statement within finance income or finance costs.

2.22 Cash flow statement

<u>Statement of cash flows</u>

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

Positive amounts indicate cash inflows, whereas negative amounts indicate cash outflows.

Cash flows from operating activities
Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, changes in working capital and income tax paid or received. Working capital includes current assets less current liabilities, excluding cash and cash equivalents.

Cash flows from investing activities
Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets.

Cash flows from financing activities
Cash flows from financing activities comprise cash flows from instalments on lease liabilities, and interest paid/received.

Cash and cash equivalents
Cash and cash equivalents are measured in the balance sheet nominal value, and mainly consists of short-term deposits and cash and bank balances.

2.23 Significant accounting judgements, estimates and assumptions
Property, plant and equipment
The estimation made regarding the duration of the useful life of the vessels has been determined through an analysis made by an external consultant.

The determined fatigue analysis is based on the technical specification of the wind turbine installation vessels, the useful life of the vessels is estimated at 25 years. Prior to their acquisition, the vessels had already been in use for 8 years, therefore all material components on the vessel such as engines, jacking legs and hull have 17 years of useful life. Management chooses to depreciate the jacking system and main crane through a 3 year useful life and keep a EUR 10 million salvage value for the hull and steel components per vessel at the end of their 17 year useful life.

Leases – Estimating the incremental borrowing rate and lease term
The Group cannot readily determine the implicit borrowing rate, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the leases. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the Group's stand-alone credit rating).
The lease term on the bareboat agreements where the Group is a lessee is determined as the non-cancellable term of the lease together with the period covered by committed customer contracts which are embedded with parent company guarantees, and which would require the Group to exercise the implicit option to extend the bareboat agreements to fulfil these contracts.

Impairment of non-financial assets
Management is responsible for the identification of indicators of impairment related to non-financial assets. If indicators of impairment are identified, an impairment test must be performed.

Impairment exists when the carrying value of an asset including right-of-use assets or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available sales transactions conducted at arm's length terms, if available. The value in use calculation is based on a DCF model. The cash flows are derived from the budget and the most recent project pipeline. These cash flows do not include restructuring activities or significant future investments which will enhance the performance of the assets or CGU being tested.

The recoverable amount is sensitive to the discount rate used in the DCF model as well as future cash in-flows and growth rate assumptions.

2.24 Financial ratios and operational metrics

Return on assets	Profit/loss from operating activities Total assets, year-end
Return on equity	Profit/loss for the year Total equity, year-end
Equity ratio	Equity, year-end Total equity and liabilities, year-end
Contracted days	Number of on hire days in the fiscal year (in total for all vessels)
Utilization	Contracted days Days in the year (365*all vessels)
Earnings per Share	Result for the year Average number of shares during the year
Diluted earnings per Share	Result for the year Average number of shares during the year + average number of shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares
EBITDAR	Earnings before interest, tax, depreciation, amortization, foreign exchange gains/losses and bareboat rent in the form of variable lease fee and right-of-use asset amortisation.
EBITDA	Earnings before interest, tax, depreciation, amortization and foreign exchange gains/losses.

Note 3

Revenue

Disaggregation of revenue from contracts with customers

EUR'000	2021	2020
Revenue from contracts with customers		
Time charter hire services	49,538	16,912
Catering and accommodation	1,888	1,130
Mobilisation	5,023	400
Sundry income	4,489	1,059
Total revenue	**60,938**	**19,501**
Revenue from contracts with customers		
Service component	13,437	12,374
Lease component	43,012	6,068
Sundry income	4,489	1,059
Total revenue	**60,938**	**19,501**

The majority of revenues are recognized over time. Mobilisation fee and sundry income might be recognised at a point in time depending on the contract.

Time charter hire services are contracts with customers where the Group utilizes its vessels, equipment and crew to deliver a service to the customer based on either a fixed day rate or milestone deliverables.

Despite the accounting treatment difference of a leasing component (use of the vessels) and a service component (vessel operation) of time charter contracts, these components are not treated or priced separately in the contracts, nor does the Group offer either of the services separately.

Time charter hire revenue derived from milestone-based time charters or contracts with a fixed price is deemed to be 100% service revenue as the risk is with the Group. The Group will have a higher concentration of milestone and fixed price contracts going forward.

Time charter hire revenue derived from day rate contracts is split into service and lease component. This split is determined by calculating service revenue as crewing costs for the contract at a 6% mark-up. The residual is deemed to be lease component.

Catering and accommodation income are derived from the provision of food and accommodation on the vessels and is deemed service revenue.

Mobilization are the fees earned for the movement of the vessel from one location to another in order to deliver a project, it is deemed to be bareboat revenue.

Sundry income derived from non-recurring items directly related to the execution of the projects and is deemed to be sundry income.

By end of 2021, revenue with two customers exceed 10% of total revenue. The revenue derived from these two customers was EUR 24.6 million and EUR 29.1 million respectively.

In 2020, revenue with two customers also exceed 10% of total revenue. The revenue derived from these two customers was EUR 13.3 million and EUR 3.6 million respectively.

Customers are typically invoiced on a monthly basis, when the vessels are on contract. Payment terms with customers vary by contract and do not include a finance component.

Operating segments

The Group's management are not operating or making decisions based on customer types, type of service or geographical segments. The Group operates two windfarm installation vessels, which are viewed as one segment and can operate in all geographical areas required for the specification of a specific windfarm project. Accordingly, the Group only has one operating segment.

The contract liabilities relate to consideration received from customers for the unsatisfied performance obligation in the charter contracts. Revenue will be recognized when the related services are provided to the customers.

Deferred charter hire income

Revenue recognized in relation to deferred charter hire income

EUR'000	2021	2020
Revenue recognized in current period that was included in the contract liabilities balance at the beginning of the period		
Time charter hire services	1,751	4,959
Total liabilities at the beginning of the period	**1,751**	**4,959**

Contract backlog

The Group has an order backlog amounting to EUR 409 million (2021 total backlog was EUR 310 million) including contracts announced as of 29 March 2022 and represents the value of the outstanding performance obligations in current contracts and future contracts. This backlog includes lease payments relating to the bareboat of the vessels. Of this total backlog, EUR 96 million relates to performance obligations of contracts for the remaining of the year 2022.

EUR Million	2021	2020
Within one year	110	63
Between one and four years	261	147
After five years	38	100
Total	**409**	**310**

Note 4

Expenses by Nature

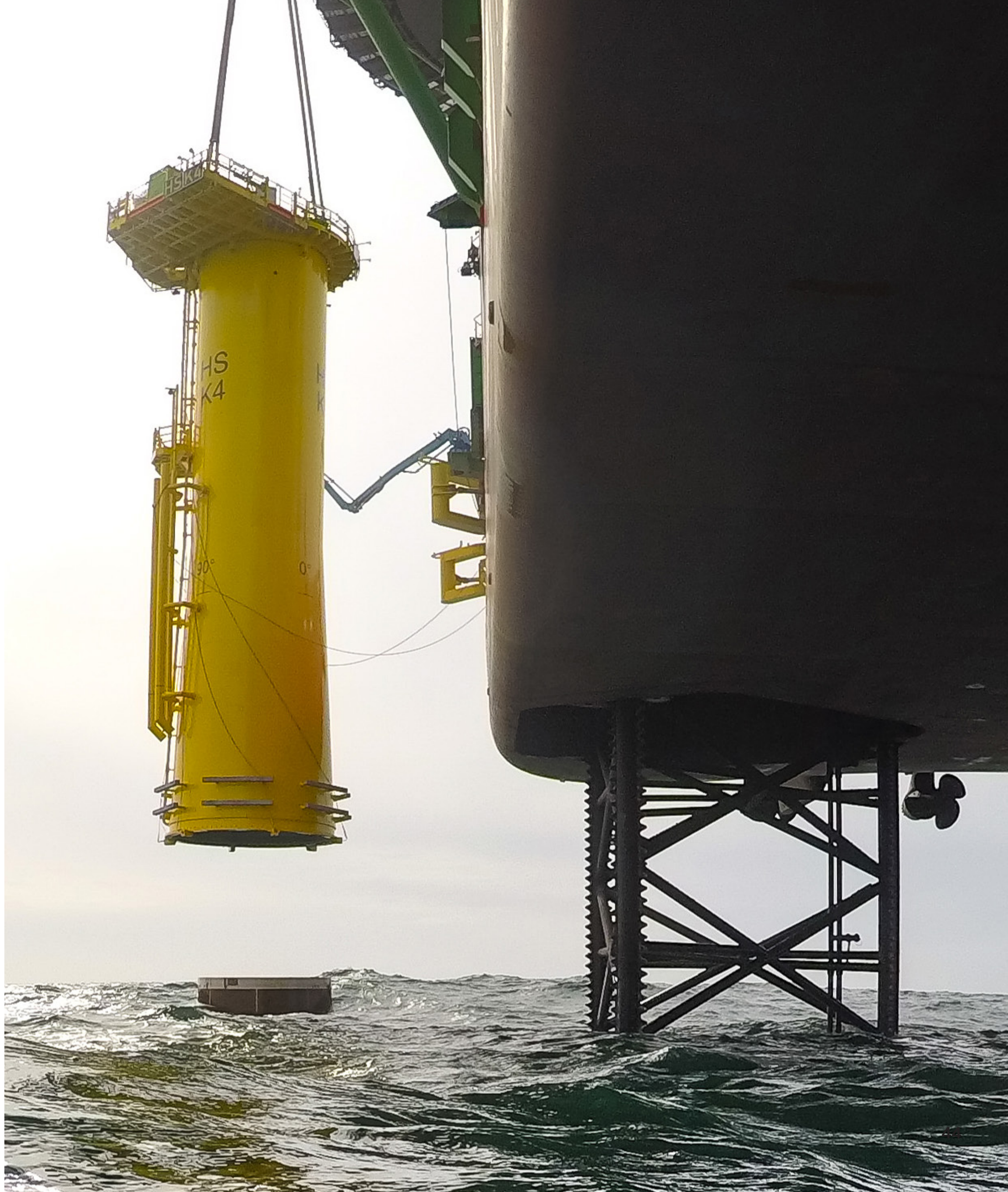
EUR'000	Note	2021	2020
Cost of Sales			
Right of use asset depreciation	17	-	11,265
Bareboat charter hire	23	-	9,952
Insurance		1,772	692
Vessel depreciation	16	16,077	3,853
Crewing costs paid to a related party and an external party	24	11,517	11,287
Seafarer payroll	5	1,159	-
Fuel and oil		892	1,020
Maintenance		2,305	2,729
Messing costs		1,224	769
Seafarer travel		1,876	1,101
Specific charter costs		1,239	2,157
Utilities		541	525
Other operating expenses		260	407
Tonnage Tax	9	17	2
Total cost of sales		**38,879**	**45,759**

EUR'000	Note	2021	2020
Administrative expenses			
Depreciation and amortisation	15, 16, 17	414	364
Employee compensation	5	7,603	5,615
Repair and maintenance expenses		161	179
Legal and professional fees		564	1,374
Rental expenses		584	355
Travel expense		305	247
Management fees to related party	24	115	947
Marketing and entertainment expenses		159	248
Other expenses		1,019	317
Total administrative expenses		**10,925**	**9,646**

Auditor remuneration

Administrative expenses include fees to the auditors appointed by the shareholder at the Annual General Meeting:

EUR'000	2021	2020
Statutory audit	92	180
Tax services	50	255
Other assurance services	8	351
Other services	14	-
Total	**164**	**786**



Note 5

Employee Compensation

Onshore

EUR'000	Note	2021	2020
Wages and salaries		6,637	4,990
Employer's contribution to defined contribution plans		350	197
Share based payment expense	6	360	156
Other short-term benefits		145	266
		7,492	**5,615**

	2021	2020
Average number of full time employees	58	42

Offshore

EUR'000	Note	2021
Wages and salaries		1,097
Employer's contribution to defined contribution plans		60
Share based payment expense	6	-
Other short-term benefits		2
		1,159

	2021
Average number of full time employees	12

Total

EUR'000	Note	2021	2020
Wages and salaries		7,734	4,990
Employer's contribution to defined contribution plans		410	197
Share based payment expense	6	360	156
Other short-term benefits		147	266
		8,651	**5,615**

	2021	2020
Average number of full time employees	70	42

Offshore crew was hired directly by the Company by the end of November 2021. Average number of full-time employees reflect the number of seafarers divided by 12 months. The Company had 148 seafarers by the end of 2021 and expects to have in total more than 160 people for both vessels.

Note 6

Share Based Payments

In December 2021, a new remuneration scheme was agreed starting in January 2022 and replacing the existing share-based incentive schemes for the majority of eligible employees. The terms of the programme initiated in December 2021 are:

(i) with effect from 2021, an annual cash bonus up to 12 months of salary for the CEO, and up to 12 months for key management and selected employees. This bonus is at the discretion of the board and paid in cash the following January. Bonuses regarding key management and selected employees is expensed in 2021 and is part of the accruals. For the CEO see old bonus agreement below.

(ii) with effect from 2021, an annual cash bonus up to 3 months of salary for other employees. This bonus paid based on company, team and individual performance. The bonus is paid in cash at the end of the calendar year.

(iii) in January 2022, the CEO, key management, and selected employees will be granted from 10,393 to 55,430 Restricted Share Units which will vest July 2024 and are conditional upon continued employment within Cadeler.

(iv) in January 2022, the CEO, key management, and selected employees will be granted from 10,393 to 55,430 Options in Cadeler shares which will vest May 2024 and expire in April 2027. The strike price will range from NOK 36,02 to NOK 38,42 depending on the exercise period and are conditional upon continued employment within Cadeler.

The Group previously had a share-based incentive scheme for its key employees in connection with the IPO, with the following key terms:

(i) an incentive varying from 1 to 8 months of salary of the key employee paid in shares in the event the Offering is successful. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the employee and share price on the first day of trading of the shares. This was accounted for as an equity settled programme but was modified in December 2021 whereby employees were offered a cash settlement instead of shares. Hence this incentive was paid in cash in December 2021. The increase in share price compared to the initial valuation of the programme is debited directly in equity and has no effect on profit and loss.

The initial share price was set at observable input 27 November 2020 (146,626 shares) and was paid out in cash at the share price after the vesting period 27 November 2021. The initial cost was calculated to EUR 504 thousand but was paid out at EUR 734 thousand. The charge to equity amounts to EUR 230 thousand.

(ii) an incentive varying from 2 to 4 months of salary of the key employee paid in shares for the continuous employment of the employee for each full calendar year of 2020 and 2021. The incentive will be paid with the employee's salary in June in the following year, i.e., in June 2021 and June 2022. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the employee and share price on the date the incentive will be paid in June 2021 and June 2022. As stated above this programme was terminated for most of employees and this part is reversed in equity and in profit and loss as well. The amount reversed regarding 2020 is EUR 3 thousand and 2021 EUR 167 thousand.

(iii) with effect from 2021, a tiered annual bonus scheme for the CEO of the Company linked to KPIs and business profitability, which is capped at 8 months of gross monthly salary of the CEO paid in shares. The gross monthly salary and share price for the basis of calculation of the shares to be issued is based on the gross monthly salary of the CEO and share price on the date falling 30 days from the date of filing of the audited accounts of the Company for the financial year.

As stated above this programme is terminated and was replaced with a cash bonus. The programme is accounted for as a cash-based incentive programme for 2021 and the full cash bonus is expensed accrued for in 2021.

The total effect on profit and loss regarding share-based payment for executive management and key management is stated in Note 7.

The number of potential shares that could be issued from these schemes are 274 thousand shares or 0.2% of share capital. The total fair value at grant date amounted to EUR 0.7 million.

Note 7

Management Compensation

EUR'000	2021 Board of directors	Executive management	Key management	Total	2020 Board of directors	Executive management	Key management	Total
Wages, salaries and board fees	180	650	337	1,167	37	446	288	771
Share based payments	-	164	48	212	-	45	70	115
Other short-term benefits	-	23	34	57	-	41	44	85
Cash bonus	-	314	159	473	-	201	-	201
Total management compensation	**180**	**1,151**	**578**	**1,909**	**37**	**733**	**402**	**1,172**

Executive management means the members of the executive management which were registered with the Danish business authority.
Key management are the personnel who, in addition to executive management, have the authority and responsibility for the planning, directing and controlling activities of the Company as defined by IAS24.

In 2020 Richard Lawrence Sell and Roy George Shearer are employed by the Swire Group and have not received remuneration as Cadeler board members in 2020.

Richard Lawrence Sell, Roy George Shearer and David Peter Cogman are employed by the Swire Group and Andreas Sohmen-Pao and Andreas Beroutsos are employed by the BW Group. These board members have not received remuneration from Cadeler in 2021.

Further details of management and board compensation can be found in the 2021 Cadeler Remuneration Report.

Note 8

Finance Income and Expenses

EUR'000	2021	2020
Foreign currency gain	1,795	5,892
Foreign currency gain on USD denominated bareboat agreements	-	3,218
Gain on derecognition of IFRS 16 assets and liabilities related to vessels	-	7,703
Finance income	**1,795**	**16,811**

EUR'000	2021	2020
Interest expense		
- Interest on tax owed	-	-
- Interest linked to debt liabilities	2,727	260
- Interest with related parties	684	789
Lease liabilities	30	3,243
Foreign currency loss	1,692	3,612
Bank fees	358	26
Finance expenses	**5,491**	**7,930**

Note 9

Income Taxes

EUR'000	2021	2020
Income tax expense		
Tax expense attributable to profit is made up of:		
Utilization of non recognized tax losses offset against Danish Tonnage Tax expense	(13)	(1)
Total income tax expense	**(13)**	**(1)**

An expansion of the Danish tonnage tax regime to cover wind farm installation vessels was passed in January 2020 with retroactive effect from 2017, 2017 inclusive.

On 15 December 2020, Cadeler A/S received a binding ruling from the Danish Tax Authorities. According to this, Cadeler A/S was able to apply the Danish Tonnage Taxation after the listing of the shares 27 November 2020. Management applied the Danish Tonnage Taxation during 2021. The recorded tonnage tax expense for 2021 in Denmark and Cyprus amount to EUR 13 thousand and EUR 5 thousand respectively.

Cadeler A/S also has material tax losses from previous periods available for carry forward. Such tax losses can be utilized against future tonnage taxation income and other income, which does not qualify for tonnage taxation. The tax value of tax losses to be carried forward as of 31 December 2021 are in the region of EUR 12 million. The tax losses are not subject to expiration.

Note 9

Income Taxes

Continued from previous page

Effective Tax Rate	2021		2020	
	EUR'000	%	EUR'000	%
Tax expense attributable to profit is made up of:				
Accounting profit before income tax	7,450		(27,033)	
Adjustment regarding tonnage taxed income	(7,450)		(2,277)	
Accounting profit before income tax relating to Corporation Tax	-		(24,756)	
Calculated tax at statutory tax rate in Denmark, 22 %	-	22	5,446	22
Tax impact from:				
Non-deductible expenses				
Refund in joint taxation				
Adjustment regarding previous years				
Change in impairment of deferred tax assets in the year	(13)	22	(5,447)	22
Income tax expense, reported	**(13)**	**0**	**1**	**0**
Effective tax rate (%)	**0.0%**		**0.0%**	

Note 10

Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

EUR'000	2021	2020
Result attributable to ordinary equity holders of the parent for basic earnings	**7,451**	**(27,032)**
Result attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**7,451**	**(27,032)**

Thousands	2021	2020
Weighted average number of ordinary shares for basic EPS[1]	**131,161**	**25,934**
Effect of dilution from shared based payments programme	-	258
Weighted average number of ordinary shares adjusted for the effect of dilution[1]	**131,161**	**26,192**

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these Financial Statements.

[1] The weighted average number of shares takes into account the weighted average effect of share based payments during the year.

Note 11

Cash and Bank Balances

EUR'000	2021	2020
Cash at bank and on hand	2,308	63,636
	2,308	**63,636**

Note 12

Trade and Other Receivables

EUR'000	2021	2020
Trade receivables:		
Trade receivables from non-related parties	18,424	6,951
Receivables from Executive Management	-	6
Other receivables	1,949	4,832
	20,373	**11,788**

The loan in 2020 to executive management of EUR 6 thousand was repaid in full including interest payments of 10% per annum as specified by the Danish Companies Act, Section 215.

Expected credit loss on trade receivables
The Group has historically only experienced immaterial losses on trade receivables, if any. Further, a material part of the cash flows in the contracts are prepayments received up front.

The Group's expected credit losses are immaterial. This is based on historical data, a few high-quality debtors and expectations to the future.

Note 12

Trade and Other Receivables

Continued from previous page

EUR'000	Trade receivables	Expected loss	Total
31 December 2021			
Not due	7,850		7,850
Overdue 1-30 days	8,962		8,962
Overdue 31 to 60 days	316		316
Overdue +61 days	1,296		1,297
Total	**18,424**	**-**	**18,424**
31 December 2020			
Not due	6,004		6,004
Overdue 1-30 days	198		198
Overdue 31 to 60 days	84		84
Overdue +61 days	665		665
Total	**6,951**	**-**	**6,951**

Note 13

Inventories

	31 December	
EUR'000	**2021**	**2020**
Fuel and lube oil	440	312

Note 14

Other Current Assets

EUR'000	2021	2020
Prepayments	1,496	176
Other current assets	-	14
	1,496	**190**

Note 15

Intangible Assets

EUR'000	2021
Software	
Cost	
Beginning of the year	-
Additions	434
End of the year	434
Accumulated depreciation	
Beginning of the year	-
Depreciation charge	32
End of the year	32
Net book value	**402**

Additions during 2021 are mainly software acquired for Enterprise Resource and Planning (ERP), Vessel and Crew Management software.

Note 16

Property Plant and Equipment

EUR'000	Vessels	Dry Dock	Other fixtures and fittings	Assets under construction	Total
Cost 2021					
Beginning of financial year	255,031	1,050	379	-	256,460
Additions	3,118	933	157	158,734	162,941
End of financial year	**258,149**	**1,983**	**536**	**158,734**	**419,401**
Accumulated depreciation					
Beginning of financial year	3,853	-	280	-	4,133
Depreciation charge	15,776	300	106	-	16,181
End of financial year	**19,629**	**300**	**386**	**-**	**20,315**
Net book value	**238,520**	**1,683**	**150**	**158,734**	**399,087**

Note 16

Property Plant and Equipment

Continued from previous page

EUR'000	Vessels	Dry Dock	Other fixtures and fittings	Assets under construction	Total
Cost 2020					
Beginning of financial year	-	-	323	-	323
Additions	255,031	1,050	56	-	256,138
End of financial year	**255,031**	**1,050**	**379**	**-**	**256,460**
Accumulated depreciation					
Beginning of financial year	-	-	193	-	193
Depreciation charge	3,853	-	87	-	3,940
End of financial year	**3,853**	**-**	**280**	**-**	**4,133**
Net book value	**251,178**	**1,050**	**99**	**-**	**252,327**

Additions during 2021 are mainly driven by down payments for EUR 137 million of the two new X-class wind turbine installation vessels and new crane for Wind Orca (EUR 7 million), represented above on Assets under Construction. In 2020 the main additions were the vessels acquired for EUR 249 million from a related party.

Note 16

Property Plant and Equipment

Continued from previous page

Impairment Test
As of 31 December 2021, Management tested the carrying amount of its two vessels for impairment. Management considers the vessels as one CGU as they will generate revenues from similar contracts, have similar operating environment and functionality.

Two independent evaluations of the market value of the two vessels were received in the second half of 2021. The first evaluation was made by Fearnleys Asia (Singapore) Pte Ltd 16 November 2021 for an estimation of USD 370 million (corresponding to EUR 333 million), which is 40% higher than the carrying amount. The second vessel evaluation was made 16 November 2021 by Clarksons Valuations Limited for an estimation of USD 390-430 million (corresponding to EUR 345-381 million), which is 44-59% higher than the carrying amount.

The Company also performed a value-in-use calculation in accordance to assess the risk of impairment. The discounted cash flow period has been calculated from the remaining useful life of the vessel as this is deemed most representative for the actual value of the vessels.

The value in use is calculated based on cash flow projections in financial budgets and business plans as follows:

- 2022 is based on signed customer contracts
- 2023-2025 is estimated a 2% increase in revenue compared to 2022
- 2026 revenue is based on estimated day rates for operations and maintenance with a yearly increase of 2%.

The discount rate used in the calculation is based on a Weighted Average Cost of Capital (WACC) of 8.5% after tax.

WACC is calculated by using a standard WACC model in which cost of equity, cost of debt and capital structure are the key parameters.

The calculation showed no need for impairment as the future value of cashflows were higher than the Net Book Value of the vessels.

A sensitivity analysis was also undertaken assuming an increase or decrease in the WACC by 1.5% as well as an increase or decrease in the revenue by EUR 15 thousand per day. Within this sensitivity analysis the calculations also showed no need for impairment as the future value of cashflows were higher than the Net Book Value of the vessels.

Sufficient headroom is calculated with respect to the investment in new cranes. As for the new X-vessels it is management opinion that current signed contracts and the expected day rates in the future support the agreed purchase prices of the vessels.

Note 17

Right of Use Assets

Nature of the Group leasing activities

Vessels
In 2020 the bareboat agreements with a related party were terminated and the lease agreements were de-recognized. This resulted in a gain of EUR 7.3 million which was recognized under financial income in 2020.

Office space
The Group leases office space for the purpose of office operations. The lease term of the office is based on the first date at which the Group can exit without penalty (31 August 2023).

EUR'000	Office space	Total
Cost 2021		
Beginning of financial year	1,572	1,572
End of financial year	**1,572**	**1,572**
Accumulated depreciation		
Beginning of financial year	832	832
Amortisation charge	276	276
End of financial year	**1,108**	**1,108**
Net book value	**464**	**464**

EUR'000	Leasehold vessels	Office space	Total
Cost 2020			
Beginning of financial year	122,367	1,572	123,939
Derecognition of the right of use assets	(122,367)	-	(122,367)
End of financial year	**-**	**1,572**	**1,572**
Accumulated depreciation			
Beginning of financial year	30,571	555	31,126
Amortisation charge	11,265	277	11,542
Derecognition of the right of use assets	(41,836)	-	(41,836)
End of financial year	**-**	**832**	**832**
Net book value	**-**	**740**	**740**

Please refer to Note 22 for disclosure on the lease liabilities and to Note 21 for disclosure on the low-value and short-term lease commitments.

Note 17

Right of Use Assets

Continued from previous page

Lease interest expenses recognized in profit and loss

a) Interest expense

EUR'000	2021	2020
Interest expense on lease liabilities (vessels and office)	30	3,243

b) Lease expense not capitalized in lease liabilities

EUR'000	2021	2020
Short-term lease expense	34	26

c) Total cash outflow for all leases in 2021 and 2020 were EUR 315 thousand and EUR 14,144 thousand respectively, excluding variable lease fee (refer to Note 23).

EUR'000	2021	2020
Repayment of lease liability	315	14,144
Rental above standby rate	196	9,952
Cash outflow for leases that are not capitalised	34	26
	545	**24,122**

Note 18

Trade and Other Payables

EUR'000	2021	2020
Trade and other payables		
Trade payables	2,795	4,365
Other payables	6,908	2,897
	9,703	**7,262**

Note 19

Deferred Income Taxes

Cadeler A/S has material tax losses from previous periods available to carry forward.

Such tax losses can be utilized against future tonnage taxation income and other income, which does not quality for tonnage taxation. The tax value of tax losses to be carried forward as of 31 December 2021 are in the region of EUR 12 million. The tax losses are not subject to expiration.

No deferred tax asset in relation to the tax losses has been recognized as of 31 December 2021 as they are not expected to be utilized within the foreseeable future (3-5 years).

Note 20

Issued Share Capital

Thousands	No. of shares	2021	2020
Ordinary shares			
Beginning and end of financial year 2020	115,574	15,557	15,557
Issued on April 2021 for capital increase	23,000	3,084	-
End of financial year 2021	**138,574**	**18,641**	**15,557**

As of 1 January 2021, the Group's issued and paid in share capital amounted to DKK 115,574 thousand, equal to EUR 15,557 thousand, consisting of 115,574,468 shares of DKK 1.

In April 2021, the authorized share capital was increased by DKK 23,000 thousand, equal to EUR 3,084 thousand, consisting of 23,000,000 shares of DKK 1.

At the end of 2021 the Group had share capital amounted to DKK 138,574 thousand, equal to EUR 18,641 thousand, consisting of 138,574,468 shares of DKK 1.
All shares have equal rights.

Note 21

Commitments and Pledges

Low value and short-term lease commitments

The future minimum lease payables under non-cancellable low value and short-term leases contracted for at the balance sheet date but not recognized as liabilities, are as follows:

EUR'000	2021	2020
Not later than one year	18	26
Between one and five years	-	6
	18	**32**

Pledge of Fixed Assets

The Debt Facility detailed in the Note 23 is secured by, inter alia, a first priority mortgage over the Wind Orca and Wind Osprey Vessels and a first priority assignment of the insurances and earnings of the Wind Orca and Wind Osprey vessels.

X-class vessels

On 30 June 2021 the Company signed a contract with COSCO SHIPPING Heavy Industry Co. Ltd. to build two new X-class wind turbine installation vessels.

The total sum of the contract for the new vessels is approximately EUR 548 million, i.e. USD 651 million, of which EUR 137 million was paid in 2021. The remaining scheduled payments will be due between 2022 and 2025.

Of the total contract, USD 390 million will be paid in USD and EUR 220 million will be paid in EUR.

Wind Osprey & Wind Orca new crane contract

On 17 June 2021 the Company called the option of replacing the main crane on Wind Osprey by H1 2024. The called option is part of the contract signed on 18 December 2020 with NOV to replace the crane on the vessel Wind Orca.
The total sum of the contract for replacement of both cranes is EUR 83 million, of which EUR 7 million was paid in 2021. The remaining scheduled payments will be due between 2022 and 2024.

Note 22

Financial Risk Management

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The financial risk management of the Group is managed by the management of Cadeler and overseen by the Board of Directors and Audit Committee.
The fair value of the Group's financial assets and liabilities as of 31 December 2021 does not deviate materially to the carrying amounts as of 31 December 2021.

Market risk

<u>Currency risk</u>
The Group's business is exposed to the Danish Kroner ("DKK"), Norwegian Kroner ("NOK") and United States Dollar ("USD") as certain operating expenses are denominated in these currencies.

The Company will manage the currency risk from payments in USD (USD 390 million) for the new X-class vessels and evaluate on an ongoing basis how to mitigate the currency risk.

The Group holds cash balances in USD. If the USD:EUR exchange rate deteriorated by 1% the result before tax would have decreased by EUR 8 thousand (EUR 636 thousand in 2020) based on the USD cash holdings as at 31 December 2021.

As the EUR is pegged to DKK, no material currency risk has been identified against the DKK even though the Company has costs denominated in DKK.

<u>Interest rate risk</u>
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the debt facility which was taken out on 1 December 2020.

The term loan in the debt facility is based on a EURIBOR interest rate plus a margin. The EURIBOR interest rate has a floor of 0bps and was negative at the end of 2021.

If the EURIBOR interest rate increased 100bps over the floor of 0bps, and the loan had been provided throughout the entire of period of 2021, the result before tax would have decreased by EUR 715 thousand (EUR 750 thousand in 2020).

If the EURIBOR interest rate decreases the result before tax would not change.

Credit risk

<u>Risk management</u>
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopts the following policy to mitigate credit risk.

For banks and financial institutions, the Group mitigates its credit risks by transacting only with counterparties who are rated "A" and above by independent rating agencies.

The Group adopts the policy of dealing only with customers of appropriate history and obtaining sufficient security where appropriate to mitigate credit risk. The Group adopts stringent procedures on extending credit terms to customers and on the monitoring of credit risk.

Note 22

Financial Risk Management

Continued from previous page

These credit terms are normally contractual and credit policies spell out clearly the guidelines on extending credit to customers, including monitoring the process and using related industry's practices as reference. This includes assessment and valuation of customers' credit reliability and periodic review of their financial status to determine the credit limits to be granted. Customers are also assessed based on their historical payment records. Where necessary, customers may also be requested to provide security or advance payment before services are rendered.

Related party credit risk is managed by the management of Cadeler and overseen by the Board of Directors and Audit Committee.

The maximum exposure to credit risk is the carrying amount of trade receivables and other receivables, receivables from group entities and cash and bank balances presented on the balance sheet.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit losses ("ECLs") associated with its financial assets which are trade and other receivables, cash and bank balances and receivables from group entities. Financial assets are written-off when there is no reasonable expectation of recovery, such as a non-related debtor failing to engage in a repayment plan with the Group.

Where receivables have been written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group has applied the simplified credit loss approach by using the provision matrix to measure the lifetime expected credit losses for trade receivables from customers. To measure the expected credit losses, the Group grouped receivables based on shared credit characteristics and days past due.

Trade receivables from external customers that are neither past due nor impaired are with creditworthy companies. Based on the provision matrix, the trade receivables from external customers are subject to immaterial credit loss.

For cash and bank balances and other receivables that are measured at amortized cost, the Group has considered these financial assets as low credit risk. Cash and bank balances are mainly deposits with banks who have high credit-ratings as determined by international credit-rating agencies. As at 31 December 2021, cash and bank balances and other receivables are subject to immaterial credit loss.

Financial assets that are neither past due nor impaired
Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with good collection track record with the Company.

There is no credit loss allowance for other financial asset at amortized cost as at 31 December 2021 and 31 December 2020.

Liquidity risk
The Group manages liquidity risk by maintaining sufficient cash and available funding through committed credit facilities to enable it to meet its operational requirements and initial payments for the new X-class vessels recently signed.

Further financing will be required from 2023 in connection to milestone payments for the new X-class vessels. The Company is currently exploring numerous options for securing funds to fulfil the contract, including ECA support to the secure facility.

Financial Risk Management

Continued from previous page

The BW Group, provided COSCO SHIPPING Heavy Industry Co. Ltd. with a guarantee in respect of the sums owed by Cadeler pursuant to the two X-class vessels.

The following maturity table shows the contract obligation for the construction of the X-class vessels:

EUR'000	Less than a year	Between 1 and 2 years	Between 2 and 5 years
Obligation in USD 390 million	-	-	355
Obligation in EUR	-	82	

The table below analyses the maturity profile of the financial liabilities of the Company based on contractual undiscounted cash flows.

EUR'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
2021			
Trade and other payables	9,703	-	-
Payables to related parties	63	-	-
Lease liabilities	298	209	-
Debt to credit institutions	28,599	14,476	30,000
	38,663	**14,685**	**30,000**
2020			
Trade and other payables	7,253	-	-
Payables to related parties	5,384	-	-
Lease liabilities	285	298	209
Debt to credit institutions	12,493	21,867	46,200
	25,415	**22,165**	**46,409**

Note 22

Financial Risk Management

Continued from previous page

EUR'000	2021	2020
Lease liabilities at 1 January (current and non-current lease)	792	103,470
Cash flows	(285)	(11,226)
Foreign exchange effect	-	(3,218)
Derecognition of leases for vessels	-	(88,234)
Lease liabilities at 31 December (current and non-current lease)	**507**	**792**

Change in the debts to credit institutions during the year

EUR'000	2021	2020
Debt to credit institutions at 1 January (current and non-current lease)	(73,500)	-
Overdraft facility drawn	(8,998)	
Loan repayment	10,000	(73,287)
Non-Cash flow of interest	(577)	(213)
Debt to credit institutions at 31 December (current and non-current lease)	**(73,075)**	**(73,500)**

Capital management

The Company's objectives when managing capital are to ensure the Company's ability to continue as a going concern and to maintain an optimal capital structure.

In order to achieve this overall objective, the Company's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

In order to maintain or adjust the capital structure in the future, the Group may adjust the amount of dividends paid to shareholders, issue new shares and/or sell assets to reduce debt. Pursuant to the Debt Facility, the Company is not permitted to pay any dividends or other distributions without DNB Bank ASA and Sparebank 1 SR Bank's written consent.

Note 23

Financial Liabilities: Interest-bearing Loans and Borrowings

The current Debt Facility consists of (i) a three-year amortizing term loan of EUR 75 million, repayable in semi-annual instalments of EUR 5 million in month 6 and 12, EUR 10 million in month 18 and 24, EUR 7.5 million in month 30 and 36, in addition to a final balloon payment of EUR 30 million, and (ii) an overdraft facility of up to EUR 40 million.

The term loan bears interest at 3-month EURIBOR + 325 bps, subject to a 5 basis point green loan margin discount as long as the Company is in compliance with certain green asset criteria such as earmarked investments in green assets. The Group is currently in compliance with this green criteria and are expected to remain compliant for the duration of the facility. The overdraft facility bears interest at EURIBOR + 275 bps.

During 2021, the Group repaid EUR 10 million of the EUR 75 million of the term loan drawn down on 1 December 2020. The Group drew down EUR 9 million from the overdraft facility on December 2021.

During 2021, the Group increased the overdraft facility from EUR 20 million to EUR 40 million and updated the change of control clause.

Covenants
The Group is in compliance with all covenants in the debt facility:

Minimum Free Liquidity: Freely available cash and cash equivalents (including undrawn portion of overdraft facility) at all times to be the higher of EUR 5,000,000 or an amount equal to 7.5% of the gross interest-bearing debt.

Equity Ratio: The ratio of book equity to total assets at all times to be minimum 40%.

Fair market value of vessels: The fair market value (free of any charterparty or other employment contract) of the vessels shall at all times cover at least 200% of the drawn amounts under the Debt Facility (including any outstanding guarantees under the overdraft facility) measured on a consolidated basis for the vessels.

Restriction on dividends: The Company is not permitted to pay any dividends or other distributions without DNB Bank ASA and Sparebank 1 SR Bank's written consent.

Change of control: If any person or group of persons (other than Swire Pacific or the BW Group) acting in concert directly or indirectly gains control of 25% or more of the voting and/or ordinary shares of the Borrower, the facility agent (acting on instructions from the majority lenders) may by written notice of ten (10) business days cancel the facilities and require repayment of all amounts outstanding under the facilities.

Note 24

Related Party Transactions

The following significant transactions took place between the Company and related parties within the Swire Pacific Offshore Holdings Group and BW Group Limited at terms agreed between the parties:

EUR'000	2021	2020
Crew hire expenses paid to the Swire Pacific Offshore Holdings Group	(11,461)	(11,287)
Costs related to guarantees fees to BW Group Limited	(1,853)	-
Management fees paid to the Swire Pacific Offshore Holdings Group	(197)	(947)
Payables to Swire Pacific Offshore Holdings Group at reported period	63	5,384
Bareboat rental payments to the Swire Pacific Offshore Holdings Group	-	(14,155)
Variable bareboat rental expences paid to the Swire Pacific Offshore Holdings Group	-	(9,952)
Costs related to performance guarantees to Swire Pacific Offshore Holdings Group	(684)	-
Interest to Swire Pacific Offshore Holdings Group	-	(789)
Receivables from Swire Pacific Offshore Holdings Group at reported period	-	7,463

Related party transactions over the reported period are limited to crew hire expenses, management fees and costs related to performance guarantees issued by the Swire Pacific Offshore Holdings Group on behalf of Cadeler A/S and guarantee fees issued by the BW Group Limited.

Note 25

Operating Profit/(Loss)

As a performance measure, the Group has used EBITDAR as it provides an estimate of the EBITDA that would be derived if the Group directly owned its vessels instead of leasing them from a related party.

From November 2020 the vessels are owned by the Group.

From 2021 EBITDAR equals EBITDA and the Company will continue to use EBITDA as a performance measure onwards to compare with future periods.

EBITDAR is Earnings Before Interest, Tax, Depreciation, Amortization, foreign exchange gains/losses and bareboat Rent in the form of variable lease fee (and right-of-use asset amortization).

EBITDAR is calculated as shown below:

EUR'000	Note	2021	2020
Operating profit or loss as reported in the statement of profit		11,134	(35,914)
Right-of-use asset amortization	16	276	11,542
Depreciation and amortization	15	16,216	3,940
Bareboat charter hire (variable on hire lease fee)	4	-	9,952
EBITDAR		**27,626**	**(10,480)**

Note 26

Events After Reporting Period

Nothing to report.

Note 27

Authorization of Financial Statements

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Cadeler A/S on 29 March 2022 and recommend for approval of the shareholder of the Company at the annual general meeting to be held on 26 April 2022.

Parent Company Financial Statements

Parent Company Statement of Profit and Loss

EUR'000	Note	2021	2020
Revenue	2	62,849	22,706
Cost of sales		(51,134)	(49,214)
Gross (loss)/profit		**11,715**	**(26,508)**
Administrative expenses		(10,962)	(9,768)
Operating (loss)/profit		**753**	**(36,186)**
Finance income		1,784	5,896
Finance costs		(5,461)	(4,690)
Loss before income tax		**(2,924)**	**(34,981)**
Income tax credit/expense	5	13	1
Loss for the year		**(2,911)**	**(34,979)**

Parent Company Balance Sheet

EUR'000	Note	2021	2020
Assets			
Non-current assets			
Intangible assets	7	402	
Tangible assets			
Property, plant and equipment	8	139,912	99
Total tangible assets		139,912	99
Financial assets			
Investments in subsidiaries	10	249,534	249,534
Leasehold deposits		195	203
Total financial assets		249,729	249,737
Total non-current assets		**390,043**	**249,837**

EUR'000	Note	2021	2020
Current assets			
Inventories		440	312
Receivables			
Trade receivables		20,373	6,945
Receivables from Executive Management	9	-	6
Receivables from related parties		-	7,463
Receivables from subsidiaries		36,301	9,469
Other receivables		-	4,837
Other current assets		649	190
Deferred tax asset	5	-	-
Current Income tax receivables		-	152
Total receivables		57,323	29,062
Cash and bank balances		2,308	63,636
Total current assets		**60,071**	**93,010**
Total assets		**450,114**	**342,846**

Parent Company Balance Sheet

Continued from previous page

EUR'000	Note	2021	2020
Equity			
Share capital	13	18,641	15,557
Share premium		339,400	265,741
(Accumulated losses)/retained earnings		(40,437)	(37,517)
Total share premium		298,963	228,224
Total equity		**317,604**	**(243,781)**
Liabilities			
Non-current liabilities			
Debt to credit institutions		44,476	63,867
Deferred charter hire income		969	5,740
Total non-current liabilities		**45,445**	**69,607**

EUR'000	Note	2021	2020
Current liabilities			
Debt to credit institutions		28,599	9,633
Deferred charter hire income		15,187	3,070
Trade payables		1,828	4,366
Payables to related parties		63	5,384
Payables to subsidiaries		35,944	4,243
Current income tax liabilities	5	6	-
Other payables		5,438	2,761
Total current Liabilities		**87,065**	**29,457**
Total liabilities		**132,510**	**99,065**
Total equity and liabilities		**450,114**	**342,846**

Parent Company Statement of Changes in Equity

EUR'000	Note	Share capital	Share premium	(Accumulated losses)/ retained earnings	Total
2020					
Beginning of financial year		104	-	(2,547)	(2,443)
Loss for the year		-	-	(34,979)	(34,979)
Capital increase by contribution in-kind		10,379	190,137	-	200,516
Capital increase from IPO		5,074	78,791	-	83,865
Transaction costs in relation with capital increase		-	(3,342)	-	(3,342)
Share-based payments	10	-	156	-	156
End of financial year		**15,557**	**265,741**	**(37,526)**	**243,772**
2021					
Beginning of financial year		15,557	265,741	(37,526)	243,772
Profit for the year		-	-	(2,911)	(2,911)
Capital increase		3,084	76,134	-	79,218
Transaction costs in relation with capital increase		-	(2,154)	-	(2,154)
Share-based payments		-	(321)	-	(321)
End of financial year		**18,641**	**339,400**	**(40,437)**	**317,604**

Notes to the Parent Company Financial Statements

Note 1

Accounting Policies

The parent company financial statements of Cadeler A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class D entities.

The parent company's accounting policies on recognition and measurement are generally consistent with those of the Group. For accounting policies with differences between the parent company's accounting policies and the Group's accounting policies are described below.

Changes in accounting policies

The parent company financial statements have been prepared using the same accounting policies as last year. Disclosure requirements have been stated to comply with the requirements of the Danish Financial Statements Act.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The entity's cash flows are part of the consolidated cash flow statement of Cadeler A/S.

Dividends from subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Receivables

Receivables are measured at amortized cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

Revenue

The Company has chosen IFRS 15 under Danish GAAP as interpretation for revenue recognition.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary during the period of ownership are treated as a reduction of cost.

Leasing with the Company as lessee

The Company has decided to apply IAS 17 as the basis of accounting for leases rather than using IFRS 16. Applying IAS 17, operating lease expenses are recognised as incurred on a straight line basis over the lease term.

Note 2

Revenue

Refer to Note 3 in the Consolidated Financial Statements for disclosure of revenue. Parent company revenue further includes revenue from related parties totalling EUR 1.9 million (2020: EUR 3.2 million). Related party revenue consists of income derived from managing and maintaining the two windfarm installation vessels during off-hire periods.

Segment information
The Group's management are not operating or making decisions based on customer type, type of service or geographical segments. The Group operates two windfarm installation vessels, which are viewed as one segment and can operate in all geographical areas required for the specification of a specific windfarm project. Accordingly, the Group only has one operating segment.

Note 3

Auditor Remuneration

Administrative expenses include fees to the auditors appointed by the shareholder at the Annual General Meeting:

EUR'000	2021	2020
Statutory audit	92	180
Tax services	50	255
Other assurance services	8	251
Other services	14	-
Total	**164**	**686**

Note 4

Employee Compensation

Onshore

EUR'000	2021	2020
Wages and salaries	6,637	4,990
Employer's contribution to defined contribution plans	350	197
Share based payment expense	360	156
Other short-term benefits	145	266
	7,492	**5,615**

	2021	2020
Average number of full time employees	58	42

Offshore

EUR'000	2021
Wages and salaries	1,097
Employer's contribution to defined contribution plans	60
Share based payment expense	-
Other short-term benefits	2
	1,159

	2021
Average number of full time employees	12

Total

EUR'000	Note	2021	2020
Wages and salaries		7,734	4,990
Employer's contribution to defined contribution plans		410	197
Share based payment expense	6	360	156
Other short-term benefits		147	266
		8,651	**5,615**

	2021	2020
Average number of full time employees	70	42

Offshore crew was hired directly by the Company by the end of November 2021. Average number of full-time employees reflect the number of seafarers divided by 12 months. The Company had 148 seafarers by the end of 2021 and expects to have in total more than 160 people for both vessels.

Note 5

Tax

EUR'000	2021	2020
Tax expense attributable to profit is made up of:		
Utilization of non recognized tax losses offset against Danish Tonnage Tax expense	(13)	(1)
Total	**(13)**	**(1)**

An expansion of the Danish tonnage tax regime to cover wind farm installation vessels was passed in January 2020 with retroactive effect from 2017, 2017 inclusive.

On 15 December 2020, Cadeler A/S received a binding ruling from the Danish Tax Authorities. According to this, Cadeler A/S was able to apply the Danish Tonnage Taxation after the listing of the shares 27 November 2020. Management applied the Danish Tonnage Taxation during 2021. The recorded tonnage tax expense for 2021 in Denmark amounts to EUR -13 thousand.

Cadeler A/S also has material tax losses from previous periods available for carry forward. Such tax losses can be utilized against future tonnage taxation income and other income, which does not qualify for tonnage taxation. The tax value of tax losses to be carried forward as of 31 December 2021 are in the region of EUR 12 million. The tax losses are not subject to expiration.

Tonnage taxes are not to be accounted for in accordance with IAS 12, accordingly the costs are presented as part of cost of sales. A tax credit of EUR 13 thousand has been recognized in 2021 in relation to Danish Tonnage tax which has been offset by previous tax losses.

Note 6

Management Compensation

EUR'000	2021 Board of directors	2021 Executive management	2021 Total	2020 Board of directors	2020 Executive management	2020 Total
Wages, salaries and board fees	180	650	830	37	446	483
Share based payments	-	164	164	-	45	45
Other short-term benefits	-	23	23	-	41	41
Cash bonus	-	314	314	-	201	201
	180	**1,151**	**1,331**	**37**	**733**	**770**

Executive management includes management members registered with the Danish business authority.

In 2020 Richard Lawrence Sell and Roy George Shearer are employed by the Swire Group and have not received remuneration as Cadeler board members in 2020.

Richard Lawrence Sell, Roy George Shearer and David Peter Cogman are employed by the Swire Group and Andreas Sohmen-Pao and Andreas Beroutsos are employed by the BW Group. These board members have not received remuneration from Cadeler in 2021.

Further details of management and board compensation can be found in the 2021 Cadeler Remuneration Report.

Note 7

Intangible Assets

EUR'000	2021
Software	
Cost	
Beginning of the year	-
Additions	434
End of the year	434
Accumulated depreciation	
Beginning of the year	-
Depreciation charge	32
End of the year	32
Net book value	**402**

Additions during 2021 are mainly software acquired for Enterprise Resource and Planning (ERP), Vessel and Crew Management software.

Note 8

Property, Plant and Equipment

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over the assets' estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Other fixtures and fittings	2 to 3 years

EUR'000	Other fixtures and fittings	Assets under construction	Total
Cost 2021			
Beginning of financial year	379	-	379
Additions	157	139,760	139,917
End of financial year	**536**	**139,760**	**140,296**
Accumulated depreciation			
Beginning of financial year	280	-	280
Depreciation charge	106	-	106
End of financial year	**386**	**-**	**386**
Net book value	**150**	**139,760**	**139,910**

EUR'000	Other fixtures and fittings
Cost 2020	
Beginning of financial year	323
Additions	56
End of financial year	**379**
Accumulated depreciation	
Beginning of financial year	193
Depreciation charge	87
End of financial year	**280**
Net book value	**99**

Additions during 2021 are mainly driven by the down payments of the two new X-class wind turbine installation vessels (EUR 137 million), represented above on Assets under Construction.

Note 9

Receivables from Executive Management

The loan in 2020 to executive management of EUR 6 thousand was repaid in full including interest payments of 10% per annum as specified by the Danish Companies Act, Section 215.

Note 10

Investment in Subsidiaries

Entity	Company Number	Registered Office
Wind Orca Ltd	HE 412457	23 Kennedy Avenue, Global House, 1075 Nicosia, Cyprus
Wind Osprey Ltd	HE 412453	23 Kennedy Avenue, Global House, 1075 Nicosia, Cyprus

Please find below the movements related to the investments in subsidiaries:

EUR'000	**Total**
Cost 2021	
Beginning of financial year	249,534
End of financial year	**249,534**
Impairment	
Beginning of financial year	-
End of financial year	**-**
Carrying amount	**249,534**

At 31 December 2021, the management has not identified any impairment indications.

Note 11

Share Based Payments

Share based payment is disclosed in Note 6 to the Consolidated Financial Statements.

Note 12

Off Balance Sheet Obligations and Commitments

The Company has off balance sheet obligations relating the leasing of vessels from its subsidiaries Wind Orca Ltd and Wind Osprey Ltd. The lease has no fixed expiry and is expected to continue for the duration of the contract backlog. The annual off balance sheet obligations of the vessels are estimated to be up to EUR 33 million, depending on the number of days on hire.

The off balance sheet liability relating to the leasing of the office is estimated at EUR 524 thousand. The leasing of the office ends in August 2023.

X-class vessels
On 30 June 2021 the company signed a contract with COSCO SHIPPING Heavy Industry Co. Ltd. to build two new X-class wind turbine installation vessels.

The total sum of the contract for the new vessels is approximately EUR 548 million, i.e. USD 651 million, of which EUR 137 million was paid in 2021. The remaining scheduled payments will be due between 2022 and 2025.

Of the total contract, USD 390 million will be paid in USD and EUR 220 million will be paid in EUR.

Financial liabilities: Interest-bearing loans and borrowings
Terms and covenants regarding the Debt Facility is disclosed in Note 23 to the Consolidated Financial Statements.

The Debt Facility is secured (inter alia) by first priority cross-collateralized ship mortgages on the Wind Orca and Wind Osprey vessels, first priority assignments of insurances of the vessels, first priority assignments of earnings in relation to each vessel and, if obtainable (on a best efforts basis), assignments of all other rights under any charterparty with duration of more than 12 months, a first priority pledge of the Company's earnings accounts, first priority pledges of the shares in Wind Osprey Limited and Wind Orca Limited, unconditional and irrevocable on-demand guarantees from the Guarantors, first priority assignment of any amounts owing or payable under any current or future loans or similar from companies within the Group, and first priority assignment of rights under any derivative product agreement entered into by the Company or the Guarantors relating to a vessel.

Note 13

Issued Share Capital

Thousands	No. of shares	2021	2020
Ordinary shares			
Beginning and end of financial year 2020	115,574	15,557	15,557
Issued on April 2021 for capital increase	23,000	3,084	-
End of financial year 2021	**138,574**	**18,641**	**15,557**

As of 1 January 2021, the Group's issued and paid in share capital amounted to DKK 115,574 thousand, equal to EUR 15,557 thousand, consisting of 115,574,468 shares of DKK 1.

In April 2021, the authorized share capital was increased by DKK 23,000 thousand, equal to EUR 3,084 thousand, consisting of 23,000,000 shares of DKK 1.

At the end of 2021 the Group had share capital amounted to DKK 138,574 thousand, equal to EUR 18,641 thousand, consisting of 138,574,468 shares of DKK 1.
All shares have equal rights.

Note 14

Related Parties

Cadeler A/S' related parties comprise two subsidiaries, Wind Orca Ltd and Wind Osprey Ltd, which are fully owned by the Company. The subsidiaries of Cadeler A/S are the two companies owning the wind farm installation vessels.

Cadeler A/S' related party transactions comprise revenue from the subsidiaries of EUR 1.9 million related to managing and maintaining the vessels during off-hire periods as well as operating lease expenses paid to the subsidiaries of EUR 29.9 million related to the vessels during on-hire periods.

Cadeler A/S also has related parties transactions as disclosed in the Consolidated Financial Statements.

Note 15

Appropriation of Profit and Loss

EUR'000	2021	2020
Recommended appropriation of Profit and Loss	-	-
Retained earnings/accumulated loss	(2,911)	(34,979)
	(2,911)	**(34,979)**

Statement by Management

Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cadeler A/S for 2021.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The parent company financial statements are prepared in accordance with the Danish Financial Statements Act. Further, the annual report is prepared in accordance with additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of their operations and the consolidated cash flows for the financial year 1 January – 31 December 2021.

In connection with digital filing under the ESEF regulation, in our opinion, the annual report for the financial year ended 31 December 2021, has been prepared in all material respects in compliance with the ESEF regulation.

Further, in our opinion, the management's review gives a fair review of the development in the Group's and the parent company's activities and financial matters, results for the year, consolidated cash flows and financial position as well as a description of material risks and uncertainties that the Group and the parent company face.

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

Copenhagen, 29 March 2022

Executive Management

M. Gleerup
CEO

M. Konrad
CFO

Board of Directors

A. Sohmen-Pao
D. Cogman
C. Hedegaard
J. Lok
D. Wedell-Wedellsborg
A. Beroutsos

Independent Auditor's Report

Independent Auditor's Report

To the shareholders of Cadeler A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Cadeler A/S for the financial year 1 January – 31 December 2021, which comprise statement of profit and loss, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the parent company, and a consolidated statement of comprehensive income and a consolidated cash flow statement. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2021 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Further, in our opinion the parent company financial statements give a true and fair view of the financial position of the parent company at 31 December 2021 and of the results of the parent company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Our opinion is consistent with our long-form audit report to the Audit Committee and the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge, we have not provided any prohibited non-audit services as described in article 5(1) of Regulation (EU) no. 537/2014.

Appointment of auditor

We were initially appointed as auditor of Cadeler A/S on 20 November 2020 for the financial year 2020. We have been reappointed annually by resolution of the general meeting for a total consecutive period of 2 years up until the financial year 2021.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year 2021. These matters were addressed during our audit of the financial statements as a whole and in forming our opinion thereon. We do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section, including in relation to the key audit matters below. Our audit included the design and performance of procedures to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Valuation of vessels
The accounting principles and disclosures about the Group’s two vessels are included in note 2 and 16 to the consolidated financial statements.

The carrying amount of vessels amounts to EUR 239 million at 31 December 2021. The valuation of vessels is significant to our audit due to the carrying value of the vessels as well as management’s judgement in relation to the identification of indicators that the value of the vessels may be impaired at 31 December 2021. If indications exist, management shall estimate the recoverable amount of the vessels being the higher of fair value less costs of disposal and value in use.

As of 31 December 2021, management has not identified any indications that the vessels may be impaired. However management have performed an impairment test anyway and received two external and independent ship valuations. Both are described in Note 16 to the consolidated financial statements.

As part of our audit procedures, we obtained an understanding of management’s process for the identification of indicators that the value of the vessels may be impaired. We went through the impairment test prepared by management especially managements assumptions, WACC, growth etc. Further, we considered supporting documentation provided by management including the development in the order backlog. We also tested the mathematical in the impairment test. We examined management’s comparison of the carrying values of the vessels with the available fair value estimates prepared by the external and independent ship valuation specialists. We examined the adequacy of disclosures in Note 16 to the consolidated financial statements compared to applicable accounting standards.

Statement on the management’s review
Management is responsible for the management's review.

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

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

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

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

Management’s responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for the preparation of parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act.

Moreover, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the parent company's internal control.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements and the parent company 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.

Report on compliance with the ESEF Regulation

As part of our audit of the financial statements of Cadeler A/S we performed procedures to express an opinion on whether the annual report for the financial year 1 January – 31 December 2021 with the file name *cadeler-2021-12-31-en* is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and XBRL tagging of the Consolidated Financial Statements.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate XBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for financial information required to be tagged using judgement where necessary;
- Ensuring consistency between XBRL tagged data and the Consolidated Financial Statements presented in human readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error.
The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the Company's XBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the XBRL tagging of the Consolidated Financial Statements;

- Evaluating the appropriateness of the company's use of XBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;

- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and

- Reconciling the XBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report for the financial year 1 January – 31 December 2021 with the file name *cadeler-2021-12-31-en* is prepared, in all material respects, in compliance with the ESEF Regulation.

Copenhagen, 29 March 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mikkel Sthyr State Authorised Public Accountant mne26693	Heidi Brander State Authorised Public Accountant mne33252


CADELER

Forward-Looking Statements

Forward-Looking Statements

The annual report contains certain forward-looking statements relating to the business, financial performance and results of the Company and/or the industry in which it operates.

Forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words “believes”, expects”, "predicts", "intends", "projects", "plans", "estimates", "aims", "foresees", "anticipates", "targets", and similar expressions. The forward-looking statements contained in the annual report, including assumptions, opinions and views of the Company or cited from third party sources are solely opinions and forecasts which are subject to risks, uncertainties and other factors that may cause actual events to differ materially from any anticipated development. such factors may for example include a change in the price of raw materials.

None of the Company or any of its parent or subsidiaries undertakings or any such person's officers or employees provides any assurance that the assumptions underlying such forward-looking statements are free from errors nor does any of them accept any responsibility for the future accuracy of the opinions expressed in the annual report or the actual occurrence of the forecasted developments.

The Company assumes no obligation, except as required by law, to update any forward-looking statements or to conform these forward-looking statements to its actual results.

The annual report contains information obtained from third parties. You are advised that such third-party information has not been prepared specifically for inclusion in the annual report and the Company has not undertaken any independent investigation to confirm the accuracy or completeness of such information.

Several other factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in the annual report.

Should any risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the annual report.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including projections, estimates, targets and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein, and, accordingly, neither the Company nor any of its subsidiaries or shareholders or any officers, directors, board members or employees accept any liability whatsoever arising directly or indirectly from the use of the annual report.

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