VMS Group A/S

Nordhavnsvej 1, DK-9900 Frederikshavn

Annual Report for 2023

CVR No. 27 21 56 29

The Annual Report was presented and adopted at the Annual General Meeting of the company on 27/3 2024

Morten Rokkedal Vestergaard
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of VMS Group A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Frederikshavn, 27 March 2024

Executive Board

Kim Bengtsen	Kristian Kaasing Larsen

Board of Directors

Morten Rokkedal Vestergaard Chairman	Karsten Madsen	Henrik Sørensen

Independent Auditor's report

To the shareholder of VMS Group A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of VMS Group A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional 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 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 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 the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Aalborg, 27 March 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Rasmus Mellergaard Stenskrog
State Authorised Public Accountant
mne34161

Company information

The Company	VMS Group A/S Nordhavnsvej 1 DK-9900 Frederikshavn Email: vms@vms.dk Website: www.vms.dk CVR No: 27 21 56 29 Financial period: 1 January - 31 December Incorporated: 1 January 2003 Municipality of reg. office: Frederikshavn Kommune
Board of Directors	Morten Rokkedal Vestergaard, chairman Karsten Madsen Henrik Sørensen
Executive Board	Kim Bengtsen Kristian Kaasing Larsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	537,813	356,402			
Profit/loss of primary operations	38,565	20,621	1,220	723	9,656
Profit/loss of financial income and expenses	1,771	3,368	1,659	-3,080	-5,133
Net profit/loss for the year	32,438	19,580	2,536	-2,403	1,678
Balance sheet					
Balance sheet total	257,362	247,113	164,670	140,819	182,837
Investment in property, plant and equipment	5,086	3,646	1,762	1,483	2,431
Equity	83,895	60,726	42,359	40,515	40,512
Number of employees	193	172	153	149	168
Ratios					
Return on assets	15.0%	8.3%	0.7%	0.5%	5.3%
Solvency ratio	32.6%	24.6%	25.7%	28.8%	22.2%
Return on equity	44.9%	38.0%	6.1%	-5.9%	4.2%

Management's review

Key activities

VMS Group A/S covers all aspects of service, such as repair and maintenance, spare parts delivery, sales of complete propulsion systems as well as engineering projects within the maritime industry, the offshore industry, power plants and wind industry.

Development in the year

The net profit for the year amounts to DKK 32 million. Revenue for the year amounts to DKK 538 million. In total the obtained results and the development in the year is considered very satisfactory by the management.

The subsidiaries in Brazil and Namibia have continued their positive development and combined they have contributed with a net profit of DKK 4,4 million. Both companies have increased workforce during the year and have gained a stronger foothold in the local market.

The market for servicing of diesel engines in the maritime industry has developed more positively during 2023 than expected primarily within Offshore/Drilling units. VMS Group A/S was positioned very well for the increase in the market, and order intake has been very satisfactory.

The HSEQ department has continued developing in the year, and with it's extended focus, it has contributed to an even stronger position in the market, especially in the offshore market, who requires visual HSEQ statistics and Sustainable goals.

VMS Group A/S entered a rental agreement the 31 October for a new headquarter combined with an additional workshop, which leaves room for increased demand for machining. All administration has moved to the new premises and the move of workshop is ongoing. Significant sums and resources have been spent on the move this year.

The net profit was higher than expected. In 2022 VMS Group A/S had a net profit of DKK 20 million, and the plans for 2023 showed a net profit of DKK 23 million. The net profit for 2023 of DKK 32 million is very satisfactory.

Market risks

The Company uses several suppliers on significant raw materials, parts and components to mitigate the risk of being dependent of single suppliers. However, for some key components there is a high degree of supplier dependency mitigated by strong and close cooperation with these suppliers. The Company also operates strategic with safety stocks, to avoid shortages of components, due to the global backlog issues.

The Company is not considered particularly price sensitive as it is basically possible to pass on price fluctuations in purchase prices and wages/salaries to customers, and competitors are subject to the same sensitivity.

Foreign exchange risks

Majority of trade is settled in DKK, EUR, USD.

Management reviews the currency exposure frequently and significant transactions in USD is hedged. Both sales and purchase are to some extent done in USD. Hedging is carried out based on actual orders and only net exposure is hedged. Exposure in EUR is not considered being a risk compared to DKK.

Only recognised banks are used for derivate financial instruments for which reason the counterparty risk is low.

Interest rate risks

The Company has interest-bearing debt; however, not to an extent that is considered to involve sensitivity to significant changes in the level of interest.

Credit risks

Credit risk is assessed customer by customer. The Company use credit evaluation on regular basis, to understand any potential trading risk. Prepayment is used frequently.

Targets and expectations for the year ahead

The Company expects the activity level during 2024 will slightly increase, and revenue is forecasted in the range of DKK 550-600 million.

The Company expect that the Company´s profitability in 2024 will increase from this year, and the Company estimates net profit in the range of DKK 30-40 million.

Intellectual capital resources

The Company acknowledge the great importance of having the right competences to be able to serve the customers with the Company's high standards and quality. The Company is dependent on management's and employees' know-how and experience. The Company has focused on this ever since it was founded, and therefore HR has always been an important aspect. Each year, courses are being offered to the company's employees; not only technology and safety courses, but also management and HR-related courses.

Statement of corporate social responsibility

The Company acknowledges its social responsibility, which is described in policies and manuals, such as the Company's "code of conduct".

The Company has in the year 2023 established a whistleblower system and the employees are encouraged to report any kind of breaches including environmental issues. The employees are able to file reports anonymously.

The Company has in the year calculated and set up a base line using the climate compass. This is shown in the Company's sustainability report 2023 along with figures showing an overview of the Company's CO2e emissions. The Company Sustainability report 2023 can be required at kfk@vms.dk.

The Company uses the climate compass, which is the Company´s tool for turning policy into concrete actions.

This year, a starting point has been made using the climate compass, which is to be followed going forward, in order to measure the development.

The Company has strong focus on meeting the customers expectations on behavior including expectations on safe and healthy work environment, environmental and climate issues as well.

From management it is an ongoing process to follow up on the Company's targets on corporate and social responsibility securing that targets are met.

Business model:

Please refer to description of key activities on page 6. The Company conduct its service jobs with a permanent and flexible staff. The Company and the staff have high quality standards, know-how and supply an on-time delivery. To prove it, the Company have several longtime customer relationships.

Management's review

Environment and climate:

The Company considers Corporate social responsibility (CSR) and sustainability as one of the core points of the business. The Company's CSR and sustainability agenda, objectives and targets are aligned with the UN Sustainable Development Goals (SDGs). The most relevant SDGs have been mapped to the business and objectives:

SDG3 Good health and wellbeing.

SDG9 Industry, innovation and infrastructure.

SDG12 Responsible consumption and production.

In 2023 the Company has continuously achieved good results within the environmental targets. Focus on waste materials reused from workshop have been a strong priority for management and is showing positive trends.

The company has internal guidelines, objectives and strategics, according to which the Company works to ensure a safe and healthy work environment, so that environmental and climate matters are included in the Company´s processes.

The Company also holds ISO9001 (quality management) certification. This support the Company in the aim of achieving increased focus on energy management and work environment. By continued and strong focus on environment and climate, the Company have not identified any major risks.

The Company is currently also implementing ISO 14001 (environmental management system) and ISO 45001 (Occupational health and safety).

With the ISO certifications VMS Group A/S ensures that no significant environmental risks occur in connection with the Company´s activities.

The Company will in the coming years increase focus within environment and climate, reduce emissions.

The Company carries their objectives into effect by implementing management systems and control systems as follow-up on the work process. The Company evaluates these currently.

The ISO 9001, 14001 and 45001 management systems are audited yearly both internally and externally by DNV.

Business Ethics and Compliance:

Within VMS Group A/S a Code of Conduct has been established.

The Code of Conduct is a general guideline on how to do business on a daily basis as a member of VMS Group A/S.

VMS Group A/S complies with the Code of Conduct and is doing business within this framework. Employees are requested to undergo yearly training to ensure compliance in this respect, and all new employees must read and sign an agreement that they will act according to the principles of the Code of Conduct.

Anti-corruption:

VMS Group A/S complies with all anti-corruption and anti-bribery laws, wherever we conduct business. No employees or company representatives may make or promise to make, directly or indirectly, any payment of money or object of value to any person, company, organization, political party, government or others, for the purpose of inducing or influencing in a way to assist VMS Group A/S or the individual in obtaining or retaining business for or with VMS Group A/S.

Anti-corruption and anti-bribery are a part of VMS Group A/S's Code of Conduct.

The risk of corruption and bribery is considered to be very low due to the Company´s controls and the management attention. There have been no indicators of or information about that this should be the case in 2023. This is not expected to occur in the coming year either.

The Company has established a whistleblower system, to which breaches of this are encouraged to be reported.

Human rights and working conditions:

The policy of Human rights within VMS Group A/S is formalized in the code of conduct, which all employees are requested to comply with as mentioned above. There has not been registered any single cases in 2023, in respect of not living up to human rights. Thus, there is no evidence of discrimination or of acting contrary to the Company´s policy. There is expected to be no discrimination or breach of the Company´s policy for the coming year.

Management trust that by setting high ethical standards discussed at management meetings, that it has taken all necessary steps to reduce any risks in respect of the principles regarding human rights.

The following principles apply:

• We promote a working culture that fosters mutual respect, openness and individual integrity.
• We respect local standards of occupational safety and health regulations.
• We base access to employment and promotion on personal skills, abilities and performance, not on gender, race or other discriminatory factors.
• We encourage employee/management communication.
• We do not use forced, compulsory or child labor.
• We do not tolerate workplace violence including threats, threatening behavior, harassment, intimidation and similar conduct.
• We protect employees' personal data and privacy.

There is focus by Management on diversity and this has been communicated to the organization, so that people´s competences will be in focus. In addition, the Company focuses on cooperating with companies with similar values.

Work is being done on increased supplier control for e.g. to minimize this risk.

The Company continues to focus on employee satisfaction, as the ability to attract qualified labor is crucial for the Company's competitiveness. A performance and development interview are carried out once a year for all employees. The Company's occupational health and safety committee works to continuously improve the collaboration across functions, departments, and seniority.

A well-being test was conducted in the year 2023, and the outcome was very positive.

The HSEQ department have implemented various campaigns during the year, e.g. "So take 60" meaning; take 60 seconds timeout if you are in doubt how to execute the job. All employees are on a yearly basis requested to take a "So take 60" test.

Management's review

Statement on gender composition

The Company is working on complying with provisions of the law for the underrepresented gender in the upper management body and on other management levels.

	2023
Top management	
Total number of members	3
Underrepresented gender %	0%
Target figure %	33%
Year for meeting target	2024
Other management levels	
Total number of members	8
Underrepresented gender %	13%
Target figure %	38%
Year for meeting target	2027

The Board of Directors consists of three members. All Board of Directors are gender males, appointed on annual meeting.

VMS Group A/S has targets and a policy for the gender composition in management. The target for female representation on the board of directors selected by the general meeting was 33,33 percent by 2023. The shareholders have not succeeded in finding a female candidate for the board of directors within 2023 and therefore the target has been extended for another year until the end of 2024.

The Company is also considering diversity in other management levels than the Board of Directors.

The long-term aim is that the Company reflects the surrounding society and especially the Company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the Company being an attractive choice for customers as well as present and future employees, and in this way enabling the Company to achieve its long-term business goals.

The policy of the Company states that women are encouraged equal as men to apply for vacant positions in the Company. The Company strives to present a field of mixed gender candidates when filling an open position.

Women are also guaranteed the same rights and conditions during their employment as men. In connection to this, personnel are ensured good conditions regarding maternity leave, flexible working hours and the possibility to work from home.

Management acknowledges that women are still underrepresented and will continue to attract women in all levels of the organization.

Other management levels consists of the executive board, which reports to the Board of Directors. The other management levels of the Company consists of those who report directly to the executive board with personnel responsibility, which include COO, Senior Finance Manager, Warehouse Manager, Senior Sales Manager, Spare Parts Manager and Engineering Manager.

In total, these managements groups consist of 8 members, including 1 female. At the start of 2023, these managements groups consisted only of men. The underrepresented gender constitute 12,50% of these managements groups.

VMS Group A/S has a target figures for the underrepresented gender for these managements groups levels at 37,5%, which will be worked on until 2027.

In order to meet the objective of more female managers, the Company has launched a number of initiatives that can promote development and support female managers.

There is also a target for employment and recruitment that there must be both male and female candidates, despite the fact that the Company operates in an industry dominated by men. The principle applies to both internal and external job postings.

It is the management´s assessment that the Company´s policy has had a positive effect in relation to ensuring equal terms for all and that the policy eventually will contribute to a more equal distribution of men and women at all management levels of the Company.

Statement on data ethics

Data protection is very important data ethical matter for VMS Group A/S. The Company do not actively collect, analyze, and process market data as a part of its business processes, nor does the Company have any algorithms to analyze data. The Company does not consider this as significant for its business, and therefore has no policy for data ethics. Whenever the management consider it necessary a data ethics policy will be implemented.

Subsequent events

No events of material importance for the Company’s financial position have occurred after the end of the financial year.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Revenue	1	537,813,171	356,401,941
Expenses for raw materials and consumables		-327,007,410	-190,254,193
Other external expenses		-29,960,726	-21,453,945
Gross profit		**180,845,035**	**144,693,803**
Staff expenses	2	-138,673,576	-121,249,905
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-3,166,881	-2,822,689
Other operating expenses		-439,261	0
Profit/loss before financial income and expenses		**38,565,317**	**20,621,209**
Income from investments in subsidiaries		4,445,609	3,506,089
Income from investments in associates		135	448,541
Financial income	3	796,474	1,324,408
Financial expenses	4	-3,471,673	-1,910,879
Profit/loss before tax		**40,335,862**	**23,989,368**
Tax on profit/loss for the year	5	-7,897,714	-4,409,416
Net profit/loss for the year	6	**32,438,148**	**19,579,952**

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Acquired licenses		697,311	1,127,689
Goodwill		1,122,251	1,496,339
Intangible assets	7	**1,819,562**	**2,624,028**
Plant and machinery		11,477,664	9,239,129
Other fixtures and fittings, tools and equipment		543,351	379,793
Leasehold improvements		1,065,229	1,682,821
Property, plant and equipment in progress		500,000	0
Property, plant and equipment	8	**13,586,244**	**11,301,743**
Investments in subsidiaries	9	9,350,287	5,397,672
Investments in associates	10	0	97,030
Deposits	11	41,400	41,400
Fixed asset investments		**9,391,687**	**5,536,102**
Fixed assets		**24,797,493**	**19,461,873**
Inventories	12	**78,863,716**	**59,692,268**
Trade receivables		63,518,262	65,694,235
Contract work in progress	13	64,361,457	66,782,881
Receivables from group enterprises		11,823,456	20,476,320
Other receivables	14	9,884,169	8,721,579
Prepayments	15	1,500,236	3,050,329
Receivables		**151,087,580**	**164,725,344**
Cash at bank and in hand		**2,613,195**	**3,233,538**
Current assets		**232,564,491**	**227,651,150**
Assets		**257,361,984**	**247,113,023**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		500,000	500,000
Reserve for net revaluation under the equity method		779,500	0
Reserve for hedging transactions		233,737	-1,019,549
Retained earnings		72,382,052	51,245,361
Proposed dividend for the year		10,000,000	10,000,000
Equity		**83,895,289**	**60,725,812**
Provision for deferred tax	16	4,473,200	4,323,341
Provisions		**4,473,200**	**4,323,341**
Other payables		10,149,674	9,967,077
Long-term debt	17	**10,149,674**	**9,967,077**
Credit institutions		12,028,172	33,326,055
Prepayments received from customers		2,834,514	24,008,857
Trade payables		37,735,788	34,232,539
Contract work in progress	13	30,170,429	2,805,386
Payables to group enterprises		4,192,408	1,689,166
Payables to group enterprises relating to corporation tax		8,101,346	1,557,094
Other payables	17, 14	44,093,731	35,093,709
Deferred income	18	19,687,433	39,383,987
Short-term debt		**158,843,821**	**172,096,793**
Debt		**168,993,495**	**182,063,870**
Liabilities and equity		**257,361,984**	**247,113,023**
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Accounting Policies	21		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	500,000	0	-1,019,549	51,245,361	10,000,000	60,725,812
Exchange adjustments	0	-521,957	0	0	0	-521,957
Ordinary dividend paid	0	0	0	0	-10,000,000	-10,000,000
Fair value adjustment of hedging instruments, beginning of year	0	0	1,307,114	0	0	1,307,114
Fair value adjustment of hedging instruments, end of year	0	0	299,663	0	0	299,663
Tax on adjustment of hedging instruments for the year	0	0	-353,491	0	0	-353,491
Net profit/loss for the year	0	1,301,457	0	21,136,691	10,000,000	32,438,148
Equity at 31 December	**500,000**	**779,500**	**233,737**	**72,382,052**	**10,000,000**	**83,895,289**

Notes to the Financial Statements

	2023	2022
	DKK	DKK

1. Revenue

	2023 DKK	2022 DKK
Geographical segments		
Denmark	204,696,375	133,467,236
Europe	142,617,273	112,258,833
Other	190,499,523	110,675,872
	537,813,171	**356,401,941**
Business segments		
Offshore/Drilling units	266,510,803	166,660,173
Passenger/Ro-Ro Cargo	125,664,138	50,971,382
Other segments	145,638,230	138,770,386
	537,813,171	**356,401,941**

	2023	2022
	DKK	DKK

2. Staff Expenses

	2023 DKK	2022 DKK
Wages and salaries	110,731,930	96,243,703
Pensions	15,373,149	13,821,147
Other social security expenses	2,449,615	2,303,513
Other staff expenses	10,118,882	8,881,542
	138,673,576	**121,249,905**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	5,598,689	4,542,891
Board of directors	220,000	220,000
	5,818,689	**4,762,891**
Average number of employees	**193**	**172**

Notes to the Financial Statements

	2023	2022
	DKK	DKK
3. Financial income		
Interest received from group enterprises	794,476	623,577
Other financial income	1,998	0
Exchange adjustments	0	700,831
	796,474	**1,324,408**

	2023	2022
	DKK	DKK
4. Financial expenses		
Other financial expenses	1,807,668	1,768,264
Exchange adjustments, expenses	1,664,005	142,615
	3,471,673	**1,910,879**

	2023	2022
	DKK	DKK
5. Income tax expense		
Current tax for the year	8,101,346	1,557,094
Deferred tax for the year	149,859	2,546,637
Adjustment of tax concerning previous years	0	-286,599
Adjustment of deferred tax concerning previous years	0	286,599
	8,251,205	**4,103,731**
thus distributed:		
Income tax expense	7,897,714	4,409,416
Tax on equity movements	353,491	-305,685
	8,251,205	**4,103,731**

Notes to the Financial Statements

	2023	2022
	DKK	DKK

6. Profit allocation

	2023	2022
	DKK	DKK
Proposed dividend for the year	10,000,000	10,000,000
Reserve for net revaluation under the equity method	1,301,457	0
Retained earnings	21,136,691	9,579,952
	32,438,148	**19,579,952**

7. Intangible fixed assets

	Acquired licenses	Goodwill
	DKK	DKK
Cost at 1. January	3,745,878	7,415,866
Cost at 31. December	3,745,878	7,415,866
Impairment losses and depreciation at 1. January	2,618,189	5,919,527
Depreciation for the year	430,378	374,088
Impairment losses and depreciation at 31. December	3,048,567	6,293,615
Carrying amount at 31. December	**697,311**	**1,122,251**

8. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1. January	26,856,240	1,665,068	10,375,219	0
Additions for the year	3,930,276	329,801	326,100	500,000
Disposals for the year	-151,370	0	-1,221,006	0
Cost at 31. December	30,635,146	1,994,869	9,480,313	500,000
Impairment losses and depreciation at 1. January	17,617,111	1,285,275	8,692,398	0
Depreciation for the year	1,691,741	166,243	504,431	0
Reversal of impairment and depreciation of sold assets	-151,370	0	-781,745	0
Impairment losses and depreciation at 31. December	19,157,482	1,451,518	8,415,084	0
Carrying amount at 31. December	**11,477,664**	**543,351**	**1,065,229**	**500,000**

Notes to the Financial Statements

	2023	2022
	DKK	DKK
9. Investments in subsidiaries		
Cost at 1 January	8,541,824	8,541,824
Additions for the year	28,963	0
Cost at 31 December	8,570,787	8,541,824
Value adjustments at 1 January	-3,144,152	-6,520,579
Exchange adjustment	-521,957	-129,662
Net profit/loss for the year	4,445,609	3,506,089
Value adjustments at 31 December	779,500	-3,144,152
Carrying amount at 31 December	**9,350,287**	**5,397,672**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
LMS Inc.	Kenner, LA, USA	99%
VMS Do Brasil LTDA	Rio de Janeiro, Brasilien	100%
VMS Namibia (Pty) Ltd.	Walvis Bay, Namibia	100%
VMS Louisiana, LLC	New Orleans, LA, USA	100%
Gulf States Marine Services, LLC	Kenner, LA, USA	100%

Notes to the Financial Statements

	2023	2022
	DKK	DKK

10. Investments in associates

	2023	2022
Cost at 1 January	835,000	835,000
Disposals for the year	-835,000	0
Cost at 31 December	0	835,000
Value adjustments at 1 January	-737,970	-1,186,511
Disposals for the year	737,835	0
Net profit/loss for the year	135	448,541
Value adjustments at 31 December	0	-737,970
Carrying amount at 31 December	**0**	**97,030**

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
OVS Offshore A/S	Frederiks-havn Denmark	33%

11. Other fixed asset investments

	Deposits
	DKK
Cost at 1. January	41,400
Cost at 31. December	41,400
Carrying amount at 31. December	**41,400**

	2023	2022
	DKK	DKK

12. Inventories

	2023	2022
Raw materials and consumables	56,529,907	39,062,312
Prepayments for goods	22,333,809	20,629,956
	78,863,716	**59,692,268**

Notes to the Financial Statements

	2023	2022
	DKK	DKK
13. Contract work in progress		
Selling price of work in progress	86,121,655	77,501,717
Payments received on account	-51,930,627	-13,524,222
	34,191,028	**63,977,495**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	64,361,457	66,782,881
Prepayments received recognised in debt	-30,170,429	-2,805,386
	34,191,028	**63,977,495**

	2023	2022
	DKK	DKK

14. Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Assets	299,663	0
Liabilities	0	1,307,114

Forward exchange contracts have been concluded to hedge future sale of goods in USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to DKK 299.663. Sale of goods in USD of USD 3,063,500 has been hedged. The forward exchange contracts have a term of 6-9 month.

15. Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	2023	2022
	DKK	DKK
16. Provision for deferred tax		
Deferred tax liabilities at 1 January	4,323,341	1,490,105
Amounts recognised in the income statement for the year	-203,632	3,138,921
Amounts recognised in equity for the year	353,491	-305,685
Deferred tax liabilities at 31 December	**4,473,200**	**4,323,341**

	2023	2022
	DKK	DKK

17. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2022
Other payables		
After 5 years	9,143,086	9,300,610
Between 1 and 5 years	1,006,588	666,467
Long-term part	10,149,674	9,967,077
Other short-term payables	44,093,731	35,093,709
	54,243,405	**45,060,786**

18. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	2023	2022
	DKK	DKK

19. Contingent assets, liabilities and other financial obligations

	2023	2022
Charges and security		
The following assets have been placed as security with bankers:		
Company charge of a nominal amount of DKK 50.000.000 secured on trade receivables, inventories, property, plant and equipment and intangible assets	135,453,974	118,682,317
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,706,085	1,188,531
Between 1 and 5 years	1,089,059	1,422,218
	2,795,144	**2,610,749**
Rental obligations, period of interminability 3-33 months (2022: 3-45 months)	5,004,877	2,491,531
Rental obligations, period of interminability between 1 and 5 years	564,753	797,148

	2023	2022
	DKK	DKK

19. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company has issued a joint and serval guarantee to the affiliated company VMS Ejendomme ApS.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Vestergaard Marine Service Holding ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has entered into an agreement concerning payment guarantee of DKK 1,180,790.

The Company has entered into an agreement concerning general performance guarantees with bankers of DKK 22,425,629.

20. Related parties and disclosure of consolidated financial statements

Controlling interest	Basis
Morten Rokkedal Vestergaard	Main shareholder
Vestergaard Marine Service Holding ApS	Controlling shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. No such transactions have occurred.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Vestergaard Marine Service Holding ApS	Frederikshavn, Denmark

The Consolidated Financial Statements of Vestergaard Marine Service Holding ApS may be obtained by contacting the Company at the following address: Nordhavnsvej 1, DK-9900 Frederikshavn.

Notes to the Financial Statements

21. Accounting policies

The Annual Report of VMS Group A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year. Reclassifications have been made in the comparative figures. Reclassifications do not affect net profit and equity.

The Financial Statements for 2023 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Vestergaard Marine Service Holding ApS, Nordhavnsvej 1, DK-9900 Frederikshavn, CVR 27 47 88 67, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Vestergaard Marine Service Holding ApS, Nordhavnsvej 1, DK-9900 Frederikshavn, CVR 27 47 88 67, the Company has not prepared a cash flow statement.

Fee to auditors appointed at the general meeting

With reference to section 96(3) of the Danish Financial Statements Act and to the note to the Consolidated Financial Statements of Vestergaard Marine Service Holding ApS on the fee to the auditors appointed at the annual general meeting, the Group has omitted to prepare disclosure in the notes of fee to the auditor appointed by the general meeting.

Recognition and measurement

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Notes to the Financial Statements

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on business segments and geographical segments is based on the Company´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 year.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at amortized cost. Provisions are made for expected bad debts.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity