

Scandinavian Boiler Service A/S

Karetmagervej 1, 9490 Pandrup

Company reg. no. 20 51 01 88

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 27 April 2022.

Alen Prpic
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of Scandinavian Boiler Service A/S for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Pandrup, 27 April 2022

Managing Director

Morten Thiessen
Managing director

Board of directors

Alen Prpic
Chairman

Claas Thöle

Matthias Tietjen

Independent auditor's report

To the shareholders of Scandinavian Boiler Service A/S

Opinion

We have audited the financial statements of Scandinavian Boiler Service A/S for the financial year 1 January - 31 December 2021, which comprise income statement, statement of financial position, notes and a summary of significant accounting policies,. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

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 commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that Management's Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management's Review.

Aalborg, 27 April 2022

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Marian Fruergaard

State Authorised Public Accountant
mne24699

Company information

The company	Scandinavian Boiler Service A/S Karetmagervej 1 9490 Pandrup
	Phone +4570271000 Fax +4570271001 Web site www.sbs-international.com
	Company reg. no. 20 51 01 88 Established: 28 October 1997 Financial year: 1 January - 31 December
Board of directors	Alen Prpic, Chairman Claas Thöle Matthias Tietjen
Managing Director	Morten Thiessen, Managing director
Auditors	Redmark Godkendt Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg
Bankers	Danske Bank A/S
Parent company	SBS International ApS

Management's review

The principal activities of the company

The activities of the company are sales, service and repair within the maritime business sector.

Development in activities and financial matters

The gross profit for the year totals DKK 3.572.000 against DKK 2.909.000 last year. Income or loss from ordinary activities after tax totals DKK 986.000 against DKK 470.000 last year. Management considers the net profit for the year satisfactory.

Income statement 1 January - 31 December

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

<u>Note</u>	<u>2021</u>	<u>2020</u>
Gross profit	3.571.620	2.909
1 Staff costs	-2.316.693	-2.487
Operating profit	1.254.927	422
Income from investments in subsidiaries	0	-6
Other financial income from subsidiaries	0	21
Other financial income	2.702	44
2 Other financial expenses	-115.189	-11
Pre-tax net profit or loss	1.142.440	470
Tax on net profit or loss for the year	-156.926	0
Net profit or loss for the year	985.514	470
Proposed appropriation of net profit:		
Reserves for net revaluation according to the equity method	0	-301
Transferred to retained earnings	985.514	771
Total allocations and transfers	985.514	470

Balance sheet at 31 December

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

Assets		
<u>Note</u>	<u>2021</u>	<u>2020</u>
Current assets		
Raw materials and consumables	1.516.226	1.611
Total inventories	<u>1.516.226</u>	<u>1.611</u>
Trade receivables	2.667.373	3.267
Receivables from subsidiaries	11.453.360	10.554
Other receivables	<u>251.159</u>	<u>313</u>
Total receivables	<u>14.371.892</u>	<u>14.134</u>
Cash and cash equivalents	<u>2.080.660</u>	<u>2.036</u>
Total current assets	<u>17.968.778</u>	<u>17.781</u>
Total assets	<u>17.968.778</u>	<u>17.781</u>

Balance sheet at 31 December

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

Equity and liabilities		<u>2021</u>	<u>2020</u>
<u>Note</u>			
Equity			
Contributed capital		600.000	600
Retained earnings		<u>6.095.623</u>	<u>5.110</u>
Total equity		<u>6.695.623</u>	<u>5.710</u>
Long term liabilities other than provisions			
Other payables		<u>0</u>	<u>216</u>
Total long term liabilities other than provisions		<u>0</u>	<u>216</u>
Trade payables		1.429.977	1.179
Payables to subsidiaries		9.291.853	10.473
Income tax payable to subsidiaries		156.926	0
Other payables		<u>394.399</u>	<u>203</u>
Total short term liabilities other than provisions		<u>11.273.155</u>	<u>11.855</u>
Total liabilities other than provisions		<u>11.273.155</u>	<u>12.071</u>
Total equity and liabilities		<u>17.968.778</u>	<u>17.781</u>

3 Charges and security

4 Contingencies

Notes

Amounts concerning 2021: DKK.

Amounts concerning 2020: DKK thousand.

	<u>2021</u>	<u>2020</u>
1. Staff costs		
Salaries and wages	2.103.823	2.346
Pension costs	184.011	112
Other costs for social security	<u>28.859</u>	<u>29</u>
	<u>2.316.693</u>	<u>2.487</u>
Average number of employees	<u>4</u>	<u>4</u>
2. Other financial expenses		
Other financial costs	<u>115.189</u>	<u>11</u>
	<u>115.189</u>	<u>11</u>

3. Charges and security

There are no mortgage liabilities or securities.

4. Contingencies

Joint taxation

With Danish Marine Service ApS, company reg. no 31578256 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

The total tax payable under the joint taxation scheme totals DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Scandinavian Boiler Service A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Scandinavian Boiler Service A/S and its group enterprises are included in the consolidated financial statements for Danish Marine Service ApS, Pandrup, reg. no. 31578256.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Accounting policies

Results from

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accounting policies

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

According to the rules of joint taxation, Scandinavian Boiler Service A/S is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.